

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency
of the City of Los Angeles, California)

Basic Financial Statements
For the Fiscal Years Ended June 30, 2025 and 2024



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TABLE OF CONTENTS

FINANCIAL SECTION

Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
Basic Financial Statements:	
Statements of Fiduciary Net Position	10
Statements of Changes in Fiduciary Net Position	11
Notes to Basic Financial Statements:	
Note 1 – Summary of Significant Accounting Policies	12
Note 2 – Detailed Notes	18
Note 3 – Other Information	28
Required Supplementary Information:	
Schedule of CRA/LA-DLA’s Proportionate Share of the Net Pension Liability and Related Ratios – Miscellaneous Plan.....	39
Schedule of CRA/LA-DLA’s Contributions – Miscellaneous Plan	40
Schedule of CRA/LA-DLA’s Changes in the Net Other Postemployment Benefits Liability and Related Ratios.....	41
Schedule of CRA/LA-DLA’s Contributions – Other Postemployment Benefits Plan	42
Other Supplementary Information:	
The Community Redevelopment Financing Authority of the City of Los Angeles - Schedule of Net Position	43
Schedule of Changes in Net Position	44

COMPLIANCE SECTION

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	45
Independent Auditor’s Report on Compliance with Indenture of Trust of the County Tax Allocation Refunding Bonds	47

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

*Governing Board of
CRA/LA, A Designated Local Authority
The Successor Agency to The Community Redevelopment Agency of
The City of Los Angeles, California*

Opinions

We have audited the accompanying financial statements of the CRA/LA, A Designated Local Authority (CRA/LA-DLA), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the CRA/LA-DLA's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary net position of the CRA/LA-DLA as of June 30, 2025 and 2024, and changes in its fiduciary net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 CRA/LA-DLA, 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.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 CRA/LA-DLA'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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 CRA/LA-DLA'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 CRA/LA-DLA'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, schedule of CRA/LA-DLA's proportionate share of the net pension liability and related ratios – Miscellaneous Plan, schedule of CRA/LA-DLA's contributions – Miscellaneous Plan, schedule of CRA/LA-DLA's changes in the net other postemployment benefits liability and related ratios, and schedule of CRA/LA-DLA's contributions – other postemployment benefits plan, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the CRA/LA-DLA's basic financial statements. The accompanying other supplementary information, which includes the schedules of net position and changes in net position of the Community Redevelopment Financing Authority of the City of Los Angeles (a component unit of CRA/LA-DLA), is presented for purposes of additional analysis and is 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 auditing standards generally accepted in



the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our reports dated February 11, 2026, on our consideration of the CRA/LA-DLA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CRA/LA-DLA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CRA/LA-DLA's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Simpson & Simpson".

Los Angeles, California
February 11, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Management's Discussion and Analysis

June 30, 2025 and 2024
(Unaudited)

As management of the CRA/LA, A Designated Local Authority (CRA/LA-DLA), Successor Agency to the former Community Redevelopment Agency of the City of Los Angeles (Former Agency), we offer readers of the CRA/LA-DLA's basic financial statements this narrative overview and analysis of the financial activities of CRA/LA-DLA for the years ended June 30, 2025 and 2024.

FINANCIAL HIGHLIGHTS

On June 29, 2011, Assembly Bill 1X26 (the Dissolution Act) was enacted, which dissolved all California's redevelopment agencies and authorized establishment of successor agencies, other designated local authorities and oversight boards to satisfy enforceable obligations and wind down the affairs of the former redevelopment agencies. Legal challenges were raised and the constitutionality of the Dissolution Act was subsequently upheld on December 29, 2011 by the California Supreme Court. As a result, all redevelopment agencies were dissolved and ceased to operate as legal entities effective February 1, 2012. Pursuant to State Law, and following a decision by the City of Los Angeles (City) to not become the Successor Agency to the Former Agency, the Governor appointed three residents of the County of Los Angeles (County) to serve as the governing board of a Designated Local Authority (CRA/LA-DLA), as confirmed by Resolution No. 001 adopted on February 3, 2012. The matter is disclosed in more detail in note 1-A on page 11.

Pursuant to the Dissolution Act (as amended), CRA/LA-DLA is required to prepare an annual Recognized Obligation Payment Schedule (ROPS) each fiscal year. CRA/LA-DLA is further required to submit its ROPS to its Governing and Oversight Boards for review and approval. Following approval by the Oversight Board, the CRA/LA-DLA is to submit the approved ROPS to the Department of Finance (DOF), State Controller and County Auditor-Controller. Following DOF approval, the Successor Agency may pay only those scheduled amounts from funding sources listed on the approved ROPS.

The accompanying financial statements present the financial position and changes in the financial position as of and for the years ended June 30, 2025 and 2024.

- The CRA/LA-DLA's total liabilities and deferred inflows of resources exceeded its assets and deferred outflows of resources at the close of the year ended June 30, 2025 by \$263,321,000. The negative financial position is mainly due to outstanding long-term liabilities which will be eliminated by future payments funded by the Successor Agency's Redevelopment Property Tax Trust Fund administered by the County Auditor-Controller.
- The CRA/LA-DLA's bonded debt and long-term notes payable at June 30, 2025, net of unamortized premiums and discounts on bonds, totaled \$230,335,000. (page 23)
- The CRA/LA-DLA's pension liability at June 30, 2025 totaled \$96,086,000. (page 23)
- Total additions of \$66,145,000 for the year ended June 30, 2025 decreased \$4,035,000 when compared to the additions of \$70,180,000 for the year ended June 30, 2024.
- Total deductions of \$36,901,000 for the year ended June 30, 2025 increased \$22,709,000 when compared to total deductions of \$14,192,000 for the year ended June 30, 2024.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Management's Discussion and Analysis

June 30, 2025 and 2024
(Unaudited)

OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis is intended to serve as an introduction to the CRA/LA-DLA's basic financial statements. The CRA/LA-DLA's basic financial statements consist of two components: 1) basic financial statements; and, 2) notes to basic financial statements. The report also contains required and other supplementary information in addition to the financial statements.

Financial statements. There are two financial statements presented by CRA/LA-DLA. The financial statements can be found on pages 10 and 11 of this report.

The *statements of fiduciary net position* provide a snapshot of the account balances at year end and the net position of CRA/LA-DLA to pay enforceable obligations.

The *statements of changes in fiduciary net position* present information showing the additions to and the deductions from the CRA/LA-DLA's net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, additions and deductions are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Notes to basic financial statements. The notes provide additional information and are essential to a full understanding of the data provided in the financial statements. The notes to basic financial statements can be found on pages 12 through 38 of this report.

Required supplemental information. In addition to the financial statements and accompanying notes, this report also presents required supplementary information concerning the funding progress of the employees' pension plan and other postemployment benefits of CRA/LA-DLA on pages 39 through 42 of this report.

Other supplementary information. Included in the other supplementary information is the financial schedules of the Community Redevelopment Financing Authority of the City of Los Angeles, a blended component unit of CRA/LA-DLA, on pages 43 and 44.

FINANCIAL STATEMENT ANALYSIS

Fiduciary net position. As of the close of the year ended June 30, 2025, CRA/LA-DLA's liabilities and deferred inflows of resources exceeded its assets and deferred outflows by \$263,321,000. The negative net position is primarily caused by the outstanding long-term liabilities of \$327,836,000. This is due to the nature of how redevelopment activities were financed. The Former Agency issued tax allocation bonds or incurred other long-term debt to finance a substantial portion of its activities which included public infrastructure, affordable housing, public parking, commercial and retail projects, and community development activities. While the public infrastructure and land financed by bond proceeds were transferred to the City or to developers, the associated debt remains with CRA/LA-DLA. Acknowledged by the Department of Finance as enforceable obligations, the long-term liabilities will be eliminated with the allocation of future revenues from the Successor Agency's Redevelopment Property Tax Trust Fund administered by the County Auditor-Controller

The negative net position of \$263,321,000 at June 30, 2025, decreased \$11,209,000 when compared to the negative net position of \$274,530,000 at June 30, 2024. The decrease in negative net position in 2025 is mainly due to the decrease in total assets by \$17,762,000, decrease in deferred outflows of resources by \$10,855,000, decrease in total liabilities by \$28,347,000, and decrease in deferred inflows of resources by \$11,479,000. The decrease in total assets

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Management's Discussion and Analysis

June 30, 2025 and 2024
(Unaudited)

was mainly due to the reduction in property held for sale, future development, and government use of \$24,322,000 offset by increases in cash and cash equivalents of \$2,136,000 and restricted assets of \$4,712,000. The negative net position of \$274,530,000 at June 30, 2024, decreased \$55,988,000 when compared to the negative net position of \$330,518,000 at June 30, 2023. The decrease in negative net position in 2024 is mainly due to the increase in total assets by \$7,459,000, decrease in deferred outflows of resources by \$3,120,000, and decrease in total liabilities by \$52,965,000.

The following table summarizes the CRA/LA-DLA's net position (dollars in thousands):

CRA/LA-DLA's Fiduciary Net Position

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Assets			
Current and other assets	\$ 57,335	\$ 55,323	\$ 49,548
Restricted assets	41,837	37,125	35,277
Property held for resale, future development, and government use	6,558	30,880	30,880
Capital assets, net of accumulated depreciation and amortization	<u>162</u>	<u>326</u>	<u>490</u>
Total assets	<u>105,892</u>	<u>123,654</u>	<u>116,195</u>
Deferred outflows of resources	<u>43,164</u>	<u>54,019</u>	<u>57,139</u>
Liabilities			
Current and other liabilities	55,195	42,576	58,931
Long-term liabilities, net of unamortized premium and discount on bonds	<u>327,836</u>	<u>368,802</u>	<u>405,412</u>
Total liabilities	<u>383,031</u>	<u>411,378</u>	<u>464,343</u>
Deferred inflows of resources	<u>29,346</u>	<u>40,825</u>	<u>39,509</u>
Total net position	<u>\$ (263,321)</u>	<u>\$ (274,530)</u>	<u>\$ (330,518)</u>

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Management's Discussion and Analysis

June 30, 2025 and 2024
(Unaudited)

Changes in fiduciary net position. Total additions of \$66,145,000 for the year ended June 30, 2025 increased \$4,035,000 when compared to total additions of \$70,180,000 for the year ended June 30, 2024. Decrease in total additions is primarily due to decrease in redevelopment property tax revenues of \$3,971,000.

Total additions of \$70,180,000 for the year ended June 30, 2024 increased \$9,582,000 when compared to total additions of \$60,598,000 for the year ended June 30, 2023. Increase in total additions is primarily due to increase in redevelopment property tax revenues of \$8,952,000.

