

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended
June 30, 2019



Los Angeles County, California



LOS ANGELES COUNTY BOARD OF SUPERVISORS



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1st District



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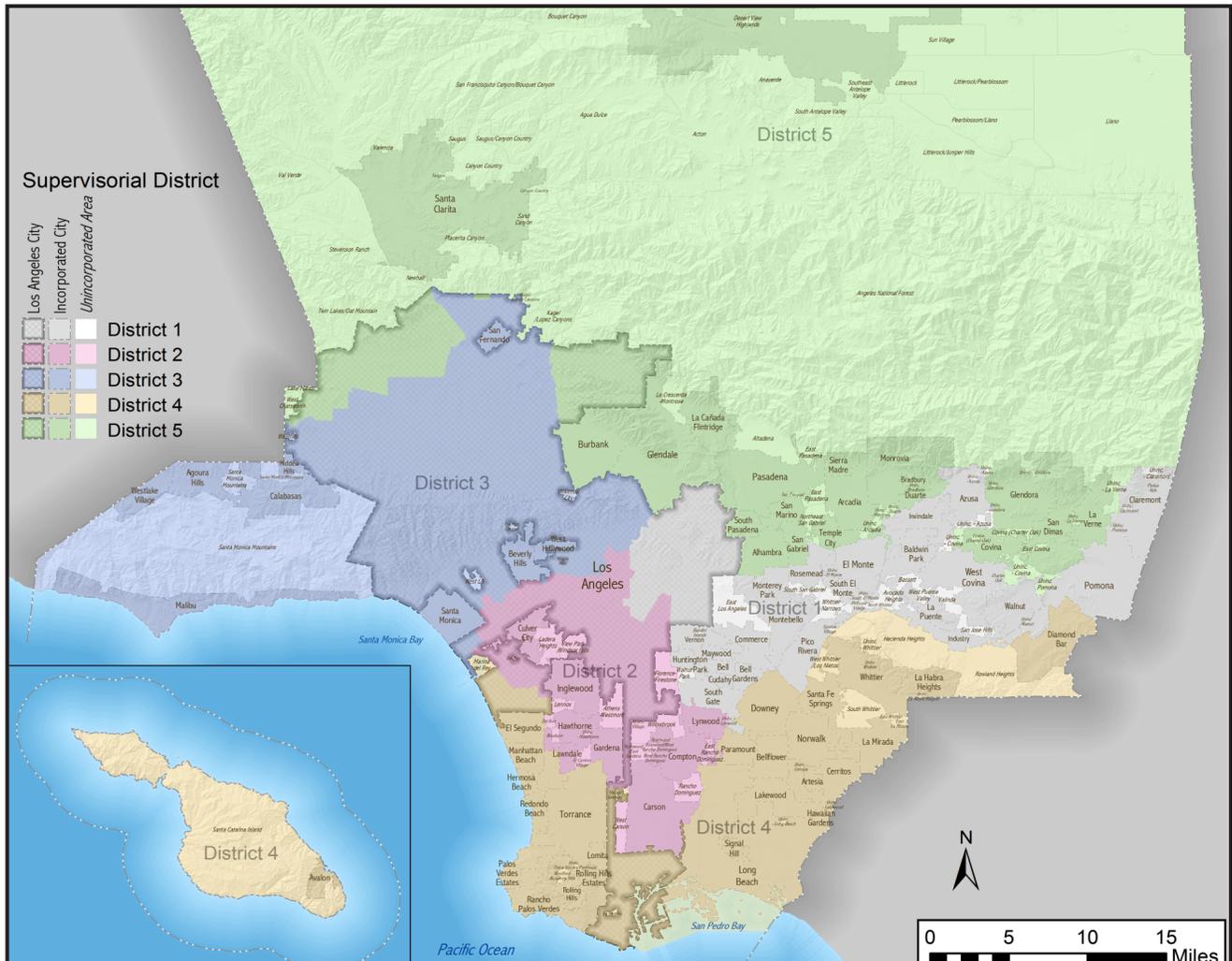
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LOS ANGELES COUNTY DEVELOPMENT AUTHORITY
CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2019

PREPARED BY:
FINANCE AND BUDGET DIVISION

MONIQUE KING-VIEHLAND, EXECUTIVE DIRECTOR
EMILIO SALAS, DEPUTY EXECUTIVE DIRECTOR
MATTHEW FORTINI, CHIEF FINANCIAL OFFICER



HOUSING
COMMUNITY
ECONOMIC

LACDA

Los Angeles County Development Authority

LOS ANGELES DEVELOPMENT AUTHORITY CALIFORNIA

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December 2, 2019

Honorable Board of Commissioners
Los Angeles County Development Authority
383 Kenneth Hahn Hall of Administration
Los Angeles, California 90012

Please find for your review the Comprehensive Annual Financial Report of the Los Angeles County Development Authority (LACDA) for the fiscal year ended June 30, 2019. This report consists of management's representations concerning the finances of the LACDA. Management assumes full responsibility for the completeness and reliability of the information contained in this report. To provide a reasonable basis for making these representations, management of the LACDA has established a comprehensive internal control framework that is designed both to protect the LACDA's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the LACDA's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the LACDA's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. All disclosures necessary to enable the knowledgeable reader to gain an understanding of the LACDA's financial activities have been included.

INDEPENDENT AUDIT

The LACDA's financial statements have been audited by Lance, Soll & Lunghard, LLP, Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the LACDA for the fiscal year ended June 30, 2019, are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the LACDA's financial statements for the fiscal year ended June 30, 2019.

The independent audit of the financial statements of the LACDA was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the LACDA's separately issued Single Audit Report.



MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)

The MD&A document provides a narrative introduction, an overview, and an analysis of the basic financial statements. It is intended to complement this letter of transmittal and should be read in conjunction with it.

BUDGETARY CONTROL

The LACDA’s accounting system is designed to provide timely information concerning the uncommitted balance of appropriations and unrealized revenues. The annual budget, adopted by the Los Angeles County Board of Supervisors, provides for the general operations of the LACDA. It includes proposed expenditures and estimated revenues for the governmental and enterprise funds.

The Executive Director is authorized to transfer appropriations between divisions and programs. Any revision that changes the total expenditures must be approved by the Board of Commissioners.

Budgets for the governmental fund types are adopted on a basis consistent with generally accepted accounting principles. The LACDA uses the modified accrual basis of accounting when preparing the budget.

INTERNAL CONTROL

The LACDA uses internal accounting control, which employs best practices specific to government accounting. It is designed to provide reasonable assurance with regards to the safeguarding of assets against loss from unauthorized use or disposition, the maintaining of accountability for assets, and the reliability of financial records for preparing financial statements.

The concept of reasonable assurance used by the LACDA recognizes that the costs of internal control should not exceed the benefits likely to be derived from it, and that the evaluation of costs and benefits require estimates and judgments by management.

The LACDA’s internal control adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

PROFILE OF THE LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

On May 16, 2019 the Community Development Commission/Housing Authority of the County of Los Angeles (CDC/HACoLA) established on July 1, 1982 under the provisions of Section 34100-34160 of the Health and Safety Code of the State of California, was officially rebranded to the Los Angeles County Development Authority (LACDA). The rebranding provided an opportunity for the agency to reconnect with residents, partners, and clients and reintroduce its program portfolio, expanded service operations, and initiatives to meet the needs of County residents and businesses.

The basic financial statements of the LACDA include the financial activities of the LACDA, Los Angeles County Community Development Foundation (CDF), and the Community Development Properties Los Angeles County Incorporated (CDPLAC). The LACDA has determined that these separate legal entities should be included in the basic financial statement as a blended component units in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39, No. 61, and No. 80. The LACDA is responsible for management of the County’s Public Housing and Section 8 Housing programs. The LACDA’s governing board establishes policies, appoints management, and exercises budgetary control. The CDF is a 501(c)(3) non-profit organization dedicated to improve the quality of life for low-income Section 8 and public housing residents living in Los Angeles county. The CDF provides scholarships, funding for students to attend conferences, and SAT preparation courses free of charge. The CDF is a single-purpose entity and the LACDA is its sole corporate member. In addition, the services provided by the CDF are only available to participants of the LACDA’s Section 8 and Public Housing program. Therefore, the CDF is reported as a blended component unit of the LACDA. The CDPLAC is a California non-profit public benefit corporation, formed in September 2010, to issue lease revenue bonds on behalf of the LACDA. The proceeds of the bonds were used to finance the purchase of land and construction of an office building (the project) for use as the LACDA’s main office. The building was leased to the LACDA beginning September 2012. The CDPLAC is reported as a blended component unit because it is a single-purpose entity, created to issue bonds on behalf of the LACDA and to fulfill its obligations under the agreements entered into in connection with the Project.

SERVICES PROVIDED

The LACDA is responsible for the following services:

- Utilizing funding through Notice of Funding Availability (NOFA) on new construction and acquisition/rehabilitation projects that create new affordable multifamily rental housing units. NOFA eligible affordable multifamily rental housing projects may apply for both capital financing and rental assistance in the form of Section 8 Project-Based Vouchers (PBVs) and Project-Based Veterans Affairs Supportive Housing (PBVASH) Vouchers;
- Providing economic development, business revitalization, and comprehensive planning and financing for affordable housing;
- Funding community developments for one of the largest urban counties in the United States, including street resurfacing, and home and business rehabilitation;
- Working with the County's non-profit and for-profit development and service provider communities, the County health and human service departments, and many of the 88 cities within the County, to address housing needs for the homeless, transition age youth, and other special needs residents of the County; and
- Directing the County's Public Housing and Section 8 Housing programs including planning, finance, preservation, and management.

The LACDA functions in the unincorporated areas of the County of Los Angeles and in 47 participating cities that have requested involvement in the Community Development Block Grant program.

THE LACDA'S GENERAL OPERATING PROGRAMS

Housing Related Programs

The Housing related programs are comprised of Housing Investment and Finance, Public Housing, and Section 8 Housing.

The Housing Investment and Finance programs facilitate residential development and preservation throughout the County of Los Angeles, assisting those residents and residential property owners with limited incomes. The program works closely with non-profit and not-for-profit organizations, residents, owners, government agencies, supportive service providers, and property management companies to increase and sustain the availability of affordable and supportive housing for low- and moderate-income homeowners and residents.

The Public Housing programs provide affordable housing within the County of Los Angeles. As of June 30, 2019, there are 3,229 housing units leased under these programs. There are nine (9) housing developments with varying units as follows: Carmelitos 713 units, Harbor Hills 301 units, Nueva Maravilla 504 units, West County 487 units, North County 285 units, East County 263 units, South County 409 units, Kings Road Apartments 106 units, Lancaster Apartments 120 units, and RHCP Santa Monica 41 units. RHCP is the Rental Housing Construction Program which is funded by rental income and the State of California.

The Section 8 Housing Choice Voucher (HCV) Program provides housing assistance to low-income individuals, families, senior citizens, and persons with disabilities residing in the County of Los Angeles.

Community Development Block Grant

Program funds received from the U.S. Department of Housing and Urban Development (HUD) under the Community Development Block Grant program account for 19 percent of the LACDA's expenditures in its governmental fund types. The LACDA's primary role in administering the program is to ensure that funds are spent on eligible projects and that the recipients of the funds comply with HUD regulations. Currently, the recipients consist of 47 participating cities, 49 community-based organizations, eight (8) County departments, and one (1) other public agency.

Successor Agency

The accompanying financial statements also include the private-purpose trust fund for the Successor Agency to the LACDA's former Redevelopment Agency (Successor Agency). The LACDA, as the Successor Agency, serves in a fiduciary capacity as custodian for the assets and is responsible for winding down the affairs of the former Redevelopment

Agency. Its assets are held in trust for the benefit of the taxing entities within the former Redevelopment Agency's boundaries, and are not available for the use by the LACDA.

ECONOMIC CONDITION AND OUTLOOK FOR THE LOS ANGELES COUNTY REGION

The LACDA operates under a complex set of economic, social and technological conditions that both directly and indirectly affect operations. The Financial Section, within this report, will be best understood if viewed within this context.

The County of Los Angeles is comprised of 88 cities and 120 unincorporated communities. It is part of the greater Southern California region, which also includes Orange, San Bernardino, Riverside, Ventura, and San Diego counties with a total population of about 22.3 million. The County of Los Angeles's population is exceptionally diverse and serves as home to people from over 140 countries who speak 224 identifiable languages. The population in 2018 was slightly over 10.2 million, making it the most populous County in California.

The region's economy continues to improve experiencing solid employment gains. Every County in the region has seen consistent increases across most of the major industries. According to the U.S. Bureau of Labor Statistics (BLS), the region's leading sectors with the most employment growth are construction up by 5.9%, education and health services up by 3%, and leisure and hospitality up by 2.2%. These increases will contribute to an increase of roughly 60,000 jobs per year and yield a projected 3% growth in the County's gross regional product in 2019.

The County of Los Angeles cost of living remains high with coastal counties like Los Angeles and Orange County hit especially hard by a statewide affordable housing crisis. Overall, affordable housing units remained a challenge for low- and middle-income households. In March 2019, the median home price in County of Los Angeles rose 2.1% to \$597,500 and remained steady until the end of the fiscal year, while sales dropped 15.5% from the year prior, as reported by CoreLogic. The median price was 85% higher than 2012 levels and average weekly earnings, over the same time frame, rose 27%.

Many factors which continued to affect the housing market are strict lending standards, student loan debt for millennials, and home prices outpacing incomes at an unsustainable rate. Housing was more affordable than it was last year, if one could acquire a mortgage. In mid-2018, the average rate for a 30-year fixed mortgage was 4.55%, down from 4.94% in early 2018, according to the mortgage loan company Freddie Mac. The rate, however, was higher than the 3.99% level one (1) year prior. Lending standards remain restrictive and the demand for higher credit scores and larger down payments have lowered the number of viable buyers. Student debt is a major consideration for millennials seeking a mortgage loan. Student loan payments can consume a large portion income, thereby affecting the income-to-debt ratio needed to qualify for a mortgage.

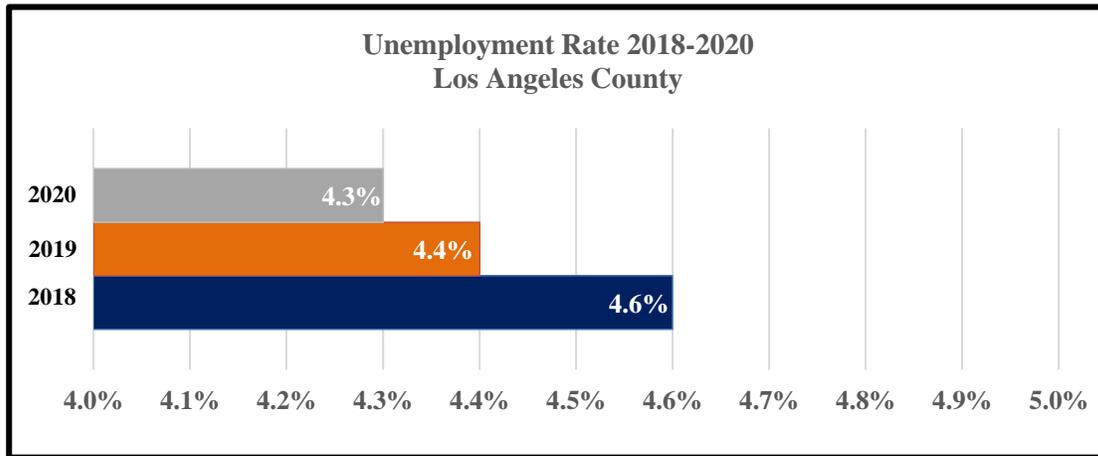
As qualifying for a mortgage loan remained a challenge, many prospective buyers opted for the rental market creating a demand for affordable apartment rentals. The Los Angeles County Economic Development Corporation reports that over 57% of renters spend one-third or more of their income on rental costs and are considered rent burdened. In the County of Los Angeles, rents increased faster than inflation, and faster than incomes. Rental rates continue to increase alongside low vacancy rates, which were around 3% early in the fiscal year. In light of the large number of households that are severely rent burdened in the County of Los Angeles, the Los Angeles County Board of Supervisors, with input from the LACDA and the Los Angeles County Department of Consumer and Business Affairs (DCBA), passed a temporary Rent Stabilization Ordinance (RSO) in December 2018, which has been extended to December 2019. The ordinance temporarily prohibits rent increases in excess of 3% above monthly rent with exemptions for single-family residences, condominiums, and housing constructed after February 1, 1995. The ordinance prohibits more than one (1) rent increase in any 12-month period. The temporary RSO also includes a rent increase process for owners who believe they are not receiving a fair rate of return on their property.

Significant Economic Data - Los Angeles County 2018-2020

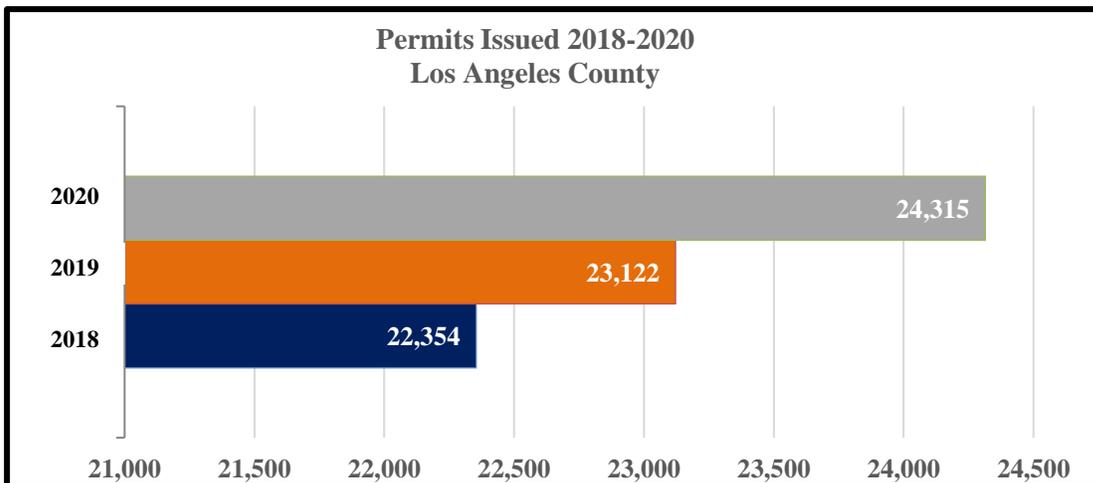
	2018	2019	2020f
Total Population (000's)	10,283	10,382	10,284
Unemployment Rate	4.6%	4.4%	4.3%
Per Capita Income	\$44,737	\$45,689	\$46,480
Permits-New Homes	22,354	23,122	24,315

Source: Los Angeles County Economic Development Corporation (LAEDC) 2019-2020 Economic Forecast and Industry Outlook.

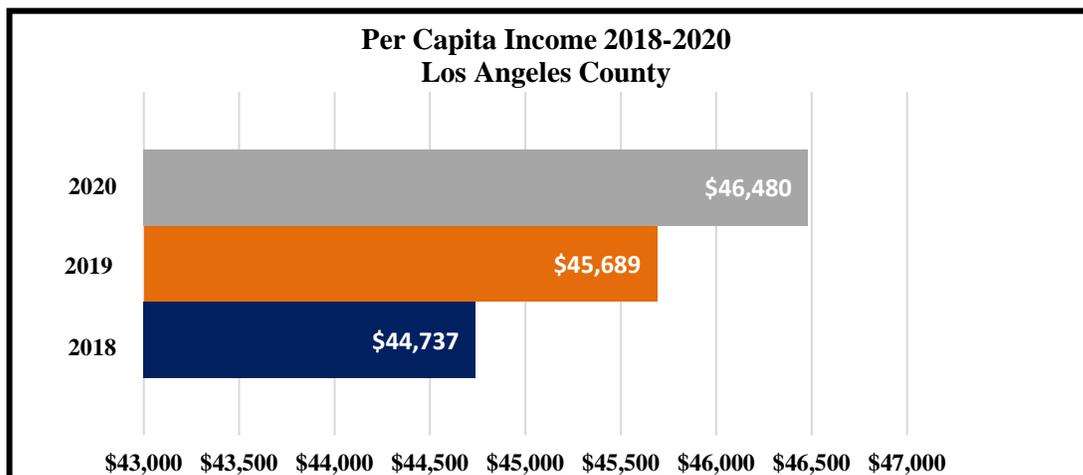
The County has seen significant job growth, with nearly 60,000 wage and salary jobs added. There has been positive job growth since 2011, averaging 2.5% annually. The average unemployment rate in the County of Los Angeles reached 4.6% in 2018, the lowest rate since 2000. The forecast expects the rate to decline over the next two years, falling to 4.4% at the close of 2019 and reaching 4.3% in 2020.



The median home price in the County of Los Angeles increased by 2.1% in 2018 to an estimated \$597,500. Since the market bottomed out in 2012, the median home price in the County has increased by 85%. Supply has yet to catch up with



demand in the County of Los Angeles multifamily housing market, boosted by a combination of household formation, employment gains, and high barriers to homeownership. This has led to a noticeable rise in the share of permits for multifamily homes relative to those for new single-family construction during the fiscal year and into 2019, with a forecasted 1.5% increase in 2020.



Total personal income and per capita income are expected to post stronger gains this year and next. Consumer spending, as measured by total taxable sales, is also on the rise translating into increased sales and use tax revenues for many local governments.

As America’s gateway to Asia, international trade plays an important role in the County of Los Angeles economy. Thousands of jobs in the region depend on the flow of the nation’s goods moving in and out of Gateway Cities such as Los Angeles, Long Beach and San Pedro. San Pedro Bay Ports are the single largest maritime trade gateway in the United States, principally handling the majority of the country’s trade with East Asia. Combined, these are key hubs for international trade and make up the nation’s number one port complex for textiles, food products, automobiles and auto parts, and furniture.

The County of Los Angeles has seen improvement over the past four years, both in terms of job gains and unemployment rate declines. This improvement is expected to continue in 2019. With the economy back at full employment levels, wage gains are expected over the next year across many occupations.

MAJOR MANAGEMENT INITIATIVES

The leadership of the County of Los Angeles recognized the need for a collaborative, sustained effort to combat and end homelessness and passed a comprehensive set of strategies which make up the County’s Homeless Initiative. Approved in February 2016, the Initiative covers six (6) major areas: preventing homelessness, subsidizing housing, increasing income, providing case management and services, creating a coordinated system, and increasing the supply of affordable and homeless housing. In 2017, the Los Angeles County Board of Supervisors proposed, and voters approved, the Measure H ballot initiative, a quarter cent sales tax for the County of Los Angeles, generating approximately \$355 million annually to support the implementation of the Homeless Initiative. The LACDA is fully engaged in the County’s plan, serving as a lead, or collaborative agency, on 27 of the 51 individual strategies.

Utilizing a blend of local, state, and federal resources, the LACDA administers several programs that provide housing opportunities for lower income families, the elderly, the disabled, youth transitioning out of foster care, and individuals and families experiencing homelessness, especially our homeless veterans. Additionally, the LACDA serves as the second largest Public Housing Agency (PHA) in Southern California and receives funding from HUD to administer several grant-funded rental subsidy programs.

The LACDA administers federal rental assistance programs such as the Section 8 Housing Choice Voucher (HCV) Program, the Continuum of Care Program for homeless individuals and families with a disability, and the Veterans Affairs Supportive Housing (VASH) Program for homeless veterans, providing rental assistance for approximately 25,000 families. In light of the magnitude of the homeless crisis, the LACDA recognized that it needed to take a bold step in using all of the resources at its disposal to meet this crisis head on and decided to create a homeless preference that dedicates 100% of its Section 8 turnover vouchers to our homeless Angelenos. We removed barriers to access by reducing our background checks to the HUD minimum. And, created partnerships with the 18 other housing authorities operating in the County to align our policies and streamline access, and we leveraged local resources to develop creative, flexible solutions that restricted federal dollars did not allow.

The LACDA created the Homeless Incentive Program (HIP) to remove barriers to access for our voucher holders that were finding it next to impossible to use their voucher to secure a unit. HIP allows us to engage property owners to secure their rental units in exchange for a monetary incentive while qualified renters with a voucher are referred to the owner. We also assist clients with funding to pay for security deposits, utility fees, move-in expenses, and a damage mitigation fund, which provides owners with a safety net to cover the costs of damages to the unit. Further, each client receives access to County-funded intensive case management services to help with the transition and any ongoing supportive service needs. In fact, the LACDA administered approximately \$18 million in the first two (2) years of Measure H. These resources helped over 1,459 individuals and families find a home through this strategy. Additionally, we leveraged our partnerships to expand this program which now supports eight (8) other PHAs in the County who have replicated HIP, with the LACDA providing oversight and technical assistance, leading to an additional 825 individuals and families housed over the same period.

In early 2020, the LACDA will implement the Landlord Customer Service Team (LCST) to meet the service needs of all landlords participating in the LACDA rental assistance programs. Building on extensive dialogue between LACDA and local property owner associations in the County of Los Angeles, the LCST will focus on landlord retention, increased outreach to new and existing landlords, education, owner-tenant conflict resolution, and overall program satisfaction. Additionally, the LCST will utilize County funding to administer new incentives for landlords including, unit holding fees, vacancy loss payments, and unit damage mitigation fees in recognition that property owners are an integral partner in expanding housing opportunities for our clients.

As the County's largest affordable housing development agency, we provide capital funding and rental assistance for the creation of new affordable housing and permanent supportive housing. Over the past five (5) years, the County has provided \$294 million in capital subsidy for the development of affordable housing, leveraging \$2.3 billion in public and private funds. In the same timeframe, more than 4,200 affordable units were funded, with 2/3 of those units reserved for people struggling with homelessness, mental illness, persons with disabilities, chronic homelessness, and HIV/AIDS. This year alone we will fund more than five (5) times the number of units we funded back in 2014.

The LACDA, in partnership with the Los Angeles County Department of Mental Health (LACDMH), released both its highly anticipated \$207 million No Place Like Home (NPLH) NOFA and its LACDMH Alternative Housing NOFA. NPLH authorizes an issuance of \$2 billion in bond proceeds at the state level, to be repaid with funding from the Mental Health Services Act Fund to provide capital subsidy for the development of supportive housing. Ultimately, the County of Los Angeles expects to administer more than \$700 million in NPLH funds that will be used to house our most vulnerable residents, potentially producing up to 5,400 special needs units and 1,000 low-income units. The Alternative Housing NOFA made available \$11.5 million in LACDA/LACDMH Mental Health Services Act funds for the acquisition, new construction, and/or rehabilitation of permanent supportive housing that does not use Low-Income Housing Tax Credit financing.

