

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ending
June 30, 2020



Los Angeles County, California



LOS ANGELES COUNTY BOARD OF SUPERVISORS



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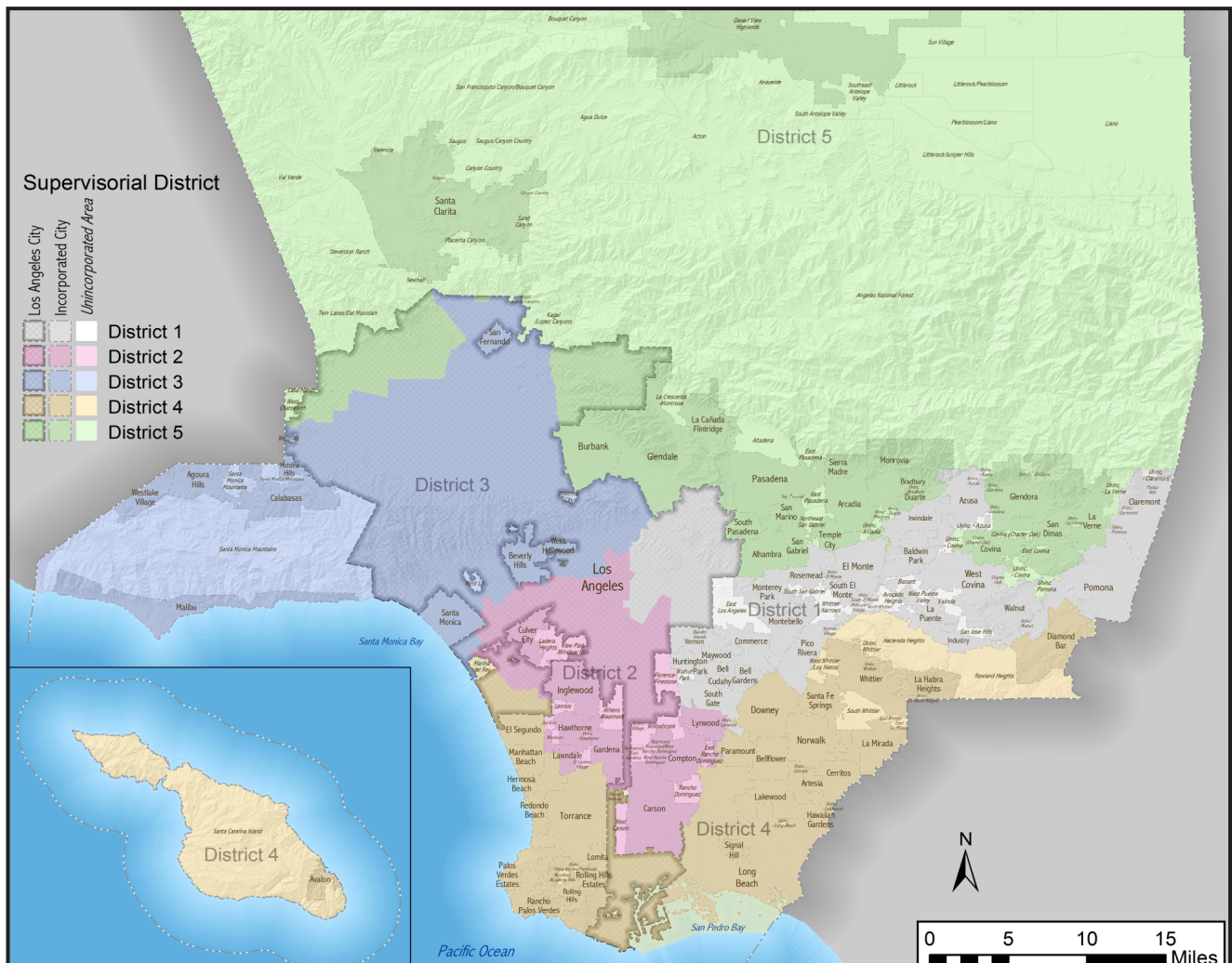
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LOS ANGELES COUNTY DEVELOPMENT AUTHORITY
CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2020