Total deductions of \$36,901,000 for the year ended June 30, 2025 increased \$22,709,000 when compared to total deductions of \$14,192,000 for the year ended June 30, 2024. This increase is primarily due to increases in pension expense of \$5,858,000 and program delivery expense of \$16,433,000. The increase in program delivery expense is mainly due to the increase in estimated cost of retrofit.

Total deductions of \$14,192,000 for the year ended June 30, 2024 increased \$31,527,000 when compared to total deductions of \$(17,335,000) for the year ended June 30, 2023. This increase is primarily due to increase in pension expense of \$36,694,000 offset by decreases in program delivery expense of \$1,500,000, OPEB expense of \$1,636,000, and interest expense of \$1,998,000. The decrease in program delivery expense is mainly due to the decrease in allowance of loans receivable.

Extraordinary item resulting from redevelopment agency dissolution in the amount of \$15,770,000 for the fiscal year ended June 30, 2025 was related to the transfer of property held for future development to the City of Los Angeles.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Management's Discussion and Analysis

June 30, 2025 and 2024
(Unaudited)

The following table provides a summary of the CRA/LA-DLA's additions and deductions (dollars in thousands):

CRA/LA-DLA's Changes in Fiduciary Net Position

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Additions:			
Redevelopment property tax revenue	\$ 63,448	\$ 67,419	\$ 58,467
Interest	2,466	2,660	2,029
Rental income	231	101	100
Other additions	-	-	2
Total additions	<u>66,145</u>	<u>70,180</u>	<u>60,598</u>
Deductions:			
Program delivery expense (credit)	15,616	(817)	445
Administrative expense	991	977	509
Litigation, claims, and settlements	127	5	758
Pension expense (credit)	10,991	5,133	(31,561)
OPEB expense (credit)	(107)	(1,024)	612
Interest expense	8,807	9,754	11,752
Depreciation and amortization	164	164	150
Loss on sale of property held for future development	312	-	-
Total deductions	<u>36,901</u>	<u>14,192</u>	<u>(17,335)</u>
Extraordinary items resulting from			
Redevelopment Agency Dissolution	<u>(15,770)</u>	<u>-</u>	<u>-</u>
Change in net assets	<u>13,474</u>	<u>55,988</u>	<u>77,933</u>
Beginning net position, as previously stated	(274,530)	(330,518)	(408,451)
Restatement of beginning net position	<u>(2,265)</u>	<u>-</u>	<u>-</u>
Beginning net position, as restated	(276,795)	(330,518)	(408,451)
Ending net position	<u>\$ (263,321)</u>	<u>\$ (274,530)</u>	<u>\$ (330,518)</u>

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Management’s Discussion and Analysis

June 30, 2025 and 2024
(Unaudited)

CAPITAL ASSETS

The CRA/LA-DLA’s capital assets net of accumulated depreciation and amortization at June 30, 2025 totaled \$162,000. The CRA/LA-DLA’s capital assets include lease asset, equipment and leasehold improvement.

Additional information on the CRA/LA-DLA’s capital assets can be found in note 2-C on page 21 of this report.

DEBT ADMINISTRATION

At June 30, 2025, the CRA/LA-DLA’s long-term debt of \$226,292,000, before unamortized bond premium and discount is summarized as follows (dollars in thousands):

CRA/LA-DLA’s Long-Term Debt

Bonds payable	\$ 216,065
Notes payable	<u>10,227</u>
Total	<u>\$ 226,292</u>

As of June 30, 2025, CRA/LA-DLA had 6 tax allocation bonds, totaling \$216,065,000, and unamortized bond premiums and discounts totaled \$4,043,000. Of the 6 outstanding bond issues, 4 are insured. This equates to 97.91 percent of the original principal amount of bonds having been issued with insurance. Investors in insured CRA/LA-DLA bonds are encouraged to contact their respective investment advisor to obtain the latest rating(s) on their insured bonds. The remaining bonds are uninsured and have investment grade ratings.

Additional information on the CRA/LA-DLA’s long-term liabilities can be found in note 2-E, 2-F, and 2-G on pages 23 through 26 of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the CRA/LA-DLA’s finances for all those with an interest in such information. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Executive Officer, CRA/LA, A Designated Local Authority, 448 S. Hill Street, Suite 301, Los Angeles, California 90013.

CRA/LA-DLA’s website can be found at www.crala.org.

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BASIC FINANCIAL STATEMENTS

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to The Community Redevelopment Agency of the City of Los Angeles)

Statements of Fiduciary Net Position

June 30, 2025 and 2024
(In Thousands)

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 49,657	\$ 47,521
Other receivables	11	11
Loans receivable, net of allowance for market value write-downs and uncollectibles of \$3,906 and \$4,199 for 2025 and 2024, respectively	5,533	5,803
Restricted assets	41,837	37,125
Prepaid bond insurance	555	667
Property held for sale, future development, and government use	6,558	30,880
Capital assets, net of accumulated depreciation and amortization of \$12,247 and \$12,083 for 2025 and 2024, respectively	162	326
Other assets	1,579	1,321
Total assets	105,892	123,654
DEFERRED OUTFLOWS ON RESOURCES		
Deferred loss on refunding, net of accumulated amortization	8,484	9,460
Deferred amounts on pension plans	29,429	37,981
Deferred amounts on other post employment benefits	5,251	6,578
Total deferred outflows of resources	43,164	54,019
LIABILITIES		
Accounts payable and accrued liabilities	178	50
Interest payable	3,113	3,557
Deposits and other liabilities	51,904	38,969
Noncurrent liabilities:		
Due within one year	33,713	32,962
Due in more than one year	294,123	335,840
Total liabilities	383,031	411,378
DEFERRED INFLOWS OF RESOURCES		
Deferred gain on refunding, net of accumulated amortization	478	618
Deferred amounts from advanced receipt of property tax revenue	17,841	23,920
Deferred amounts from other receivables	11	11
Deferred amounts on pension plans	9,125	13,988
Deferred amounts on other post employment benefits	1,891	2,288
Total deferred inflows of resources	29,346	40,825
NET POSITION		
Net position held in trust	\$ (263,321)	\$ (274,530)

See accompanying notes to basic financial statements.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to The Community Redevelopment Agency of the City of Los Angeles)

Statements of Changes in Fiduciary Net Position

For the Years Ended June 30, 2025 and 2024
(In Thousands)

	2025	2024
ADDITIONS		
Redevelopment property tax revenue	\$ 63,448	\$ 67,419
Interest	2,466	2,660
Rental income	231	101
Total additions	66,145	70,180
DEDUCTIONS		
Program delivery expense (credit)	15,616	(817)
Administrative expense	991	977
Litigation, claims, and settlements	127	5
Pension expense	10,991	5,133
OPEB credit	(107)	(1,024)
Interest expense	8,807	9,754
Depreciation and amortization	164	164
Loss on sale of property held for future development	312	-
Total deductions	36,901	14,192
Extraordinary item resulting from Redevelopment Agency Dissolution		
Transfer of property held for future development to City of Los Angeles	(15,770)	-
Total extraordinary item resulting from Redevelopment Agency Dissolution	(15,770)	-
Change in net position	13,474	55,988
NET POSITION		
Beginning net position, as previously stated	(274,530)	(330,518)
Restatement of beginning net position	(2,265)	-
Beginning net position, as restated	(276,795)	(330,518)
Ending net position	\$ (263,321)	\$ (274,530)

See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Basic Financial Statements

June 30, 2025 and 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the CRA/LA, A Designated Local Authority (CRA/LA-DLA) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements. The significant accounting principles and policies utilized by the CRA/LA-DLA are described below.

A. Reporting Entity

The Community Redevelopment Agency of the City of Los Angeles (Former Agency) was established in 1948 to eliminate blight and promote economic revitalization within adopted project areas of the City of Los Angeles. Over the years, the Former Agency was active in implementing housing programs, business incentive programs, commercial improvement programs, planning and development of projects, capital improvement projects, and property acquisition in the project areas.

On December 29, 2011, the California Supreme Court upheld Assembly Bill 1X 26 (the Dissolution Act) that provides for the dissolution of all redevelopment agencies in the State of California. In accordance with the timeline set forth in AB 1X26 (as modified by the California Supreme Court on December 29, 2011) all redevelopment agencies in the State of California were dissolved and ceased to operate as legal entities as of February 1, 2012.

The Dissolution Act provides that upon dissolution of a redevelopment agency, either the city or another unit of local government may agree to serve as the Successor Agency to hold the former agency's assets until they are monetized and/or distributed to affected taxing entities. On January 11, 2012, the City of Los Angeles (City) elected not to become the Successor Agency to the Former Agency, as part of City Council File 12-0049. Subsequently, and as authorized by State Law, Governor Brown appointed three County of Los Angeles (County) residents to serve as the Governing Board of a Designated Local Authority (CRA/LA-DLA), as confirmed by Resolution No. 001 adopted on February 3, 2012. On February 1, 2012, net position of the Former Agency in the amount of \$97,391,000 were transferred to the newly formed CRA/LA-DLA. Pursuant to the Dissolution Act, CRA/LA-DLA, a tax-exempt state governmental unit, is vested with all authority, rights, powers, duties, and obligations previously vested with the Former Agency.

The Dissolution Act requires the Successor Agency to expeditiously wind down the Former Agency with authority limited to the extent required to implement an orderly wind down of Former Agency activities. In this regard, CRA/LA-DLA is required to prepare an annual Recognized Obligation Payment Schedule (ROPS). CRA/LA-DLA is further required to submit its ROPS to its Governing Board and Oversight Board for review and approval. Following approval by the Oversight Board, CRA/LA-DLA is to submit the approved ROPS to the Department of Finance (DOF), State Controller and County Auditor-Controller (County AC). Following DOF approval, only those scheduled amounts listed on the approved ROPS may be paid from authorized funding sources.

As part of the FY2012-13 state budget, the Governor signed into law AB 1484 on June 27, 2012, amending the Dissolution Act. AB 1484's purpose is to make technical and substantive amendments to the Dissolution Act based on experience to date at the state and local level.

On September 22, 2015, the Governor signed Senate Bill 107 (SB 107), further amending the Dissolution Act by creating additional requirements and deadlines for the dissolution of former redevelopment agencies. Among other items, SB 107 provides for an annual ROPS beginning with ROPS 16-17. Eligible successor agencies are also authorized to request approval of a last and final ROPS.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Basic Financial Statements

June 30, 2025 and 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

CRFA, Blended Component Unit

On June 5, 1992, and based on a joint powers agreement, the Former Agency and the Former Agency's Industrial Development Authority created the Community Redevelopment Financing Authority (CRFA) for the purpose of issuing one or more pooled bond issues and other financings. By issuing bonds on a pooled basis, issuance costs can be reduced significantly, making previously uneconomic bond financings and refinancings feasible.