Moreover, the LACDA has collaborated with the Los Angeles County Department of Regional Planning and the Department of Arts and Culture to develop and administer an Accessory Dwelling Unit (ADU) Pilot. The Pilot will expedite the review and approval of ADUs, offer technical assistance to homeowners, and provides County incentives to assist homeowners in constructing new ADUs or preserving existing, unpermitted ADUs in exchange for providing long-term affordability covenants, or requiring recipients to accept Section 8 Housing Choice Vouchers. Using \$550K in Homeless Initiative funds, the monetary assistance for homeowners in this small Pilot are in the form of loans that are forgiven over time provided that the homeowner leases the ADU to a homeless individual or family.

Finally, the LACDA, in collaboration with the Chief Executive Office of the County of Los Angeles, serves as the contract administrator for five (5) innovative housing proposals selected through a Housing Innovation Challenge. Winning designs were selected based on a criteria that focused on creative solutions that result in more cost-effective, expeditious development that are achievable in a reasonable timeframe, scalable to become a model that has impact on a large scale, and provides meaningful solutions that address homelessness in a transformative and dignified way. Four (4) of the proposals were awarded \$1 million and one (1) proposal received \$500K. Selected proposals include a neighborhood equity model that allows the surrounding community to invest in housing development, standardized garage conversions, and several innovative prefab, modular, and kit of parts designs. Once completed, these units will be home to homeless individuals and families.

The LACDA is determined in its mission to *Build Better Lives and Better Neighborhoods*. We will continue to advocate for policies and funding that allow for the development of new affordable housing, preservation of existing affordable housing, supportive services for individuals and families in need, additional housing subsidies, and the programmatic flexibility to maximize their effectiveness, as well as protections for clients that allow them to find and retain affordable housing.

CERTIFICATE OF ACHIEVEMENT IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the LACDA for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This was the 34th consecutive year that the LACDA has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

OTHER SIGNIFICANT AWARDS

National Association of Housing and Redevelopment (NAHRO) Merit Award

*Promoting Healthy Communities for Older Adults
South County Homeless Initiative Program
Rowland Heights Community Center
August 2018*

County of Los Angeles Commendation

*The Salvation Army Donald and Pricilla Hunt Apartments
County of Los Angeles First District
September 2018*

National Association of Housing and Redevelopment (NAHRO) Award of Excellence

*Promoting Healthy Communities for Older Adults
October 2018*

Certificate of Appreciation

*Palo Verde Apartments
Hollywood Community Housing
January 2019*

Government Finance Officers Association (GFOA) of the United States and Canada

*FY 2018-19 Distinguished Budget Presentation Award
March 2019*

National Association for County Community and Economic Development (NACCED) Award

*Promoting Health Communities for Older Adults
April 2019*

National Association of Housing and Redevelopment Officials (NAHRO) Achievement Awards

*Liberty Community Plaza Project
South County Homeless Initiative Program
May 2019*

National Association of Counties (NACo) Achievement Award

*Foster Grandparent Program; Addressing the Needs of Older Adults and Youth through Volunteerism
May 2019*

Government Finance Officers Association (GFOA) of the United States and Canada

*FY 2017-18 Certificate of Excellence in Financial Reporting
May 2019*

ACCOMPLISHMENTS

Community and Economic Development Division - Construction Management Unit

The Community and Economic Development Division-Construction Management Unit (CEDD-CMU) received a total funding of \$4,379,847 from various programs such as Capital, HOME Investment Partnerships (HOME) Program and County funds for construction management services relating to community business revitalization improvements, housing rehabilitation, sound attenuation, new housing construction, and public housing modernization.

During the fiscal year, construction began on the Los Nietos Community and Senior Center, located at 11640 East Slauson Avenue in the unincorporated community of Los Nietos. The facility is operated by the Los Angeles County Department of Workforce Development, Aging and Community Services (WDACS). The CEDD-CMU is overseeing construction to fully remodel the 12,000 square foot building and site. Within the upgraded facility, WDACS will provide invaluable services and amenities to local seniors and the community in general, including an indoor and outdoor fitness area, a computer room, a toy loan center, a food bank, hot meals, and classrooms. Construction is currently scheduled for substantial completion by the end of March in 2020.

The South Youth Athletic League Phase 2 Project, located at 11911 S. Vermont Ave., Los Angeles in the unincorporated community of West Athens, is a facility operated by the Los Angeles County Sheriff's Department (LASD). The CEDD-CMU is currently overseeing construction to fully remodel the 20,000 square foot building and site. Within the upgraded facility, the LASD will provide after school and summer programs for children between the ages of 7-17. The facility includes new or rehabilitated indoor and outdoor fitness areas, a computer room, a boxing gym, skate park, and various classrooms. In addition, daily snacks and meals are provided to the students. Completion is scheduled for October 2019.

The Avalon Library Interior Renovation Project, located at 215 Sumner Avenue in the City of Avalon on Catalina Island, is a public library operated by the Los Angeles County Library. The CEDD-CMU is currently overseeing construction to fully remodel the existing 1,600 square foot building and site. Within the upgraded facility, the renovation includes all new book furnishings and accessories, upgraded existing staff restroom, offices and reading/library area, new ceiling and lighting, windows and flooring, and an upgraded courtyard with outside seating. The project was funded through the County's Fourth District Capital Funds and construction started in January 2019. The grand re-opening is scheduled for November 2019.

Community and Economic Development Division - Economic Development Unit

The Community and Economic Development Division-Economic Development Unit (CEDD-EDU) participated in the execution of two (2) Exclusive Negotiation Agreements (ENA) during the fiscal year to develop affordable housing; Vermont and Manchester and 3rd and Dangler. The Vermont and Manchester location will be a mixed use development, consisting of 180 units of affordable housing (62 senior and 118 family), parking structure, Metro transit plaza, Metro training center, grocer and three (3) retail spaces. The 3rd and Dangler development will be comprised of 78 units of affordable housing.

During the fiscal year, loans were funded for four (4) businesses totaling \$2,419,191 million via the commercial and industrial lending programs. Through this investment, these businesses created 24 jobs and retained a total of 45 full-time equivalent jobs during the fiscal year 2018-2019.

Community and Economic Development Division - Grants Management Unit

The Community and Economic Development Division-Grants Management Unit (CEDD-GMU) is an exemplary rated program by the U.S. Department of Housing and Urban Development (HUD). The staff conducted 1,159 In-Progress Monitoring (IPM) reviews for compliance monitoring of the Community Development Block Grant (CDBG) activities funded in the fiscal year 2018-2019. This unit also conducted 32 labor compliance reviews of CDBG-funded construction projects completed during the fiscal year 2018-2019 to ensure sub-recipients and their contractors complied with Federal labor standards provisions and HUD's Section 3 regulations that require training/employment of low-income residents.

The Community Resource Center (CRC) provided operational support to serve approximately 36,200 visitors through June 30, 2019. Visitors received services from onsite providers, information and referrals via telephone, front office walk-ins, facility usage/community meetings, special community events, and web page visits. The CRC also collaborated with community non-profit and private partnerships to provide various services, including medical and legal aid, educational classes, and community events. Services consisted of enrollment assistance for Medi-Cal and CalFresh, utility payment support, provided health examinations, vaccination clinics, health education, and computer literacy and online safety workshops. The Annual Holiday Food and Toy distribution provided food baskets and toys to 200 families, benefitting 794 family members. The CRC Medical Clinic, Chiropractic College, and County Medi-Cal provided health care access to 3,219 persons.

Housing Investment and Finance Division

The Housing Investment and Finance (HIF) Division utilized HOME, Measure H, Mental Health Housing Funds, Homeless Service Center Funds, and Affordable Housing Trust funds to assist in the financing of affordable and special needs housing. A total of 373 units were completed and received the Certificate of Occupancy with total expenditures of \$65 million.

The Homeownership Program (HOP) funded 57 deferred loans totaling \$4.3 million for buyers earning less than 80 percent of the Area Median Income (AMI). To further assist buyers, the HOP is combined with Mortgage Credit Certificates (MCC), a federal income tax credit. During the fiscal year 2018-2019, the HIF Division issued 140 certificates in concert with mortgages totaling \$48 million. The Home Improvement Program (HIP) and Handy Worker Program (HWP) provides assistance to eligible low-income homeowners for safety related repairs. During the fiscal year, 71 units were completed under HIP and 34 under HWP.

The Residential Sound Insulation Program provided grants to sound insulate residential dwelling units from aircraft noise caused by the Los Angeles World Airports in the unincorporated area of Lennox, Del Aire, and Athens. During the fiscal year, 167 units with code-related issues were completed for \$7.7 million.

Through the Southern California Home Financing Authority (SCHFA), a Joint Powers Authority between Los Angeles and Orange Counties, the HIF Division funded one (1) loan for the First-Time Homebuyers Program in the amount of \$15,000. This program makes buying a home more affordable for qualifying low-income homebuyers by offering a competitive fixed rate loan and a grant for down payment and closing cost assistance.

The LACDA celebrated the grand opening of the Palo Verde Apartments in January 2019. The Palo Verde Apartments is a four-story building atop a subterranean garage with 21 one-bedroom units, 13 two-bedroom units, 15 three-bedroom units, and 56 parking spaces. All floors are serviced by an elevator. The housing development provides 25 units for homeless veteran households. Additionally, 23 units will be reserved for low-income households earning at or below 50% AMI, and one (1) unit for the onsite manager. All units include a full kitchen with an oven and range, refrigerator, dishwasher, and a private balcony. Additional building amenities include onsite parking, laundry room, a ground floor club house, computer lab, supportive service and property management offices, private meeting room for supportive services, and an outdoor courtyard. Housing Works will serve as the lead service provider for all of the residents, with additional onsite supportive services provided by New Directions for Veterans and U.S. Department of Veterans Affairs (VA) for the homeless veteran households that are already eligible for healthcare services through the VA. The LACDA provided \$3.3 million of Affordable Housing Trust Funds for construction and permanent financing, as well as 16 Veterans Affairs Supportive Housing Project-Based Vouchers (PBVASH) and nine Project-Based Vouchers (PBVs).

The ground breaking of Vistas del Puerto Apartments was celebrated in March 2019. The complex will be a mixed-use 48-unit affordable housing development in the City of Long Beach. The project will serve 24 homeless households, in which at least one (1) member is a frequent utilizer of the Los Angeles County Department of Health Services, 23 low-income families, plus one (1) manager's unit. The project will be developed by Clifford Beers Housing, Inc., and the LACDA provided \$3.4 million in County general funds. This new construction project will feature a five-story building with four (4) stories of residential housing above three (3) commercial spaces and parking on the ground floor. The building will total approximately 53,300 square feet, with about 48,500 square feet designated to residential use and 4,800 square feet for commercial uses. The commercial uses of the building have not yet been determined, however, the businesses will be for the benefit of residents (i.e. job trainings, school learning center, studio activity space).

In June 2019, the LACDA celebrated the ground breaking of El Nuevo Amanecer Apartments. This was one (1) of nine (9) projects that the LACDA funded with the East LA Community Corporation as the lead developer and our second project with New Directions for Veterans as co-developer. These projects have provided a total of 322 affordable and special needs

housing units and El Nuevo Amanecer Apartments will add another 61 units of affordable housing to the community. The LACDA provided \$2.5 million in federal HOME funds and \$5.3 million in County Affordable Housing Trust Funds for predevelopment, construction, and permanent financing. The LACDA will provide 26 PBVASH Vouchers to make available homes for formerly homeless veterans and five (5) PBVs to serve formerly homeless veterans that cannot qualify for benefits through the VA.

Housing Operations Division

Over the last nine (9) fiscal years, the LACDA has been designated by HUD as a High Performer Agency as a result of the excellent services and programs provided by the Housing Operations Division (HOD). The HOD implemented an expanded homeless preference specifically for the family properties located in the South Los Angeles County area. For these properties, the HOD will first offer any unit that becomes available to a homeless family. The LACDA entered into a Memorandum of Understanding with the Los Angeles Homeless Services Authority for referral services.

The HOD obtained \$425,000 in County-wide general funds for capital improvements at the South Scattered Sites public housing developments and received an additional \$1 million in County-wide general funds for the Community Policing Program (CPP). This is in addition to the \$1 million funding to support the CPP received from the previous fiscal year.

Through the Residential Services Program, HOD provided case management assistance services and workshops to 150 residents through the Family Resource Center; which offers family support services, transportation and childcare referrals, and other counseling services. 280 seniors and persons with disabilities were provided with Quality of Life programs, case management, and clinical services. 183 adult residents received onsite computer literacy classes facilitated by local non-profit agencies. Workforce development services and referrals were made to local one-stop workforce centers. These services increased their skill level and assisted in securing unsubsidized employment. 320 Public Housing youth participated in after school educational, recreational, and enrichment activities provided by the Resident Service Program and partnerships through local non-profits in the Recreation and Family Learning Centers.

The Growing Experience (TGE), a 7-acre urban farm and community garden located at the Carmelitos Public Housing development in North Long Beach, grows vegetables and fruits using sustainable methods – no chemical pesticides and no synthetic fertilizers. The food is then made available to the community at affordable prices through a Community Supported Agriculture (CSA) program. During the fiscal year, TGE developed value-added products using funds awarded by the United States Department of Agriculture in the amount of \$80,894 to support the expansion of CSA operations. TGE engaged elementary through high school youth in an 18-month program wherein the youth completed research, development, and creation of value-added products. Their ideas were showcased at Earth Day where community solicited feedback. The program delivered Science, Technology, Engineering, Art, and Mathematics (STEAM) after school and summer programs for 22 underserved youth in partnership with Dramatic Results. Developed a partnership with Long Beach MAYE Center to increase CSA and farm stand produce distribution. And, was awarded grant funds as a collaborator with Dramatic Results in a three-year STEAM program for middle school youth which will serve over 107 at-risk and underserved students each year.

Housing Assistance Division

The Housing Assistance Division (HA) received a “High Performer” rating under HUD’s Section Eight Management Assessment Program (SEMAP) for the fiscal year 2017-2018 and is on pace to receive the SEMAP High Performer rating for nine (9) consecutive years.

The Section 8 HCV Program continues to provide housing assistance to low-income families to afford decent, safe, and sanitary housing. This fiscal year, HA utilized 94%, or 27,000, of allocated vouchers and expended 96% of annual Housing Assistance Payments funding.

The Homeless Incentive Program (HIP) incentivizes property owners to rent to homeless Section 8 voucher holders while providing our clients with financial assistance for security deposits, and other move-in costs. Funding for the program comes as part of the Homeless Prevention Initiative, a collaborative effort between multiple County agencies supported by funding from Los Angeles County Measure H. In the fiscal year 2018-19, HIP housed 1,459 individuals and families, paid 1,368 security deposits, provided 463 clients with other move-in assistance, convened or attended 63 landlord engagement events, received 1,675 landlord requests to participate in HIP, and secured 1,474 units. Working in conjunction with ten (10) local Public Housing Agencies, 2,679 vouchers were committed.

During the fiscal year, the Family Self-Sufficiency (FSS) Program increased its enrollment to 82 percent. FSS is a five-year voluntary program designed to help families achieve economic self-sufficiency by providing services ranging from case management and referrals to supportive social services such as childcare, job preparation, education, and money management. As families report wage increases, their rent is adjusted, and a portion of their rent increase is credited into an interest-bearing escrow savings account monthly. FSS participants must successfully achieve all goals established in the FSS Contract of Participation and graduate from the Program in order to be eligible to receive escrow funds. This fiscal year ended with 41 participants graduating from the program; 31 Section 8 HCV and 10 Public Housing residents; and 57 percent of FSS participants with escrow accounts.

Communications and Public Affairs Unit (CPAU)

The Communications and Public Affairs Unit successfully coordinated and launched the agency's rebranding as the Los Angeles County Development Authority (LACDA), effective May 16, 2019. The unit was responsible for the coordination and distribution of notices announcing the rebranding to affected partners via press release, social media, email, and U.S. mail. The Unit coordinated and oversaw the production of all rebranded public facing artwork and design elements transferable to the website and social media, as well as all print material and building signage at the Alhambra headquarters and Palmdale office location. Two (2) formal public launches were held; one (1) in Alhambra on June 19, 2019 and one (1) in Palmdale on August 14, 2019.

Also during the fiscal year, the CPAU monitored 1,500 public inquiries received through the Public Inquiry Portal and ensured that 100 percent of the public inquiries received were responded to by the appropriate Division. It responded to 52 media inquiries within requested timelines, issued 43 press releases, 10 media advisories, and coordinated 303 Public Records Act requests. The Unit grew the agency's social media presences using Facebook and Twitter. At the end of the fiscal year, the agency's Facebook account had 1,649 likes and 1,801 followers and Twitter, which launched in April 2018, had 620 followers. It also promoted the LACDA's efforts and impact in Los Angeles County through the taping of six (6) episodes of LA Now, the County Cable Station Show.

The CPAU tracked and routinely reviewed State and Federal legislation focusing on community development programs, redevelopment successor agencies, public housing and Section 8 program reform, deficit reduction/sequestration, and the federal fiscal year 2018 and 2019 budgets.

Traffic Administration Services Program

The Traffic Administration Services (TAS) Program resolved 3,099 traffic violator school completion certificate issues on behalf of the Los Angeles Superior Court and individual traffic violator schools. It also provided and managed the 15 TAS Traffic Court Specialist (TCS) staff assigned to render traffic court customer and administration services at 18 Court locations. TCS staff provided service to over 15,377 court customers.

The TAS Program published 181,010 copies of the Los Angeles Superior Court/TAS Traffic Violator School Location List (pursuant to Section 11205 of the California Vehicle Code) and distributed them to Los Angeles Superior Court locations. And, published 210,000 copies of a single-sheet information mailer on how to obtain a copy of the Court/TAS Traffic Violator School Location List for Court mailing purposes.

During the fiscal year, the TAS commenced development of the Court-Referred Community Service Program (CRCS). As of June 30, 2019, the policies and procedures have been established along with standardized form templates for court-facing documents (i.e. court Volunteer Progress Reports, Community Service Completion Certificates, and Court correspondence formatting) and submitted for the Court's final approval.

ACKNOWLEDGEMENT

The preparation of this report was accomplished through the efforts of the entire staff of the Finance and Budget Division. Assistance was also provided by employees of other Divisions and by our auditors, Lance, Soll & Lunghard, LLP. We wish to express our appreciation to the individuals who contributed to its preparation.

Sincerely,



MONIQUE KING-VIEHLAND

Executive Director



MATTHEW FORTINI

Chief Financial Officer

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COUNTY OF LOS ANGELES



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LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

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Kathy Thomas Administrative Deputy Director

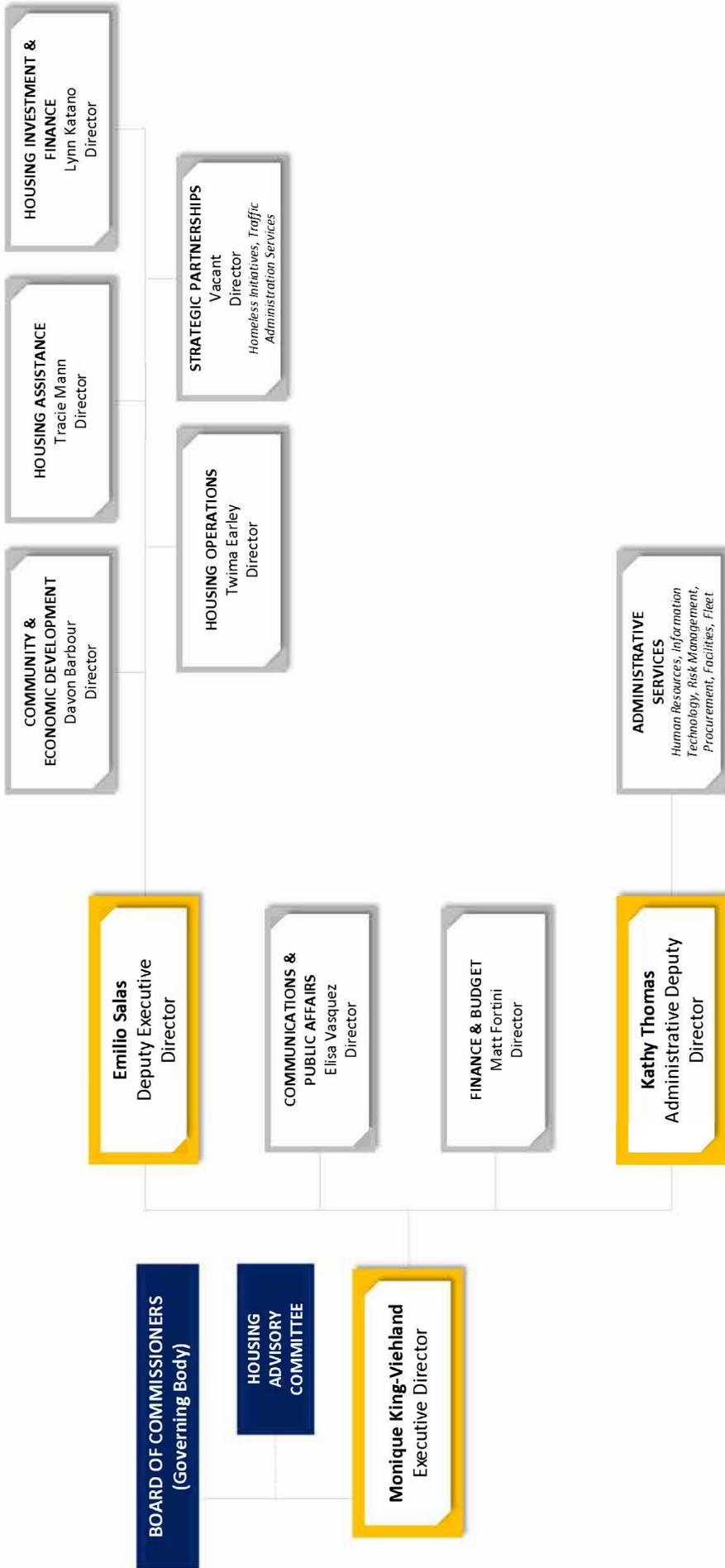
DIRECTORS

Elisa Vasquez Communications and Public Affairs
Davon Barbour Community and Economic Development
Matt Fortini Finance and Budget
Tracie Mann Housing Assistance
Lynn Katano Housing Investment and Finance
Twima Early Housing Operations
Vacant Strategic Partnerships

*The Board of Commissioners, Housing Advisory Committee, and Directors information is as of December 31, 2019.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

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Presented to

**Community Development Commission
of the County of Los Angeles, California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morvill

Executive Director/CEO



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Honorable Board of Commissioners
Los Angeles County Development Authority
County of Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Los Angeles County Development Authority (the LACDA) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the LACDA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



To the Honorable Board of Commissioners
Los Angeles County Development Authority
County of Los Angeles, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the LACDA as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the General fund, the Federal Housing and Community Development fund, the Other Federal fund, the Local Housing and Community Development fund, the Low and Moderate Income Housing Asset fund, the schedule of changes in the net pension liability and related ratios, the schedule of employer contributions, the schedule of changes in the net OPEB liability and related ratios, and the schedule of employer contributions 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 the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the LACDA's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



CPAs AND ADVISORS

To the Honorable Board of Commissioners
Los Angeles County Development Authority
County of Los Angeles, California

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2019 on our consideration of the LACDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 LACDA'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 LACDA's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lance, Soll & Lughard, LLP". The signature is written in a cursive, flowing style.

Brea, California
November 19, 2019

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Management's Discussion and Analysis Year ended June 30, 2019

This Management's Discussion and Analysis (MD&A) section of the Comprehensive Annual Financial Report provides a financial overview and analysis of the LACDA's financial activities for the fiscal year ended June 30, 2019. The areas discussed include: financial highlights, government-wide financial analysis, fund financial analysis, capital assets, and debt administration. This information should be read in conjunction with the accompanying transmittal letter, basic financial statements, notes to the basic financial statements, and required supplemental information. Financial activities deemed immaterial were not analyzed.

Financial Highlights

- Total aggregated net position for LACDA as of June 30, 2019, is \$645,866,549 and includes the following:
 - \$130,735,497 in net investment in capital assets
 - \$464,035,551 in restricted net position
 - \$51,095,501 in unrestricted net position
- Compared to last fiscal year, LACDA's total net position increased by \$118,773,075. Of this increase, \$115,061,795 was attributed to governmental activities and \$3,711,280 to business-type activities.
- At the end of the fiscal year, LACDA's fund balances of all governmental funds totaled \$483,962,064, an increase of \$116,043,143 over last fiscal year. \$3,514,779 of the total fund balances is non-spendable, while \$458,315,771 is restricted, and \$22,131,514 is unassigned.
- \$3,488,870 of the total general fund balance is non-spendable, \$79,117,573 is restricted, and \$22,131,514 is unassigned.
- The LACDA's total debt decreased by \$11,535,075 during the fiscal year. The decrease was primarily due to a decrease in the net pension liability of \$4,321,986, in net other postemployment benefits liability of \$665,660, the early redemption of \$5,193,000 in Section 108 loans for City of Commerce, and other debt payments of \$2,729,000 in Section 108 loans, \$700,000 for lease revenue bonds, and \$241,861 for the equipment and vehicle leases. This was offset by a new Section 108 loan of \$2.5 million to the City of Covina.
- Total revenue is \$648,506,915, comprised of the following activities: governmental \$296,634,210 or 46% of total revenue, and business-type \$351,872,705 or 54% of total revenue.
- Total expenses are \$529,733,840, comprised of the following activities: governmental \$183,206,733 or 35% of total expenses, and business-type \$346,527,107 or 65% of total expenses. The governmental activities include general government expenses of \$2,187,542 or 0.4% of total expenses.

Overview of the Basic Financial Statements

The basic financial statements include all the activities of the LACDA, using the integral approach prescribed by GASB Statement No. 34 and its related GASB Statements. The Government-wide Financial Statements present the financial position of the LACDA from the economic resources' measurement focus, using the accrual basis of accounting. Governmental activities and business-type activities are presented separately. The statement of net position presents all assets and liabilities of the LACDA, including restricted and unrestricted assets. Financial activities of the LACDA's component units are also reported in the financial statements.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Management's Discussion and Analysis Year ended June 30, 2019

The accompanying Fund Financial Statements include statements for two categories of activities: governmental and proprietary. The governmental funds are prepared using the current financial resources measurement focus and the modified-accrual basis of accounting. The proprietary funds are prepared using the economic resources measurement focus and the accrual basis of accounting. The reconciliations of the Fund Financial Statements to the Government-wide Financial Statements are provided to facilitate a comparison between governmental funds and governmental activities.

Following the basic financial statements are the accompanying notes, which provide additional information essential to fully understanding the data provided in the Government-wide and Fund Financial Statements. Certain required supplemental information, demonstrating the LACDA's progress in meeting its funding obligations, and in maintaining budgetary control, is also provided in the Required Supplementary Information section.