PREPARED BY:
FINANCE AND BUDGET DIVISION

EMILIO SALAS, ACTING EXECUTIVE DIRECTOR
KATHY THOMAS, ACTING DEPUTY EXECUTIVE DIRECTOR
MATTHEW FORTINI, CHIEF FINANCIAL OFFICER



LACDA

Los Angeles County Development Authority

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY CALIFORNIA

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LOS ANGELES COUNTY DEVELOPMENT AUTHORITY CALIFORNIA

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December 2, 2020

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, 2020. This report consists of management's representations concerning the finances of the LACDA. Also included in the report are some partial discussions on how the pandemic caused by COVID-19 and approval of the CARES Act affected 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, 2020, 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, 2020.

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 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 (GAAP). 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 48 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, 2020, 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. The Homeless Initiative Program (HIP) provides local funds to help homeless families and individuals with a federal housing voucher to secure subsidized housing, by encouraging landlord acceptance of homeless households with rental subsidies administered by the LACDA.

The Veterans Affairs Supportive Housing (VASH) Program provides rental assistance services to low-income veterans and their families in combination with case management and clinical services through the Department of Veterans Affairs (VA) at Veterans Affairs Medical Center (VAMC) supportive services sites.

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 10% 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 48 participating cities, 48 community-based organizations, five (5) County departments, and two (2) other public agencies.

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, established on February 18, 1850 several months before California was admitted into the Union, is comprised of 88 cities and 120 unincorporated communities. Los Angeles County 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 21 million. With a population of slightly over 10 million in 2020, Los Angeles County serves as home to people from over 140 countries who speak 224 identifiable languages reflecting a continued history of being rich in ethnicity and diversity. It is home to one quarter of Californians with a population of slightly over 10 million in 2020, making it the most populous County in California. And, Los Angeles County produces over one quarter of the state's gross product making it both a proxy for and driver of many of the economic trends occurring at the state-level.

The County's economy showed slowing by 1.6% in the early quarters of the fiscal year with an estimated growth of 1.8%. This is a marked slowdown from the brisk 3.7% growth rate in 2018 and mirrored the overall slowdown in California's economy, according to the Los Angeles County Economic Development Corporation (LAEDC). In the later part of the fiscal year, economic growth was impacted by the shut down due to the COVID-19 pandemic. Los Angeles County experienced a significant rise in unemployment with small businesses and industries such as travel and food service as some of the hardest hit by the economic downturn. When the Federal government passed the \$2 trillion Coronavirus Aid, Relief and Economic Security Act (Cares Act) in March 2020, one of the programs, the Paycheck Protection Program, provided much needed assistance to small businesses. Under the program, small businesses were provided with funds to pay up to 8 weeks of payroll costs including benefits. The funds could be used to pay interest on mortgages, rent, and utilities. Temporary increases to weekly unemployment benefits, also part of the Cares Act, provided some much-needed relief to those that filed for unemployment benefits.

The impact of the COVID-19 shut down effected the housing market as well. The first quarter of the fiscal year showed sluggishness in the housing market. However, by the end of the quarter, the market showed signs of picking up with the mortgage rate on a 30-year fixed mortgage rising only slightly to 3.78%, more than a percentage point lower than the year prior, according to Freddie Mac. Inventory in Los Angeles County remained a challenge at the end of the quarter at nearly 12% below 2018 levels, according to online real estate brokerage Redfin. The median rose 3.9% to \$618,000, while sales climbed 7.3%.

Later in the fiscal year the COVID-19 pandemic put a freeze on the region's housing market, the number of homes sold across Southern California fell sharply in May 2020 and closed sales in May plunged 45% from a year earlier, while the region's median home price rose 2.7%. By June 2020, the market showed signs of recovery as sales rose by 40.8% from May and fell 24.3% from a year earlier.

While mortgage rates remained low, and movement occurred in the housing market for people with qualifying credit scores of 720 and above, low to moderate income residents continued to be highly affected by the lack of affordable housing. Factors that continued to affect the housing market were stricter lending standards imposed by banks, millennials with high student loan debt effecting their income-to-debt ratio, and the rise in unemployment due to the pandemic making lenders more risk averse. While banks were urged to get money out to people in need, the banks reported reasoning for tightening lending standards or terms, cited a less favorable or more uncertain economic outlook and reduced tolerance for risk.