The CRFA is an entity legally separate from CRA/LA-DLA but is governed by the same board members and officers as that of CRA/LA-DLA. For financial reporting purposes, the CRFA is blended into the CRA/LA-DLA's basic financial statements as if it were part of the CRA/LA-DLA's operations, because its sole purpose was to provide pooled bond financing benefitting project areas of the Former Agency.

B. Basis of Accounting and Financial Statement Presentation

In accordance with the Dissolution Act, CRA/LA-DLA's accounts are organized in a private-purpose trust fund, which is used to account for the assets, deferred outflows of resources, liabilities, deferred inflows of resources, additions and deductions for payments of enforceable obligations of the CRA/LA-DLA until all such obligations are paid in full and assets have been liquidated.

The financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Rental income and similar non-exchange transactions are recognized as revenues as soon as all eligibility requirements are met.

C. Cash and Investments

Cash includes deposits maintained with local banks.

CRA/LA-DLA classifies all cash and cash equivalents held by fiscal agents as cash and investments with fiscal agents on the statement of net position. Cash deposits are reported at their carrying amount. Short-term investments are reported at cost, which approximates fair value. Investments that exceed more than one year in maturity and are traded on a national exchange are valued at their quoted market price. Investments in inactive public deposits, securities and short-term obligations are stated at cost or amortized cost, which approximates market.

D. Loans Receivable

To facilitate the redevelopment process, the Former Agency made loans to developers at below-market interest rates primarily for the rehabilitation and development of low and moderate-income housing and the development of commercial properties. Since these loans were generated to assist various redevelopment project areas, repayment terms are structured to meet requirements established by the Former Agency and the specific project area. Repayment terms on these loans can be classified in the following categories:

- Amortizing loans – loans requiring monthly payments designed to payoff both the principal and interest over a specified period, usually 15-20 years. Included in this category are partially amortizing loans and interest only payment loans requiring balloon payments at maturity date.
- Deferred loans – loans requiring repayments only on the earlier of loan due date or when the mortgaged properties are sold or refinanced.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Basic Financial Statements

June 30, 2025 and 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Residual receipts loans – loans requiring repayments only when the project or mortgaged properties have positive cash flows pursuant to a formula set forth in the specific loan agreement.

In the financial statements, loans receivable is reported net of allowance for market value write-downs and uncollectible accounts.

E. Restricted Assets

Restricted assets consist of funds withdrawn from the CERBT Trust to pay OPEB obligations, funds held in escrow to pay for certain retrofit costs, and investments maintained by bond fiscal agents and trustees under the provisions of the respective bond indentures/trust agreements/fiscal agent agreements/loan agreements. The investments held by bond fiscal agents and trustees are pledged as collateral for the payment of principal and interest on the related tax allocation bond obligations.

F. Property Held for Sale, Future Development, and Government Use

As part of its redevelopment activities, the Former Agency acquired land for eventual disposition to developers of housing or commercial projects. These properties were held until sold and/or conveyed for development. On October 7, 2014, DOF approved the Long Range Property Management Plan (LRPMP) which specifies the disposition of various CRA/LA-DLA owned properties. Separately, DOF approved the transfer of Government Use assets to the City. The CRA/LA-DLA is implementing the liquidation of its land inventory pursuant to Governing and Oversight Board approvals and consistent with DOF-approved disposition plans.

G. Capital Assets

Assets purchased or acquired with original costs of \$150 or more and estimated useful life of more than one year are capitalized at historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of capital assets is provided using the straight-line method over the following estimated useful lives:

<u>Capital Assets</u>	<u>Years</u>
Building and improvements	30 to 40
Vehicles	5
Office equipment	5
Computer software	5
Computer hardware	3

H. Deferred Outflows and Inflows of Resources

The statements of fiduciary net position report a separate section for deferred outflows and inflows of resources. Deferred outflows and inflows of resources represents resources that apply to future periods and therefore not recognized as outflows and/or inflows of resources until then. Deferred charges on refunding bonds resulting from the difference in the carrying value of refunded debt and its reacquisition price are amortized over the shorter of the life of the refunded or refunding debt and reported as deferred outflows and/or inflows of resources. Certain pension and other postemployment benefits (OPEB) activities including employer contributions and the net change in the pension

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Basic Financial Statements

June 30, 2025 and 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

and OPEB liabilities are reported as deferred outflows and/or inflows of resources. Deferred amounts from advanced receipt of property tax are reported as deferred inflows.

I. Compensated Absences

CRA/LA-DLA employees accumulate vacation pay at varying rates as services are provided. CRA/LA-DLA pays for vacation leave as it is used or periodic cash payouts. Any accrued vacation time is payable upon termination of employment. CRA/LA-DLA employees also accumulate sick leave hours with full pay at the rate of 96 hours per fiscal year to a maximum of 800 hours. CRA/LA-DLA pays employees for sick leave as it is used.

CRA/LA-DLA pays 50 percent of the accumulated sick leave in excess of 800 hours as of the end of any fiscal year to active employees. Upon retirement, an employee can elect to be paid 50 percent of the available sick leave or convert their unused sick leave to CalPERS service credits.

J. Long-term Debt and Other Long-term Obligations

Long-term debt and other long-term obligations are reported as non-current liabilities in the financial statements. Bond premiums and/or discounts are deferred and amortized over the life of the bonds as interest expense. Bonds payable are reported net of the applicable unamortized bond premium or discount. Bond issuance costs are recognized as an expense in the period incurred.

K. Other Postemployment Benefits (OPEB)

For purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Prefunding Plan administered by CalPERS, also known as the California Employers' Retirement Benefit Trust (CERBT) and additions to/deductions from the CERBT's fiduciary net position have been determined on the same basis as they are reported by the CalPERS. For this purpose, the CERBT recognizes contributions postmarked by June 30 and received by July 15. Contributions and reimbursements outside of the trust are recognized based on data submitted by the employer. OPEB reimbursements are recognized as the benefits come due for the CERBT, which includes reimbursement requests received from employer by July 31, for OPEB costs incurred for the fiscal year. Net investment income represents realized and unrealized gains and losses based on the fair value of investments, interest, and dividends, net of investment expenses. Investment income/loss of the trust is allocated to each participating employer based on the employer's percentage of ownership in the respective investment strategies using the daily investment gain/loss provided by the custodian bank.

L. Property Tax Revenues

Pursuant to the Dissolution Act, and following DOF approval, the County Auditor-Controller is required to biannually remit to CRA/LA-DLA property taxes deposited into the Successor Agency's Redevelopment Property Tax Trust Fund (RPTTF) to pay for enforceable obligations and/or its administrative allowance as scheduled on the approved annual ROPS. Deferred inflows of resources are reported when property taxes are received before the period when resources are required to be used or when use is first permitted.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Basic Financial Statements

June 30, 2025 and 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Net Position

Net position is the residual of all other amounts presented in the statements of fiduciary net position.

N. Extraordinary Items

Extraordinary items are events or transactions that are both unusual in nature and infrequent in occurrence. During the fiscal year ended June 30, 2025, CRA/LA-DLA sold the property located at 3700, 3738–3772, and 3800–3824 W. Martin Luther King Jr. Boulevard, and 4011–4027 S. Marlton Avenue (Marlton Square Properties) to the City on May 2, 2025, for a total purchase price of \$21,750,000. Of this amount, the City received a credit of \$15,770,000, representing 72.5% of the purchase price, in consideration of prior advances made by the City to the Former Agency for the acquisition of the property. This credit was recorded as an extraordinary item – transfer of property held for future development to the City of Los Angeles.

O. Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts in the financial statements and accompanying notes. Actual results could differ from the estimates.

P. Recent Governmental Accounting Standards Board (GASB) Pronouncements

Implementation of the following Pronouncements is effective fiscal year 2025:

Issued in December 2023, GASB Statement No. 102, *Certain Risk Disclosure* requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The Corporation implemented this statement without material impact.

The GASB has issued several pronouncements that have effective dates that may impact future presentations. CRA/LA-DLA is evaluating the potential impacts of the following GASB statements on its accounting practices and financial statements.

1. Issued in April 2024, GASB Statement No. 103, *Financial Reporting Model Improvements* is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. This statement will be effective beginning fiscal year 2026.
2. Issued in September 2024, GASB Statement No. 104, *Disclosure of Certain Capital Assets* requires certain information regarding capital assets to be presented by major class. This statement will be effective beginning fiscal year 2026.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Basic Financial Statements

June 30, 2025 and 2024

Q. Restatement of Beginning Net Position

During the fiscal year ended June 30, 2025, management identified errors in the reported balance of property held for sale, future development and government use. Property held for government use totaling \$1,853,000 and property retained for enforceable obligations totaling \$412,000 had been transferred or sold in the prior years but were not removed from the financial statements. Accordingly, the balances of property held for sale, future development and government use and net position as of July 1, 2024 were reduced by \$2,265,000. The effect of the restatement on beginning net position as of July 1, 2024 is summarized as follows:

Beginning net position, as previously reported	\$ (274,530,000)
Adjustment for property held for sale, future development, and government use	<u>(2,265,000)</u>
Beginning net position, as restated	<u>\$ (276,795,000)</u>

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Basic Financial Statements

June 30, 2025 and 2024

NOTE 2 - DETAILED NOTES

A. Cash and Investments

Cash

Cash consists of cash deposits maintained with local banks. At June 30, 2025 and 2024, the carrying amount of the CRA/LA-DLA's cash deposits totaled \$49,657,000 and \$47,521,000, respectively; while the bank balances totaled \$49,976,000 and \$47,934,000, respectively. The difference of \$319,000 and \$413,000, respectively, at June 30, 2025 and 2024 are primarily due to outstanding checks and other reconciling items. Of the total bank balances at June 30, 2025 and 2024, \$250,000 was covered by the Federal Deposit Insurance Corporation and \$49,726,000 and \$47,684,000, respectively, were fully collateralized as required by State law and reported to the State Administrator of Local Agency Security to ensure the safety of public deposits.

Under the California Government Code, a financial institution is required to secure deposits in excess of \$250,000 made by state or local government units by pledging securities held in the form of an undivided collateral pool. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of those deposits. The collateral must be held at the pledging bank's trust department or another bank, acting as the pledging bank's agent, in the CRA/LA-DLA's name.

Investments

At June 30, 2025 and 2024, restricted investments, shown as restricted assets consisted primarily of investments maintained with bond fiscal agents and trustees, which are considered as pledged collateral for payment of principal and interest on the CRA/LA-DLA's tax allocation bond obligations.