During the fiscal year, the LACDA implemented the following GASB statements: *GASB Statement No. 83, Certain Asset Retirement Obligations (AROs)* and *GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. *GASB Statement No. 88* clarifies which liabilities governments should include in their note disclosures related to debt. This statement requires that all debt disclosures present direct borrowings and direct placements of debt separately from other types of debt. *GASB Statement No. 83* addresses accounting and financial reporting for certain asset retirement obligations. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The implementation of this statement has minimal impact in the presentation of the LACDA's financial statements.

Government-wide Financial Statements

The statement of net position and the statement of activities provide information about the LACDA as an integrated whole. These basic financial statements include all assets, liabilities, deferred outflows of resources, deferred inflows of resources, and net position of the LACDA using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two basic financial statements report the LACDA's changes in net position and activities for the year. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Over time, increases and decreases in net position may serve as a useful indication of improvement or deterioration of the LACDA's financial health.

Fund Financial Statements

The LACDA, like state and local governments, uses fund accounting to ensure compliance with finance-related legal requirements. The LACDA uses two fund categories: governmental and proprietary.

Governmental funds

General Fund – The General Fund accounts for all general revenues and other receipts that are not appropriated by law or contractual agreement to specific funds. Expenditures of this fund include general operating expenditures, which are not paid through specific funds.

Other Major Governmental Funds – Other major governmental funds include Federal Housing and Community Development, Other Federal, Local Housing and Community Development, and Low and Moderate Income Housing Asset. These funds are used to account for revenues derived from specific sources, which are usually required by law or administrative regulation to be accounted for in separate funds.

The basic governmental fund statements are presented on pages 18-23 of this report.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Management's Discussion and Analysis Year ended June 30, 2019

Proprietary funds

Internal Service Funds – Internal service funds are used to account for the accumulation of resources and payments of services provided to multiple departments on a cost-reimbursement basis. The Internal Service Fund group includes: Construction Management, Central Services, Data Processing, Risk Management, and the Alhambra Building.

Enterprise Funds – Enterprise funds are used to account for activities similar to those found in the private sector. The LACDA's major enterprise funds are Public Housing, Other Housing, Section 8 program, and the LACDA's component unit, Community Development Properties Los Angeles County, Incorporated (CDPLAC).

The basic proprietary fund statements are presented on pages 26-31 of this report.

Fiduciary fund

Successor Agency Fund – The Successor Agency Fund is used to report assets and liabilities transferred from the LACDA's former redevelopment agency, held in a trustee capacity. The LACDA's redevelopment agency was dissolved in early 2012, per State legislation, ABX1 26.

The basic fiduciary fund statements are presented on pages 32-33 of this report.

Notes to the financial statements – The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The notes to the financial statements are found on pages 34-63 of this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information*, such as the schedule of revenues, expenditures, and changes of fund balances for all governmental funds with actual results compared to budget, and the LACDA's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 67-76 of this report.

Internal Service Funds are presented on pages 80-85, immediately following the required supplementary information.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Management's Discussion and Analysis Year ended June 30, 2019

Government-wide Financial Analysis

As presented earlier, the LACDA's net position at June 30, 2019, totaled \$645,866,549 with \$464,035,551 restricted, \$130,735,497 net investment in capital assets, and \$51,095,501 unrestricted. The changes in this year's net position include an increase of \$115,061,795 in governmental activities and \$3,711,280 in business-type activities.

Los Angeles County Development Authority - Net Position

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$534,623,807	\$417,363,121	\$ 63,395,080	\$ 62,516,439	\$598,018,887	\$479,879,560
Capital assets, net of accumulated depreciation	63,378,435	68,489,071	109,040,574	103,869,109	172,419,009	172,358,180
Total assets	598,002,242	485,852,192	172,435,654	166,385,548	770,437,896	652,237,740
Deferred outflows of resources related to pensions and OPEB	7,104,263	16,010,580	5,173,282	11,641,046	12,277,545	27,651,626
Long-term liabilities	37,463,101	46,443,115	51,770,858	54,325,919	89,233,959	100,769,034
Other liabilities	36,801,880	35,361,581	7,513,044	5,863,969	44,314,924	41,225,550
Total liabilities	74,264,981	81,804,696	59,283,902	60,189,888	133,548,883	141,994,584
Deferred inflows of resources related to pensions and OPEB	1,986,088	6,264,435	1,313,921	4,536,873	3,300,009	10,801,308
Net investment in capital assets	29,812,460	33,952,068	100,923,037	95,306,977	130,735,497	129,259,045
Restricted	458,315,771	347,542,030	5,719,780	4,460,906	464,035,551	352,002,936
Unrestricted	40,727,205	32,299,543	10,368,296	13,531,950	51,095,501	45,831,493
Total net position	\$528,855,436	\$413,793,641	\$117,011,113	\$113,299,833	\$645,866,549	\$527,093,474

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Management’s Discussion and Analysis
Year ended June 30, 2019**

Los Angeles County Development Authority – Changes in Net Position

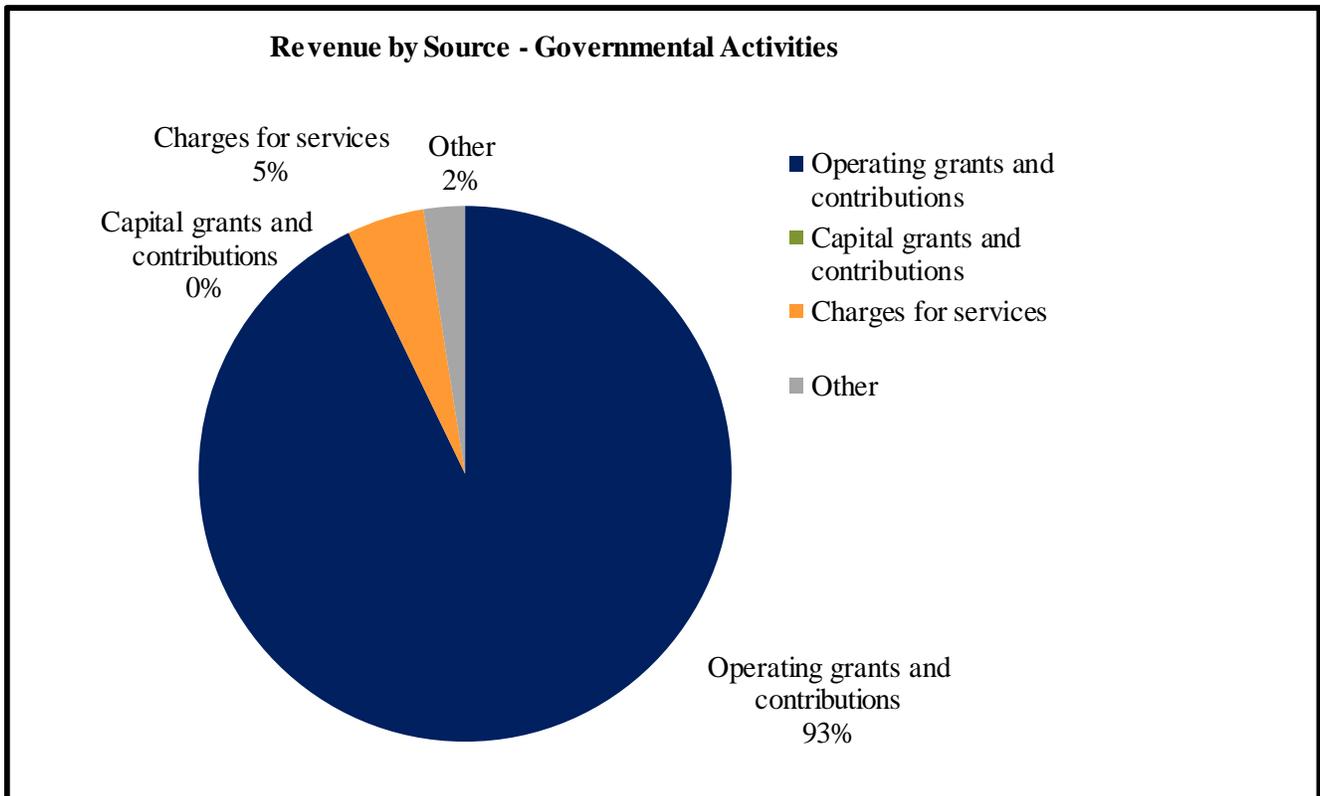
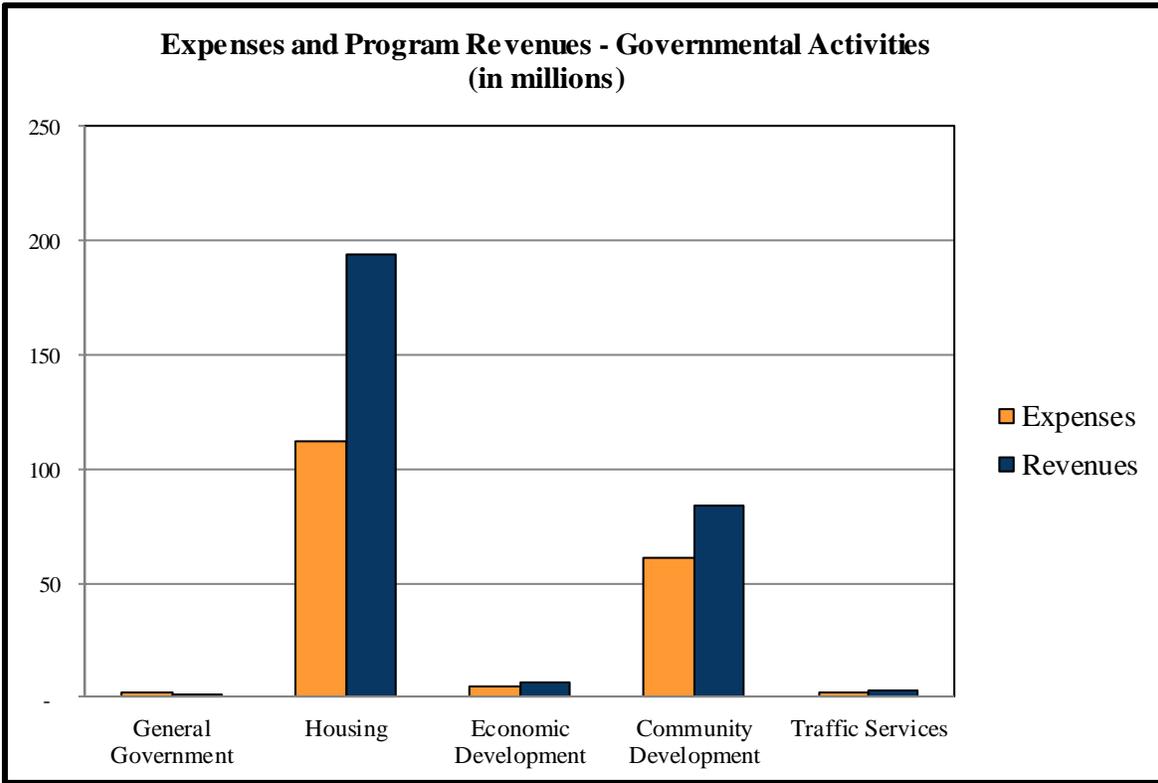
	Years ended June 30					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 13,927,765	\$ 13,424,682	\$ 14,167,900	\$ 13,345,797	\$ 28,095,665	\$ 26,770,479
Operating grants and contributions	275,283,870	173,316,221	329,460,096	314,299,590	604,743,966	487,615,811
Capital grants and contributions	-	-	5,911,481	3,160,718	5,911,481	3,160,718
General revenues:						
Investment income (loss)	5,492,450	(1,945,659)	2,333,228	2,262,971	7,825,678	317,312
Insurance recoveries	1,500,000	2,029,672	-	-	1,500,000	2,029,672
Gain on sale of property	51,347	141,890	-	-	51,347	141,890
Share in income (losses) of JPA	378,778	228,367	-	-	378,778	228,367
Total revenues	296,634,210	187,195,173	351,872,705	333,069,076	648,506,915	520,264,249
Program expenses:						
General government	2,187,542	2,803,179	-	-	2,187,542	2,803,179
Housing	112,292,273	57,833,721	-	-	112,292,273	57,833,721
Economic development	4,500,735	3,454,263	-	-	4,500,735	3,454,263
Community development	61,309,030	54,250,382	-	-	61,309,030	54,250,382
Traffic services	2,362,136	2,205,696	-	-	2,362,136	2,205,696
Interest on long-term debt	555,017	664,950	-	-	555,017	664,950
Section 8 program	-	-	314,731,935	301,122,863	314,731,935	301,122,863
Public housing	-	-	25,192,440	25,294,307	25,192,440	25,294,307
Other housing	-	-	4,864,480	4,104,471	4,864,480	4,104,471
CDPLAC	-	-	1,738,252	1,768,750	1,738,252	1,768,750
Total expenses	183,206,733	121,212,191	346,527,107	332,290,391	529,733,840	453,502,582
Change in net position before transfers	113,427,477	65,982,982	5,345,598	778,685	118,773,075	66,761,667
Transfers	1,634,318	1,469,202	(1,634,318)	(1,469,202)	-	-
Change in net position	115,061,795	67,452,184	3,711,280	(690,517)	118,773,075	66,761,667
Net position – beginning	413,793,641	346,341,457	113,299,833	113,990,350	527,093,474	460,331,807
Net position – ending	\$528,855,436	\$413,793,641	\$117,011,113	\$113,299,833	\$645,866,549	\$527,093,474

Governmental Activities

The increase in net position of \$115,061,795 for governmental activities is attributed to the following increases: \$87 million funding from local housing and community development programs, \$25 million funding in county construction projects, \$4 million from investment interest and an additional transfer of \$6 million from low-moderate housing asset funds. The increases in funding were slightly offset by a reduction of \$1.2 million funding from Los Angeles World Airports for the Residential Sound Insulation Program (RSIP), and two new loans of \$5 million issued for the Section 108 and economic development revolving loan programs.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Management’s Discussion and Analysis
Year ended June 30, 2019**

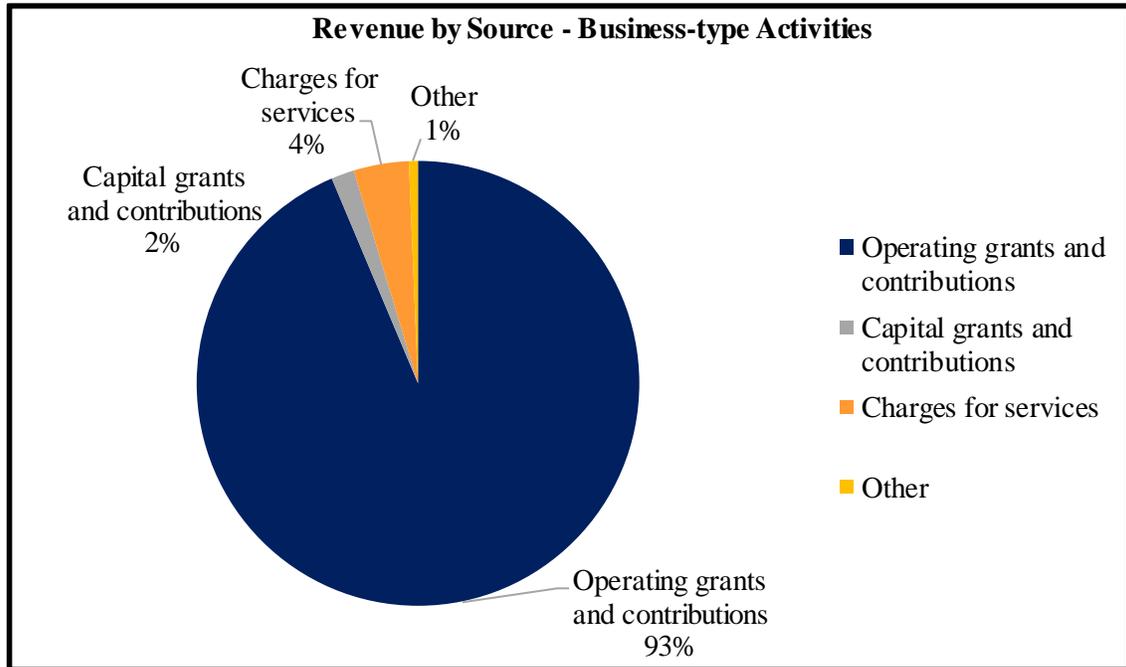
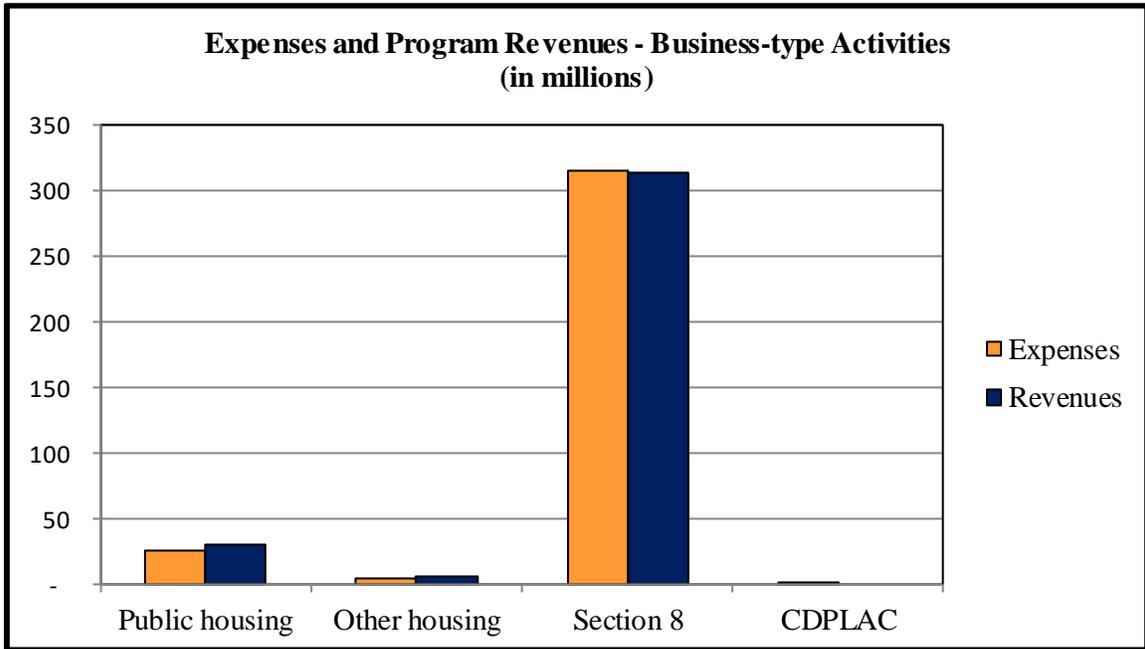


LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Management’s Discussion and Analysis
Year ended June 30, 2019**

Business-type Activities

The increase of \$3,711,280 in net position for business-type activities was mainly attributed to a decrease of \$1 million in the Section 8 Program and \$0.5 million in the Other Housing Program. The decrease was offset by an increase of \$5.2 million in the Public Housing program.



LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Management's Discussion and Analysis Year ended June 30, 2019

Fund Financial Analysis

Governmental Funds

At June 30, 2019, the LACDA's total governmental fund balance was \$483,962,064, a net increase of \$116,043,143, or 31.5% from last fiscal year. An increase of \$79.4 million in the Local Housing and Community Development was mainly attributed to new funding from the County for the administration of the Mental Health Housing Program and the development of affordable housing. Another factor in the increase of fund balance was a \$32 million additional funding from the County for the Magic Johnson Park construction project and increase in investment income in General Fund. These increases were slightly offset by a decrease of \$1.2 million in Other Federal Funds due to revenues recognized in prior fiscal years but expended in the current fiscal year for RSIP. The remaining increase of \$6 million was due to additional low-moderate housing funds to administer the housing assets transferred to LACDA.

Proprietary Funds

The increase of \$5,208,040 in the net position of the Public Housing Program was due mainly to the increase in dwelling rental, capital grants, and government subsidies. Dwelling rental revenue of \$12.8 million increased approximately by \$0.8 million, and capital grants and government subsidies revenues increased by \$3.3 million as compared with last fiscal year.

The decrease of \$539,905 in the net position of the Other Housing Program was due mainly to a cash transfer of \$1.5 million from the non-conventional housing program to the Housing Operations' Central Office Cost Center to cover its deficit.

The decrease in net position of \$987,688 in the Section 8 Program was primarily due to a timing difference in the payment of Housing Assistance Payments (HAP) expenses for the fiscal year and an increase of \$0.5 million in pension and OPEB expenses. Program revenue for the Section 8 Program increased by \$15 million and HAP expenses increased by \$13.2 million as compared with last fiscal year.

General Fund Budgetary Highlights

The favorable variance in the intergovernmental revenues is attributed mainly to \$25.5 million in new funding received from the County for the Magic Johnson Park project. The General Fund also earned interest higher than budgeted, as earnings and fair market value adjustments were more favorable than budget estimates.

The favorable variance of \$2.6 million in general government expenditures was mainly due to a \$1.5 million casualty loss recovery for roofing repairs at the WestKnoll housing site and \$1.1 million from vacancy savings. Housing expenditures were \$3 million lower than the budgeted amount. This was attributed mainly to the changes in computer services allocation methodology and vacancy savings. Community development expenditures were \$12 million lower than budgeted due to the delay in the start of construction projects related to the Magic Johnson Park project and Los Nietos Community and Senior Center.

The variance of \$6 million between the original and final budget in community development expenditures was primarily due to the transfer of budget authority from General Fund to Special Revenue projects.

Capital Assets

Capital assets are reported as governmental or business-type activities in the accompanying Government-wide Financial Statements. Capital assets are defined by the LACDA as assets with an initial unit cost of more than \$5,000 and an estimated useful life in excess of one year, and include property, furniture and fixtures, vehicle and equipment.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Management's Discussion and Analysis Year ended June 30, 2019

Los Angeles County Development Authority - Capital Assets

(Net of depreciation)

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Land and land improvements	\$30,271,946	\$33,455,368	\$ 58,992,131	\$ 58,992,131	\$ 89,264,077	\$ 92,447,499
Construction in progress	134,315	712,474	2,941,000	4,168,423	3,075,315	4,880,897
Buildings and improvements	30,874,429	32,746,081	46,675,899	40,243,611	77,550,328	72,989,692
Equipment	132,985	236,322	431,544	464,944	564,529	701,266
Vehicles	844,041	1,084,505	-	-	844,041	1,084,505
Furniture and fixtures	147,193	254,321	-	-	147,193	254,321
Software	973,526	-	-	-	973,526	-
Total	\$63,378,435	\$68,489,071	\$109,040,574	\$103,869,109	\$172,419,009	\$172,358,180

Additional information on the LACDA's capital assets can be found in Note 6 under *Notes to Basic Financial Statements* of this report.

Debt Administration

The LACDA's total long-term liabilities of \$89,233,959 as of June 30, 2019, are composed of the following:

Long-term liabilities arising from governmental activities	\$ 37,463,101
Long-term liabilities arising from business-type activities	51,770,858
	<u>\$ 89,233,959</u>

Los Angeles County Development Authority - Outstanding Debt

	Governmental activities		Business-type activities		Total	
	2019	2018	2019	2018	2019	2018
Long-term liability						
Long-term debt:						
Lease revenue bonds	\$ -	\$ -	\$33,440,000	\$34,140,000	\$ 33,440,000	\$ 34,140,000
Direct borrowing:						
Section 108 notes payable	10,584,000	15,386,000	-	-	10,584,000	15,386,000
Notes payable to CA						
State Dept	-	-	2,200,000	2,200,000	2,200,000	2,200,000
Leased purchase	738,475	980,336	-	-	738,475	980,336
Compensated absences	999,608	902,568	897,250	773,851	1,896,858	1,676,419
Claims payable	3,522,142	4,546,149	-	-	3,522,142	4,546,149
Net pension liability	20,103,188	22,519,875	14,976,827	16,882,126	35,080,015	39,402,001
Net other postemployment benefits liability	1,515,688	2,108,187	256,781	329,942	1,772,469	2,438,129
Total	\$37,463,101	\$46,443,115	\$51,770,858	\$54,325,919	\$ 89,233,959	\$100,769,034

Additional information on LACDA's long-term debt can be found in Note 7, Note 8, Note 11, Note 12, and Note 17 under *Notes to Basic Financial Statements* of this report.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Management's Discussion and Analysis Year ended June 30, 2019

Budgetary Highlights for Next Fiscal Year 2019-2020

The total budget for the Los Angeles County Development Authority (LACDA) is \$648.6 million for the fiscal year 2019-2020, a \$92.9 million increase from fiscal year 2018-2019. The increase is primarily due to the Housing Choice Voucher (HCV) program, Continuum of Care (CoC) program, Measure H-Strategy B4 (Homeless Incentive Program or HIP), County external construction projects, Affordable Housing Fund, and new funding for No Place Like Home. These increases are being slightly offset by the completion of capital improvement projects at the South Scattered Sites and reductions in Measure H-Strategy F7 (Preserve and Promote the Development of Affordable Housing).

The budget consists mainly of federal monies, funded for housing and community development programs under HUD. Local revenue sources include Public Housing dwelling rental and County General Funds. Other sources include the Federal Aviation Administration (FAA) and the Los Angeles World Airport (LAWA).

The following major funding sources for fiscal year 2019-2020 are detailed below:

- Total Housing Funds are \$419.6 million comprised of \$372.8 million for Housing Assistance, \$33.3 million for Housing Operations, and \$13.5 million in Capital Fund. This includes Section 8 rental subsidy and administration budgeted at \$340 million. Conventional Public Housing Rent Revenue funds and program operating subsidy are budgeted at \$33.3 million. These funds assist in providing quality affordable housing to over 30,000 eligible families, seniors, veterans, and special need households. Public Housing Capital Funds are used to improve and rehabilitate public housing units. These funding amounts are subject to change based upon the next Federal fiscal budget allocation or a continuation of the sequestration cuts.
- State and County funds are budgeted at \$176.2 million. The majority of these funds are comprised of County General funds. \$52.7 million is related to various capital projects in the Second Supervisorial District, and \$9.7 million in various projects in the Fourth Supervisorial District. \$18.7 million is in support of homeless Measure H funding. \$26.4 million is for permanent supportive housing for homeless or chronically homeless individuals with mental illness and their families. \$20.6 million is for No Place Like Home. \$19.4 million is for Affordable Housing Funds, and \$1.1 million is in Affordable Housing Preservation. \$0.7 million is budgeted for the South Whittier Community Resource Center (CRC) for continued operational expenditures. \$3.6 million is in Lead-Based Paint Hazard Mitigation. \$2.5 million is in Community Business Revitalization. \$1.8 million is for commercial lending to help small businesses retain jobs by providing capital. \$1.7 million is for County Economic Development Catalytic Program. \$2.7 million is for the Traffic Violation School program. \$3.0 million is in State Emergency Solutions Grant (ESG) that are used for street outreach, emergency shelter, homelessness prevention, rapid re-housing, and Homeless Management Information System (HMIS). The remaining dollars are used in support for various other State and County initiatives.
- Community Development Block Grant (CDBG) funds are budgeted at \$30.6 million. These funds are comprised of the annual federal allocation, joint applicant funds with the City of Cerritos and the City of Torrance, carryover funds, and projected program income that will be used by LACDA, 48 participating cities, seven (7) County departments, and 26 community-based organizations and other public agencies.