Although low mortgage rates tempted qualified buyers to the housing market, those who could not qualify for mortgages turned to the rental market creating an increase in the demand for affordable apartment rentals. The median rent price in Los Angeles County was \$3,200, which was the same as the Los Angeles-Long Beach-Anaheim Metro median of \$3,200.

At the end of the fiscal year 509,404 low-income renter households in Los Angeles County did not have access to an affordable home and 79% of extremely low-income households are paying more than half of their income on housing costs compared to just 3% of moderate-income households. By 2021, 3,260 income-restricted apartments in Los Angeles County may no longer be affordable. In addition, affordability restrictions will expire for nearly 8,000 more such apartments in the next five (5) to 10 years, according to a new report from the California Housing Partnership.

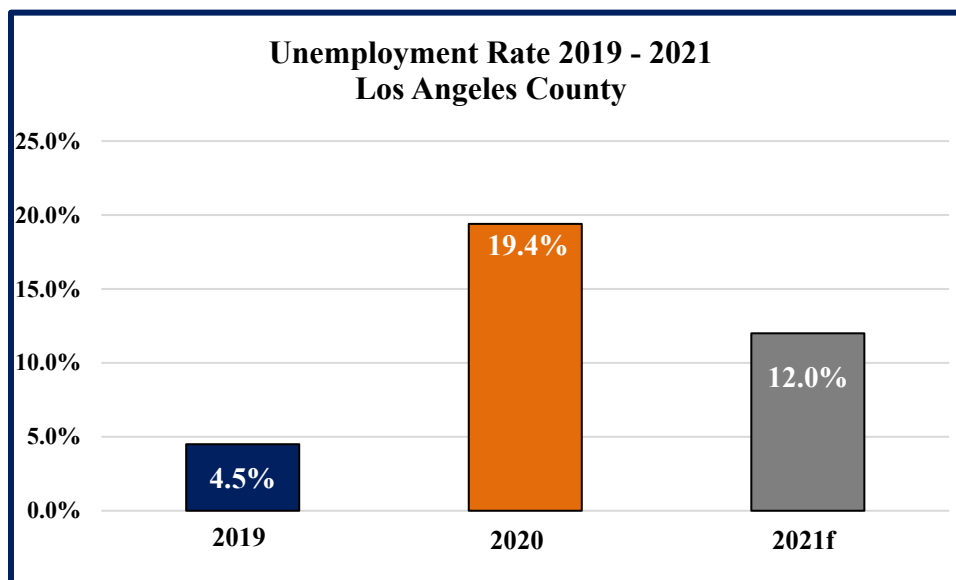
In light of the large number of households that are severely rent burdened in the County of Los Angeles, the Los Angeles County Board of Supervisors, with input from the LACDA and the Los Angeles County Department of Consumer and Business Affairs (DCBA), passed a temporary Rent Stabilization Ordinance (RSO) in December 2018, which was extended to December 2019. The County's Rent Stabilization Ordinance is a local law that limits rent increases above the allowable limit within a 12-month period and provides "just cause" eviction protections for most residential rental units in the unincorporated areas of Los Angeles County. The RSO went into effect on April 1, 2020 and limits rent increases based on changes in the Consumer Price Index (CPI). The current allowable increase is 3% for rent restricted units through June 30, 2021. It does not limit rent increases for rental units covered only by "Just Cause" eviction protections. However, the State, which approved renter protection legislation in October 2019, may limit how much rent can be increased for these units.