At June 30, 2025 and 2024, cash and investments are reflected in the statements of fiduciary net position with carrying values as follows (dollars in thousands):

	June 30, 2025			June 30, 2024		
	Deposits	Investments	Total	Deposits	Investments	Total
Cash	\$ 49,657	\$ -	\$ 49,657	\$ 47,521	\$ -	\$ 47,521
Restricted assets	4,515	37,322	41,837	-	37,125	37,125
Total	\$ 54,172	\$ 37,322	\$ 91,494	\$ 47,521	\$ 37,125	\$ 84,646

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Basic Financial Statements

June 30, 2025 and 2024

NOTE 2 - DETAILED NOTES (continued)

CRA/LA-DLA’s investments at June 30, 2025 and 2024 consisted of the following investment types (dollars in thousands):

At June 30, 2025:

<u>Investment Type</u>	<u>Amortized Costs</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Investments held by fiscal agent or trustee:			
Money market funds	\$ 37,322	\$ 37,322	0.10
Total investments held by fiscal agent or trustee	<u>\$ 37,322</u>	<u>\$ 37,322</u>	

At June 30, 2024:

<u>Investment Type</u>	<u>Amortized Costs</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Investments held by fiscal agent or trustee:			
Money market funds	\$ 37,125	\$ 37,125	0.07
Total investments held by fiscal agent or trustee	<u>\$ 37,125</u>	<u>\$ 37,125</u>	

The CRA/LA-DLA’s general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would exercise in the management of their own affairs, not for speculation, but for investment considering the general economic conditions and the anticipated needs of CRA/LA-DLA. The core objective is to minimize the interest rate risk and credit risk of each investment.

Interest rate risk. In accordance with the CRA/LA-DLA’s investment policy, CRA/LA-DLA manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to not more than two years, excluding investments held by a trustee, fiscal agent, or escrow bank in connection with a CRA/LA-DLA bond or note.

Credit rate risk. Investments held by a fiscal agent or trustee are invested in accordance with the respective CRA/LA-DLA’s bond indenture or similar agreement, and the credit rating of the authorized investments are limited. These bond indenture agreements authorize investments in money market funds having a rating in the highest investment category by Standard & Poor’s and/or Moody’s. At June 30, 2025 and 2024, the CRA/LA-DLA’s investments in money market funds at amortized costs of \$37,322,000 and \$37,125,000, respectively, for both years, were rated in the highest categories of Standard & Poor’s “A-1” and Moody’s “P-1”.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Basic Financial Statements

June 30, 2025 and 2024

NOTE 2 - DETAILED NOTES (continued)

B. Loans Receivable

A schedule of loans receivable at June 30, 2025 and 2024 including allowance for market value write-downs and uncollectibles is as follows (dollars in thousands):

At June 30, 2025:

	Principal Balance			
	Amortizing	Deferred	Residual Receipts	Total
Outstanding at July 1, 2024	\$ 241	\$ 3,679	\$ 6,082	\$ 10,002
Reductions:				
Principal repayments	(241)	-	(29)	(270)
Others *	-	(293)	-	(293)
Outstanding at June 30, 2025	-	3,386	6,053	9,439
Less allowance for market value write-downs and uncollectibles	-	(3,386)	(520)	(3,906)
Balance at June 30, 2025	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,533</u>	<u>\$ 5,533</u>

*Included in these amounts are write-offs and service repayments on forgivable loans.

At June 30, 2024:

	Principal Balance			
	Amortizing	Deferred	Residual Receipts	Total
Outstanding at July 1, 2023	\$ 484	\$ 4,182	\$ 6,105	\$ 10,771
Reductions:				
Principal repayments	(243)	-	(23)	(266)
Others *	-	(503)	-	(503)
Outstanding at June 30, 2024	241	3,679	6,082	10,002
Less allowance for market value write-downs and uncollectibles	-	(3679)	(520)	(4,199)
Balance at June 30, 2024	<u>\$ 241</u>	<u>\$ -</u>	<u>\$ 5,562</u>	<u>\$ 5,803</u>

*Included in these amounts are write-offs and service repayments on forgivable loans.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Basic Financial Statements

June 30, 2025 and 2024

NOTE 2 - DETAILED NOTES (continued)

C. Capital Assets

Changes in capital assets for the year ended June 30, 2025 and 2024 were as follows (dollars in thousands):

At June 30, 2025:

Description	Balance July 1, 2024	Additions	Dispositions	Depreciation/ Amortization	Balance June 30, 2025
Capital assets, being depreciated:					
Building and improvements	\$ 11,326	\$ -	\$ -	\$ -	\$ 11,326
Less accumulated depreciation/ amortization	(11,326)	-	-	-	(11,326)
Net building and improvements	-	-	-	-	-
Lease asset	637	-	-	-	637
Less accumulated depreciation/ amortization	(361)	-	-	(128)	(489)
Net lease asset	276	-	-	(128)	148
Equipment and leasehold improvements	446	-	-	-	446
Less accumulated depreciation/ amortization	(396)	-	-	(36)	(432)
Net equipment and leasehold improvements	50	-	-	(36)	14
Net capital assets, being depreciated	326	-	-	(164)	162
Net capital assets	\$ 326	\$ -	\$ -	\$ (164)	\$ 162

At June 30, 2024:

Description	Balance July 1, 2023	Additions	Dispositions	Depreciation/ Amortization	Balance June 30, 2024
Capital assets, being depreciated:					
Building and improvements	\$ 11,326	\$ -	\$ -	\$ -	\$ 11,326
Less accumulated depreciation/ amortization	(11,326)	-	-	-	(11,326)
Net building and improvements	-	-	-	-	-
Lease asset	637	-	-	-	637
Less accumulated depreciation/ amortization	(233)	-	-	(128)	(361)
Net lease asset	404	-	-	(128)	276
Equipment and leasehold improvements	446	-	-	-	446
Less accumulated depreciation/ amortization	(360)	-	-	(36)	(396)
Net equipment and leasehold improvements	86	-	-	(36)	50
Net capital assets, being depreciated	490	-	-	(164)	326
Net capital assets	\$ 490	\$ -	\$ -	\$ (164)	\$ 326

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Basic Financial Statements

June 30, 2025 and 2024

NOTE 2 - DETAILED NOTES (continued)

D. CRFA Bonds

The following table summarizes the CRFA bond transactions for the fiscal years ended June 30, 2025 and 2024 (dollars in thousands):

Balance, July 1, 2023	\$	6,695
Retirement, various pooled financing bond issues		<u>(345)</u>
Balance, June 30, 2024		6,350
Retirement, various pooled financing bond issues		<u>(370)</u>
Balance, June 30, 2025	\$	<u><u>5,980</u></u>

CRFA bonds outstanding at June 30, 2025 and 2024 were as follows (dollars in thousands):

Description	Date of Issue	Maturity Date	Interest Rate	Original Issue	2025 Balance Outstanding	2024 Balance Outstanding
Pooled bonds:						
Pooled Financing Bonds, Series P (taxable)	6/26/2008	9/1/2038	8.00%	\$14,250	<u>\$ 5,980</u>	<u>\$ 6,350</u>
Total CRFA bonds					<u><u>\$ 5,980</u></u>	<u><u>\$ 6,350</u></u>

The source of all payments of outstanding principal and interest on the CRFA pooled financing bonds consists of debt service payments on underlying tax allocation bonds and notes issued by the respective redevelopment project areas.

As a blended component unit, CRFA's activities for financial reporting purposes are blended into the CRA/LA-DLA's basic financial statements. Hence, in the accompanying statements of fiduciary net position as of June 30, 2025 and 2024, the \$5,980,000 and \$6,350,000, respectively, receivable/payable between CRFA and CRA/LA-DLA is eliminated.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Basic Financial Statements

June 30, 2025 and 2024

NOTE 2 - DETAILED NOTES (continued)

E. Long-Term Debt

Changes in Long-term Liabilities

CRA/LA-DLA's long-term liabilities for the fiscal year ended June 30, 2025 and 2024 are summarized as follows (dollars in thousands):

At June 30, 2025:

Description	Balance July 1, 2024	Additions	Retirement	Balance June 30, 2025	Due Within One Year
Bonds payable	\$ 245,870	\$ -	\$ (29,805)	\$ 216,065	\$ 29,695
Notes payable	12,237	-	(2,010)	10,227	2,000
Sub-total before premiums/ discounts on bonds	258,107	-	(31,815)	226,292	31,695
Unamortized premiums and discounts on bonds	5,871	-	(1,828)	4,043	-
Total bonds and notes	263,978	-	(33,643)	230,335	31,695
Pension liability	98,287	-	(2,201)	96,086	-
Compensated absences	317	70	(95)	292	95
Other postemployment benefit asset	(4,151)	-	(3,231)	(7,382)	-
Lease liability	306	-	(136)	170	145
Other long-term obligations (page 26)	10,065	-	(1,730)	8,335	1,778
Net long-term liabilities, governmental activities	<u>\$ 368,802</u>	<u>\$ 70</u>	<u>\$ (41,036)</u>	<u>\$ 327,836</u>	<u>\$ 33,713</u>

At June 30, 2024:

Description	Balance July 1, 2023	Additions	Retirement	Balance June 30, 2024	Due Within One Year
Bonds payable	\$ 274,485	\$ -	\$ (28,615)	\$ 245,870	\$ 29,805
Notes payable	14,941	-	(2,704)	12,237	2,014
Sub-total before premiums/ discounts on bonds	289,426	-	(31,319)	258,107	31,819
Unamortized premiums and discounts on bonds	7,918	-	(2,047)	5,871	-
Total bonds and notes	297,344	-	(33,366)	263,978	31,819
Pension liability	96,959	1,328	-	98,287	-
Compensated absences	300	78	(61)	317	23
Other postemployment benefit asset	(1,397)	-	(2,754)	(4,151)	-
Lease liability	433	-	(127)	306	136
Other long-term obligations (page 26)	11,773	-	(1,708)	10,065	1,707
Net long-term liabilities, governmental activities	<u>\$ 405,412</u>	<u>\$ 1,406</u>	<u>\$ (38,016)</u>	<u>\$ 368,802</u>	<u>\$ 33,685</u>

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Basic Financial Statements

June 30, 2025 and 2024

NOTE 2 - DETAILED NOTES (continued)

Outstanding Long-term Debt

Long-term debt outstanding at June 30, 2025 and 2024 is comprised of the following (dollars in thousands):