Contacting Finance and Budget

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the LACDA's finances, including the LACDA's accountability for the money it receives. Inquiries regarding this report, or requests for additional information should be directed to: Mr. Matthew Fortini, Chief Financial Officer, Finance and Budget Division, 700 W. Main Street, Alhambra, California 91801, (626) 586-1890.



LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Statement of Net Position
June 30, 2019**

	Primary government		
	Governmental activities	Business-type activities	Totals
Assets			
Cash and pooled investments	\$ 502,963,157	\$ 29,296,690	\$ 532,259,847
Accounts receivable, net	6,989,943	376,796	7,366,739
Due from other governments	7,496,893	6,778,837	14,275,730
Internal balances	(26,909,963)	26,909,963	-
Notes receivable, net	15,517,369	-	15,517,369
Land held for resale	13,933,862	-	13,933,862
Inventory	27,972	14,059	42,031
Prepaid costs and other assets	999,373	18,735	1,018,108
Investment in JPA	13,605,201	-	13,605,201
Capital assets:			
Land	30,271,946	58,992,131	89,264,077
Construction in progress	134,315	2,941,000	3,075,315
Capital assets, net of accumulated depreciation	32,972,174	47,107,443	80,079,617
Total assets	<u>598,002,242</u>	<u>172,435,654</u>	<u>770,437,896</u>
Deferred Outflows of Resources			
Pension related amounts	6,480,819	4,933,360	11,414,179
Other postemployment benefits related amounts	623,444	239,922	863,366
Total deferred outflows of resources	<u>7,104,263</u>	<u>5,173,282</u>	<u>12,277,545</u>
Liabilities			
Accounts payable and accrued liabilities	26,834,291	4,449,106	31,283,397
Due to other governments	4,490,150	1,681,316	6,171,466
Tenant security deposits	41,040	1,044,324	1,085,364
Unearned revenue	5,436,399	338,298	5,774,697
Long-term liabilities:			
Due within one year:			
Long-term debt obligations	1,811,338	735,000	2,546,338
Estimated claims payable	352,214	-	352,214
Accrued compensated absences	899,648	807,525	1,707,173
Subtotal	<u>3,063,200</u>	<u>1,542,525</u>	<u>4,605,725</u>
Due in more than one year:			
Long-term debt obligations	9,511,137	34,905,000	44,416,137
Estimated claims payable	3,169,928	-	3,169,928
Accrued compensated absences	99,960	89,725	189,685
Net pension liability	20,103,188	14,976,827	35,080,015
Net other postemployment benefits liability	1,515,688	256,781	1,772,469
Long-term liabilities, net of current portion	<u>34,399,901</u>	<u>50,228,333</u>	<u>84,628,234</u>
Total liabilities	<u>74,264,981</u>	<u>59,283,902</u>	<u>133,548,883</u>
Deferred Inflows of Resources			
Pension related amounts	1,562,112	1,251,584	2,813,696
Other postemployment benefits related amounts	423,976	62,337	486,313
Total deferred inflows of resources	<u>1,986,088</u>	<u>1,313,921</u>	<u>3,300,009</u>
Net position			
Net investment in capital assets	29,812,460	100,923,037	130,735,497
Restricted for:			
Housing	355,647,602	-	355,647,602
Economic development	19,873,967	-	19,873,967
Community development	78,093,610	-	78,093,610
Traffic services	4,700,592	-	4,700,592
Housing assistance payments	-	1,263,149	1,263,149
Housing improvement projects	-	4,093,454	4,093,454
Debt service	-	363,177	363,177
Unrestricted	40,727,205	10,368,296	51,095,501
Total net position	<u>\$ 528,855,436</u>	<u>\$ 117,011,113</u>	<u>\$ 645,866,549</u>

See accompanying notes to basic financial statements.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Statement of Activities
Year ended June 30, 2019**

Functions/programs	Expenses	Program revenues		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Governmental activities:				
General government	\$ 2,187,542	\$ 396,100	\$ 1,038,656	\$ -
Housing	112,292,273	12,790,181	181,610,340	-
Economic development	4,500,735	354,585	6,598,795	-
Community development	61,309,030	386,899	83,376,724	-
Traffic services	2,362,136	-	2,659,355	-
Interest on long-term debt	555,017	-	-	-
Total governmental activities	<u>183,206,733</u>	<u>13,927,765</u>	<u>275,283,870</u>	<u>-</u>
Business-type activities:				
Public housing	25,192,440	12,952,906	11,157,812	5,911,481
Other housing	4,864,480	1,214,994	4,431,251	-
Section 8 program	314,731,935	-	313,806,029	-
CDPLAC	1,738,252	-	65,004	-
Total business-type activities	<u>346,527,107</u>	<u>14,167,900</u>	<u>329,460,096</u>	<u>5,911,481</u>
Total	<u>\$ 529,733,840</u>	<u>\$ 28,095,665</u>	<u>\$ 604,743,966</u>	<u>\$ 5,911,481</u>

General revenues:

 Investment income (loss)

 Insurance recoveries

 Gain on sale of property

 Share in income of JPA

Transfers

 Total general revenues and transfers

 Change in net position

Net position – beginning

Net position – ending

See accompanying notes to basic financial statements.

**Net revenue (expense)
and changes in net position**

Governmental activities	Business-type activities	Totals
\$ (752,786)	\$ -	\$ (752,786)
82,108,248	-	82,108,248
2,452,645	-	2,452,645
22,454,593	-	22,454,593
297,219	-	297,219
(555,017)	-	(555,017)
<u>106,004,902</u>	<u>-</u>	<u>106,004,902</u>
-	4,829,759	4,829,759
-	781,765	781,765
-	(925,906)	(925,906)
-	(1,673,248)	(1,673,248)
<u>-</u>	<u>3,012,370</u>	<u>3,012,370</u>
<u>106,004,902</u>	<u>3,012,370</u>	<u>109,017,272</u>
5,492,450	2,333,228	7,825,678
1,500,000	-	1,500,000
51,347	-	51,347
378,778	-	378,778
1,634,318	(1,634,318)	-
<u>9,056,893</u>	<u>698,910</u>	<u>9,755,803</u>
115,061,795	3,711,280	118,773,075
<u>413,793,641</u>	<u>113,299,833</u>	<u>527,093,474</u>
<u>\$ 528,855,436</u>	<u>\$ 117,011,113</u>	<u>\$ 645,866,549</u>

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Balance Sheet

Governmental Funds

June 30, 2019

Assets	General fund	Federal housing and community development	Other federal
Cash and pooled investments	\$ 99,961,079	\$ 11,365,305	\$ 21,714,970
Accounts receivable	4,266,961	6,193	2,168,849
Due from other governments	8,846	7,352,525	134,026
Advances to other funds	5,917,537	-	-
Land held for resale	2,704,267	5,337,208	-
Inventory	-	-	20
Prepaid costs and other assets	784,603	-	-
Total assets	<u>\$ 113,643,293</u>	<u>\$ 24,061,231</u>	<u>\$ 24,017,865</u>
 Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 7,405,336	\$ 6,392,757	\$ 2,161,500
Due to other governments	-	4,490,150	-
Tenant security deposits	-	-	41,040
Unearned revenues	-	-	1,053
Total liabilities	<u>7,405,336</u>	<u>10,882,907</u>	<u>2,203,593</u>
 Deferred inflows of resources:			
Unavailable revenues	<u>1,500,000</u>	<u>1,541,010</u>	<u>858,967</u>
 Fund balances:			
Nonspendable			
Land held for resale	2,704,267	-	-
Inventory, prepaid costs and other assets	784,603	-	20
Restricted			
Housing	18,013,776	2,422,761	1,256,551
Economic development	-	3,833,069	8,556,732
Community development	61,103,797	5,381,484	11,142,002
Traffic services	-	-	-
Unassigned	<u>22,131,514</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>104,737,957</u>	<u>11,637,314</u>	<u>20,955,305</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 113,643,293</u>	<u>\$ 24,061,231</u>	<u>\$ 24,017,865</u>

See accompanying notes to basic financial statements.

Local housing and community development	Low and moderate income housing asset fund	Total
\$ 352,379,168	\$ 3,469,749	\$ 488,890,271
397,434	150,506	6,989,943
1,496	-	7,496,893
-	-	5,917,537
56,551	5,835,836	13,933,862
-	-	20
25,889	-	810,492
<u>\$ 352,860,538</u>	<u>\$ 9,456,091</u>	<u>\$ 524,039,018</u>

\$ 10,246,130	\$ 3,665	\$ 26,209,388
-	-	4,490,150
-	-	41,040
5,435,346	-	5,436,399
<u>15,681,476</u>	<u>3,665</u>	<u>36,176,977</u>

-	-	3,899,977
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-	-	2,704,267
25,889	-	810,512
324,502,088	9,452,426	355,647,602
7,484,166	-	19,873,967
466,327	-	78,093,610
4,700,592	-	4,700,592
-	-	22,131,514
<u>337,179,062</u>	<u>9,452,426</u>	<u>483,962,064</u>
<u>\$ 352,860,538</u>	<u>\$ 9,456,091</u>	<u>\$ 524,039,018</u>



LACDA

Los Angeles County Development Authority

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2019

Total governmental fund balances	\$ 483,962,064
Amounts reported for governmental activities in the accompanying statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those capital assets consist of:	
Capital assets, net of accumulated depreciation	25,477,266
Certain notes receivable are not considered to be current financial resources.	15,517,369
Internal service funds are used by management to charge the costs of certain activities, such as insurance, and vehicle and computer replacement, to individual funds. These assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	9,537,854
Investment in JPA is a long-term asset which is not considered current financial resources.	13,605,201
Amounts reported as unavailable revenues do not provide current financial resources and therefore are not reported in the governmental funds.	3,899,977
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. Those long-term liabilities consist of:	
Section 108 notes payable	(10,584,000)
Compensated absences	(680,638)
Amounts reported for net pension liability are not due in the current period and therefore are not reported in the governmental funds. Related components that will affect the net pension liability in future measurement years are reported as deferred outflows and deferred inflows of resources and are therefore not reported in the governmental funds.	
Net pension liability	(14,140,441)
Deferred outflows of resources related to pensions	4,563,912
Deferred inflows of resources related to pensions	(1,087,871)
Amounts reported for net other postemployment benefits liability are not due in the current period and therefore are not reported in the governmental funds. Related components that will affect the net other postemployment benefits liability in future measurement years are reported as deferred outflows and deferred inflows of resources and are therefore not reported in the governmental funds.	
Net other postemployment benefits liability	(1,265,501)
Deferred outflows of resources related to other postemployment benefits	498,012
Deferred inflows of resources related to other postemployment benefits	(355,676)
Accrued interest payable on long-term liabilities do not require the use of current financial resources and therefore are not reported in the governmental funds.	(92,092)
Net position of governmental activities	<u>\$ 528,855,436</u>

See accompanying notes to basic financial statements.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year ended June 30, 2019**

	General fund	Federal housing and community development	Other federal
Revenues:			
Intergovernmental	\$ 52,745,416	\$ 50,022,135	\$ 7,245,364
Charges for services	12,798,950	37,744	26,908
Rentals	303,731	324,969	297,695
Investment income (loss)	6,528,925	1,162,041	777,207
Contributions	-	-	-
Other revenues	1,321,848	69,620	-
Total revenues	<u>73,698,870</u>	<u>51,616,509</u>	<u>8,347,174</u>
Expenditures:			
Current:			
General government	1,990,079	-	-
Housing	13,758,847	21,968,986	859,179
Economic development	-	-	1,788,106
Community development	27,684,916	25,144,123	7,162,183
Traffic services	-	-	-
Debt service:			
Principal	-	7,922,000	-
Interest	-	733,494	-
Total expenditures	<u>43,433,842</u>	<u>55,768,603</u>	<u>9,809,468</u>
Excess (deficiency) of revenues over expenditures	<u>30,265,028</u>	<u>(4,152,094)</u>	<u>(1,462,294)</u>
Other financing sources (uses):			
Issuance of debt	-	3,120,000	-
Sale of property	-	739,740	-
Transfers in	1,767,964	-	222,473
Transfers out	-	-	-
Net other financing sources (uses)	<u>1,767,964</u>	<u>3,859,740</u>	<u>222,473</u>
Change in fund balances	32,032,992	(292,354)	(1,239,821)
Fund balances at beginning of year	72,704,965	11,929,668	22,195,126
Fund balances at end of year	<u>\$ 104,737,957</u>	<u>\$ 11,637,314</u>	<u>\$ 20,955,305</u>

See accompanying notes to basic financial statements.

Local housing and community development	Low and moderate income housing asset fund	Total
\$ 155,008,977	\$ 1,408,663	\$ 266,430,555
129,252	8,516	13,001,370
-	-	926,395
7,430,860	103,303	16,002,336
-	4,697,836	4,697,836
26,409	-	1,417,877
<u>162,595,498</u>	<u>6,218,318</u>	<u>302,476,369</u>
-	-	1,990,079
76,381,610	124,128	113,092,750
4,180,047	-	5,968,153
9,437	-	60,000,659
2,353,795	-	2,353,795
-	-	7,922,000
-	-	733,494
<u>82,924,889</u>	<u>124,128</u>	<u>192,060,930</u>
<u>79,670,609</u>	<u>6,094,190</u>	<u>110,415,439</u>
-	-	3,120,000
-	-	739,740
-	-	1,990,437
(222,473)	-	(222,473)
<u>(222,473)</u>	<u>-</u>	<u>5,627,704</u>
79,448,136	6,094,190	116,043,143
257,730,926	3,358,236	367,918,921
<u>\$ 337,179,062</u>	<u>\$ 9,452,426</u>	<u>\$ 483,962,064</u>



LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year ended June 30, 2019

Net change in fund balances – total governmental funds \$ 116,043,143

Amounts reported for governmental activities in the accompanying statement of activities are different because:

Government funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Depreciation expense	(869,877)
Gain (loss) on sale of capital assets	(3,183,422)

Loans issued, net of collections do not have any effect on net position.	(2,329,978)
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Internal service funds are used by management to charge the costs of certain activities, such as insurance, and vehicle and computer replacement, to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.

	568,065
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Share in income of JPA.	378,778
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Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Changes in compensated absences	(54,780)
Issuance of Section 108 notes payable	(3,120,000)
Principal payment on Section 108 notes payable	7,922,000

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These expenses consist of the following:

Changes in interest payable for long-term liabilities	178,477
Changes in net other postemployment benefits liabilities and OPEB related accounts	169,802
Changes in net pension liabilities and pension related accounts	(1,284,236)

Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds.	643,823
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Change in net position of governmental activities	<u>\$ 115,061,795</u>
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See accompanying notes to basic financial statements.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Statement of Net Position

Proprietary Funds

June 30, 2019

	Public housing	Other housing	Section 8 program
Assets			
Current assets:			
Cash and pooled investments	\$ 16,226,801	\$ 7,195,130	\$ 4,184,998
Accounts receivable, net	65,571	13,263	297,962
Due from other governments	1,965,761	274,526	4,538,550
Lease receivable	-	-	-
Inventory	8,629	-	5,430
Prepaid costs and other assets	-	-	18,735
Total current assets	<u>18,266,762</u>	<u>7,482,919</u>	<u>9,045,675</u>
Noncurrent assets:			
Lease receivable	-	-	-
Capital assets, net	100,404,401	8,636,173	-
Total noncurrent assets	<u>100,404,401</u>	<u>8,636,173</u>	<u>-</u>
Total assets	<u>118,671,163</u>	<u>16,119,092</u>	<u>9,045,675</u>
Deferred Outflows of Resources			
Pension related amounts	1,527,976	266,907	3,138,477
Other postemployment benefits related amounts	97,536	14,350	128,036
Total deferred outflows of resources	<u>1,625,512</u>	<u>281,257</u>	<u>3,266,513</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	3,329,638	253,591	295,835
Due to other governments	344,745	-	1,336,571
Tenant security deposits	951,233	93,091	-
Unearned revenue	158,140	13,585	22,531
Estimated claims payable	-	-	-
Accrued compensated absences	276,291	54,769	476,465
Long-term debt obligations - current portion	-	-	-
Total current liabilities	<u>5,060,047</u>	<u>415,036</u>	<u>2,131,402</u>
Noncurrent liabilities:			
Advances from other funds	1,955,305	3,962,232	-
Estimated claims payable	-	-	-
Accrued compensated absences	30,699	6,085	52,941
Long-term debt obligations	-	2,200,000	-
Net pension liability	4,718,029	672,113	9,586,685
Net other postemployment benefits liability	219,115	37,666	-
Total noncurrent liabilities	<u>6,923,148</u>	<u>6,878,096</u>	<u>9,639,626</u>
Total liabilities	<u>11,983,195</u>	<u>7,293,132</u>	<u>11,771,028</u>
Deferred Inflows of Resources			
Pension related amounts	403,634	74,422	773,528
Other postemployment benefits related amounts	55,690	6,647	-
Total deferred inflows of resources	<u>459,324</u>	<u>81,069</u>	<u>773,528</u>
Net position			
Net investment in capital assets	98,449,096	2,473,941	-
Restricted for:			
Housing assistance payments	-	-	1,263,149
Housing improvement projects	4,093,454	-	-
Debt service	-	-	-
Unrestricted	5,311,606	6,552,207	(1,495,517)
Total net position	<u>\$ 107,854,156</u>	<u>\$ 9,026,148</u>	<u>\$ (232,368)</u>

See accompanying notes to basic financial statements.

CDPLAC	Totals	Internal service funds
\$ 1,689,761	\$ 29,296,690	\$ 14,072,886
-	376,796	-
-	6,778,837	-
703,750	703,750	-
-	14,059	27,952
-	18,735	188,881
<u>2,393,511</u>	<u>37,188,867</u>	<u>14,289,719</u>
32,123,750	32,123,750	-
-	109,040,574	37,901,169
<u>32,123,750</u>	<u>141,164,324</u>	<u>37,901,169</u>
<u>34,517,261</u>	<u>178,353,191</u>	<u>52,190,888</u>
-	4,933,360	1,916,907
-	239,922	125,432
<u>-</u>	<u>5,173,282</u>	<u>2,042,339</u>
570,042	4,449,106	532,811
-	1,681,316	-
-	1,044,324	-
144,042	338,298	-
-	-	352,214
-	807,525	287,073
735,000	735,000	951,088
<u>1,449,084</u>	<u>9,055,569</u>	<u>2,123,186</u>
-	5,917,537	-
-	-	3,169,928
-	89,725	31,897
32,705,000	34,905,000	32,614,887
-	14,976,827	5,962,747
-	256,781	250,187
<u>32,705,000</u>	<u>56,145,870</u>	<u>42,029,646</u>
<u>34,154,084</u>	<u>65,201,439</u>	<u>44,152,832</u>
-	1,251,584	474,241
-	62,337	68,300
<u>-</u>	<u>1,313,921</u>	<u>542,541</u>
-	100,923,037	4,335,194
-	1,263,149	-
-	4,093,454	-
363,177	363,177	-
-	10,368,296	5,202,660
<u>\$ 363,177</u>	<u>\$ 117,011,113</u>	<u>\$ 9,537,854</u>

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Statement of Revenues, Expenses and Changes in Net Position

Proprietary Funds

Year ended June 30, 2019

	Public housing	Other housing	Section 8 program
Operating revenues:			
Government subsidies	\$ 10,769,663	\$ 4,141,433	\$ 313,536,387
Charges for services	81,987	3,703	-
Rentals	12,870,919	1,211,291	-
Other revenue	388,149	289,818	269,642
Total operating revenues	<u>24,110,718</u>	<u>5,646,245</u>	<u>313,806,029</u>
Operating expenses:			
Current:			
Program administration	14,718,146	3,071,798	25,605,494
Utilities	2,400,136	183,115	108,024
Maintenance	4,719,156	1,041,238	476,964
General administration	955,906	108,984	600,546
Subgrants to county, cities, and community-based organizations	-	-	1,041,061
Housing assistance payments	-	-	286,899,846
Depreciation and amortization	2,336,030	334,228	-
Total operating expenses	<u>25,129,374</u>	<u>4,739,363</u>	<u>314,731,935</u>
Operating income (loss)	<u>(1,018,656)</u>	<u>906,882</u>	<u>(925,906)</u>
Nonoperating revenues (expenses):			
Gain on sale of property	-	-	-
Investment income	352,383	168,694	49,651
Interest expense	(63,066)	(125,117)	-
Net nonoperating revenues (expenses)	<u>289,317</u>	<u>43,577</u>	<u>49,651</u>
Change in net position before transfers	(729,339)	950,459	(876,255)
Capital grants	5,911,481	-	-
Transfers in	25,898	-	-
Transfers out	-	(1,490,364)	(111,433)
Change in net position	5,208,040	(539,905)	(987,688)
Net position at beginning of year	<u>102,646,116</u>	<u>9,566,053</u>	<u>755,320</u>
Net position at end of year	<u>\$ 107,854,156</u>	<u>\$ 9,026,148</u>	<u>\$ (232,368)</u>

See accompanying notes to basic financial statements.

CDPLAC	Totals	Internal service funds
\$ -	\$ 328,447,483	\$ -
-	85,690	15,294,529
-	14,082,210	3,699,449
65,004	1,012,613	32,993
<u>65,004</u>	<u>343,627,996</u>	<u>19,026,971</u>
4,210	43,399,648	-
-	2,691,275	353,591
-	6,237,358	2,393,110
-	1,665,436	12,597,776
-	1,041,061	-
-	286,899,846	-
-	2,670,258	1,552,939
<u>4,210</u>	<u>344,604,882</u>	<u>16,897,416</u>
<u>60,794</u>	<u>(976,886)</u>	<u>2,129,555</u>
-	-	51,347
1,762,500	2,333,228	332,889
<u>(1,734,042)</u>	<u>(1,922,225)</u>	<u>(1,812,080)</u>
<u>28,458</u>	<u>411,003</u>	<u>(1,427,844)</u>
89,252	(565,883)	701,711
-	5,911,481	-
-	25,898	163,933
<u>(58,419)</u>	<u>(1,660,216)</u>	<u>(297,579)</u>
30,833	3,711,280	568,065
<u>332,344</u>	<u>113,299,833</u>	<u>8,969,789</u>
<u>\$ 363,177</u>	<u>\$ 117,011,113</u>	<u>\$ 9,537,854</u>

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2019**

	Public housing	Other housing	Section 8 program
Cash flows from operating activities:			
Receipts from tenants	\$ 12,924,442	\$ 1,218,019	\$ -
Receipts from rentals	-		-
Charges for services	81,987	3,703	-
Payments to employees for services	(7,576,674)	(1,807,875)	(15,024,639)
Payments to vendors for goods and services	(12,948,489)	(2,475,784)	(298,897,926)
Government subsidies	9,502,591	3,992,165	311,253,211
Other revenue	381,819	283,245	524,534
Net cash provided by (used in) operating activities	<u>2,365,676</u>	<u>1,213,473</u>	<u>(2,144,820)</u>
Cash flows from noncapital financing activities:			
Payment of advances from other funds	(234,140)	(210,456)	-
Transfer out to other funds	-	(1,490,364)	(111,433)
Transfers in from other funds	25,898	-	-
Net cash provided by (used in) noncapital financing activities	<u>(208,242)</u>	<u>(1,700,820)</u>	<u>(111,433)</u>
Cash flows from capital and related financing activities:			
Purchase and construction of capital assets	(7,342,791)	(498,932)	-
Payment of capital lease obligation	-		-
Receipt of lease revenue payments	-	-	-
Payment of principal on bonds payable	-		-
Capital grants	5,911,481	-	-
Interest paid	(63,066)	(125,117)	-
Net cash provided by (used in) capital and related financing activities	<u>(1,494,376)</u>	<u>(624,049)</u>	<u>-</u>
Cash flows from investing activities:			
Gain from investments	-	-	-
Interest received	352,383	168,694	49,651
Net cash provided by (used in) investing activities	<u>352,383</u>	<u>168,694</u>	<u>49,651</u>
Net increase (decrease) in cash and cash equivalents	1,015,441	(942,702)	(2,206,602)
Cash and cash equivalents at beginning of year	15,211,360	8,137,832	6,391,600
Cash and cash equivalents at end of year	<u>\$ 16,226,801</u>	<u>\$ 7,195,130</u>	<u>\$ 4,184,998</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (1,018,656)	\$ 906,882	\$ (925,906)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	2,336,030	334,228	-
Changes in assets and liabilities:			
Accounts receivable	(6,330)	(6,573)	254,892
Due from other governments	(1,238,213)	(149,268)	(2,126,323)
Inventory	(1,145)	-	2,276
Prepaid costs and other assets	-	-	18,735
Deferred outflows of resources - pension	2,111,624	248,376	4,229,114
Deferred outflows of resources - OPEB	15,252	(8,566)	(128,036)
Accounts payable and accrued expenses	1,791,711	93,954	(96,254)
Due to other governments	(28,859)	-	61,222
Unearned revenue	23,362	4,031	(217,825)
Tenant security deposits	30,161	2,697	(250)
Compensated absences	39,291	23,285	60,822
Claims payable	-	-	-
Deferred inflows of resources - pension	(999,435)	(133,652)	(2,089,109)
Deferred inflows of resources - OPEB	482	(1,238)	-
Net pension liability	(620,007)	(97,114)	(1,188,178)
Net other postemployment benefits liability	(69,592)	(3,569)	-
Net adjustments	<u>3,384,332</u>	<u>306,591</u>	<u>(1,218,914)</u>
Net cash provided by (used in) operating activities	<u>\$ 2,365,676</u>	<u>\$ 1,213,473</u>	<u>\$ (2,144,820)</u>
Noncash noncapital financing activities:			
Issuance of a capital lease	\$ -	\$ -	\$ -
Transfer of capital assets to other funds	\$ -	\$ -	\$ -
Transfer of capital assets from other funds	\$ -	\$ -	\$ -

See accompanying notes to basic financial statements.