Significant Economic Data - Los Angeles County 2019-2021

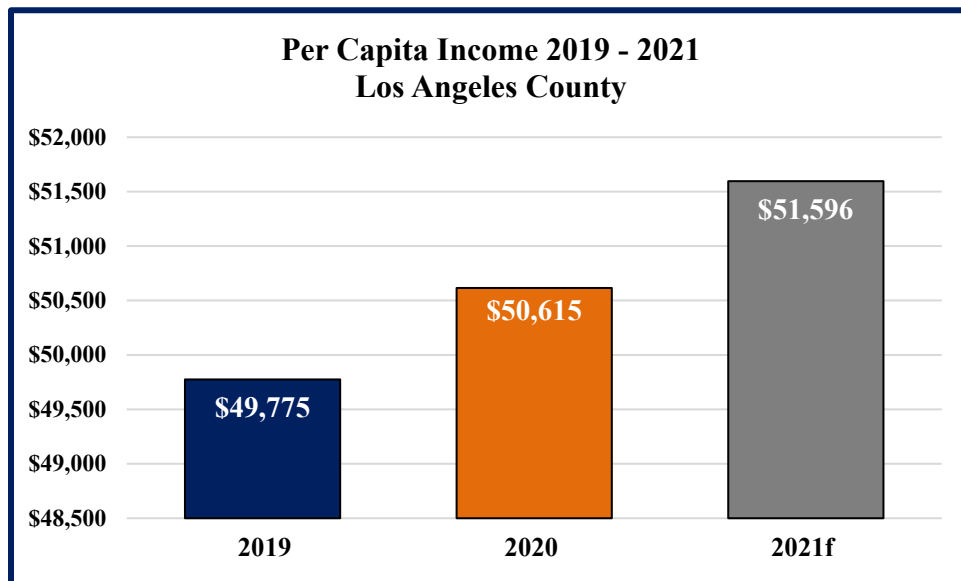
	2019	2020	2021f
Total Population	10.09M	10.08M	10.07M
Unemployment Rate	4.5%	19.4%	12%
Per Capita Income	\$49,775	\$50,615	\$51,596
Permits-New Homes	23,122	21,000	21,000

Sources: Los Angeles County Economic Development Corporation (LAEDC) February 2020 Economic Industry Outlook Forecast. Southern California Association of Governments (SCAG). Report forecast data is prior to the COVID-19 pandemic.

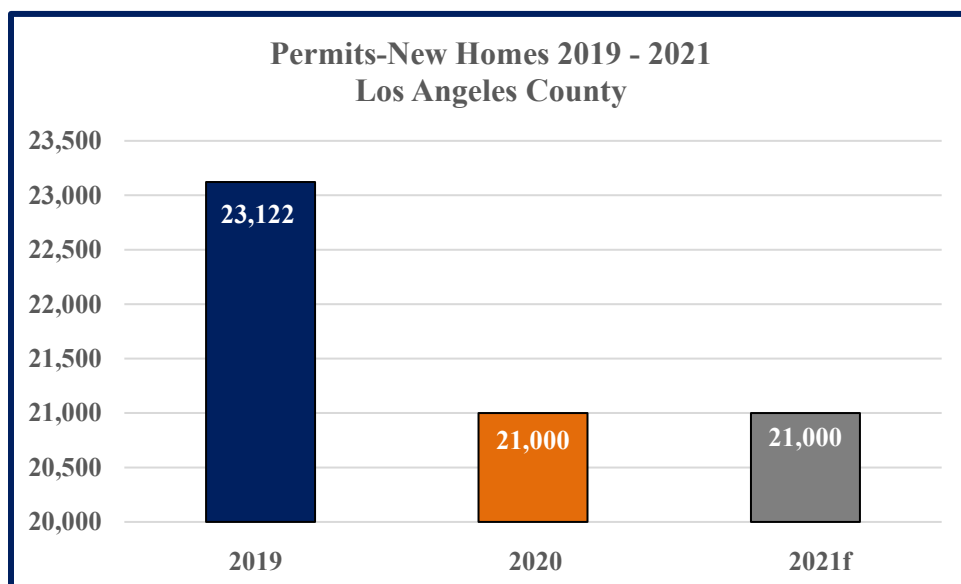
Los Angeles County's unemployment rate showed a significant increase at the end of the fiscal year from the same period the year prior. A record high of 21.1% was reached in May 2020 but was reduced to 19.4% by the end June 2020 when the economy reopened around the end of May and employers added back a record 147,000 jobs in subsequent weeks. The State Employment Development Department (EDD) figures showed the county recorded its largest single month gain in 147,00 payroll jobs, led by the accommodation/food services sector, which gained back 55,000 jobs.