Description	Date of Issue	Maturity Date	Interest Rate	Original Issue	2025 Outstanding Balance	2024 Outstanding Balance
Tax allocation bonds**:						
Adelante Eastside, TARB Series E (taxable)	12/20/2013	9/1/2032	1.460% - 6.000%	\$ 4,605	\$ 2,420	\$ 2,655
Bunker Hill, TARB Series M	10/30/2014	12/1/2028	2.000% - 5.250%	148,640	55,630	69,430
General Agency, TARB Series A (taxable)	8/4/2017	9/1/2040	0.893% - 3.375%	251,285	149,290	162,210
Mid-City Recovery, Series C (taxable)*	6/26/2008	9/1/2032	8.000%	6,500	4,065	4,395
Mid-City Recovery, TARB Series D (taxable)	12/20/2013	9/1/2032	1.146% - 6.000%	5,515	2,745	3,010
North Hollywood, TARB Series I	12/20/2013	7/1/2024	3.000% - 5.000%	16,675	-	2,215
Vermont/Manchester, Series B (taxable) *	6/26/2008	9/1/2038	8.000%	2,250	1,915	1,955
Total tax allocation bonds payable before unamortized premium (discount)					<u>216,065</u>	<u>245,870</u>
Project notes payable:						
Mid-City Recovery, Midtown Crossing Senior Note	3/22/2013	1/31/2042	6.00%	5,000	2,284	2,593
Mid-City Recovery, Midtown Crossing Junior Note	3/22/2013	1/31/2042	6.00%	5,422	6,279	6,287
Wilshire/Koreatown, The Vermont Mixed-Use	7/11/2014	12/13/2040	6.00%	12,500	1,664	3,357
Total project notes payable					<u>10,227</u>	<u>12,237</u>
Total long-term debt, June 30, 2025 and 2024					<u>\$ 226,292</u>	<u>\$ 258,107</u>

*Purchased by and payable to CRFA.

**Unless otherwise noted, tax allocation bonds are tax-exempt.

The bond indentures/fiscal agent agreements contain various limitations and restrictions in accordance with State redevelopment law and the redevelopment plan for the respective project, including requirements to not invest, reinvest, or expend the proceeds from any tax-exempt bond issue in such a manner as to result in the loss of exemption from Federal income taxation of bond interest. CRA/LA-DLA is in compliance with such restrictions and limitations on tax-exempt bond issues.

Pursuant to Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934 (Continuing Disclosure Rule), CRA/LA-DLA, or its authorized Dissemination Agent, is required to file an annual financial report for all fixed interest rate bonds issued on or after July 1, 1995. The Dissemination Agent files copies of the annual report(s) with each Nationally Recognized Municipal Securities Information Repository approved by the Securities and Exchange Commission, and the appropriate state information depository, if any.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Basic Financial Statements

June 30, 2025 and 2024

NOTE 2 - DETAILED NOTES (continued)

The annual reports on the tax allocation bonds, consist of, but are not limited to, a copy of the CRA/LA-DLA's most recent audited financial statements and operating information updating particular tables in each bond issue's Official Statement. Furthermore, upon occurrence of any of the eleven enumerated events, CRA/LA-DLA is required to promptly notify and instruct the Dissemination Agent to report the occurrence.

Annual Debt Service Requirements

Annual requirements to amortize all long-term debt outstanding at June 30, 2025 are reflected in the following table (dollars in thousands).

Year Ending June 30	Bonds Payable		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 29,695	\$ 7,663	\$ 2,000	\$ 611	\$ 31,695	\$ 8,274
2027	31,335	6,494	357	493	31,692	6,987
2028	29,020	5,305	377	472	29,397	5,777
2029	20,545	4,126	401	449	20,946	4,575
2030	11,665	3,516	424	426	12,089	3,942
2031-2035	53,735	11,753	2,536	1,713	56,271	13,466
2036-2040	37,100	3,193	3,395	857	40,495	4,050
2041	2,970	50	737	44	3,707	94
Total	\$ 216,065	\$ 42,100	\$ 10,227	\$ 5,065	\$ 226,292	\$ 47,165

F. Defeasance of Debt

In the current year and prior years, CRA/LA-DLA and the Former Agency defeased various bond issues by creating separate irrevocable trust funds. New debt was issued and the proceeds were used to purchase U.S. government securities, which were placed in the trust funds held by the respective escrow agents. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called for redemption or matures.

The trust account assets and corresponding liabilities for the defeased bonds are not reflected on the accompanying basic financial statements. \$1,331,000 and \$2,040,000 of bonds outstanding are considered defeased at June 30, 2025 and 2024, respectively.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Basic Financial Statements

June 30, 2025 and 2024

NOTE 2 - DETAILED NOTES (continued)

G. Other Long-Term Obligations

Other long-term obligations include obligations arising from certain Owner Participation Agreements (OPA) and Disposition and Development Agreements (DDA) between the Former Agency and various developers. Project site-specific and area-wide tax increment revenues have been pledged using various debt instruments to finance certain redevelopment projects. These pledges are subordinate to senior-lien tax allocation bonds and limited to the amounts annually available.

In accordance with the Dissolution Act, revenue pledges are to be honored. Accordingly, these obligations are reported in the financial statements and are as follows:

1. *NOHO Commons Project* - Developed by SL NoHo, LLC (Developer), this three phase mixed-use catalytic project is located on the block bounded by Lankershim Boulevard, Chandler Boulevard and Weddington Street. Pursuant to the OPA, CRA/LA-DLA is required to make certain annual payments from available site-generated tax increment to pay the Developer/Owner for the following:
 - a) Reimbursement of Developer Payments on HUD 108 Loan obligation of \$6,050,000 plus annual interest at 6%. The reimbursement obligation ends on the earlier of when the principal and accrued interest is paid in full or October 1, 2028. The loan was paid in full in 2021.
 - b) Revenue Shortfall obligation of \$5,000,000 plus annual interest at 6%. The obligation ends at the earlier of when the principal and accrued interest is paid in full or October 1, 2028. The loan was paid in full in 2022.
 - c) Housing subsidy payments to maintain required affordability totaling \$27,262,000 plus 6% interest for the term of 21 years. The obligation will be paid in full on October 1, 2028. At June 30, 2025 and 2024, the outstanding balance is \$8,335,000 and \$10,065,000, respectively.

2. *Slauson Central Shopping Center* - On December 1, 2003, the Former Agency entered into a DDA with Slauson Central, LLC (Developer) to construct a retail shopping center consisting of approximately 80,000 sq. ft. of retail improvements, on the property bounded by Slauson and Central Avenues. Pursuant to the DDA, the Former Agency agreed to assist the Developer in assembling the property and to pay certain acquisition, relocation and hazardous materials remediation costs related to the Property. On April 8, 2004, the Former Agency entered into a Cooperation Agreement with the City of Los Angeles in which the City agreed to advance Section 108 funds totaling \$1,472,000 to the Former Agency. In turn, the Former Agency pledged to repay Section 108 funds from Site Specific Tax Increment (SSTI) which is triggered once the retail center is built and operations stabilized. The project's certificate of occupancy was issued in March 2014. Pursuant to the Cooperation Agreement, the Former Agency is required to make an annual payment from SSTI to the City to allow it to service the Section 108 Loan. The payment obligation ends at the earlier of when the principal and accrued interest is paid in full or August 1, 2023. The loan was paid in full in 2024.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Basic Financial Statements

June 30, 2025 and 2024

NOTE 2 - DETAILED NOTES (continued)

H. Leases

CRA/LA-DLA entered into a noncancellable lease agreement for its central office facility in fiscal year 2022. Pursuant to GASB 87, CRA/LA-DLA recognizes lease liability and intangible right-to-use lease asset on the statement of net position. At the commencement of a lease, CRA/LA-DLA initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payment made at or before the lease commencement date, plus certain indirect costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how CRA/LA-DLA determines: (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. CRA/LA-DLA uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, CRA/LA-DLA generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that CRA/LA-DLA is reasonably certain to exercise. CRA/LA-DLA monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

In fiscal year 2023, a total initial lease liability in the amount of \$637,000 was recorded. As of June 30, 2025 and 2024, the lease liability balance were \$170,000 and \$306,000, respectively. (See Note 2E) As of June 30, 2025, the total right-to-use asset was recorded at \$637,000 with accumulated amortization of \$489,000. As of June 30, 2024, the total right-to-use asset was recorded at \$637,000 with accumulated amortization of \$361,000. (See Note 2C)

The future lease payments under lease agreements are as follows (in thousands):

Year Ending June 30	Principal	Interest	Total
2027	\$ 145	\$ 3	\$ 148
2028	25	-	25
Total	<u>\$ 170</u>	<u>\$ 3</u>	<u>\$ 173</u>

I. Negative Net Position

At June 30, 2025 and 2024, CRA/LA-DLA's negative net position amounted to \$263,321,000 and \$274,530,000, respectively. Pursuant to the Dissolution Act, CRA/LA-DLA's enforceable obligations as listed on the approved ROPS will be paid by property tax distributed from the RPTTF administered by the County. As CRA/LA-DLA's enforceable obligations are paid, its negative net position will be reduced and in time eliminated.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Basic Financial Statements

June 30, 2025 and 2024

NOTE 3 - OTHER INFORMATION

A. Employees' Retirement System

Plan Description

CRA/LA-DLA contributes to the California Public Employees' Retirement System (CalPERS), a multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and authorized by CRA/LA-DLA.

The pension plan covers all full-time employees and eligible retirees of CRA/LA-DLA. Under the provision of CalPERS, pension benefits fully vest after five years of service. A vested employee may retire at age 50 and receive annual pension benefits equal to a predetermined percentage of the employee's salary earned during the highest 12 consecutive months of employment multiplied by the number of years of service. Effective July 1, 1997, the Former Agency amended its contract with CalPERS changing the retirement formulation from two percent at age 60 to two percent at age 55 as part of collective bargaining negotiations. Under the amended contract, the service requirement benefits now vary from 1.426 percent at age 50 to 2.418 percent at age 63 and over multiplied by the number of years of service. The CRA/LA-DLA modified its contract with CalPERS on February 17, 2013 to reflect the entity change to a designated local authority

Following the dissolution and subsequent reductions in force, CRA/LA-DLA's headcount was lowered to fewer than 50 fulltime employees in fiscal year 2013. Subsequently, CalPERS placed CRA/LA-DLA's pension plan from an agent multiple-employer defined pension plan to a public agency cost-sharing multiple-employer defined pension plan (i.e., miscellaneous risk pool). While the risk pool designation does not change plan terms or affect payments to retirees, it has resulted in an increase in the employer's normal cost contributions when compared to the period before the dissolution due to several adjustments. Also, the plan's unfunded liability, on both an actuarial and market value bases, has increased.