CDPLAC	Totals	Internal service funds
\$ 65,004	\$ 14,207,465	\$ -
-	-	3,699,449
-	85,690	15,294,529
-	(24,409,188)	(8,637,160)
(4,210)	(314,326,409)	(7,038,835)
-	324,747,967	-
-	1,189,598	32,993
<u>60,794</u>	<u>1,495,123</u>	<u>3,350,976</u>
-	(444,596)	-
(39,422)	(1,641,219)	(297,579)
-	25,898	116,326
<u>(39,422)</u>	<u>(2,059,917)</u>	<u>(181,253)</u>
(18,997)	(7,860,720)	(446,605)
-	-	(972,417)
729,167	729,167	-
(700,000)	(700,000)	-
-	5,911,481	-
(1,746,000)	(1,934,183)	(1,812,080)
<u>(1,735,830)</u>	<u>(3,854,255)</u>	<u>(3,231,102)</u>
-	-	51,347
1,759,584	2,330,312	332,889
<u>1,759,584</u>	<u>2,330,312</u>	<u>384,236</u>
45,126	(2,088,737)	322,857
1,644,635	31,385,427	13,750,029
<u>\$ 1,689,761</u>	<u>\$ 29,296,690</u>	<u>\$ 14,072,886</u>
<u>\$ 60,794</u>	<u>\$ (976,886)</u>	<u>\$ 2,129,555</u>
-	2,670,258	1,552,939
-	241,989	-
-	(3,513,804)	-
-	1,131	7,867
-	18,735	293,740
-	6,589,114	2,563,986
-	(121,350)	25,253
-	1,789,411	(155,728)
-	32,363	-
-	(190,432)	-
-	32,608	-
-	123,398	42,260
-	-	(1,024,007)
-	(3,222,196)	(1,266,131)
-	(756)	2,678
-	(1,905,299)	(728,461)
-	(73,161)	(92,975)
-	2,472,009	1,221,421
<u>\$ 60,794</u>	<u>\$ 1,495,123</u>	<u>\$ 3,350,976</u>
\$ -	\$ -	\$ 14,196
\$ (18,997)	\$ (18,997)	\$ -
\$ -	\$ -	\$ 47,607

**SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY
OF THE LOS ANGELES COUNTY DEVELOPMENT AUTHORITY**

Statement of Fiduciary Net Position

Fiduciary Fund

June 30, 2019

	Private-Purpose Trust Fund
Assets	
Cash and cash equivalents	\$ 12,533
Total assets	<u>12,533</u>
Liabilities	
Accounts payable and accrued liabilities	<u>-</u>
Total liabilities	<u>-</u>
Net Position	
Net position held in trust	<u><u>\$ 12,533</u></u>

See accompanying notes to basic financial statements.

**SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY
OF THE LOS ANGELES COUNTY DEVELOPMENT AUTHORITY**

Statement of Changes in Fiduciary Net Position

Fiduciary Fund

Year ended June 30, 2019

	<u>Private-Purpose Trust Fund</u>
Additions:	
Other revenues	\$ 304
Total additions	<u>304</u>
Deductions:	
Rental and property maintenance expenses	<u>7,850</u>
Total deductions	<u>7,850</u>
Change in net position	(7,546)
Net position held in trust - beginning	<u>20,079</u>
Net position held in trust - ending	<u><u>\$ 12,533</u></u>

See accompanying notes to basic financial statements.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2019

(1) Summary of Significant Accounting Policies

The basic financial statements of the Los Angeles County Development Authority, California (LACDA) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) of the United States of America as promulgated by the Governmental Accounting Standards Board (GASB) which acts as the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The LACDA's most significant accounting policies are described below.

(a) *Description of Reporting Entity*

Los Angeles County Development Authority

On May 16, 2019, the Community Development Commission/Housing Authority of the County of Los Angeles established on July 1, 1982 under the provisions of Section 34100-34160 of the Health and Safety Code of the State of California, was officially rebranded to the Los Angeles County Development Authority (LACDA). The rebranding constituted the dissolution of the Housing Authority of the County of Los Angeles and the merger of responsibilities of the former Housing Authority to LACDA.

The LACDA is responsible for:

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

The LACDA has program jurisdiction in the unincorporated areas of the County, and currently works with 47 participating cities that have requested LACDA's assistance in conducting various community development block grant programs.

The LACDA is a discretely presented component unit of the County of Los Angeles, California, as the Board of Supervisors of the County also serve as LACDA's governing board.

In evaluating how to define the LACDA for financial reporting purposes, management considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth by GAAP. As required by GASB Statement No. 14 (as amended by GASB Statements No. 39, 61 and 80), these basic financial statements include the activities of both LACDA and the following blended component units.

Blended Component Units

Los Angeles County Community Development Foundation (CDF)

The CDF is a 501(c)(3) non-profit organization dedicated to improve the quality of life for low-income Section 8 and public housing residents living in Los Angeles County. CDF provides scholarships, funding for students to attend conferences and SAT preparation courses free of charge.

CDF is a single-purpose entity and the LACDA is its sole corporate member. In addition, the services provided by CDF are only available to participants of LACDA's Section 8 and Public Housing programs. Therefore,

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2019

CDF is reported as a blended component unit of the LACDA. Separate financial statements are prepared for CDF and are available by contacting LACDA's Finance and Budget Division.

Community Development Properties Los Angeles County, Inc. (CDPLAC)

The CDPLAC is a California non-profit public benefit corporation formed in September 2010 to issue lease revenue bonds on behalf of the LACDA. The proceeds of the bonds were used to finance the purchase of land and construction of an office building (the Project) leased by the LACDA as its main office headquarters. The debt service for the bonds is not the obligation of the LACDA. However, the LACDA is responsible for the monthly lease payments, which are used to pay the scheduled debt service on the bonds. The lease term is for 30 years.

CDPLAC is a single-purpose entity created to issue the bonds on behalf of the LACDA and fulfill its obligations under the agreements entered into in connection with the Project. Therefore, CDPLAC is reported as a blended component unit of the LACDA. Separate financial statements are prepared for CDPLAC and are available by contacting the LACDA's Finance Unit.

(b) Implementation of New Accounting Pronouncements

During the fiscal year ended June 30, 2019, the LACDA identified and adopted the following new Statements of the Governmental Accounting Standards Board (GASB):

GASB Statement No. 83, *Certain Asset Retirement Obligations (AROs)*. This statement addresses accounting and financial reporting for certain AROs. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This statement requires that recognition occur when the liability is both incurred and reasonably estimable. The implementation of this statement did not impact LACDA's financial statements for the fiscal year ended June 30, 2019.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The implementation of this statement resulted in additional footnote disclosures related to debt for the fiscal year ended June 30, 2019 which can be found in Note 7.

(c) Government-wide and Fund Financial Statements

The Government-wide Financial Statements, the statement of net position and the statement of activities, report information on all the financial activities of the primary government and its component units. As a general rule, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between certain functions of the LACDA. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities that are normally supported by intergovernmental revenues, are reported separately from business-type activities, which are supported by revenues received from HUD's Housing and Section 8 programs, and other income from subsidized housing.

The accompanying Government-wide Statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given

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Notes to Basic Financial Statements Year ended June 30, 2019

function or segment, 2) grants and contributions that are restricted to meeting the financial requirements of a particular function or segment, and the income earned on investments acquired with such grants and contributions. Other items not included among program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and the fiduciary fund, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds and major individual business-type funds are reported on separate columns in the accompanying fund financial statements.

(d) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accompanying government-wide financial statements, which consist of the statement of net position and the statement of activities, are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the LACDA considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payments are made.

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

The accounts of the LACDA are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts, recording resources, related liabilities, obligations, reserves, and equities segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The LACDA reports the following major funds:

Governmental Type Funds

General Fund – To account for all general revenues and other receipts that are not allocated by law or contractual agreement to other funds. Expenditures of this fund include general operating expenditures.

Federal Housing and Community Development – To account for Federally-funded programs designed to provide funding for the development of vacant, substandard, or underutilized properties, programs designed for the development of viable urban communities to provide decent housing, and suitable living opportunities for persons with low and moderate income, for the purpose of creating affordable housing and for the purpose of providing financial assistance to qualified owners to rehabilitate their homes, and to provide financial assistance

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to first time home buyers. Funds are also used to provide various types of loans at favorable interest rates to low- and moderate-income property owners for improvements and rehabilitation, and to provide administrative services and support to these programs. Revenues are received based on an annual appropriation from HUD.

Other Federal Program – To account for Federally funded programs designed to provide funding for RSIP which provides grants to eligible property owners to insulate residential homes and rental units from noise caused by aircraft arriving and departing the Los Angeles International Airport, to account for economic development programs designed to provide county earthquake infrastructure, revolving loans, and management of the Business Technology Center (BTC) of Los Angeles, and to provide financing for projects which include storm drains, streetscapes, water line upgrades, and technical assistance. This fund also accounts for projects designed to strengthen the County’s economic base through the generation of added employment opportunities, the improvement and expansion of the County’s industrial base, and the administrative services and support of these programs. Sources of revenue are primarily from FAA and from the Economic Development Administration’s Revolving Loan Program.

Local Housing and Community Development – To account for the homeless and the development of affordable housing programs, and traffic administration services. Sources of revenue are primarily from County of Los Angeles and from the residual receipts of the development loans.

Low and Moderate Income Housing Asset – To account for the housing assets approved by the State Department of Finance to remain with LACDA after the dissolution of the former Redevelopment Agency of the County of Los Angeles. The program’s revenue is mainly from administrative allowance from the State of California.

Proprietary Funds

Public Housing – To account for conventional housing programs designed to provide affordable housing for lower income, elderly, disabled, and handicapped persons. Housing units are constructed or acquired, and rehabilitated through HUD funding, and rented to eligible persons.

Other Housing – To account for other housing programs including non-conventional housing and CDF which provide affordable housing and other assistance for lower income, elderly, disabled, and handicapped persons.

Section 8 Program – To account for the housing assistance program designed to assist lower income, elderly, disabled, and handicapped persons obtain adequate housing. Assistance payments are made directly to landlords to reduce tenant rent and utility charges of approved units.

CDPLAC – To account for the blended component unit which issued lease revenue bonds on behalf of the LACDA. This fund accounts for the use of the bond proceeds and the payments made to the bond’s debt service.

Business-type funds distinguish operating revenues and expenses from nonoperating items. Operating revenues include rental income and government subsidies received from HUD’s Housing and Section 8 programs, while operating expenses are incurred to provide affordable housing, and to subsidize rental payments. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The LACDA’s fund structure also includes the following fund types:

Internal Service Funds – To account for data processing, fleet management, procurement, printing, construction management, maintenance for the Alhambra building and insurance, provided to several departments on a cost-reimbursement basis.

Private-purpose Trust Fund (Successor Agency) – To account for assets and trust arrangements where principal and income benefit other governments. This fund reports the assets, liabilities and activities of the Successor Agency to LACDA’s former Redevelopment Agency.

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Notes to Basic Financial Statements Year ended June 30, 2019

(e) Budgetary Control and Accounting

The LACDA adheres to the following general procedures in establishing the budgetary data, reflected as required supplementary information:

- A legally adopted budget is employed as a management control device during the fiscal year for the governmental funds. The budget is adopted on a fiscal-year basis; appropriations lapse at year-end.
- The level of budgetary control over appropriations is at the budget unit level. The LACDA is a budget unit within the budgetary structure of the County of Los Angeles. The Executive Director is authorized to transfer appropriations between programs within a budget unit. Any revisions that alter the total expenditures of any budget unit must be approved by the Board of Commissioners.
- Budgets for the governmental fund types are adopted on a modified accrual basis of accounting which is generally accepted accounting principle in the United States of America.

(f) Cash and Investments

The LACDA pools cash from all funds for the purpose of increasing interest earnings through investment activities. Cash and cash equivalents are combined with investments and displayed as cash and investments. For purposes of the statement of cash flows of the proprietary fund types, cash and cash equivalents include all investments, as the LACDA operates an internal cash management pool that maintains the general characteristics of a demand deposit account.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date.

The LACDA's restricted cash and investments are pledged to the payment of deposits payable or for the security of certain long-term debt issuances.

(g) Inventories

Inventories are stated at cost, applied on a first-in, first-out basis in the proprietary funds. The cost of governmental fund type inventories is recorded as an expenditure at the time the individual inventory items are consumed.

(h) Land Held for Resale

The LACDA records land held for resale at the lower of cost or estimated net realizable value. The cost of the land includes all costs incurred that are directly associated with the acquisition of the land, including purchase price, escrow costs, clearing land for use costs, demolition costs, etc.

(i) Capital Assets

Capital assets, which include property, furniture and fixtures, vehicle, equipment, and intangible assets, are reported in the applicable governmental or business-type activities columns in the accompanying government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized, as projects

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Notes to Basic Financial Statements Year ended June 30, 2019

are constructed. Interest incurred during the construction phase of capital assets of business-type activities, is included as part of the capitalized cost of the assets constructed.

Capital assets are defined by the LACDA as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year, which include property, furniture and fixtures, vehicle and equipment. The LACDA's capitalization threshold for software intangible assets is \$1 million. Upon sale or retirement of capital assets, the cost and the related accumulated depreciation or amortization, as applicable, are removed from the respective accounts and any resulting gain or loss is included in the results of operations. Specific disclosures related to capital assets appear in Note 6. Amortization for software and other intangible assets is included in the reporting of depreciation.

The provision for depreciation or amortization of capital assets of the LACDA is computed using the straight-line method over estimated useful lives, and are as follows:

Building and improvements	15 to 30 years
Vehicles	5 years
Furniture and fixtures	7 years
Equipment	3 to 7 years
Software	5 to 25 years

(j) *Employee Compensated Absences*

On January 1, 1998, the LACDA added an optional Flexible Benefits Plan, authorized under Section 125 of the Internal Revenue Code. Employees who enrolled in the Flexible Benefits Plan do not accrue vacation or sick leave. Employees in this plan receive 80 hours annual leave on January first of each calendar year. Employees may elect to purchase up to 160 additional Elective Annual Leave (EAL) hours under this plan.

Employees who did not enroll in the Flexible Benefits Plan earn vacation leave, as follows:

<u>Years of service:</u>	<u>Annual accrual</u>
1 to 4	80 hours
5 to 10	120 hours
11	128 hours
12	136 hours
13	144 hours
14	152 hours
15	160 hours

Unused vacation leaves in excess of 240 hours, as of December 31 of each year, is paid to the employees. Sick leave is accrued at the rate of 8 hours per month and is based upon 120 compensated hours per month. Employees are not paid for accrued sick leave upon termination of employment.

(k) *Pensions*

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the LACDA's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred outflows and inflows of resources represent the effects on the net pension liability that have occurred after the liability was measured. Therefore, these will affect the net pension liability in future years. As noted

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Notes to Basic Financial Statements Year ended June 30, 2019

in Note 11, deferred outflows and inflows of resources will be recognized as pension expense in future years; however, contributions subsequent to the measurement period will be recognized during the fiscal year ending June 30, 2020.

(l) Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the LACDA's Retiree Benefits Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred outflows and inflows of resources represent the effects on the net OPEB liability that have occurred after the liability was measured. Therefore, these will affect the net OPEB liability in future years. As noted in Note 12, deferred outflows and inflows of resources will be recognized as OPEB expense in future years; however, contributions subsequent to the measurement period will be recognized during the fiscal year ending June 30, 2020.

(m) Fund Balance Reporting

Fund balance is a measurement of available financial resources and is the difference between total assets and total liabilities in each fund.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, distinguishes fund balance classifications that comprise based on the relative strength of the constraints that control the purposes for which specified amounts can be spent. Beginning with the most restrictive constraints, fund balance amounts will be reported in the following categories in the governmental funds:

Nonspendable fund balance - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The nonspendable form criterion includes items that are not expected to be converted to cash, such as inventories and prepaid amounts.

Restricted fund balance - amounts that reflect constraints placed on the use of resources that are either: (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance - amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action of the LACDA's highest level of decision-making authority, the Board of Commissioners of the LACDA. These committed amounts cannot be used for any other purpose unless the LACDA removes or changes the specific use by taking the same type of action. Committed fund balance also should incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Board action to commit fund balance should occur within the fiscal reporting periods; however, the amount can be determined subsequently.

Assigned fund balance - amounts that are constrained by the LACDA's *intent* to be used for specific purposes, but that are neither restricted nor committed. Such intent needs to be established by: (a) the governing body itself, or (b) a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The Board of Commissioners of the LACDA delegated to the Executive Director of the LACDA, or his/her designee, the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available fund balance in any particular fund.

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Notes to Basic Financial Statements Year ended June 30, 2019

Unassigned fund balance – amounts that do not fall into one of the above four categories. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The General Fund is the only fund that should report this category of fund balance.

The LACDA's current fund balance practice provides that restricted fund balance be spent first when the expenditure is incurred for which both restricted and unrestricted fund balance is available. Similarly, when expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance can be used, committed amounts are to be spent first, followed by assigned amounts and then unassigned amounts. GASB Statement No. 54 mandates that this hierarchy of expending fund balance be reported in new categories, using new terminology, and be formally adopted by the LACDA. It should be noted that the new categories only emphasize the extent that the LACDA is bound to honor expenditure constraints and the purposes for which amounts can be spent. The total reported fund balance would remain the same.

(n) Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the basic financial statements, and the reported amounts of revenue and expense during the reporting period. Actual results could differ from such estimates.

(o) Reclassifications

Certain prior year accounts may have been reclassified to conform to current year presentation. These reclassifications had no effect on reported net position.

(p) Concentration of Risk

LACDA manages the County's housing programs, economic developments, public housing developments and Section 8 Housing Choice Voucher Programs. These programs are fully dependent on continued funding from HUD. Total grants received from HUD during the fiscal year ended June 30, 2019 amounted to approximately \$381 million, or 59% of total revenues of the LACDA during the fiscal year.

(q) Pronouncements Issued But Not Yet Adopted

The GASB has issued pronouncements that have an effective date subsequent to June 30, 2019, which may impact future financial presentations. Except as noted below, management has not determined what, if any, impact implementation of the following Statements may have on future financial statements of the LACDA:

- GASB Statement No. 84, *Fiduciary Activities*: Effective for the LACDA's fiscal year ending June 30, 2020.
- GASB Statement No. 87, *Leases*: Effective for the LACDA's fiscal year ending June 30, 2021.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*: Effective for the LACDA's fiscal year ending June 30, 2021.
- GASB Statement No. 90 *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*: Effective for the LACDA's fiscal year ending June 30, 2020.
- GASB Statement No. 91, *Conduit Debt Obligations*: Effective for the LACDA's fiscal year ending June 30, 2021.

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Notes to Basic Financial Statements Year ended June 30, 2019

(2) Cash and Investments

Cash and investments at June 30, 2019 are classified in the accompanying financial statements as follows:

Statement of net position:	
Governmental activities	\$ 502,963,157
Business-type activities	29,296,690
Fiduciary funds	12,533
Total cash and investments	<u>\$ 532,272,380</u>

Cash and investments at June 30, 2019 consist of the following:

Cash on hand	\$ 3,000
Deposits with financial institutions	7,954,148
Investments	518,175,215
Cash and investments held by trustee	6,140,017
Total cash and investments	<u>\$ 532,272,380</u>

(a) *Investments Authorized by the LACDA's Investment Policy*

The table below identifies the investment types that are authorized under the LACDA's investment policy. The table further identifies provisions in the LACDA's investment policy that address interest rate risk, credit risk, and concentration of risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in one Issuer
U.S., State and Local Government Obligations	5 years	None	None
Banker's Acceptances	180 days	40%	30% of Portfolio
Commercial Paper	270 days	15%	10% of Outstanding CP of issuing Corp.
Negotiable Certificates of Deposit	3 years	20%	10% of Portfolio
Non-negotiable Certificates of Deposit	3 years	25%	10% of Portfolio
Repurchase Agreements	90 days	30%	None
Medium Term Corp Notes	5 years	30%	15% of Portfolio
Mutual Funds	N/A	20%	10% of Portfolio
State & Municipal Agency Investment Pools	N/A	None	None

(b) *Investments Authorized by Debt Agreements*

Investments held by trustee are governed by provisions in the LACDA's investment policy. Investments held in trust are short-term in nature consisting of three-month treasury bills and money market accounts, thus not materially affected by interest rate risk, credit risk, or concentration of credit risk.

(c) *Interest Rate Risk*

Interest rate risk results from changes in market interest rates that can adversely affect the fair value of an investment. Sensitivity to fair value is greater when investments are held with longer maturities. Therefore, the LACDA's investment policy sets maturity limits for each type of investment instrument to safeguard against interest rate risk.

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**Notes to Basic Financial Statements
Year ended June 30, 2019**

At June 30, 2019, the LACDA had the following investment maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1 Year	1 to 3 Years	3-5 Years
U.S., State and Local Government Obligations	\$127,565,951	\$ 55,839,183	\$ 57,527,735	\$ 14,199,033
Negotiable Certificates of Deposit	15,477,367	10,489,857	4,987,510	-
Non-negotiable Certificates of Deposit	2,255,120	2,255,120	-	-
Corporate Bonds	112,703,241	20,293,182	64,520,115	27,889,944
Commercial Paper	58,673,533	58,673,533	-	-
State Investment Pool	65,148,283	65,148,283	-	-
County Investment Pool	124,334,274	124,334,274	-	-
Asset Backed Securities	4,997,997	-	4,997,997	-
Supranational Bonds	7,019,449	-	-	7,019,449
Total investments	\$518,175,215	\$ 337,033,432	\$132,033,357	\$ 49,108,426

(d) Credit Risk

In general, credit risk refers to the risk that an issuer of an investment will not fulfill its obligation to the holder of an investment. This risk is measured by a nationally recognized statistical rating organization (NRSRO) such as Standard & Poor's. The LACDA's investment policy requires that, where applicable, all allowable investments meet or exceed a minimum rating provided by an NRSRO, in the A category. The LACDA's minimum rating schedule is as follows:

Rating Agency

Moody's	Standard & Poor's	Fitch IBCA	Bauer Financial*
P-1/Aaa	A-1/AAA	2-A	4
P-1/Aa	A-1/AA	2-A/B	3
P-1/A	A-1/A	2-B	

*Alternative Rating Agency when security is not listed by an NRSRO

The LACDA currently holds investments in Agency and Corporate Bonds, Commercial Paper, Asset Backed Securities and Supranational Bonds which are rated by an NRSRO. All other investments held by the LACDA are not rated. At the time of purchase, all Corporate Bond purchases met or exceeded the LACDA's minimum rating requirement.

(e) Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk associated with investments that are uninsured, are not in the name of LACDA, or are held by counterparty or counterparty's trust department or agent but not in the LACDA's name. In the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the

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Notes to Basic Financial Statements Year ended June 30, 2019

counterparty is then unable to deliver securities that are in the possession of another party. As of June 30, 2019, none of LACDA's deposits or investments were exposed to custodial credit risk.

(f) **Concentration of Credit Risk**

The LACDA's investment policy contains limitations on the amount that can be invested in any one issuer for bankers' acceptances, commercial paper, certificates of deposits, mutual funds and medium-term notes. At June 30, 2019, the LACDA did not have investments in any one issuer that represents 5 percent or more of the LACDA's total investments.

(g) **Fair Value Measurement**

The LACDA categorizes its fair value measurement within the fair value hierarchy established by Generally Accepted Accounting Principles (GAAP). The hierarchy is based on the valuation inputs used to measure the fair value of the investment. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Debt securities classified in Level 2 of the fair value hierarchy use a market approach to measure fair value. The LACDA's pricing vendor, through rules based logic, utilizes valuation techniques that reflect market participants' assumptions and vary by asset class and per methodology, and maximizes the use of relevant observable data including quoted prices for similar assets, benchmark yield curves and market corroborated inputs.

The LACDA has the following recurring fair value measurements as of June 30, 2019:

Investments by fair value level	Fair Value	Fair Value Measurement Using Significant Other Observable Inputs (Level 2)
U.S., State and Local Government Obligations	\$ 127,565,951	\$ 127,565,951
Negotiable Certificates of Deposit	15,477,367	15,477,367
Corporate Bonds	112,703,241	112,703,241
Asset Backed Securities	4,997,997	4,997,997
Supranational Bonds	7,019,449	7,019,449
Total debt securities	267,764,005	\$ 267,764,005
Uncategorized:		
Non-negotiable Certificates of Deposit	2,255,120	
Commercial Paper	58,673,533	
State Investment Pool	65,148,283	
County Investment Pool	124,334,274	
Total uncategorized	250,411,210	
Total investments measured at fair value	\$ 518,175,215	

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**Notes to Basic Financial Statements
Year ended June 30, 2019**

(3) Due from Other Governments

At June 30, 2019, amounts due from other governments included:

	U.S. Department of Housing and Urban Development	Other governmental entities	Total
Governmental activities:			
General fund	\$ -	\$ 8,846	\$ 8,846
Federal housing and community development	5,939,306	1,413,219	7,352,525
Other federal grants	-	134,026	134,026
Local housing and community development	-	1,496	1,496
Total governmental	5,939,306	1,557,587	7,496,893
Business-type activities:			
Public housing	1,965,761	-	1,965,761
Other housing	88,850	185,676	274,526
Section 8 program	4,538,550	-	4,538,550
Total business-type	6,593,161	185,676	6,778,837
Total due from other governments	\$ 12,532,467	\$ 1,743,263	\$ 14,275,730

The LACDA anticipates full collection of the above receivables in future years.

(4) Notes Receivable

The LACDA's notes receivable at June 30, 2019 are reported as governmental activities and are related to the following programs:

	Governmental activities
Loans to assist in the rehabilitation of properties for low-income, elderly and handicapped persons	\$ 154,083,691
Development projects under various disposition and development agreements	466,365,426
Neighborhood stabilization program	18,488,043
Section 108 loan program	2,375,000
Float loan program	126,490
Economic development Loans	9,096,927
Other notes receivables	3,918,952
Total	654,454,529
Less allowance for uncollectible loans	(638,937,160)
Notes receivable, net	\$ 15,517,369

Because of the nature of the various notes receivable from low-income, elderly and handicapped persons, the LACDA provides an allowance for uncollectible against such notes receivable. The LACDA reports such notes as loan program costs. Allowance for uncollectible accounts are also established for loans related to development projects under various disposition and development agreements.

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Notes to Basic Financial Statements Year ended June 30, 2019

The float loan program is a financing mechanism that uses available Community Development Block Grant (CDBG) funds to provide interim loans for developers and participating cities for eligible commercial and industrial land acquisition, construction, and other related projects. The loans are secured by AA-rated irrevocable letters of credit.

(5) Investment in Southern California Housing Financing Authority (SCHFA)

The LACDA has recorded its investment interest in the SCHFA in accordance with the requirements of GASB Statement No. 61. The SCHFA was established by a Joint Powers Agreement (JPA) between the County of Los Angeles and the County of Orange for the purpose of issuing mortgage revenue bonds for the financing of single-family homes. The LACDA was assigned by the Los Angeles County Board to oversee and administer the activities of the SCHFA. As of June 30, 2019, the LACDA's investment interest in the JPA is \$13,605,201.