Employment and real per capita income growth were holding steady in the early quarters of the fiscal year and forecasted to continue through 2021. The pandemic and subsequent shut down resulted in a dip in per capita income in the last quarter.



At the close of the fiscal year the median price of homes listed in Los Angeles County was \$696,051 while the median price of homes that sold was \$639,900. Due to the economic downturn, foreclosures will become a factor for the next several years and will impact home values. 0.5 homes were foreclosed (per 10,000) in Los Angeles County, which was greater than the Los Angeles-Long Beach-Anaheim Metro value of 0.4 and lower than the national value of 1.2. The percent of delinquent mortgages in Los Angeles County was 0.7%, which was lower than the national value of 1.1%. The percent of Los Angeles County homeowners underwater on their mortgage is 4.4%, which was higher than Los Angeles-Long Beach-Anaheim Metro at 4.1%.



Los Angeles County continues to be America’s gateway to Asia. International trade plays an important role in the County of Los Angeles economy. The Port of Los Angeles and neighboring Port of Long Beach comprise the San Pedro Bay port complex, which handles more containers per ship call than any other port complex in the world. Worldwide, the Port of Los Angeles ranks number 17, and the San Pedro Bay port complex ranks number 9. This key port for international trade makes it the nation’s number one port complex for textiles, food products, automobiles and auto parts, and furniture. 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.

The County of Los Angeles has seen its share of economic growth and challenges over the past five years. And, although it is forecasted the impact of the pandemic will carry over well into 2021, efforts continue to cushion the pandemic's health and economic consequences, protect vulnerable populations, and set the stage for a lasting recovery.

MAJOR MANAGEMENT INITIATIVES

Prior to the COVID-19 pandemic, 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. 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. Los Angeles County is in Year Three of a 10-year effort to combat and prevent homelessness funded by Measure H, thanks to the affirmation and support of voters across LA County. Los Angeles is investing, responding and working together and we are making a difference and the LACDA is fully engaged in the County's plan, serving as a lead, or collaborative agency, on 27 of the 51 individual strategies.

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, receives funding from HUD, and utilizes a blend of local, state, and federal resources to administer several grant-funded rental subsidy programs.

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 the LACDA 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. The LACDA 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 \$32 million in the first three (3) years of Measure H. These resources helped over 1,305 individuals and families find a home through this strategy. Additionally, we leveraged our partnerships to expand this program which now supports nine (9) other PHAs in the County who have replicated HIP, with the LACDA providing oversight and technical assistance.

Through the Bringing Families Home Program (BFH) the LACDA and Department of Children and Family Services (DCFS), in collaboration with housing partners, have successfully served over 300 families and 400 children. In January 2020, Los Angeles County was awarded \$4.6 million in State funding to provide assistance. With this additional funding, the DCFS and the LACDA will be able to assist an additional 300 homeless families. The primary focus of BFH is to provide rapid re-housing and case management services to families in the child welfare system. Despite the challenges to locate affordable housing for these high-barrier families in Los Angeles County, the continued success of the program reflects the strong partnership and shared mission to reunify families and end homelessness in the community.

Due to the COVID-19 pandemic, the County of Los Angeles made it a priority to address the health and safety of all Los Angeles County residents. The LACDA worked closely with County officials and agencies to provide much needed assistance to small businesses and continue to provide services to County residents. The utilization of CARES Act funding for various programs infused small businesses with capital to sustain operations and give rental assistance to residents. The \$2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law by President Donald J. Trump in March 2020. The CARES Act provided the Economic Development Administration (EDA) with \$1.5 billion to support recovery efforts for communities impacted by the COVID-19 pandemic. Among the \$1.5 billion allocated, \$1.467 billion is available for grantmaking. These funds finance the \$38 million EDA CARES Act Recovery Assistance grant. The agency received a \$10.9 million grant to capitalize and administer a Revolving Loan Fund (RLF) program that extends credit to small businesses in Los Angeles County and augments existing business recovery assistance programs to prevent job losses and closure. With one of the largest allocation of funds, the LACDA will continue financing eligible businesses affected by COVID-19. The LACDA offered loans for working capital, equipment, and inventory needs.