The actuarial valuation reports and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications, at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-industrial disability benefits after five years of service. The Pre-retirement or Post-retirement death benefit for members with five years or more of total service is the Optional Settlement 2W or the Standard Lump Sum payment of \$500, respectively. The 2.5% cost of living adjustments are applied annually on a compound basis.

Contributions

Section 20814(c) of the Public Employment Retirement Law requires that the employer contribution rates be determined on an annual basis by the CalPERS actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance the unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)**

Notes to Basic Financial Statements

June 30, 2025 and 2024

NOTE 3 - OTHER INFORMATION (continued)

Pursuant to the negotiated bargaining agreement, CRA/LA-DLA also pays the employee contribution rate. According to the CalPERS' funding requirement annual valuation report as of June 30, 2022, the active employee contribution rate is 6.91% of annual payroll; and the employer's contribution rate is 13.05% of annual payroll and the employer payment of unfunded liability is \$9,428,000 for the year ended June 30, 2025. Meanwhile, to the CalPERS' funding requirement annual valuation report as of June 30, 2021, the active employee contribution rate is 6.91% of annual payroll; and the employer's contribution rate is 13.00% of annual payroll and the employer payment of unfunded liability is \$8,452,000 for the year ended June 30, 2024.

For the years ended June 30, 2025 and 2024, the employer contributions to CalPERS are \$9,503,000 and \$8,528,000, respectively. Employee members contributions to CalPERS, paid by the employer, for the years ended June 30, 2025 and 2024 are \$40,000 and \$41,000, respectively.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

A summary of principal assumptions and methods used to determine the net pension liability at June 30, 2024 is as follows:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Actuarial cost method	Entry Age Actuarial Cost Method
Asset valuation method:	
Discount rate	6.90%
Inflation	2.30%
Investment rate of return	6.90%
Salary increases	Varies by entry age and service
Mortality rate table (1)	Derived using CalPERS Membership Data for all funds
Post retirement benefit increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies

- (1) The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutory required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Basic Financial Statements

June 30, 2025 and 2024

NOTE 3 - OTHER INFORMATION (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The expected real rates of return by asset class are as follows:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1- 10^(1,2)</u>
Global Equity - cap-weighted	30.00%	4.54%
Global Equity – non-cap-weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-backed Securities	5.00	0.50
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021-22 Asset Liability Management study.

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Allocation of Net Position Liability and Pension Expense

A key aspect of GASB 68 pertaining to cost-sharing employers is the establishment of an approach to allocate the net pension liability and pension expense to the individual employers within the risk pool. GASB 68, paragraph 49, indicates that for pools where contribution rates within the pool are based on separate relationships, the proportional allocation should reflect those relationships. The allocation method utilized by CalPERS determines the employer’s share by reflecting these relationships through the plans they sponsor within the risk pool. Plan liability and asset related information are used where available, and proportional allocations of individual plan amounts as of the valuation date are used where not available.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Basic Financial Statements

June 30, 2025 and 2024

NOTE 3 - OTHER INFORMATION (continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents CRA/LA-DLA's proportionate share of the net pension liability calculated using the discount rate of 6.90%, as well as what CRA/LA-DLA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate (dollars in thousands):

Description	Discount Rate -1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
CRA/LA-DLA's proportionate share of net pension liability	\$128,891	\$96,086	\$69,082

Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

At June 30, 2025, CRA/LA-DLA reported a liability of \$96,086,000 for its proportionate share of the net pension liability. The net pension liability measured as of June 30, 2024, and the total pension liability used to calculate the net pension was determined by an actuarial calculation as of June 30, 2023 rolled forward to June 30, 2024 using standard updated procedures.

For the year ended June 30, 2025, CRA/LA-DLA recognized pension expense of \$10,991,000. At June 30, 2025, CRA/LA-DLA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources (dollars in thousands):

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 5,532	\$ -
Difference between employer's contribution and proportionate share of contributions	3,617	-
Changes in employer's proportion	-	8,801
Changes of assumptions	2,470	-
Difference between expected and actual experience	8,307	324
Pension contributions made subsequent to measurement date	9,503	-
Total	<u>\$ 29,429</u>	<u>\$ 9,125</u>

The amounts above are net of outflows and inflows recognized in the 2024-25 measurement period expense. \$9,503,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025.

**CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)**

Notes to Basic Financial Statements

June 30, 2025 and 2024

NOTE 3 - OTHER INFORMATION (continued)

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows (dollars in thousands):

Year Ended June 30,	Deferred Outflows/Inflows of Resources
2026	\$ 1,226
2027	11,707
2028	(237)
2029	(1,895)

B. Other Postemployment Benefits (OPEB)

Plan Description

CRA/LA-DLA provides medical (including vision care) and dental benefits for life to all employees who retired on or after January 1, 1993 and had at least 10 years of service. The OPEB Plan is administered by CRA/LA-DLA.

On March 19, 2013, CRA/LA-DLA management was authorized by its Governing Board to enroll in an OPEB Prefunding Plan administered by CalPERS, also referred to as the CERBT. Accordingly, an agreement was fully executed by CRA/LA-DLA and CalPERS (on behalf of CERBT), effective March 28, 2013.

The OPEB Prefunding Plan is a trust fund that is intended to perform as an agent multi-employer plan with pooled administrative and investment functions. The CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' Website Form and Publications, at www.calpers.ca.gov.

Benefits Provided

In accordance with collective bargaining agreements, CRA/LA-DLA subsidizes health care benefits starting at 40 percent of maximum monthly subsidy to retirees for the first 10 years of service and increases at the rate of four percent per year for each additional year of service. At 25 years of service and at least 50 years of age, the retiree health care benefit is 100 percent subsidized by CRA/LA-DLA. Eligible retirees pay premiums in excess of the CRA/LA-DLA monthly subsidy.

Employees Covered by Benefit Terms

As of June 30, 2023 (actuarial valuation date), the following current and former employees were covered by the benefit terms:

Active employees	5
Retired former employees	198
Total	203

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Basic Financial Statements

June 30, 2025 and 2024

NOTE 3 - OTHER INFORMATION (continued)

Contributions

The agreement with CalPERS allows CRA/LA-DLA to contribute funds to be identified annually by an independent actuary and prudently invested by CalPERS for the purposes of funding retiree healthcare obligations. The following table shows the activities of CRA/LA-DLA's CERBT account at June 30, 2025 and 2024 (dollars in thousands):

Balance, July 1, 2023	\$	33,497
Investment earnings		2,761
Investment expenses		(12)
Administrative fees		(17)
		36,229
Balance, June 30, 2024		36,229
Investment earnings		3,823
Investment expenses		(16)
Administrative fees		(12)
Disbursement		(1,017)
		(1,017)
Balance, June 30, 2025	\$	39,007

Net OPEB Liability

CRA/LA-DLA's net OPEB liability as of June 30, 2025 was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by the actuarial valuation as of June 30, 2023.

Actuarial Methods and Assumptions

The total OPEB liability as of June 30, 2025 was determined using the following actuarial assumptions:

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Investment rate of return	5.50%
Inflation	2.75%
Projected salary increases	3.00%,
Medical cost increases (trend)	CalPERS medical premium amounts, dental and vision premiums, and Medicare Part B premiums are assumed to increase 5% per year.
Mortality rate	Derived using the 2021 CalPERS valuation, projected to future years with the ultimate rates of projection scale MP-2021.

Discount Rate

The discount rate was taken to be equal to the long-term expected rate of return on OPEB plan investments, 5.50%, because a projection of cash flows showed that the invested assets would be sufficient to make all projected benefit payments to current and former employees. That projection assumed that CRA/LA would continue to make payments to retired employees for the near future.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Basic Financial Statements

June 30, 2025 and 2024

NOTE 3 - OTHER INFORMATION (continued)

Changes in the Net OPEB Liability/Asset

The following is the changes in the net OPEB liability/asset (dollars in thousands):

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2024	\$ 29,346	\$ 33,497	\$ (4,151)
Changes for the year:			
Service cost	7	-	7
Interest	1,558	-	1,558
Differences between expected and actual experience	-	-	-
Contributions - employer	-	2,050	(2,050)
Net investment income (loss)	-	2,757	(2,757)
Benefit paid to retirees	(2,050)	(2,050)	-
Changes in assumptions	-	-	-
Administrative expense	-	(11)	11
Net changes	(485)	2,746	(3,231)
Balance at June 30, 2025	\$ 28,861	\$ 36,243	\$ (7,382)

Sensitivity of Net OPEB Liability/Asset to Changes in the Discount Rates

The following presents the net OPEB liability/asset calculated using the discount rate of 5.50%, as well as what the net OPEB liability/asset would be if it were calculated using the discount rate that is 1 percentage-point lower (4.50%) or 1 percentage-point higher (6.50%) than the current healthcare cost trend rates (dollars in thousands):

Description	Discount Rate -1% (4.50%)	Current Discount Rate (5.50%)	Discount Rate +1% (6.50%)
Net OPEB liability/(asset)	\$(4,244)	\$(7,382)	\$(10,027)

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Basic Financial Statements

June 30, 2025 and 2024

NOTE 3 - OTHER INFORMATION (continued)

Sensitivity of Net OPEB Liability/Asset to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability/asset calculated using the healthcare cost trend rates of 5.00% as well as what the net OPEB liability/asset would be if it were calculated using the healthcare cost trend rates that is 1 percentage-point lower (4.00%) or 1 percentage-point higher (6.00%) than the current healthcare cost trend rates (dollars in thousands):

Description	Healthcare Cost Trend Rate -1% (4.00%)	Healthcare Cost Trend Rate (5.00%)	Healthcare Cost Trend Rate +1% (6.00%)
Net OPEB liability/asset	\$(10,234)	\$(7,382)	\$(4,049)

OPEB Plan Fiduciary Net Position

The OPEB plan's fiduciary net position is equal to the value of assets that have been accumulated in the CERBT. Detailed information about the CERBT's fiduciary net position is available in the CalPERS' audited financial statements.

OPEB, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the year ended June 30, 2025, CRA/LA-DLA recognized OPEB credit of \$(107). At June 30, 2025, CRA/LA-DLA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (dollars in thousands):

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB plan investments	\$ 3,056	\$ 1,567
Differences between expected and actual experience	-	318
Changes of assumptions	-	6
OPEB contributions subsequent to measurement date	2,195	-
Total	<u>\$ 5,251</u>	<u>\$ 1,891</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in future OPEB expense as follows (dollars in thousands):

Year Ended June 30,	Deferred Outflows and Inflows of Resources
2026	\$ 153
2027	1,253
2028	(58)
2029	(183)

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Basic Financial Statements

June 30, 2025 and 2024

NOTE 3 - OTHER INFORMATION (continued)

C. Deferred Compensation

CRA/LA-DLA offers its employees a deferred compensation plan (Plan) created in accordance with Internal Revenue Code Section 457. The Plan, which is available to all full-time employees, allows them to defer a portion of their compensation for income tax shelter purposes. The current maximum annual deferral, which is indexed to inflation, is \$23,500 (\$31,000 if age 50 or older) and \$23,000 (\$30,500 if age 50 or older) for the 2025 and 2024 tax years, respectively.