(6) Capital Assets

Capital asset activities for the year ended June 30, 2019, are as follows:

Governmental Activities:

	Balance				Balance
	July 1, 2018	Additions	Deletions	Transfers	June 30, 2019
Capital assets not being depreciated:					
Land and land improvements	\$ 33,455,368	\$ -	\$(3,183,422)	\$ -	\$ 30,271,946
Construction in progress	712,474	-	-	(578,159)	134,315
Total capital assets not being depreciated	34,167,842	-	(3,183,422)	(578,159)	30,406,261
Capital assets being depreciated:					
Buildings and improvements	49,630,409	18,997	-	-	49,649,406
Equipment	6,048,645	-	(255,162)	-	5,793,483
Vehicles	1,701,610	14,196	(186,611)	-	1,529,195
Furniture and fixtures	935,861	28,610	-	-	964,471
Software	-	446,605	-	578,159	1,024,764
Total capital assets being depreciated	58,316,525	508,408	(441,773)	578,159	58,961,319
Less accumulated depreciation for:					
Buildings and improvements	(16,884,328)	(1,890,649)	-	-	(18,774,977)
Equipment	(5,812,323)	(103,337)	255,162	-	(5,660,498)
Vehicles	(617,105)	(241,854)	173,805	-	(685,154)
Furniture and fixtures	(681,540)	(135,738)	-	-	(817,278)
Software	-	(51,238)	-	-	(51,238)
Total accumulated depreciation	(23,995,296)	(2,422,816)	428,967	-	(25,989,145)
Total capital assets being depreciated, net	34,321,229	(1,914,408)	(12,806)	578,159	32,972,174
Governmental activities capital assets, net	\$ 68,489,071	\$(1,914,408)	\$(3,196,228)	\$ -	\$ 63,378,435

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**Notes to Basic Financial Statements
Year ended June 30, 2019**

Business-type Activities:

	Balance July 1, 2018	Additions	Deletions	Transfers	Balance June 30, 2019
Capital assets not being depreciated:					
Land and land improvements	\$ 58,992,131	\$ -	\$ -	\$ -	\$ 58,992,131
Construction in progress	4,168,423	2,941,000	-	(4,168,423)	2,941,000
Total capital assets not being depreciated	63,160,554	2,941,000	-	(4,168,423)	61,933,131
Capital assets being depreciated:					
Buildings and improvements	179,049,650	4,782,515	-	4,168,423	188,000,588
Equipment	1,640,343	118,208	(5,328)	-	1,753,223
Vehicles	28,572	-	-	-	28,572
Total capital assets being depreciated	180,718,565	4,900,723	(5,328)	4,168,423	189,782,383
Less accumulated depreciation for:					
Buildings and improvements	(138,806,039)	(2,518,650)	-	-	(141,324,689)
Equipment	(1,175,399)	(151,608)	5,328	-	(1,321,679)
Vehicles	(28,572)	-	-	-	(28,572)
Total accumulated depreciation	(140,010,010)	(2,670,258)	5,328	-	(142,674,940)
Total capital assets being depreciated, net	40,708,555	2,230,465	-	4,168,423	47,107,443
Business-type activities capital assets, net	\$103,869,109	\$ 5,171,465	\$ -	\$ -	\$ 109,040,574

Depreciation expense was charged to functions/programs of the LACDA as follows:

Governmental activities:

General government	\$ 161,598
Federal housing and community development	404,860
Other federal	215,658
Local housing and community development	87,761
Capital assets held by LACDA's internal service funds	1,552,939
Total depreciation expenses - governmental activities	<u>\$ 2,422,816</u>

Business-type activities:

Public housing	\$ 2,336,030
Other housing	334,228
Total depreciation expenses - business-type activities	<u>\$ 2,670,258</u>

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**Notes to Basic Financial Statements
Year ended June 30, 2019**

(7) Long-term Debt

Long-term debt activity for the year ended June 30, 2019, were as follows:

	Balance, July 1, 2018	Additions	Deletions	Balance, June 30, 2019	Due within one year
<u>Governmental activities:</u>					
Direct borrowing:					
Section 108 notes payable	\$15,386,000	\$ 3,120,000	\$(7,922,000)	\$ 10,584,000	\$ 1,564,000
Leased purchase	980,336	14,196	(256,057)	738,475	247,338
Total	<u>\$16,366,336</u>	<u>\$ 3,134,196</u>	<u>\$(8,178,057)</u>	<u>\$ 11,322,475</u>	<u>\$ 1,811,338</u>
<u>Business-type activities:</u>					
Lease revenue bonds	\$34,140,000	\$ -	\$ (700,000)	\$ 33,440,000	\$ 735,000
Direct borrowing:					
Notes payable	2,200,000	-	-	2,200,000	-
Total	<u>\$36,340,000</u>	<u>\$ -</u>	<u>\$(700,000)</u>	<u>\$ 35,640,000</u>	<u>\$ 735,000</u>

(a) Section 108 Notes Payable

The purpose of these debts is to finance eligible community and economic development activities. Such activities include the development of infrastructure and public facilities, job creation activities, as well as relocation and environmental remediation assistance.

The LACDA's outstanding notes payable related to governmental activities of \$10,584,000 contain a provision that in an event of default, outstanding amounts become immediately due if LACDA is not able to make payment.

(b) Leased Purchase

The LACDA leases its main office from CDPLAC, its component unit. CDPLAC issued bonds to finance the acquisition and construction of the subject property.

The lease, which is an absolute net lease, will expire on December 31, 2042, unless sooner terminated in accordance with its terms. The lease obligates LACDA to pay rent, which includes (a) monthly rent paid pursuant to a schedule of payments in the aggregate amount sufficient to pay the debt service on the bonds, and (b) additional rent sufficient to pay CDPLAC's insurance costs, taxes, maintenance, property management fees, building services and other costs. In accordance with the terms of the lease, LACDA has the option to purchase the property and terminate the lease, and to prepay the monthly rent payable under the lease at any time on or after September 1, 2021. The purchase price of the property shall be an amount equal to the total outstanding principal components of monthly rent plus accrued interest thereon to the date of prepayment plus an amount required to fully defease the outstanding bonds under the indenture.

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Notes to Basic Financial Statements Year ended June 30, 2019

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019, are as follows:

2020	\$	703,750
2021		805,000
2022		845,000
2023		885,000
2024		921,250
2025-2042		28,667,500
	\$	<u>32,827,500</u>

The LACDA also has other capital lease agreements for financing the acquisition of certain equipment and vehicles. These lease agreements qualify as capital leases for accounting purposes and have been recorded at the lesser of the fair value of the leased assets or the present value of the future minimum lease payments. The effective interest rates are 5% or less.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019, are as follows:

2020	\$	247,338
2021		248,052
2022		243,085
	\$	<u>738,475</u>

(c) ***2011 Lease Revenue Bonds***

These bonds were issued by CDPLAC on behalf of LACDA. The bond proceeds were used in financing the purchase of land and the construction of a building leased by LACDA.

The LACDA's outstanding bonds payable related to business-type activities of \$33,440,000 are secured with collateral of the Alhambra building for commercial use. The outstanding bonds payable related to business-type activities of \$33,440,000 contain a provision that in an event of default, the timing of repayment of outstanding amounts become immediately due if LACDA is unable to make payment.

(d) ***Notes Payable to Department of Housing and Community Development***

The purpose of this notes payable is to finance the acquisition of the real property and the construction of a multi-unit rental housing development.

The LACDA's outstanding notes payable related to business-type activities of \$2,200,000 contain a provision that in an event of default, outstanding amounts become immediately due if LACDA is not able to make payment and failure to perform or observe any other term or provision of this note.

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**Notes to Basic Financial Statements
Year ended June 30, 2019**

(e) *Annual Debt Service Requirements*

Annual debt service requirements to maturity for Section 108 (governmental activities) loans are as follows:

	Principal	Interest	Total
Fiscal year ending June 30:			
2020	\$ 1,564,000	\$ 236,707	\$ 1,800,707
2021	1,568,000	232,965	1,800,965
2022	1,570,000	193,457	1,763,457
2023	736,000	164,030	900,030
2024	743,000	144,906	887,906
2025-2029	2,337,000	476,832	2,813,832
2030-2034	1,318,000	236,207	1,554,207
2035-2038	748,000	44,024	792,024
	<u>\$ 10,584,000</u>	<u>\$ 1,729,128</u>	<u>\$ 12,313,128</u>

Annual debt service requirements to maturity for lease revenue bonds (business-type activities) are as follows:

	Principal	Interest	Total
Fiscal year ending June 30:			
2020	\$ 735,000	\$ 1,710,125	\$ 2,445,125
2021	775,000	1,672,375	2,447,375
2022	815,000	1,632,625	2,447,625
2023	855,000	1,590,875	2,445,875
2024	895,000	1,551,600	2,446,600
2025-2029	5,145,000	5,852,275	10,997,275
2030-2034	6,680,000	5,544,788	12,224,788
2035-2039	8,720,000	3,507,788	12,227,788
2040-2043	8,820,000	956,288	9,776,288
	<u>\$ 33,440,000</u>	<u>\$ 24,018,739</u>	<u>\$ 57,458,739</u>

Annual debt service requirements to maturity for notes payable (business-type activities) consist of \$2,200,000 due in the year ending June 30, 2082.

(8) **Compensated Absences**

During the fiscal year end June 30, 2019, in addition to the Section 108 notes payable and lease revenue bonds in Note 7, net pension liability in Note 11, other postemployment benefits in Note 12, and claims payable in Note 17, LACDA has the following changes in compensated absences:

	Balance, July 1, 2018	Additions	Deletions	Balance, June 30, 2019	Due within one year
<u>Governmental activities:</u>					
Compensated absences	\$ 902,568	\$ 1,180,615	\$ (1,083,575)	\$ 999,608	\$ 899,648
Total	<u>\$ 902,568</u>	<u>\$ 1,180,615</u>	<u>\$ (1,083,575)</u>	<u>\$ 999,608</u>	<u>\$ 899,648</u>
<u>Business-type activities:</u>					
Compensated absences	\$ 773,851	\$ 987,536	\$ (864,137)	\$ 897,250	\$ 807,525
Total	<u>\$ 773,851</u>	<u>\$ 987,536</u>	<u>\$ (864,137)</u>	<u>\$ 897,250</u>	<u>\$ 807,525</u>

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The general fund and internal services funds are typically used to liquidate the compensated absences payable, the claims payable, the net pension liability, and the other postemployment benefit liability for governmental activities while the proprietary funds are typically used to liquidate these liabilities for business-type activities.

(9) Operating Lease Obligations

The LACDA is committed under various leases for building and office space. These leases are considered to be operating leases for accounting purposes. Lease expenditures for the year ended June 30, 2019, amounted to \$249,539.

Future minimum lease payments for these leases are as follows:

Fiscal year ending June 30:	
2020	\$ 24,720
2021	24,720
2022	<u>12,360</u>
	<u>\$ 61,800</u>

(10) Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2019, is as follows:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	<u>\$ 5,917,537</u>	Public Housing Proprietary Fund	\$ 1,955,305
		Other Housing Proprietary Fund	<u>3,962,232</u>
			<u>\$ 5,917,537</u>
CDPLAC Proprietary Fund	<u>\$ 32,827,500</u>	Internal Service Funds	<u>\$ 32,827,500</u>

These balances are primarily to fund capital projects at housing sites. The general fund expects to collect in subsequent years.

Amounts reported in the funds as advances to and from other funds were eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities. The following residual amounts due between governmental and business-type activities are presented in the statement of net position as internal balances but are eliminated in the total primary government column.

Advances from governmental activities to business-type activities for working capital	\$ 5,917,537
Capital lease payable by governmental activities to business-type activities	<u>(32,827,500)</u>
Total advances	<u>\$ (26,909,963)</u>

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Notes to Basic Financial Statements Year ended June 30, 2019

The composition of interfund transfers for the year ended June 30, 2019 is as follows:

Funds	Transfer in	Transfer out
Governmental Funds:		
General fund	\$ 1,767,964	\$ -
Other federal	222,473	-
Local housing and community development	-	222,473
Internal Service Funds:		
Construction management	-	297,579
Central services	76,904	-
Alhambra building	87,029	-
Proprietary Funds:		
Public housing	25,898	-
Other housing	-	1,490,364
Section 8 program	-	111,433
CDPLAC	-	58,419
Total	\$ 2,180,268	\$ 2,180,268

Transfers are used to finance various programs that must be accounted for in accordance with budgetary authorizations including amounts provided as subsidies or matching funds for various grant programs. Transfers also include indirect expense allocations, which represent support services in administering the various governmental and business-type activities.

(11) Defined Benefit Pension Plan

(a) General information about the Pension Plan

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the LACDA’s Miscellaneous Plan, an agent multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and LACDA resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. 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-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2019, are summarized as follows:

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**Notes to Basic Financial Statements
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	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.1% to 2.4%	1.0% to 2.5%
Required employee contribution rates	7.000%	7.000%
Required employer contribution rates	7.568%	7.568%

Employees Covered – At June 30, 2019, the following employees were covered by the benefit terms of the Plan:

Inactive employees or beneficiaries currently receiving benefits	485
Inactive employees entitled to but not yet receiving benefits	845
Active employees	<u>532</u>
Total	<u><u>1,862</u></u>

Contributions – Section 20814(c) of CalPERS Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. 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 any unfunded accrued liability. The LACDA is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

(b) Net Pension Liability

The LACDA's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

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Notes to Basic Financial Statements Year ended June 30, 2019

Actuarial Assumptions – The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-age normal cost method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.00% (2)
Mortality	Derived using CalPERS' Membership data for all Funds

(1) Depending on age, service and type of employment

(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a December 2015 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Change of Assumptions – In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate.

Discount Rate – The discount rate used to measure the total pension liability was 7.15% for the Plan. 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 statutorily 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.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of 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 both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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The expected real rates of return by asset class are as followed:

Asset Class	Current Target Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+(b)
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

(a) An expected inflation of 2.0% used for this period.

(b) An expected inflation of 2.92% used for this period.

(c) Changes in the Net Pension Liability

The following table shows the changes in net pension liability over the measurement period:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 6/30/2017	\$ 254,540,458	\$ 215,138,457	\$ 39,402,001
Changes Recognized for the Measurement Period:			
Service Cost	5,373,884	-	5,373,884
Interest on the Total Pension Liability	17,754,300	-	17,754,300
Differences between Expected and Actual Experiences	(1,368,676)	-	(1,368,676)
Changes of Assumptions	(2,851,868)	-	(2,851,868)
Plan to Plan Resource Movement	-	(531)	531
Contributions from the Employer	-	3,611,401	(3,611,401)
Contributions from the Employee	-	2,619,662	(2,619,662)
Net Investment Income	-	17,970,975	(17,970,975)
Benefit Payments, including Refunds of Employee Contributions	(9,389,940)	(9,389,940)	-
Administrative Expense	-	(335,245)	335,245
Other Miscellaneous Expense	-	(636,636)	636,636
Net Changes during 2017-2018	<u>9,517,700</u>	<u>13,839,686</u>	<u>(4,321,986)</u>
Balance at 6/30/2018	<u>\$ 264,058,158</u>	<u>\$ 228,978,143</u>	<u>\$ 35,080,015</u>

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Notes to Basic Financial Statements
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Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the LACDA, calculated using the discount rate, as well as what LACDA’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

1% decrease		6.15%
Net pension liability	\$	73,078,757
Current discount rate		7.15%
Net pension liability	\$	35,080,015
1% increase		8.15%
Net pension liability (asset)	\$	3,928,337

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

(d) Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the fiscal year ended June 30, 2019, LACDA recognized pension expense of \$8,599,686. At June 30, 2019, LACDA reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 4,161,355	\$ -
Difference between actual and expected experience	263,525	912,451
Changes in assumptions	6,224,966	1,901,245
Net Differences between projected and actual earnings on plan investments	764,333	-
	<u>\$ 11,414,179</u>	<u>\$ 2,813,696</u>

Deferred outflows of resources totaling \$4,161,355 are 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, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal year ending June 30:	
2020	\$ 6,356,296
2021	754,464
2022	(2,118,599)
2023	(553,033)
	<u>\$ 4,439,128</u>

Refer to Required Supplementary Information for the Funded Status of the Pension Plan.

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Notes to Basic Financial Statements Year ended June 30, 2019

(12) Other Postemployment Benefits (OPEB) Plan

(a) *General information about the OPEB Plan*

Plan Descriptions – In addition to the pension benefits described in Note 11, the LACDA also provides retiree health care benefits for eligible employees. The retiree health care benefits provided by the LACDA are basically a continuation of the medical plans for active employees. Eligibility for continuation of medical coverage for employees hired prior to August 3, 2010, requires retirement from the LACDA on or after age 50 with at least 10 years of continuous service with the LACDA. The LACDA will contribute 75% plus 5% for each year of service in excess of 15 years up to 100% towards the cost of coverage. Eligibility for continuation of medical coverage for employees hired on or after August 3, 2010, requires retirement from the LACDA on or after age 50 with at least 25 years of continuous service with the LACDA. Effective January 1, 2005, the LACDA will not pay more than the highest amount contributed for a current regular employee, for employee only medical insurance.

Employees Covered – As of the June 30, 2017 actuarial valuation, the following employees were covered by the benefit terms of the OPEB Plan:

Active employees	499
Inactive employees or beneficiaries currently receiving benefits	156
Inactive employees entitled to but not yet receiving benefits	<u>-</u>
Total	<u><u>655</u></u>

Contributions – The OPEB Plan and its contribution requirements are established and may be amended by the Executive Director of the LACDA. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2019, LACDA's cash contributions were \$863,366 in payments to the trust and to the providers for the retiree's insurance premium, and the estimated implied subsidy was \$236,835 resulting in total payments of \$1,100,201. In June 2011, the LACDA created a trust with the California Employers' Retiree Benefit Trust (CERBT), a single-employer defined benefit plan, which is administered by CalPERS for the purpose of prefunding obligations for past services.

(b) *Net OPEB Liability*

The LACDA's net OPEB liability for the Plan is measured as the total OPEB liability, less the OPEB plan's fiduciary net position. The net OPEB liability of the Plan is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 to determine the June 30, 2018 total OPEB liability. A summary of principal assumptions and methods used to determine the net OPEB liability is shown below.

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Notes to Basic Financial Statements Year ended June 30, 2019

Actuarial Assumptions – The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.75%
Salary Increase	3.00% per annum, in aggregate
Investment Rate of Return	7.00%
Mortality Rate	Derived using CalPERS' Membership data for all Funds
Pre-Retirement Turnover	Derived using CalPERS' Membership data for all Funds
Healthcare Trend Rate	6.00% HMO/6.50% PPO decreasing to 5.00% HMO/5.00% PPO

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a December 2015 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	57.00%	5.50%
Global Fixed Income	27.00%	2.35%
Inflation Assets	5.00%	1.50%
Commodities	3.00%	1.75%
REITs	8.00%	3.65%
Total	100.00%	

Change of Assumptions – In 2018, there were no changes in the discount rate which remained at 7.00%.

Discount Rate – The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that LACDA's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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Notes to Basic Financial Statements
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(c) *Changes in the Net OPEB Liability*

The following table shows the changes in net OPEB liability over the measurement period:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at 6/30/2017	\$ 21,570,275	\$ 19,132,146	\$ 2,438,129
Changes Recognized for the Measurement Period:			
Service Cost	583,703	-	583,703
Interest on the Total OPEB Liability	1,519,491	-	1,519,491
Contributions from the Employer	-	1,281,968	(1,281,968)
Net Investment Income	-	1,522,386	(1,522,386)
Benefit Payments, including Refunds of Employee Contributions	(893,928)	(893,928)	-
Administrative Expense	-	(10,195)	10,195
Other Expense	-	(25,305)	25,305
Net Changes during 2017-2018	1,209,266	1,874,926	(665,660)
Balance at 6/30/2018	\$ 22,779,541	\$ 21,007,072	\$ 1,772,469

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability of the LACDA, calculated using the discount rate of 7.00%, as well as what LACDA’s net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB liability (asset)	\$ 5,032,004	\$ 1,772,469	\$ (910,787)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates – The following presents the net OPEB liability of the LACDA if it were calculated using a health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.00%HMO/5.50%PPO decreasing to 4.00%HMO/4.00%PPO)	Current Healthcare Cost Trend Rates Rate (6.00%HMO/6.50%PPO decreasing to 5.00%HMO/5.00%PPO)	1% Increase (7.00%HMO/7.50%PPO decreasing to 6.00%HMO/6.00%PPO)
Net OPEB liability (asset)	\$ (1,411,136)	\$ 1,772,469	\$ 5,745,130

OPEB Plan Fiduciary Net Position – Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued plan financial reports.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements
Year ended June 30, 2019

(d) OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the LACDA recognized OPEB expense of \$636,388. At June 30, 2019, the LACDA reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 863,366	\$ -
Net Differences between projected and actual earnings on OPEB plan investments	-	486,313
	<u>\$ 863,366</u>	<u>\$ 486,313</u>

Deferred outflows of resources totaling \$863,366 are related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020.

Other amounts reported as deferred inflows of resources related to OPEB will be recognized as expense as follows:

Fiscal year ending June 30:	
2020	\$ 150,717
2021	150,717
2022	150,718
2023	34,161
	<u>\$ 486,313</u>

(13) Deferred Compensation Plan

The LACDA offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The deferred compensation plan permits employees to defer a portion of their salary until future years.

The Plan is administered by an independent trustee. In accordance with GASB Statement No. 32, the accumulated assets of the deferred compensation plan are not reported in the accompanying basic financial statements of the LACDA but are considered resources of the participants.

While the LACDA has full power and authority to administer and to adopt rules and regulations for the plan, all investment decisions under the plan are the responsibility of the deferred compensation plan participants. The LACDA has no liability for losses under the deferred compensation plan but does have the duty of due care that would be required of an ordinary prudent investor. Under certain circumstances, employees may modify their arrangements with the deferred compensation plan to provide for greater or fewer contributions, or to terminate their participation.

If participants retire under the deferred compensation plan or terminate service with the LACDA, they may be eligible to receive payments under the deferred compensation plan in accordance with the provisions thereof. In the event of a serious financial emergency, the LACDA may approve, upon request, withdrawals from the deferred compensation plan by the participants, along with their allocated contributions.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2019

The following is a summary of activity of the trust for the year ended June 30, 2019:

Fund assets (at fair value), July 1, 2018	\$ 60,555,153
Deferrals of compensation	3,767,723
Earnings and increase (decrease) in fair value of investments	3,164,500
Payments to eligible participants and beneficiaries	<u>(1,575,363)</u>
Fund assets (at fair value), June 30, 2019	<u>\$ 65,912,013</u>

(14) Mortgage Revenue Bonds (Conduit debt)

The LACDA expands the supply of affordable housing by issuing multifamily mortgage revenue bonds. Since 1984, the LACDA has issued more than \$650 million in mortgage revenue bonds for multifamily housing. The bonds are issued to developers to finance low- and moderate-income housing for families.

Projects instrumental to neighborhood revitalization provide significant public benefit and preserve existing affordable housing. Requests to issue bonds are submitted to the California Debt Limit Allocation Committee. Projects must be located within the County of Los Angeles. If the project is located within an incorporated city, the LACDA will require a cooperative resolution adopted by that city.

The County requires a defined public benefit before it is willing to act as an issuer for tax-exempt multifamily housing bonds. These benefits must conform to all federal and state requirements for tax-exempt multifamily housing bonds. To ensure a public benefit, developers must set aside at least 20 percent of the units in each project for rent to very low-income tenants (50 percent of median-income, adjusted for household size) for a minimum term of 30 years. The County reserves the right to impose added restrictions.

The mortgage revenue bonds are not debt of the LACDA. The bonds are secured by a letter of credit through a major financial institution. Since these bonds do not constitute a legal debt of the LACDA, such amounts have not been included in the accompanying basic financial statements.

(15) Federal Grant Awards

The LACDA's Grant Programs operate under a line of credit established with HUD, and other federal agencies, for its federal grant revenues. The approved line of credit amount was approximately \$280,134,218. Life-to-date, the LACDA has drawn down funds approximating \$211,194,794, against the line of credit, to cover its grant programs' activities, leaving available funds of approximately \$68,939,424 at June 30, 2019. The funds do not represent an obligation of LACDA and are available for draw-down by the LACDA to finance CDBG Float, Section 108 and Home Loan programs, which are repaid to the LACDA; and are also utilized for activities of the LACDA's Grant Programs.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements
Year ended June 30, 2019

(16) Construction Commitments

The LACDA has entered into various contracts for the purchase of materials, professional and non-professional services for construction projects. At June 30, 2019, significant remaining commitments are as follows:

Project	Contract Amount	Spent-to-Date	Remaining Commitment
Harbor Hills Unit Door Replacement	\$ 626,335	\$ 11,308	\$ 615,027
Westmont Vista	5,320,000	4,445,139	874,861
Nueva Maravilla Plumbing	4,495,835	2,480,313	2,015,522
Vistas del Puerto	3,360,000	1,162,973	2,197,027
Los Nietos Community Center	3,825,632	1,094,387	2,731,245
1st and Rowan Apartments	7,840,000	4,873,854	2,966,146
Kensington Campus	7,000,000	2,456,522	4,543,478
Kensington II	7,000,000	883,949	6,116,051
Willowbrook 2	9,750,000	3,324,967	6,425,033
The Spark at Midtown	10,720,000	1,617,631	9,102,369
Stanford Ave Apartments	12,985,000	3,478,222	9,506,778
Florence Apartments	12,260,000	1,925,000	10,335,000
Magic Johnson Park	56,231,329	17,032,291	39,199,038
	<u>\$ 141,414,131</u>	<u>\$ 44,786,556</u>	<u>\$ 96,627,575</u>

(17) Commitments and Contingencies

(a) General Liability and Workers' Compensation

The LACDA has been named as a defendant in various general damage and personal injury lawsuits and claims. Such claims arise primarily from injuries or damages sustained by claimants while on property owned and maintained by LACDA. The LACDA is self-insured for its general liability and workers' compensation claims up to \$500,000 per each type of claim. The LACDA has established accrued liabilities aggregating \$3,522,142 of which \$3,169,928 is considered noncurrent, for the estimated liability for payment of incurred (both reported and unreported) but unpaid claims at June 30, 2019. The LACDA obtains periodic funding valuations from claims-servicing companies managing the general liability and workers' compensation programs, and adjusts the charges to the various funds or departments as required, to maintain the appropriate level of estimated claims liability. No settlements exceeded insurance coverage in the last two fiscal years ended June 30, 2019, and June 30, 2018. Management believes that the ultimate result of the pending lawsuits and claims, beyond that already accrued, if any, will not have a material adverse effect upon the LACDA's financial position.

During the fiscal years 2019 and 2018, the changes in the self-insurance liability were as follows:

	2019	2018
Beginning balance	\$ 4,546,149	\$ 4,236,623
Additions	1,991,692	2,632,673
Payments	(3,015,699)	(2,323,147)
Ending balance	<u>\$ 3,522,142</u>	<u>\$ 4,546,149</u>

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2019

(b) Grants and Other

Under the terms of federal and state grants, periodic audits are required, and certain costs may be questioned as inappropriate expenditures, under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The LACDA's management believes disallowances, if any, will not adversely affect the LACDA's financial position.