In April 2020 the Los Angeles County Board of Supervisors (the Board) authorized the LACDA to receive and administer the County's initial allocation of \$13.6 million in Community Development Block Grant Program Coronavirus (CDBG-CV) funds, as well as future allocations, in response to the COVID-19 pandemic. Nationally, \$5 billion in CDBG-CV funds will be distributed to respond to the COVID-19 crisis, resulting from the CARES Act. LACDA staff worked with partner agencies to develop CDBG-CV activities, which assisted residents with limited means who have been impacted by COVID-19, including temporary rental assistance, grab-and-go/delivery meal programs, business assistance to retain employees that are low- and moderate-income, and support of other COVID-19 response services. The Board approved this funding during National Community Development Week, which is the County's opportunity to commemorate the longstanding accomplishments of the Community Development Block Grant (CDBG) and HOME Investment Partnerships (HOME) Programs.

In continued efforts to offer relief to County residents facing obstacles paying rent during the shutdown, the LA County COVID-19 Rent Relief program was made possible by the Board, who approved \$100 Million in CARES Act funds provide rental assistance on behalf of tenants impacted by the COVID-19 pandemic. The LACDA was authorized to administer this program on behalf of the County, scheduled to begin accepting applications in August 2020.

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, 2019. This was the 35th 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 FOR THE FISCAL YEAR 2019-2020

Los Angeles County Quality and Productivity Commission
Top Ten Quality and Productivity Award

Government Finance Officers Association (GFOA) of the United States and Canada
FY 2019-20 Distinguished Budget Presentation Award

Government Finance Officers Association (GFOA) of the United States and Canada
FY 2018-19 Certificate of Excellence in Financial Reporting

National Association of Counties (NACo) Achievement Award
Family Reunification Housing Subsidy (FRHS) Program

National Association of Counties (NACo) Achievement Award
Public Housing Youth Introduction to Aviation Industry

National Association of Housing and Redevelopment Officials (NAHRO) Award of Merit
Modernized Space for Public Youth

National Association of Housing and Redevelopment Officials (NAHRO) Award of Merit
Automated Library Services in Public Housing

National Association of Housing and Redevelopment Officials (NAHRO) Award of Merit
Public Housing Youth Introduction to Aviation Industry

National Community Development Association (NCDA) - Audrey Nelson Achievement Award
Covina Senior and Community Center

ACCOMPLISHMENTS

Community and Economic Development Division - Construction Management Unit

The Construction Management Unit (CEDD-CMU) is comprised of staff professionals with expertise in all phases of capital project development including architecture, engineering, project management, labor compliance, procurement and construction management. With this varied expertise, staff manages design development and provides construction oversight services for capital projects undertaken or funded by the LACDA, numerous other County groups including the Los Angeles County Board offices, other County departments and non-profit organizations.

The CEDD-CMU oversaw the successful and complete construction project to fully remodel the Los Nietos Community and Senior Center located at 11640 East Slauson Avenue in the unincorporated community of Los Nietos. The 12,000 square foot building and site, operated by the Los Angeles County Department of Workforce Development, Aging and Community Services (WDACS), is a multi-purpose facility designed to enhance the community with a range of educational, social and recreational activities. Center staff network with other County departments and non-profit agencies to provide comprehensive information and referrals, form completion assistance, and translation services.

Renovation on the Avalon Library interior project was successfully completed in November 2019. The Avalon Library is in the City of Avalon on Catalina Island at 215 Sumner Avenue. This Los Angeles County public library is 1,600 square feet plus the surrounding site. CEDD-CMU over saw the construction to fully remodel the building and site. The renovation included 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.