The Plan is administered by independent financial institutions (Plan Administrators) that have fiduciary responsibilities over the plan assets. They invest the deferred amounts as directed by participants, maintain detailed accounting records of individual participant's deferrals and earnings, and disburse funds to the plan participants under the terms of the deferred compensation agreements.

The Plan assets are not considered the property and rights of CRA/LA-DLA; therefore, the assets are not reflected in the accompanying basic financial statements.

D. Risk Management

CRA/LA-DLA is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which CRA/LA-DLA carries commercial insurance policies. During the last three fiscal years, insurance claims have not exceeded commercial insurance coverages. Potential and actual claims, if any against CRA/LA-DLA not covered by commercial insurance are disclosed in note 3-F.

E. Pledges of Future Revenues

Prior to its dissolution, the Former Agency pledged a portion of its future tax increment revenues to repay \$435,470,000 in principal from outstanding tax allocation bonds and \$22,422,000 in principal from outstanding project notes payables which had been issued to finance various redevelopment activities. These bonds and notes are payable solely from the respective redevelopment project area's tax increment. Total principal and interest remaining on these bonds and notes is \$273,457,000 payable through fiscal year 2041. For the year ended June 30, 2025, CRA/LA-DLA's principal and interest paid on these bonds and notes were \$31,815,000 and \$9,527,000, respectively. For the year ended June 30, 2024, CRA/LA-DLA's principal and interest paid on these bonds and notes were \$31,319,000 and \$10,738,000, respectively.

Project site-specific and area-wide tax increment revenues have also been pledged using various debt instruments to finance certain redevelopment projects. These pledges are subordinate to senior-lien tax allocation bonds and limited to the amounts available. In accordance with the Dissolution Act, revenue pledges are to be honored. The principal balances at June 30, 2025 and June 30, 2024 are \$8,335,000 and \$10,065,000, respectively, and reflected on the financial statements as other long-term obligations. The County will have to continue to separately account for the property tax revenues generated by each project area in order to allow the CRA/LA-DLA to honor enforceable obligations created by the pledges.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Basic Financial Statements

June 30, 2025 and 2024

NOTE 3 - OTHER INFORMATION (continued)

F. Contingencies

North Hollywood HUD Section 108 Loan

The City provided the Former Agency in fiscal year 2004, a \$14,000,000 Section 108 loan to partially fund acquisition and relocation costs for the NOHO Commons in the North Hollywood Redevelopment Project area. The agreement with the City allows the Former Agency to assign the Section 108 loan to the developer.

The Section 108 loan was subsequently assigned to the developer retroactively to August 27, 2004. As a condition of the developer's assumption of the loan, the Former Agency conveyed Subarea B of the NOHO Commons and executed a note payable to the developer, at an interest rate of six percent. The note, which is secured by a pledge of the NOHO Commons' site-specific tax increment, was executed to reimburse certain project costs paid for in advance by the developer. In addition, the Former Agency has pledged to the developer the site-specific tax increment on the NOHO Commons to the extent that the developer's annual return on investment rate is less than 10 percent. These pledges to the developer are subordinate to the North Hollywood Project's existing and future senior-lien bonds and the area-wide tax increment pledge to the City.

Although there has been an assignment of the City loan to the developer, the Former Agency agreed to maintain its pledge to the City of area-wide tax increment revenues as security for the repayment of the \$14,000,000 loan. However, this area-wide tax increment pledge is subordinate to the North Hollywood Project's existing and future senior-lien bonds. The loan is further secured by an unconditional guaranty of payment not to exceed \$12,307,000; J.H. Snyder Company, a company related to the developer issued the guaranty.

Slauson Central Shopping Center

The DDA for the development of the Slauson Central Shopping Center (Center) between Slauson Central LLC (the developer) and the Former Agency provides for the developer to enter into a loan agreement with the City in the amount of \$2,005,000 as a condition of conveyance of the property acquired by the Former Agency and to be conveyed to the developer. This loan will be secured by deed of trust on the property from the developer to the City, subordinate only to the permanent financing on the property. The Former Agency had executed a cooperation agreement with the City for use of Section 108 funds and had also pledged site-specific tax increment on the Center to the City for use in repayment of Section 108 Loan funds borrowed by the developer for the Center (note 3-E). This pledge is subordinate to the project area's existing and future senior-lien tax increment bonds. The developer will be responsible for the annual repayment of the loan if site generated taxes from the Center and the CRA/LA-DLA's pledged site-specific tax increment revenue are insufficient to service the loan.

Independent Living Center of Southern California

Independent Living Center of Southern California (ILCSC) and its co-plaintiffs sued the City and the Former Agency (subsequently amended to name the CRA/LA-DLA as a defendant), based on the City's and Former Agency's purported failure to provide adequate accessible housing to the disabled in alleged violation of Section 504 of the Rehabilitation Act, Title II of the Americans with Disabilities Act ("ADA"), and California Government Code section 11135. The case involves a portfolio of 61 housing projects which received federal funding from the City and Former Agency. The 61 project owners have been joined in the suit as necessary parties. Plaintiffs have requested injunctive relief from the court through which the CRA/LA-DLA and the City would be required to ensure that any of those properties that received funding, not currently meeting federally accessibility standards would be brought into compliance with the federal standards.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Notes to Basic Financial Statements

June 30, 2025 and 2024

NOTE 3 - OTHER INFORMATION (continued)

In May 2016, the City settled its claims with the Plaintiffs. The City settlement excludes 22 multifamily projects which were financed by CRA/LA-DLA, with federal funding received from the City.

The settlement agreement provides for damages of \$3,000,000 to be paid to three nonprofit plaintiff organizations and attorneys' fees of \$2,250,000 to plaintiff's counsel. CRA/LA-DLA's insurer paid \$5,125,000. The balance, \$125,000, was paid directly by CRA/LA-DLA. The damages payments were satisfied in May 2017.

During a court-ordered mediation held in April and September 2017, ILCSC agreed to settle all claims against the Former Agency and CRA/LA-DLA. CRA/LA-DLA has agreed to work with owners of 250 multifamily rental units to make them accessible to persons with mobility and sensory disabilities. At June 30, 2018, the cost of the retrofit was estimated at \$12,757,000 and accrued as other liabilities. Due to unexpected and unavoidable delays, the estimated cost is updated to \$29,111,000, which represents an increase of \$16,354,000 from the previous estimate, and has been accrued as other liabilities at June 30, 2019. Covid-19 caused additional delays and therefore CRA/LA-DLA reevaluated and updated the estimated cost to \$56,627,000 in fiscal year 2022. During fiscal years 2025 and 2024, payments issued totaled \$2,312,000 and \$15,867,000, respectively. In addition, for the fiscal year ended June 30, 2025, CRA/LA-DLA updated its estimated cost by \$14,699,000 following a reevaluation of actual costs incurred. Accordingly, the accrued liability balances as of June 30, 2025 and 2024 were \$50,029,000 and \$37,642,000, respectively.

Other Litigation

A number of claims are pending against the CRA/LA-DLA for writs of mandamus and for alleged damages to persons and/or property for other alleged liabilities arising out of matters usually incident to the operation of a large redevelopment agency. Outcome of these lawsuits and claims are subjected to uncertainties and the potential liability cannot be determined as of the date of this report.

G. Subsequent Events

Subsequent events were evaluated through February 11, 2026, which is the date the financial statements were available to be issued.

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REQUIRED SUPPLEMENTARY INFORMATION

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Required Supplementary Information
Schedule of CRA/LA-DLA's Proportionate Share of the Net Pension
Liability and Related Ratios - Miscellaneous Plan
Last Ten Years

As of June 30, 2025
(Dollars in Thousands)
(Unaudited)

Description	2025	2024	2023	2022	2021
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Proportion of the net pension liability/(asset)	1.98664%	1.96558%	2.07211%	3.62021%	2.14900%
Proportionate share of the net pension liability/(asset)	\$ 96,086	\$ 98,287	\$ 96,959	\$ 68,741	\$ 90,646
Covered-employee payroll	\$ 588	\$ 610	\$ 588	\$ 674	\$ 893
Proportionate share of the net pension liability/(asset) as percentage of covered-employee payroll	16341.16%	16112.62%	16489.63%	10198.96%	10150.73%
Plan fiduciary net position as a percentage of the total pension liability	79.91%	77.96%	78.19%	90.49%	77.71%
Description	2020	2019	2018	2017	2016
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Proportion of the net pension liability/(asset)	2.15268%	2.22365%	2.14046%	2.25776%	2.50938%
Proportionate share of the net pension liability/(asset)	\$ 86,204	\$ 83,804	\$ 84,378	\$ 78,432	\$ 68,844
Covered-employee payroll	\$ 963	\$ 1,708	\$ 1,981	\$ 2,653	\$ 3,280
Proportionate share of the net pension liability/(asset) as percentage of covered-employee payroll	8951.61%	4906.56%	4259.36%	2956.35%	2098.90%
Plan fiduciary net position as a percentage of the total pension liability	77.73%	77.69%	75.39%	75.87%	71.41%

Notes to Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2015. This applies for voluntary benefit changes as well as any offers of Two Years Additional Credit Service (a,k,a, Golden Handshake).

Change in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68, states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expenses. The discount rate of 7.50% used for June 30, 2014 measurement date was net of administrative expense. The discount rate of 7.65% used for June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2017 to June 30, 2019:

The discount rate changed from 7.65% to 7.15% from June 30, 2017 to June 30, 2019.

From fiscal year June 30, 2019 to June 30, 2023:

The discount rate changed from 7.15% to 6.90% from June 30, 2019 to June 30, 2021.