(18) Ujima Village Housing Development

The Ujima Village property was transferred to the County of Los Angeles on October 26, 2018 and has been earmarked for reuse as a park and open space. In February 2016, the Los Angeles County Board of Supervisors approved the Earvin "Magic" Johnson Park Master Plan which detailed out the future intended use of the Ujima Village property.

(19) Successor Agency Trust for Assets of Former Redevelopment Agency

The accompanying financial statements also include the Private-purpose Trust Fund for the Successor Agency to the LACDA's former Redevelopment Agency (Successor Agency). The LACDA, as the Successor Agency, serves in a fiduciary capacity as custodian of the assets, and to unwind the affairs of the former Redevelopment Agency. Its assets are held in trust for the benefit of the taxing entities within the former Redevelopment Agency's boundaries, and as such, are not available for the use by the LACDA.

The Successor Agency is allocated revenue in the amount that is necessary to pay the enforceable obligations of the former Redevelopment Agency until all obligations of the former Redevelopment Agency have been paid in full, and all assets have been liquidated.

(20) Subsequent Events

The LACDA has evaluated events subsequent to June 30, 2019, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through November 19, 2019, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.



REQUIRED SUPPLEMENTARY INFORMATION



LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Required Supplementary Information
 Schedule of Revenues, Expenditures and
 Change in Fund Balances – Budget and Actual
 General Fund
 Year ended June 30, 2019**

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 27,106,773	\$ 27,201,673	\$ 52,745,416	\$ 25,543,743
Charges for services	12,095,054	11,262,604	12,798,950	1,536,346
Rentals	277,222	277,222	303,731	26,509
Investment income (loss)	517,536	517,636	6,528,925	6,011,289
Other revenues	974,594	974,594	1,321,848	347,254
Total revenues	<u>40,971,179</u>	<u>40,233,729</u>	<u>73,698,870</u>	<u>33,465,141</u>
Expenditures:				
Current:				
General government	4,561,389	4,567,389	1,990,079	2,577,310
Housing	17,313,153	16,726,303	13,758,847	2,967,456
Community development	45,727,727	39,702,713	27,684,916	12,017,797
Total expenditures	<u>67,602,269</u>	<u>60,996,405</u>	<u>43,433,842</u>	<u>17,562,563</u>
Excess (deficiency) of revenues over expenditures	<u>(26,631,090)</u>	<u>(20,762,676)</u>	<u>30,265,028</u>	<u>51,027,704</u>
Other financing sources (uses):				
Transfers in (out)	<u>2,848,749</u>	<u>(3,019,665)</u>	<u>1,767,964</u>	<u>4,787,629</u>
Net other financing sources (uses)	<u>2,848,749</u>	<u>(3,019,665)</u>	<u>1,767,964</u>	<u>4,787,629</u>
Change in fund balance	(23,782,341)	(23,782,341)	32,032,992	55,815,333
Fund balance at beginning of year	<u>72,704,965</u>	<u>72,704,965</u>	<u>72,704,965</u>	<u>-</u>
Fund balance at end of year	<u>\$ 48,922,624</u>	<u>\$ 48,922,624</u>	<u>\$ 104,737,957</u>	<u>\$ 55,815,333</u>

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Required Supplementary Information
Schedule of Revenues, Expenditures and
Change in Fund Balances – Budget and Actual
Federal Housing and Community Development
Year ended June 30, 2019**

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 41,035,830	\$ 45,046,353	\$ 50,022,135	\$ 4,975,782
Charges for services	-	-	37,744	37,744
Rentals	-	-	324,969	324,969
Investment income (loss)	2,300,000	2,300,000	1,162,041	(1,137,959)
Other revenues	160,500	160,500	69,620	(90,880)
Total revenues	<u>43,496,330</u>	<u>47,506,853</u>	<u>51,616,509</u>	<u>4,109,656</u>
Expenditures:				
Current:				
Housing	15,090,000	18,239,700	21,968,986	(3,729,286)
Economic development	300,000	189,800	-	189,800
Community development	27,096,064	30,979,154	25,144,123	5,835,031
Debt service:				
Principal	857,000	857,000	7,922,000	(7,065,000)
Interest	153,260	456,847	733,494	(276,647)
Total expenditures	<u>43,496,324</u>	<u>50,722,501</u>	<u>55,768,603</u>	<u>(5,046,102)</u>
Excess (deficiency) of revenues over expenditures	<u>6</u>	<u>(3,215,648)</u>	<u>(4,152,094)</u>	<u>(936,446)</u>
Other financing sources (uses):				
Issuance of debt	-	3,215,654	3,120,000	(95,654)
Sale of property	-	-	739,740	739,740
Net other financing sources (uses)	<u>-</u>	<u>3,215,654</u>	<u>3,859,740</u>	<u>644,086</u>
Change in fund balance	6	6	(292,354)	(292,360)
Fund balance at beginning of year	<u>11,929,668</u>	<u>11,929,668</u>	<u>11,929,668</u>	<u>-</u>
Fund balance at end of year	<u>\$ 11,929,674</u>	<u>\$ 11,929,674</u>	<u>\$ 11,637,314</u>	<u>\$ (292,360)</u>

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Required Supplementary Information
 Schedule of Revenues, Expenditures and
 Change in Fund Balances – Budget and Actual
 Other Federal
 Year ended June 30, 2019**

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 14,433,410	\$ 9,203,310	\$ 7,245,364	\$ (1,957,946)
Charges for services	2,000	2,000	26,908	24,908
Rentals	320,000	320,000	297,695	(22,305)
Investment income (loss)	507,800	1,056,900	777,207	(279,693)
Total revenues	<u>15,263,210</u>	<u>10,582,210</u>	<u>8,347,174</u>	<u>(2,235,036)</u>
Expenditures:				
Current:				
Housing	381,270	947,270	859,179	88,091
Economic development	2,726,701	2,726,701	1,788,106	938,595
Community development	12,559,941	7,312,941	7,162,183	150,758
Total expenditures	<u>15,667,912</u>	<u>10,986,912</u>	<u>9,809,468</u>	<u>1,177,444</u>
Excess (deficiency) of revenues over expenditures	<u>(404,702)</u>	<u>(404,702)</u>	<u>(1,462,294)</u>	<u>(1,057,592)</u>
Other financing sources (uses):				
Transfers in	404,700	404,700	222,473	(182,227)
Net other financing sources (uses)	<u>404,700</u>	<u>404,700</u>	<u>222,473</u>	<u>(182,227)</u>
Change in fund balance	(2)	(2)	(1,239,821)	(1,239,819)
Fund balance at beginning of year	<u>22,195,126</u>	<u>22,195,126</u>	<u>22,195,126</u>	-
Fund balance at end of year	<u>\$ 22,195,124</u>	<u>\$ 22,195,124</u>	<u>\$ 20,955,305</u>	<u>\$ (1,239,819)</u>

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Required Supplementary Information
Schedule of Revenues, Expenditures and
Change in Fund Balances – Budget and Actual
Local Housing and Community Development
Year ended June 30, 2019**

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 63,685,766	\$ 82,241,443	\$155,008,977	\$ 72,767,534
Charges for services	153,000	153,000	129,252	(23,748)
Investment income (loss)	2,165,400	2,939,400	7,430,860	4,491,460
Other revenues	6,500	6,500	26,409	19,909
Total revenues	<u>66,010,666</u>	<u>85,340,343</u>	<u>162,595,498</u>	<u>77,255,155</u>
Expenditures:				
Current:				
Housing	59,454,044	78,722,677	76,381,610	2,341,067
Economic development	3,934,099	4,898,303	4,180,047	718,256
Community development	-	9,600	9,437	163
Traffic services	2,622,524	2,622,524	2,353,795	268,729
Total expenditures	<u>66,010,667</u>	<u>86,253,104</u>	<u>82,924,889</u>	<u>3,328,215</u>
Excess (deficiency) of revenues over expenditures	<u>(1)</u>	<u>(912,761)</u>	<u>79,670,609</u>	<u>80,583,370</u>
Other financing sources (uses):				
Transfers in (out)	<u>-</u>	<u>912,760</u>	<u>(222,473)</u>	<u>(1,135,233)</u>
Net other financing sources (uses)	<u>-</u>	<u>912,760</u>	<u>(222,473)</u>	<u>(1,135,233)</u>
Change in fund balance	(1)	(1)	79,448,136	79,448,137
Fund balance at beginning of year	<u>257,730,926</u>	<u>257,730,926</u>	<u>257,730,926</u>	<u>-</u>
Fund balance at end of year	<u>\$257,730,925</u>	<u>\$257,730,925</u>	<u>\$337,179,062</u>	<u>\$ 79,448,137</u>

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Required Supplementary Information
 Schedule of Revenues, Expenditures and
 Change in Fund Balances – Budget and Actual
 Low- and Moderate-Income Housing Asset Fund
 Year ended June 30, 2019**

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 103,800	\$ 69,300	\$ 1,408,663	\$ 1,339,363
Charges for services	-	-	8,516	8,516
Investment income (loss)	\$ 55,800	55,800	103,303	47,503
Contributions	-	-	4,697,836	4,697,836
Total revenues	<u>159,600</u>	<u>125,100</u>	<u>6,218,318</u>	<u>6,093,218</u>
Expenditures:				
Current:				
Housing	<u>159,600</u>	<u>125,100</u>	<u>124,128</u>	<u>972</u>
Total expenditures	<u>159,600</u>	<u>125,100</u>	<u>124,128</u>	<u>972</u>
Change in fund balance	-	-	6,094,190	6,094,190
Fund balance at beginning of year	<u>3,358,236</u>	<u>3,358,236</u>	<u>3,358,236</u>	<u>-</u>
Fund balance at end of year	<u>\$ 3,358,236</u>	<u>\$ 3,358,236</u>	<u>\$ 9,452,426</u>	<u>\$ 6,094,190</u>

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

Year ended June 30, 2019

(1) Budget

Budgets for the governmental fund types are adopted on a modified accrual basis of accounting which is a generally accepted accounting principle in the United States of America.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

Year ended June 30, 2019

(2) Additional Pension Information

(a) Schedule of Changes in the Net Pension Liability and Related Ratios

	Last Ten Years *				
	2019	2018	2017	2016	2015
Total Pension Liability:					
Service Cost	\$ 5,373,884	\$ 5,493,966	\$ 4,779,725	\$ 4,580,146	\$ 4,703,232
Interest on total pension liability	17,754,300	17,075,665	16,007,563	15,070,316	14,282,452
Differences between expected and actual experience	(1,368,676)	599,428	232,779	(1,060,307)	-
Changes in assumptions	(2,851,868)	15,801,836	-	(4,135,536)	-
Benefit payments, including refunds of employee contributions	(9,389,940)	(8,205,369)	(7,743,352)	(7,719,533)	(6,607,237)
Net change in total pension liability	9,517,700	30,765,526	13,276,715	6,735,086	12,378,447
Total pension liability - beginning	254,540,458	223,774,932	210,498,217	203,763,131	191,384,684
Total pension liability - ending (a)	\$ 264,058,158	\$254,540,458	\$223,774,932	\$210,498,217	\$203,763,131
Plan Fiduciary Net Position:					
Contributions - employer	\$ 3,611,401	\$ 3,528,385	\$ 3,511,537	\$ 2,285,548	\$ 2,283,753
Contributions - employee	2,619,662	2,523,028	2,588,047	2,447,451	2,738,370
Net investment income	17,970,975	21,715,192	995,011	4,318,628	29,150,178
Benefit payments	(9,389,940)	(8,205,369)	(7,743,352)	(7,719,533)	(6,607,237)
Plan and plan resource movement	(531)	-	-	905	-
Administrative expense	(335,245)	(289,184)	(119,839)	(221,319)	-
Other miscellaneous expense	(636,636)	-	-	-	-
Net change in plan fiduciary net position	13,839,686	19,272,052	(768,596)	1,111,680	27,565,064
Plan fiduciary net position - beginning	215,138,457	195,866,405	196,635,001	195,523,321	167,958,257
Plan fiduciary net position - ending (b)	\$ 228,978,143	\$215,138,457	\$195,866,405	\$196,635,001	\$195,523,321
Net pension liability - ending (a)-(b)	\$ 35,080,015	\$ 39,402,001	\$ 27,908,527	\$ 13,863,216	\$ 8,239,810
Plan fiduciary net position as a percentage of the total pension liability	86.72%	84.52%	87.53%	93.41%	95.96%
Covered payroll	\$ 35,547,013	\$ 32,304,366	\$ 35,333,736	\$ 33,983,636	\$ 32,236,717
Net pension liability as percentage of covered payroll	98.69%	121.97%	78.99%	40.79%	25.56%

Notes to Schedule:

Benefit changes - The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes)

Changes in assumption - In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65% to 7.15%. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.50% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense.) In 2014, amounts reported were based on the 7.5% discount rate.

* Fiscal year 2015 was the first year of implementation, therefore only five years are shown.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

Year ended June 30, 2019

(b) Schedule of Contributions

Last Ten Years*

	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 4,161,355	\$ 2,488,319	\$ 3,528,363	\$ 3,511,596	\$ 2,282,387
Contributions in relation to the actuarially determined contributions	(4,161,355)	(2,488,319)	(3,528,363)	(3,511,596)	(2,282,387)
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	\$ 37,418,466	\$ 35,547,013	\$ 32,304,366	\$ 35,333,736	\$ 33,983,636
Contributions as a percentage of covered payroll	11.12%	7.00%	10.92%	9.94%	6.72%

Notes to Schedule:

Valuation date	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
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The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 were from the June 30, 2016 public agency valuations.

Actuarial Cost Method	Entry age normal
Amortization method / Period	Level percent of payroll
Asset valuation method	CalPERS employs an amortization and smoothing policy that pays for all gains and losses over a fixed 30-year period with the increases or decreases in the rate spread directly over a 5-year period. This direct rate smoothing method is equivalent to a method using a 5-year asset smoothing period with no actuarial value of asset corridor and a 25-year amortization period for gains and losses.
Inflation	2.75% compounded annually
Salary increases	Varies by Entry age and Service
Payroll Growth	3.00% compounded annually
Investment rate of return	7.50% compounded annually (net of expenses)
Retirement age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

*Fiscal year 2015 was the first year of implementation, therefore only five years are shown.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

Year ended June 30, 2019

(3) Additional Other Postemployment Benefits (OPEB) Information

(a) Schedule of Changes in the Net OPEB Liability and Related Ratios

Last Ten Years *

	<u>2019</u>	<u>2018</u>
Total OPEB Liability:		
Service Cost	\$ 583,703	\$ 545,518
Interest on total OPEB liability	1,519,491	1,436,483
Benefit payments, including refunds of employee contributions	(893,928)	(774,789)
Net change in total OPEB liability	<u>1,209,266</u>	<u>1,207,212</u>
Total OPEB liability - beginning	<u>21,570,275</u>	<u>20,363,063</u>
Total OPEB liability - ending (a)	<u>\$ 22,779,541</u>	<u>\$ 21,570,275</u>
Plan Fiduciary Net Position:		
Contributions - employer	\$ 1,281,968	\$ 1,241,648
Net investment income	1,522,386	1,781,325
Benefit payments	(893,928)	(774,789)
Administrative expense	(10,195)	(9,055)
Other expense	(25,305)	-
Net change in plan fiduciary net position	<u>1,874,926</u>	<u>2,239,129</u>
Plan fiduciary net position - beginning	<u>19,132,146</u>	<u>16,893,017</u>
Plan fiduciary net position - ending (b)	<u>\$ 21,007,072</u>	<u>\$ 19,132,146</u>
Net OPEB liability - ending (a)-(b)	<u>\$ 1,772,469</u>	<u>\$ 2,438,129</u>
Plan fiduciary net position as a percentage of the total OPEB liability	92.22%	88.70%
Covered-employee payroll	\$ 35,947,478	\$ 35,721,075
Net OPEB liability as percentage of covered-employee payroll	4.93%	6.83%

Notes to Schedule:

Changes in assumption - In 2018, there were no changes in the discount rate.

In 2017, the discount rate was reduced from 7.28% (net of administrative expense) to 7.00%.

* Fiscal year 2018 was the first year of implementation, therefore only two year are shown.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

Year ended June 30, 2019

(b) Schedule of Contributions

Last Ten Years*

	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 863,366	\$ 1,078,833
Contributions in relation to the actuarially determined contributions	(863,366)	(1,078,833)
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
Covered-employee payroll	<u>\$ 37,418,466</u>	<u>\$ 35,947,478</u>
Contributions as a percentage of covered-employee payroll	<u>2.31%</u>	<u>3.00%</u>

Notes to Schedule:

Valuation date	6/30/2017	6/30/2017
----------------	-----------	-----------

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018-19 were from the June 30, 2017 actuarial valuation.

Actuarial Cost Method	Entry age normal
Amortization method / Period	Level percent of payroll over a closed rolling 20-year period
Asset valuation method	Market value
Inflation	2.75%
Payroll Growth	3.00% per annum, in aggregate
Investment rate of return	7.00%
Healthcare cost trend rates	6.50% initial, 0.50% per year to ultimate rate of 5.00%
Retirement age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	Pre-retirement mortality probability based on 2014 CalPERS 1997-2011 Experience Study covering CalPERS participants. Post-retirement mortality probability based on CalPERS Experience Study 2007-2011 covering participants in CalPERS.

*Fiscal year 2018 was the first year of implementation, therefore only two years are shown.

SUPPLEMENTARY INFORMATION



INTERNAL SERVICE FUNDS

Internal service funds are used to account for services provided to benefit other funds. These funds are as follows:

Construction Management – To account for construction management services provided to other departments within the LACDA.

Central Services – To account for staff development, emergency management, purchasing, and printing costs provided to other departments within the LACDA.

Data Processing – To account for the operation of data processing equipment and data processing services provided to the divisions within the LACDA.

Risk Management – To account for the accumulation of resources and payment of liability self-insurance and workers' compensation provided to the divisions within the LACDA.

Alhambra Building – To account for lease payments and building maintenance for the LACDA's headquarters.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Combining Statement of Net Position

Internal Service Funds

Year ended June 30, 2019

Assets	Construction Management	Central Services	Data Processing
Cash and pooled investments	\$ 4,924,091	\$ 1,170,270	\$ 2,393,968
Inventory	-	27,952	-
Prepaid costs and other assets	-	-	-
Capital assets, net	973,526	878,161	95,700
Total assets	<u>5,897,617</u>	<u>2,076,383</u>	<u>2,489,668</u>
Deferred Outflows of Resources			
Pension related amounts	888,197	315,467	648,797
Other postemployment benefits related amounts	52,761	32,068	33,947
Total deferred outflows of resources	<u>940,958</u>	<u>347,535</u>	<u>682,744</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	76,891	53,765	265,212
Long-term debt obligations - current portion	-	247,338	-
Estimated claims payable	-	-	-
Accrued compensated absences	72,913	71,132	118,307
Noncurrent liabilities:			
Long-term debt obligations	-	491,137	-
Estimated claims payable	-	-	-
Accrued compensated absences	8,101	7,904	13,145
Net pension liability	2,733,298	1,032,841	1,969,841
Net other postemployment benefits liability	109,221	68,006	60,582
Total liabilities	<u>3,000,424</u>	<u>1,972,123</u>	<u>2,427,087</u>
Deferred Inflows of Resources			
Pension related amounts	207,932	74,573	172,340
Other postemployment benefits related amounts	30,543	17,425	16,988
Total deferred inflows of resources	<u>238,475</u>	<u>91,998</u>	<u>189,328</u>
Net position			
Net investment in capital assets	973,526	139,686	95,700
Unrestricted	2,626,150	220,111	460,297
Total net position	<u>\$ 3,599,676</u>	<u>\$ 359,797</u>	<u>\$ 555,997</u>

Risk Management	Alhambra Building	Total
\$ 4,605,002	\$ 979,555	\$ 14,072,886
-	-	27,952
-	188,881	188,881
-	35,953,782	37,901,169
<u>4,605,002</u>	<u>37,122,218</u>	<u>52,190,888</u>
64,446	-	1,916,907
2,741	3,915	125,432
<u>67,187</u>	<u>3,915</u>	<u>2,042,339</u>
18,037	118,906	532,811
-	703,750	951,088
352,214	-	352,214
17,719	7,002	287,073
-	32,123,750	32,614,887
3,169,928	-	3,169,928
1,969	778	31,897
226,767	-	5,962,747
3,454	8,924	250,187
<u>3,790,088</u>	<u>32,963,110</u>	<u>44,152,832</u>
19,396	-	474,241
1,253	2,091	68,300
<u>20,649</u>	<u>2,091</u>	<u>542,541</u>
-	3,126,282	4,335,194
861,452	1,034,650	5,202,660
<u>\$ 861,452</u>	<u>\$ 4,160,932</u>	<u>\$ 9,537,854</u>

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Combining Statement of Revenues, Expenses and Changes in Net Position

Internal Service Funds

Year ended June 30, 2019

	Construction Management	Central Services	Data Processing
Operating revenues:			
Charges for services	\$ 5,300,112	\$ 2,329,679	\$ 5,695,571
Rentals	-	-	-
Other revenue	-	30,785	1,180
Total operating revenues	<u>5,300,112</u>	<u>2,360,464</u>	<u>5,696,751</u>
Operating expenses:			
Utilities	20,370	16,134	25,651
Maintenance	192,379	208,379	1,035,660
General administration	5,325,854	1,920,230	4,355,582
Depreciation and amortization	51,238	257,554	85,528
Total operating expenses	<u>5,589,841</u>	<u>2,402,297</u>	<u>5,502,421</u>
Operating income (loss)	<u>(289,729)</u>	<u>(41,833)</u>	<u>194,330</u>
Nonoperating revenues (expenses):			
Gain on sale of property	-	51,347	-
Investment income (loss)	174,388	16,233	33,114
Interest expense	-	(74,830)	-
Net nonoperating revenues (expenses)	<u>174,388</u>	<u>(7,250)</u>	<u>33,114</u>
Change in net position before transfers	<u>(115,341)</u>	<u>(49,083)</u>	<u>227,444</u>
Transfers in	-	76,904	-
Transfers out	(297,579)	-	-
Net transfers	<u>(297,579)</u>	<u>76,904</u>	<u>-</u>
Change in net position	<u>(412,920)</u>	<u>27,821</u>	<u>227,444</u>
Net position at beginning of year	<u>4,012,596</u>	<u>331,976</u>	<u>328,553</u>
Net position at end of year	<u>\$ 3,599,676</u>	<u>\$ 359,797</u>	<u>\$ 555,997</u>

Risk Management	Alhambra Building	Total
\$ 1,822,293	\$ 146,874	\$ 15,294,529
-	3,699,449	3,699,449
1,028	-	32,993
<u>1,823,321</u>	<u>3,846,323</u>	<u>19,026,971</u>
1,364	290,072	353,591
5,946	950,746	2,393,110
857,857	138,253	12,597,776
-	1,158,619	1,552,939
<u>865,167</u>	<u>2,537,690</u>	<u>16,897,416</u>
<u>958,154</u>	<u>1,308,633</u>	<u>2,129,555</u>
-	-	51,347
86,654	22,500	332,889
-	(1,737,250)	(1,812,080)
<u>86,654</u>	<u>(1,714,750)</u>	<u>(1,427,844)</u>
<u>1,044,808</u>	<u>(406,117)</u>	<u>701,711</u>
-	87,029	163,933
-	-	(297,579)
<u>-</u>	<u>87,029</u>	<u>(133,646)</u>
1,044,808	(319,088)	568,065
(183,356)	4,480,020	8,969,789
<u>\$ 861,452</u>	<u>\$ 4,160,932</u>	<u>\$ 9,537,854</u>

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Combining Statement of Cash Flows
Internal Service Funds
Year ended June 30, 2019**

	Construction Management	Central Services	Data Processing
Cash flows from operating activities:			
Charges for services	\$ 5,300,112	\$ 2,329,679	\$ 5,695,571
Receipts from rentals	-	-	-
Payments to employees for services	(3,933,532)	(1,222,816)	(3,159,266)
Payments to vendors for goods and services	(1,484,572)	(839,879)	(2,004,776)
Other revenue	-	30,785	1,180
Net cash provided by (used in) operating activities	<u>(117,992)</u>	<u>297,769</u>	<u>532,709</u>
Cash flows from noncapital financing activities:			
Transfers out to other funds	(297,579)	-	-
Transfers in from other funds	-	76,904	-
Net cash provided by (used in) noncapital financing activities	<u>(297,579)</u>	<u>76,904</u>	<u>-</u>
Cash flows from capital and related financing activities:			
Purchase of capital assets	(446,605)	-	-
Payment of capital lease obligation	-	(243,251)	-
Payments of interest on capital leases	-	(74,830)	-
Net cash provided by (used in) capital and related financing activities	<u>(446,605)</u>	<u>(318,081)</u>	<u>-</u>
Cash flows from investing activities:			
Gain from investments	-	51,347	-
Interest received	174,388	16,233	33,114
Net cash provided by (used in) investing activities	<u>174,388</u>	<u>67,580</u>	<u>33,114</u>
Net increase (decrease) in cash and cash equivalents	(687,788)	124,172	565,823
Cash and cash equivalents at beginning of year	<u>5,611,879</u>	<u>1,046,098</u>	<u>1,828,145</u>
Cash and cash equivalents at end of year	<u>\$ 4,924,091</u>	<u>\$ 1,170,270</u>	<u>\$ 2,393,968</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (289,729)	\$ (41,833)	\$ 194,330
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	51,238	257,554	85,528
Changes in assets and liabilities:			
Inventory	-	7,867	-
Prepaid costs and other assets	-	1,142	80,947
Deferred outflows of resources -pension	1,132,216	453,975	866,509
Deferred outflows of resources - OPEB	16,395	3,591	4,630
Accounts payable and accrued expenses	(112,950)	(20,265)	(14,284)
Compensated absences	17,304	(120)	20,612
Claims payable	-	-	-
Deferred inflows of resources - pension	(571,899)	(227,801)	(417,889)
Deferred inflows of resources - OPEB	1,498	212	851
Net pension liability	(319,394)	(114,550)	(264,723)
Net other postemployment benefits liability	(42,671)	(22,003)	(23,802)
Net adjustments	<u>171,737</u>	<u>339,602</u>	<u>338,379</u>
Net cash provided by (used in) operating activities	<u>\$ (117,992)</u>	<u>\$ 297,769</u>	<u>\$ 532,709</u>
Noncash noncapital financing activities:			
Issuance of a capital lease	\$ -	\$ 14,196	\$ -
Transfer of capital assets from other funds	\$ -	\$ -	\$ -

Risk Management	Alhambra Building	Total
\$ 1,822,293	\$ 146,874	\$ 15,294,529
-	3,699,449	3,699,449
(232,815)	(88,731)	(8,637,160)
(1,381,305)	(1,328,303)	(7,038,835)
1,028	-	32,993
209,201	2,429,289	3,350,976
-	-	(297,579)
-	39,422	116,326
-	39,422	(181,253)
-	-	(446,605)
-	(729,166)	(972,417)
-	(1,737,250)	(1,812,080)
-	(2,466,416)	(3,231,102)
-	-	51,347
86,654	22,500	332,889
86,654	22,500	384,236
295,855	24,795	322,857
4,309,147	954,760	13,750,029
<u>\$ 4,605,002</u>	<u>\$ 979,555</u>	<u>\$ 14,072,886</u>
\$ 958,154	\$ 1,308,633	\$ 2,129,555
-	1,158,619	1,552,939
-	-	7,867
248,157	(36,506)	293,740
111,286	-	2,563,986
780	(143)	25,253
(1,522)	(6,707)	(155,728)
(3,316)	7,780	42,260
(1,024,007)	-	(1,024,007)
(48,542)	-	(1,266,131)
177	(60)	2,678
(29,794)	-	(728,461)
(2,172)	(2,327)	(92,975)
(748,953)	1,120,656	1,221,421
<u>\$ 209,201</u>	<u>\$ 2,429,289</u>	<u>\$ 3,350,976</u>
\$ -	\$ -	\$ 14,196
\$ -	\$ 47,607	\$ 47,607



INDEPENDENT AUDITORS' 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*

To the Honorable Board of Commissioners
Los Angeles County Development Authority
County 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Los Angeles County Development Authority (the LACDA), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the LACDA's basic financial statements, and have issued our report thereon dated November 19, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the LACDA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the LACDA's internal control. Accordingly, we do not express an opinion on the effectiveness of the LACDA'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the LACDA'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 determination of financial statement amounts. 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*.