The Norwalk Library, located at 12350 Imperial Highway, Norwalk, underwent major refurbishment which includes minor demolition, new carpet, paint, lighting, refurbishment of public areas, furniture and shelving. Specific areas of improvement include ADA compliant public restrooms, group study rooms, Veteran's Resource Center, self-check units, California History room, and customer service desk. Exterior Improvements will include parking stall restriping, ADA signage upgrades, and a civic art sculpture. Project funding was provided from the Fourth District Capital Funds and is scheduled for completion in 2021.

The Temple City Library, located at 5939 Golden West Avenue, is a 10,000 square foot library that will be enlarged to approximately 11,400 square feet. The additional upgrades will maximize the use of space for expanded programming. Upgrades will include a new community meeting room, group study room, enhanced family place and children's reading areas, interior finishes, lighting, low voltage, HVAC (heating, ventilation, and air conditioning), energy saving measures, and furnishing. The project is budgeted at \$6.6 million and is scheduled to be completed Spring 2021.

Community and Economic Development Division - Economic Development Unit

During the fiscal year, \$3,650,000 million in loans were funded via the commercial and industrial lending programs. The Small Business Recovery Loan Program approved and funded 97 loans in response to COVID-19 totaling \$1,905,000. The program accepted applications from April 13 to April 30, 2020 in unincorporated LA County and participating cities. Program guidelines stipulated that funds must be used for working capital, payroll, payroll for employee sick time, payment of outstanding business expenses, adaptive business practices needed to remain open.

Under the Economic Development Administration (EDA) Revolving Loan Fund Program, the LACDA was able to provide the Rice Field Corporation (RFC) a loan of \$1,745,000. RFC, a family owned business located in the unincorporated Avocado Heights/Basset area of the County, produces a wide range of high-quality products including meat products, beef jerky, frozen veggies and noodles, snacks, coffee, and seasonal products. In order to keep up with the current increased demand for their products, RFC was in need of financing to purchase critical equipment. As a small business, RFC was referred to LACDA lending programs by LAEDC. At the time of application RFC had 140 jobs. Through the infusion of

this much needed capital, RFC will create an additional 40 jobs. The creation of these new jobs is critical during this pandemic. As per the Safer at Home Order for Control of COVID-19 issued on March 19, 2020, RFC was considered an essential business and continues to operate.

The E. Third Street and S. Ford Boulevard in East Los Angeles (Project Site) proposed project consists of multiple parcels in the shape of an “L” at the corner of). Combined, the parcels are approximately 54,321 square feet or 1.25 acres. In total, there are five parcels that make up the Project Site, two of which are owned by LACDA. The others are privately owned requiring further purchase negotiations. During the year, LACDA staff contracted with a land use economics consultant to assist with private owner negotiations and site acquisition scenarios. An architect was also retained to design prospective site plans that could accommodate certain retail scenarios, including a local neighborhood grocer. To the extent a retail use is feasible, further discussions with the adjacent property owner will occur to confirm willingness to move forward with a possible commercial development. This should occur in FY2020-2021.

The E. Third Street and S. La Verne Avenue (Project Site) proposed project located in unincorporated East Los Angeles consists of three parcels. Altogether, the parcels comprise 39,799 square feet or approximately 0.91 acres. Public records show that all three parcels are in the Third Street TOD Zone and are owned by the County of Los Angeles (Department of Public Works). In addition to a recent FMV appraisal that was conducted in support of the project, a Phase 1 Environmental Site Assessment was ordered and should be made available by late 2020. Meanwhile, Pasadena-based Herman Architects was retained through a competitive bid process to complete the site analysis, stakeholder engagement, recommendation report, and implementation strategy.

The proposed project, Whittier Boulevard Scattered Site Development, consists of two separate County-owned parking lots that are approximately two blocks from each other and adjacent to the commercial corridor of Whittier Boulevard in East Los Angeles. The location of the two sites are as follows:

922 So. Fetterly Avenue, East Los Angeles, CA 90022 (Site 1)

753 So. LaVerne Avenue, East Los Angeles, CA 90022 (Site 2)

Findings of an architectural study concluded that both sites are well suited for a mixed used development that includes affordable housing and a certain number of replacement parking stalls to accommodate commercial patronage of the stores along Whittier Boulevard. Based on these findings staff has recommended proceeding with a mixed-use development strategy for both Site 1 and Site 2. In addition, because of their proximity to one another with similar uses, it is further recommended these lots be combined into one larger scattered site project.