See accompanying independent auditor's report.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Required Supplementary Information
Schedule of CRA/LA-DLA's Contributions - Miscellaneous Plan
Last Ten Years

As of June 30, 2025
(Dollars in Thousands)
(Unaudited)

Description	2025	2024	2023	2022	2021
Actuarially required contribution	\$ 75	\$ 76	\$ 71	\$ 69	\$ 79
Contributions in relation the actuarially required contribution	(75)	(76)	(71)	(69)	(79)
Contribution deficiency/(excess)	<u>\$ -</u>				
Covered-employee payroll	\$ 577	\$ 588	\$ 610	\$ 588	\$ 674
Contribution as a percentage of covered-employee payroll	12.998%	12.930%	11.639%	11.735%	11.721%
Description	2020	2019	2018	2017	2016
Actuarially required contribution	\$ 95	\$ 97	\$ 160	\$ 180	\$ 225
Contributions in relation the actuarially required contribution	(95)	(97)	(160)	(180)	(225)
Contribution deficiency/(excess)	<u>\$ -</u>				
Covered-employee payroll	\$ 893	\$ 963	\$ 1,708	\$ 1,981	\$ 2,653
Contribution as a percentage of covered-employee payroll	10.591%	10.110%	9.368%	9.086%	8.481%

According to CalPERS funding requirement annual valuation report, CRA/LA-DLA's required contributions for 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, and 2016 also included unfunded liability (UAL) payment of \$9,503,000, \$8,528,000, \$8,752,000, \$8,146,000, \$7,826,000, \$5,550,000, \$4,724,000, \$3,700,000, \$3,519,000 and \$3,583,000, respectively. The UAL payment is not included in the calculation of Contributions as a Percentage of Covered-Employee Payroll.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contribution for fiscal year 2025 contribution rates are as follows:

Actuarial determined contribution for fiscal year	June 30, 2025
Actuarial valuation date	June 30, 2022
Actuarial cost method	Entry-Age Normal Cost Method
Asset valuation method	Actuarial value of assets
Inflation	2.30%
Salary increases	Varies by entry age and services
Investment rate of return	6.90%
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases, and inflation assumption for Public Agencies.

See accompanying independent auditor's report.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Required Supplementary Information
Schedule of CRA/LA-DLA's Changes in the Net Other Postemployment Benefits
Liability and Related Ratios
Last Ten Years

As of June 30, 2025
(Dollars in Thousands)
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018
Measurement date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB liability								
Service cost	\$ 7	\$ 9	\$ 8	\$ 8	\$ 7	\$ 53	\$ 51	\$ 49
Interest on total OPEB liability	1,558	1,645	1,701	1,844	1,874	2,016	2,041	2,068
Difference between actual and experience expected	-	(1,964)	-	(2,027)	-	(2,050)	-	-
Changes of assumptions	-	785	778	-	-	(39)	-	-
Benefit payments	(2,050)	(2,092)	(2,210)	(2,411)	(2,404)	(2,492)	(2,563)	(2,599)
Net change in total OPEB liability	(485)	(1,617)	277	(2,586)	(523)	(2,512)	(471)	(482)
Total OPEB liability - beginning	29,346	30,963	30,686	33,272	33,795	36,307	36,778	37,260
Total OPEB liability - ending (a)	<u>\$ 28,861</u>	<u>\$ 29,346</u>	<u>\$ 30,963</u>	<u>\$ 30,686</u>	<u>\$ 33,272</u>	<u>\$ 33,795</u>	<u>\$ 36,307</u>	<u>\$ 36,778</u>
Plan fiduciary net position								
Employer contributions	\$ 2,050	\$ 2,092	\$ 3,910	\$ 4,111	\$ 4,104	\$ 4,292	\$ 4,363	\$ 4,399
Net investment income	2,757	1,153	(4,669)	5,779	1,391	1,623	1,226	1,235
Benefit payments	(2,050)	(2,092)	(2,210)	(2,411)	(2,404)	(2,492)	(2,563)	(2,599)
Administrative expense	(11)	(16)	(9)	(11)	(13)	(11)	(10)	(9)
Net change in plan fiduciary net position	2,746	1,137	(2,978)	7,468	3,078	3,412	3,016	3,026
Plan fiduciary net position - beginning	33,497	32,360	35,338	27,870	24,792	21,380	18,364	15,338
Plan fiduciary net position - ending (b)	<u>\$ 36,243</u>	<u>\$ 33,497</u>	<u>\$ 32,360</u>	<u>\$ 35,338</u>	<u>\$ 27,870</u>	<u>\$ 24,792</u>	<u>\$ 21,380</u>	<u>\$ 18,364</u>
Net OPEB liability/(asset) - ending (a) - (b)	<u>\$ (7,382)</u>	<u>\$ (4,151)</u>	<u>\$ (1,397)</u>	<u>\$ (4,652)</u>	<u>\$ 5,402</u>	<u>\$ 9,003</u>	<u>\$ 14,927</u>	<u>\$ 18,414</u>
Plan fiduciary net position as a percentage of the total OPEB liability	125.58%	114.15%	104.51%	115.16%	83.76%	73.36%	58.89%	49.93%
Covered-employee payroll	\$ 588	\$ 726	\$ 588	\$ 674	\$ 893	\$ 963	\$ 1,708	\$ 1,981
Net OPEB liability/(asset) as a percentage of covered-employee payroll	-1255.44%	-571.76%	-237.59%	-690.21%	604.93%	934.89%	873.95%	929.53%

*Fiscal year 2018 was the first year of implementation of GASB Statement No. 75, therefore, only eight years are shown.

Notes to Schedule:

Benefit changes

The figures above do not include any liability that may have occurred after the measurement dates.

Changes in Assumptions

Long-term expected rate of return on investment and discount rate changed from 5.75% in 2021 to 5.50% in 2023.

Mortality rates in 2023 were taken from the 2021 valuation of CalPERS, projected to future years with the ultimate rates of projection scale MP-2021. In the 2021 valuation, mortality rates were taken from the 2017 valuation of CalPERS.

Retirement rates were taken from the 2021 CalPERS valuation for miscellaneous public employees with a 2% at age 55 retirement formula. .

See accompanying independent auditor's report.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Community Redevelopment Agency of the City of Los Angeles)

Required Supplementary Information
Schedule of CRA/LA-DLA's Contributions - Other Postemployment Benefits
Last Ten Years*

As of June 30, 2025
(Dollars in Thousands)
(Unaudited)

	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially required contribution	\$ 2,103	\$ 2,050	\$ 2,092	\$ 3,953	\$ 4,103	\$ 4,104	\$ 3,820	\$ 3,727
Contributions in relation the actuarially required contribution	2,103	2,050	2,092	3,953	4,103	4,104	3,820	3,727
Contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 577	\$ 588	\$ 610	\$ 588	\$ 674	\$ 893	\$ 963	\$ 1,708
Contribution as a percentage of covered-employee payroll	364.47%	348.64%	342.95%	672.28%	608.75%	459.57%	396.68%	218.21%

* Fiscal year 2018 was the first year of implementation of GASB Statement No. 75, therefore, only eight years are shown.

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contribution for fiscal year 2024 contribution rates are as follows:

Actuarial determined contribution for fiscal year	June 30, 2025
Actuarial valuation date	June 30, 2023
Actuarial cost method	Entry-Age Normal Cost Method
Inflation	2.75%
Discount rate	5.50%
Payroll growth	3%
Medical cost increases (trend)	CalPERS medical premium, dental and vision premiums and Medicare Part B premiums are assumed to increase 5% per year.
Mortality	Mortality rates are taken from the 2021 valuation of CalPERS, projected to future years with the ultimate rates of projection scale MP-2021. In the 2021 valuation, mortality rates were taken from the 2017 valuation of CalPERS.
Retirement	Retirement rates are taken from the 2021 CalPERS valuation, for miscellaneous public employees with 2% at 55 retirement formula.

See accompanying independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

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CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Redevelopment Agency of the City of Los Angeles)

The Community Redevelopment Financing Authority of the City of Los Angeles
(Component Unit of CRA/LA, A Designated Local Authority)

Schedule of Net Position

June 30, 2025 and 2024
(Dollars In Thousands)

ASSETS	2025	2024
Current assets:		
Bonds receivable, current portion	\$ 405	\$ 370
Total current assets	405	370
Noncurrent assets:		
Bonds receivable, net of current portion	5,575	5,980
Total noncurrent assets	5,575	5,980
Total assets	5,980	6,350
LIABILITIES		
Current liabilities:		
Due to Agency projects	-	-
Total current liabilities	-	-
Noncurrent liabilities:		
Due within one year	405	370
Due in more than one year	5,575	5,980
Total noncurrent liabilities	5,980	6,350
Total liabilities	5,980	6,350
NET POSITION		
Unrestricted	-	-
Total net position	\$ -	\$ -

See accompanying independent auditor's report.

CRA/LA, A DESIGNATED LOCAL AUTHORITY
(Successor Agency to the Former Redevelopment Agency of the City of Los Angeles)

The Community Redevelopment Financing Authority of the City of Los Angeles
(Component Unit of CRA/LA, A Designated Local Authority)

Schedule of Changes in Net Position

Years Ended June 30, 2025 and 2024
(Dollars In Thousands)

	2025	2024
Nonoperating revenues:		
Interest income	\$ 493	\$ 522
Nonoperating expenses:		
Interest allocated to projects	(493)	(522)
Changes in net position	-	-
Total net position - beginning of year	-	-
Total net position - end of year	\$ -	\$ -

See accompanying independent auditor's report.

COMPLIANCE SECTION



SIMPSON & SIMPSON
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

*Governing Board of
CRA/LA, A Designated Local Authority
The Successor Agency to The Community Redevelopment Agency of
The City of Los Angeles, California*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the CRA/LA, A Designated Local Authority (CRA/LA-DLA), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise CRA/LA-DLA's basic financial statements, and have issued our report thereon dated February 11, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CRA/LA-DLA's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CRA/LA-DLA's internal control. Accordingly, we do not express an opinion on the effectiveness of the CRA/LA-DLA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CRA/LA-DLA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.





Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Simpson & Simpson". The signature is written in a cursive, flowing style.

Los Angeles, California
February 11, 2026



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH INDENTURE OF TRUST OF THE COUNTY TAX ALLOCATION REFUNDING BONDS

*Governing Board of
CRA/LA, A Designated Local Authority
The Successor Agency to The Community Redevelopment Agency of
The City of Los Angeles, California*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the CRA/LA, A Designated Local Authority (CRA/LA-DLA), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise CRA/LA-DLA's basic financial statements, and have issued our report thereon dated February 11, 2026.

Report on Compliance

As part of obtaining reasonable assurance about whether the CRA/LA-DLA's financial statements are free from material misstatement, we performed tests of its compliance with the Indenture of Trust of the Tax Allocation Refunding Bonds, Section 6.05, "Books and Accounts; Financial and Project Statements" as it relates to the funds and accounts established for the following Tax Allocation Refunding Bonds Issues: Series 2016A; Bunker Hill Series M; North Hollywood Series I; Adelante Eastside Series E; and Mid-City Recovery, Series D; and noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the compliance and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's compliance. Accordingly, this communication is not suitable for any other purpose.

Los Angeles, California
February 11, 2026