CPAs AND ADVISORS

To the Honorable Board of Commissioners
Los Angeles County Development Authority
County of Los Angeles, California

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 LACDA'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 LACDA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Soll & Lughard, LLP

Brea, California
November 19, 2019

STATISTICAL SECTION

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

STATISTICAL SECTION

This part of the Los Angeles County Development Authority's comprehensive annual financial report presents information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

FINANCIAL TRENDS..... 91

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

REVENUE CAPACITY 98

These schedules contain information to help the reader assess the government's most significant local revenue source.

DEBT CAPACITY..... 99

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

DEMOGRAPHIC AND ECONOMIC INFORMATION 102

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

OPERATING INFORMATION..... 104

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.



LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities										
Net investment in capital assets	\$ 29,812,460	\$ 33,952,068	\$ 37,762,410	\$ 39,061,742	\$ 40,577,570	\$ 42,345,130	\$ 43,350,776	\$ 35,489,180	\$ 33,039,336	\$ 33,486,651
Restricted	458,315,771	347,542,030	268,310,478	279,056,059	320,848,472	274,977,329	267,100,572	208,644,642	232,231,960	2,025,582
Unrestricted	40,727,205	32,299,543	45,129,790	46,029,017	39,988,964	49,356,080	41,646,683	60,483,536	54,604,768	287,109,387
Total governmental activities net position	\$ 528,855,436	\$ 413,793,641	\$ 351,202,678	\$ 364,146,818	\$ 401,415,006	\$ 366,678,539	\$ 352,098,031	\$ 304,617,358	\$ 319,876,064	\$ 322,621,620
Business-type activities										
Net investment in capital assets	\$ 100,923,037	\$ 95,306,977	\$ 93,867,211	\$ 91,312,812	\$ 96,735,090	\$ 95,234,083	\$ 92,729,420	\$ 84,809,798	\$ 74,432,125	\$ 67,386,812
Restricted	5,719,780	4,460,906	4,423,184	3,119,103	1,094,744	6,538,377	9,733,236	15,452,287	13,910,589	10,953,342
Unrestricted	10,368,296	13,531,950	16,001,513	13,858,747	5,758,347	14,878,380	7,721,601	12,170,883	13,885,003	11,582,261
Total business-type activities net position	\$ 117,011,113	\$ 113,299,833	\$ 114,291,908	\$ 108,290,662	\$ 103,588,181	\$ 116,650,840	\$ 110,184,257	\$ 112,432,968	\$ 102,227,717	\$ 89,922,415
Primary government										
Net investment in capital assets	\$ 130,735,497	\$ 129,259,045	\$ 131,629,621	\$ 130,374,554	\$ 137,312,660	\$ 137,579,213	\$ 136,080,196	\$ 120,298,978	\$ 107,471,461	\$ 100,873,463
Restricted	464,035,551	352,002,936	272,733,662	282,175,162	321,943,216	281,515,706	276,833,808	224,096,929	246,142,549	12,978,924
Unrestricted	51,095,501	45,831,493	61,131,303	59,887,764	45,747,311	64,234,460	49,368,284	72,654,419	68,489,771	298,691,648
Total primary government net position	\$ 645,866,549	\$ 527,093,474	\$ 465,494,586	\$ 472,437,480	\$ 505,003,187	\$ 483,329,379	\$ 462,282,288	\$ 417,050,326	\$ 422,103,781	\$ 412,544,035

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)**

	2019	2018	2017	2016 *	2015	2014	2013
Expenses							
Governmental Activities:							
General government	\$ 2,187,542	\$ 2,803,179	\$ 2,242,060	\$ 11,738,327	\$ 62,456,044	\$ 61,955,666	\$ 39,067,640
Housing	112,292,273	57,833,721	67,190,627	57,196,903	1,860,539	10,339,502	23,050,538
Economic development	4,500,735	3,454,263	2,183,750	1,477,105	861,139	798,732	967,190
Community development	61,309,030	54,250,382	49,720,611	69,478,969	27,589,454	31,641,120	25,983,235
Traffic services	2,362,136	2,205,696	2,632,595	2,862,723	-	-	-
Non-Hud	-	-	-	-	32,583,839	31,881,152	21,565,259
Home development	-	-	-	-	9,771,730	14,269,207	17,978,500
City contract program	-	-	-	-	-	-	-
Low and moderate income housing asset	-	-	-	-	4,852	33,901	-
Interest on long-term debt	555,017	664,950	748,466	830,052	927,516	1,037,033	1,128,683
Total government activities expenses	183,206,733	121,212,191	124,718,109	143,584,079	136,055,113	151,956,313	129,741,045
Business-type activities:							
Section 8 program	314,731,935	301,122,863	299,167,327	272,186,686	257,669,164	265,240,552	275,133,351
Public housing	25,192,440	25,294,307	25,582,030	26,039,497	25,187,671	24,364,736	24,088,705
Other housing	4,864,480	4,104,471	3,993,129	-	-	-	-
CDPLAC	1,738,252	1,768,750	1,799,675	1,827,127	6,239	-	199,557
Total business-type activities expenses	346,527,107	332,290,391	330,542,161	300,053,310	282,863,074	289,605,288	299,421,613
Total primary government expenses	\$ 529,733,840	\$ 453,502,582	\$ 455,260,270	\$ 443,637,389	\$ 418,918,187	\$ 441,561,601	\$ 429,162,658
Program Revenues							
Governmental activities:							
Charges for services	\$ 13,927,765	\$ 13,424,682	\$ 14,489,871	\$ 13,043,325	\$ 40,361,927	\$ 52,065,464	\$ 52,789,250
Operating grants and contributions	275,283,870	173,316,221	91,893,872	90,232,440	136,891,756	110,463,305	112,731,508
Capital grants and contributions	-	-	-	450,000	-	-	-
Total governmental activities program revenues	289,211,635	186,740,903	106,383,743	103,725,765	177,253,683	162,528,769	165,520,758
Business-type activities:							
Charges for services	14,167,900	13,345,797	12,875,572	12,273,564	11,833,493	11,409,987	11,157,522
Operating grants and contributions	329,460,096	314,299,590	317,757,507	287,137,215	268,062,835	279,390,066	284,173,888
Capital grants and contributions	5,911,481	3,160,718	4,147,073	3,251,292	-	-	-
Total business-type activities program revenues	349,539,477	330,806,105	334,780,152	302,662,071	279,896,328	290,800,053	295,331,410
Total primary government program revenues	\$ 638,751,112	\$ 517,547,008	\$ 441,163,895	\$ 406,387,836	\$ 457,150,011	\$ 453,328,822	\$ 460,852,168
Net (expense) / revenue							
Governmental activities	106,004,902	65,528,712	(18,334,366)	(39,858,314)	41,198,570	10,572,456	35,779,713
Business-type activities	3,012,370	(1,484,286)	4,237,991	2,608,761	(2,966,746)	1,194,765	(4,090,203)
Total primary government net expense	\$ 109,017,272	\$ 64,044,426	\$ (14,096,375)	\$ (37,249,553)	\$ 38,231,824	\$ 11,767,221	\$ 31,689,510
General Revenues and Other Changes in Net Position							
Governmental activities:							
Investment income (loss)	\$ 5,492,450	\$ (1,945,659)	\$ (1,457,032)	\$ 2,280,398	\$ 3,228,862	\$ 3,361,139	\$ 2,469,953
Gain on sale of property	51,347	141,890	-	-	6,651	16,221	313,234
Insurance recoveries	1,500,000	2,029,672	5,831,509	-	-	-	-
Extraordinary loss	-	-	-	-	-	-	-
Share in net income (losses) of JPA	378,778	228,367	494,774	498,057	286,404	959,556	(2,511,326)
Transfers	1,634,318	1,469,202	520,975	(188,329)	2,408,367	(328,864)	(1,841,492)
Total governmental activities	9,056,893	1,923,472	5,390,226	2,590,126	5,930,284	4,008,052	(1,569,631)
Business-type activities:							
Investment earnings	2,333,228	2,262,971	2,194,037	1,905,391	-	-	-
Gain on sale of property	-	-	-	-	1,062,741	5,770,539	-
Loss on write-off of capital assets	-	-	-	-	-	-	-
Transfers	(1,634,318)	(1,469,202)	(520,975)	188,329	(2,408,367)	328,864	1,841,492
Total business-type activities	698,910	793,769	1,673,062	2,093,720	(1,345,626)	6,099,403	1,841,492
Total primary government	\$ 9,755,803	\$ 2,717,241	\$ 7,063,288	\$ 4,683,846	\$ 4,584,658	\$ 10,107,455	\$ 271,861
Change in Net Position							
Governmental activities	\$ 115,061,795	\$ 67,452,184	\$ (12,944,140)	\$ (37,268,188)	\$ 47,128,854	\$ 14,580,508	\$ 34,210,082
Business-type activities	3,711,280	(690,517)	5,911,053	4,702,481	(4,312,372)	7,294,168	(2,248,711)
Total primary government	\$ 118,773,075	\$ 66,761,667	\$ (7,033,087)	\$ (32,565,707)	\$ 42,816,482	\$ 21,874,676	\$ 31,961,371

* During the year ended June 30, 2016, LACDA reclassified certain balances to more accurately reflect the activities and operations of the governmental activities. The previous years shown have not been adjusted.

2012	2011	2010
\$ 33,750,042	\$ 27,409,003	\$ 34,738,820
17,921,922	21,642,041	20,046,537
3,178,990	4,369,578	4,992,290
47,599,162	66,279,236	48,546,512
-	-	-
19,418,803	22,378,428	32,673,948
15,169,027	15,510,466	12,744,071
1,370,613	9,664,619	8,561,264
-	-	-
1,713,636	2,144,840	2,356,651
<u>140,122,195</u>	<u>169,398,211</u>	<u>164,660,093</u>
265,632,867	253,038,711	256,763,993
24,147,111	30,954,258	27,403,880
-	-	-
33,346	2,342	-
<u>289,813,324</u>	<u>283,995,311</u>	<u>284,167,873</u>
<u>\$ 429,935,519</u>	<u>\$ 453,393,522</u>	<u>\$ 448,827,966</u>
\$ 50,112,553	\$ 32,859,729	\$ 44,722,521
81,828,918	132,364,762	115,932,210
-	-	-
<u>131,941,471</u>	<u>165,224,491</u>	<u>160,654,731</u>
10,929,425	11,095,540	11,261,409
284,914,679	285,228,767	266,766,058
-	-	-
<u>295,844,104</u>	<u>296,324,307</u>	<u>278,027,467</u>
<u>\$ 427,785,575</u>	<u>\$ 461,548,798</u>	<u>\$ 438,682,198</u>
(8,180,724)	(4,173,720)	(4,005,362)
6,030,780	12,328,996	(6,140,406)
<u>\$ (2,149,944)</u>	<u>\$ 8,155,276</u>	<u>\$ (10,145,768)</u>
\$ 2,458,298	\$ 1,559,429	\$ 1,886,073
871,178	735	4,020
-	-	-
(6,282,013)	-	-
-	-	-
(4,125,445)	(132,000)	(947,710)
<u>(7,077,982)</u>	<u>1,428,164</u>	<u>942,383</u>
49,026	(155,694)	-
-	-	-
-	-	(10,494,147)
4,125,445	132,000	947,710
4,174,471	(23,694)	(9,546,437)
<u>\$ (2,903,511)</u>	<u>\$ 1,404,470</u>	<u>\$ (8,604,054)</u>
\$ (15,258,706)	\$ (2,745,556)	\$ (3,062,979)
10,205,251	12,305,302	(15,686,843)
<u>\$ (5,053,455)</u>	<u>\$ 9,559,746</u>	<u>\$ (18,749,822)</u>



LACDA

Los Angeles County Development Authority

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010 *
General fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,853,746
Unreserved	-	-	-	-	-	-	-	-	-	100,584,644
Nonspendable	3,488,870	3,387,904	3,340,321	3,182,883	11,121,811	12,949,160	8,083,188	9,752,529	10,728,616	-
Restricted	79,117,573	52,328,361	52,584,561	56,381,862	138,771,585	92,855,488	107,708,909	98,679,917	57,628,101	-
Assigned	-	-	-	-	-	-	-	6,500,000	-	-
Unassigned	22,131,514	16,988,700	27,256,387	28,873,762	43,465,677	43,480,961	40,182,734	22,216,301	46,382,837	-
Total general fund	\$104,737,957	\$ 72,704,965	\$ 83,181,269	\$ 88,438,507	\$193,359,073	\$149,285,609	\$155,974,831	\$137,148,747	\$114,739,554	\$106,438,390
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,986,229
Unreserved	-	-	-	-	-	-	-	-	-	148,485,830
Nonspendable	25,909	287	140	301	16,038,523	16,796,908	17,616,286	18,634,231	25,697,880	-
Restricted	379,198,198	295,213,669	215,725,917	222,674,197	141,085,391	139,337,864	122,659,219	109,964,725	140,263,367	-
Unassigned	-	-	-	(294,683)	-	-	-	-	-	-
Total all other governmental funds	\$379,224,107	\$295,213,956	\$215,726,057	\$222,379,815	\$157,123,914	\$156,134,772	\$140,275,505	\$128,598,956	\$165,961,247	\$177,472,059

* Fund balances for fiscal years 2010 are reported prior to the adoption of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2019	2018	2017	2016 *	2015
Revenues					
Intergovernmental	\$266,430,555	\$165,044,218	\$ 88,522,197	\$ 78,290,291	\$160,773,296
Charges for services	13,001,370	12,535,930	13,577,853	12,155,144	11,663,736
Incremental property taxes	-	-	-	-	-
Rentals	926,395	888,752	912,019	888,181	766,857
Investment income (loss)	16,002,336	5,218,408	4,031,862	9,411,503	7,092,213
Contributions	4,697,836	-	-	1,138,000	-
Other revenues	1,417,877	1,588,470	1,562,252	6,076,571	2,905,715
Total revenues	302,476,369	185,275,778	108,606,183	107,959,690	183,201,817
Expenditures					
Program administration	-	-	-	-	37,842,664
Loan program costs	-	-	-	-	27,613,982
Subgrants to county, cities, and community based organizations	-	-	-	-	36,282,346
Housing assistance payments	-	-	-	-	44,279
General government	1,990,079	2,645,496	2,094,517	14,917,438	-
Housing	113,092,750	54,494,494	67,532,459	56,757,839	-
Economic development	5,968,153	4,309,382	2,806,389	2,146,702	-
Community development	60,000,659	52,664,125	48,640,072	67,169,442	-
Traffic services	2,353,795	2,198,010	2,641,087	2,856,830	-
Capital outlay:					
Capital	-	307,104	366,772	460,545	-
Noncapital	-	-	-	-	34,744,387
Debt service:					
Principal	7,922,000	2,660,000	2,581,000	2,507,000	3,488,000
Interest	733,494	702,312	784,046	858,559	981,008
Total expenditures	192,060,930	119,980,923	127,446,342	147,674,355	140,996,666
Excess of revenues over (under) expenditures	110,415,439	65,294,855	(18,840,159)	(39,714,665)	42,205,151
Other financing sources (uses)					
Issuance of debt	3,120,000	511,000	672,000	50,000	-
Insurance recoveries	-	2,029,672	5,831,509	-	-
Sale of property	739,740	141,890	-	-	-
Extraordinary loss	-	-	-	-	-
Transfers in	1,990,437	1,034,178	475,093	21,835	6,865,072
Transfers out	(222,473)	-	(49,439)	(21,835)	(4,007,617)
Total other financing sources (uses)	5,627,704	3,716,740	6,929,163	50,000	2,857,455
Net change in fund balances	\$116,043,143	\$ 69,011,595	\$(11,910,996)	\$(39,664,665)	\$ 45,062,606
Debt service as a percentage of noncapital expenditures	4.7%	2.9%	2.7%	2.3%	3.3%

* During the year ended June 30, 2016, LACDA reclassified certain balances to more accurately reflect the activities and operations of the governmental activities. The previous years shown have not been adjusted.

2014	2013	2012	2011	2010
\$142,344,461	\$152,390,956	\$109,566,551	\$133,980,240	\$130,141,713
10,962,724	11,446,082	-	-	-
-	-	242,470	3,897,173	4,294,148
730,292	664,851	678,568	920,783	1,002,035
9,303,907	6,340,953	7,198,009	6,703,716	7,577,445
-	-	-	-	-
996,294	4,418,190	33,835,003	24,534,370	22,844,161
164,337,678	175,261,032	151,520,601	170,036,282	165,859,502
30,000,755	30,163,897	39,857,204	41,272,819	38,327,594
35,605,872	52,301,929	38,418,630	42,859,938	47,298,114
39,084,011	23,926,848	46,533,929	67,179,746	47,785,766
141,992	172,774	988,608	8,301,016	7,587,896
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
583,968	2,594,996	3,785,338	649,270	205,766
45,742,917	24,037,282	11,463,648	13,003,816	19,636,135
2,739,000	2,661,000	16,160,000	3,563,000	2,736,510
1,074,813	1,163,857	2,081,656	2,250,506	2,405,589
154,973,328	137,022,583	159,289,013	179,080,111	165,983,370
9,364,350	38,238,449	(7,768,412)	(9,043,829)	(123,868)
-	-	3,216,000	6,001,000	-
-	-	-	-	-
-	-	-	-	-
-	-	(6,282,013)	-	-
4,463,104	11,324,509	4,090,051	6,509,128	5,695,022
(4,657,409)	(19,060,325)	(8,208,724)	(6,675,947)	(6,642,732)
(194,305)	(7,735,816)	(7,184,686)	5,834,181	(947,710)
\$ 9,170,045	\$ 30,502,633	\$ (14,953,098)	\$ (3,209,648)	\$ (1,071,578)
2.5%	2.9%	12.9%	3.4%	3.2%

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Revenue by Source

The Los Angeles County Development Authority does not have a revenue category that can be categorized as "own source". A majority of revenues earned by LACDA is received through funding from HUD of the federal government with other funding received from state and county governments.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities		Business-Type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Section 108 Notes Payable	Capital Leases	Lease Revenue Bonds	Multi-Family Housing Revenue Bonds		California State Department of Housing Notes Payable			
2010	\$ 41,295,000	\$ 42,594	\$ -	\$ 350,000	\$ 2,980,165	\$ 44,667,759	0.011%	\$ 4.26	
2011	43,733,000	164,634	43,710,000	-	2,985,948	90,593,582	0.021%	9.13	
2012	30,789,000	133,316	43,710,000	-	2,991,731	77,624,047	0.018%	7.83	
2013	28,128,000	2,568,898	37,210,000	-	2,997,514	70,904,412	0.016%	7.12	
2014	25,389,000	1,919,525	36,640,000	-	2,011,097	65,959,622	0.014%	6.54	
2015	21,901,000	1,270,977	36,050,000	-	2,013,911	61,235,888	0.012%	6.05	
2016	19,444,000	611,243	35,440,000	-	2,016,725	57,511,968	0.011%	5.61	
2017	17,535,000	29,255	34,805,000	-	2,200,000	54,569,255	0.009%	5.30	
2018	15,386,000	980,336	34,140,000	-	2,200,000	52,706,336	0.009%	5.10	
2019	10,584,000	738,475	33,440,000	-	2,200,000	46,962,475	0.007%	4.52	

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data applicable to Los Angeles County.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Ratios of Multi-Family Housing Revenue Bonds
Last Ten Fiscal Years**

Fiscal Year	Business-type activities		Percentage of Charges for services*	Per Capita**
	Multi-Family Housing Revenue Bonds			
2010	\$	350,000.00	3%	0.03
2011		-	-	-
2012		-	-	-
2013		-	-	-
2014		-	-	-
2015		-	-	-
2016		-	-	-
2017		-	-	-
2018		-	-	-
2019		-	-	-

* *See changes in Net Position*

* **See demographics for Los Angeles County*

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Ratios of Lease Revenue Bonds Last Ten Fiscal Years

Fiscal Year	Business-type activities		Percentage of Charges for services*	Per Capita**
	Lease Revenue Bonds***			
2011	\$	43,710,000	N/A	4.41
2012		43,710,000	N/A	4.41
2013		37,210,000	N/A	3.74
2014		36,640,000	N/A	3.64
2015		36,050,000	N/A	3.56
2016		35,440,000	N/A	3.46
2017		34,805,000	N/A	3.38
2018		34,140,000	N/A	3.30
2019		33,440,000	N/A	3.22

* See changes in Net Position

**See demographics for Los Angeles County

***Bonds issued in fiscal year 2011

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Los Angeles County					Southern California				
	Population (000)	Household (000)	Unemployment rate (%)	Personal income (in millions)	New Homes Permitted	Population (000)	Household (000)	Unemployment rate (%)	Personal income (in millions)	New Homes Permitted
2010	10,483	3,239	12.3%	\$ 405,000.00	7,468	21,974	6,881	11.7%	\$ 852,696.00	20,899
2011	9,920	3,245	12.2%	427,000	10,362	21,221	6,899	11.0%	910,425	26,302
2012	9,912	3,254	11.5%	442,800	11,715	21,341	6,927	10.0%	934,000	31,058
2013	9,961	3,267	9.6%	443,200	16,850	21,458	6,968	8.2%	941,300	46,149
2014	10,079	3,279	8.2%	470,200	18,841	21,672	7,001	6.9%	1,004,000	46,808
2015	10,124	3,293	7.3%	506,400	22,892	21,833	7,041	5.8%	1,078,800	54,911
2016	10,254	3,308	6.2%	545,100	19,936	22,153	7,077	4.9%	1,136,900	53,444
2017	10,300	3,323	5.0%	587,755	18,803	22,341	7,109	4.9%	1,196,912	53,732
2018	10,332	3,339	4.9%	619,400	17,795	22,374	7,157	4.9%	1,278,800	51,856
2019	10,384	3,355	4.9%	652,200	17,235	22,523	7,203	5.0%	1,346,000	49,718

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Ten Largest Industries*
Current Year and Nine Years Ago**

Industry	June 30, 2019			June 30, 2010		
	Number of Employees	Rank	Percentage of Total	Number of Employees	Rank	Percentage of Total
Trade, Transportation and Utilities	844,200	1	17.44%	743,900	1	17.37%
Educational & Health Services	840,300	2	17.36%	666,000	2	15.55%
Professional & Business Services	627,300	3	12.96%	516,200	4	12.05%
Government	603,900	4	12.48%	599,200	3	13.99%
Leisure & Hospitality	555,400	5	11.47%	389,800	5	9.10%
Manufacturing	344,400	6	7.11%	382,600	6	8.93%
Financial Activities	219,900	7	4.54%	211,600	7	4.94%
Information	210,100	8	4.34%	190,800	8	4.45%
Other Services	164,600	9	3.40%	138,500	9	3.23%
Construction	157,900	10	3.26%	104,500	10	2.44%
Ten largest industries	4,568,000		94.36%	3,943,100		92.05%
All other industries	272,800		5.64%	340,300		7.95%
Total industries	4,840,800		100.00%	4,283,400		100.00%

* LACDA is a special district agency and does not have the type of demographic and economic information required for this section.

As an alternative, we are providing County of Los Angeles' ten largest industries by employment based on the most recent information available.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Full-Time Equivalent Employees by Division

Last Ten Fiscal Years

<u>Division</u>	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government	113	118	128	131	129	129	105	124	125	129
Housing Operations	133	133	136	130	129	131	132	108	116	109
Housing Assistance	211	209	200	188	181	183	190	170	177	179
Economic Development	12	13	10	10	7	7	10	22	25	25
Housing Investment & Finance	49	43	43	42	45	46	43	42	44	46
Community Development	29	29	30	37	36	37	37	42	43	42
Construction Management	33	34	34	35	36	35	34	34	32	32
Total	580	579	581	573	563	568	551	542	562	562

Sources: LACDA's FY2019-2020 Annual Budget

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Operating Indicators by Function
Last Ten Fiscal Years**

<u>Function</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Section 8 Program										
Authorized Units	24,832	24,324	24,086	23,812	23,518	23,232	22,928	21,969	21,027	20,980
Units under contract	22,747	22,639	23,704	23,528	22,948	22,861	22,890	21,710	20,387	21,046
Public Housing										
Housing Projects	40	40	40	40	40	40	40	40	40	40
Tenants	6,601	6,516	6,528	6,410	6,521	6,533	6,365	7,080	6,325	6,372
Housing Development										
Homes Built	373	412	457	270	657	369	459	622	230	235
Homes Rehabilitated	272	306	333	657	486	677	428	743	748	632
Home Ownership Loans	57	44	64	33	41	70	56	79	152	104
Economic Development										
Business Loans Funded	4	5	4	4	4	8	6	6	7	4
Commercial Storefronts Renovated	10	27	27	19	8	24	15	11	6	10
Community Development										
Program Reviews	201	221	253	275	300	336	336	270	268	290
Single Audits	24	27	26	42	42	30	51	51	53	48
Community meetings	1	1	7	2	5	5	5	5	5	5

Sources: LACDA's various divisions

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Capital Assets by Function
Last Ten Fiscal Years**

<u>Function</u>	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Public Housing										
Apartment Units	3,182	3,174	3,151	3,049	3,036	3,157	3,143	3,175	3,170	3,105

Sources: LACDA's Housing Operations Division