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 213 In-Progress Monitoring (IPM) reviews for compliance monitoring of the Community Development Block Grant (CDBG) activities funded in the fiscal year 2019-2020. This unit also conducted 18 labor compliance reviews of CDBG-funded construction projects completed during the fiscal year 2019-2020 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 LACDA, in partnership with Los Angeles County Department of Public Health (DPH), launched the Lead-Free Homes LA, a program intended to mitigate the lead based paint hazards from homes surrounding the Exide Technologies Battery Recycling Facility.

The program came into fruition after DPH received \$5.2 million from the SoCal Gas Co. litigation settlement for the 2015 gas leak in Aliso Canyon. The LACDA was selected to administer the program because of its expertise and experience in community outreach and housing rehabilitation programs. A team was soon assembled to engage local communities, conduct outreach and enrollment, lead assessments in the home, and to begin the remediation activities to keep children safe from the dangers of lead-based paint.

Lead Free Homes LA focuses on eligible homes located within 1.7 miles of the former Exide plant whose soil was removed and cleaned by the California Department of Toxic Substances Control. The program serves residents in pre-1978 properties where there are regularly children under the age of six (6) or pregnant women in the home. Targeted communities include

portions of unincorporated East Los Angeles and the cities of Los Angeles, Bell, Maywood, Commerce, Huntington Park and Vernon. Many homes in this area have peeling lead-based paint, a serious health hazard for children which can affect their mental and physical development and cause a lifetime of negative health impacts.

Community outreach and enrollment launched in August 2019 in portions of East Los Angeles, Maywood and Huntington Park. In March 2020, program activities were suspended with the spread of the novel coronavirus (COVID-19). Despite the challenges presented by the pandemic, the program received and processed 105 applications during its first fiscal year. Prior to the suspension of the program, approximately half of these applicants had their properties tested for lead-based paint hazards and 77% of homes tested positive for lead toxicity. The program completed mitigation of three (3) homes from lead hazards before the COVID-19 interruption.

The program provides for the replacement of chipping and peeling lead-based paint in the interior and exterior of homes with new paint, remediation of tainted windows and doors, and other related repairs to remove lead hazards from homes in the most vulnerable communities. While many applicants are on stand-by for testing and remediation, the LACDA is excited to manage lead testing, relocation, and abatement when it is safe to do so.

The inaugural year also brought additional funding (\$134M) to expand the program into targeted areas across Los Angeles County over a seven-year period and address the longest lasting public health epidemic in California history. The LACDA staff began creating partnerships in preparation for the countywide expansion. Efforts included capacity building around outreach and enrollment best practices and the development of contracts with various partners.

In preparation for when post-COVID operations can securely resume, the LACDA continues to collaborate with local partners across the County. The Lead Free Homes LA Program has and will continue to decrease the greatest source of lead poisoning in our County, strengthening our collaborative mission to protect and improve the health and well-being of Los Angeles County residents.

The Community Resource Center (CRC) provided operational support to serve approximately 24,100 visitors through June 30, 2020. 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 699 family members. The CRC Medical Clinic, Chiropractic College, and County Medi-Cal provided health care access to 2,900 persons.

Due to the COVID-19 pandemic, the CRC staff took on the additional responsibility of processing 150 Small Business Recovery Loans, 43 Metro-TOC loans, and 100 Fourth District small business grants.

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 291 units were completed and received the Certificate of Occupancy with total expenditures of \$118.8 million.

The Homeownership Program (HOP) funded 52 deferred loans totaling \$3.8 million for buyers earning less than 80% 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 2019-2020, the HIF Division issued 53 certificates in concert with mortgages totaling \$18.9 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, 29 units were completed under HIP and 12 under HWP for total expenditures of \$1.5 million.

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, 121 units with code-related issues were completed for \$7.2 million.

Through the Southern California Home Financing Authority (SCHFA), a Joint Powers Authority between Los Angeles and Orange Counties, the HIF Division funded three (3) loans for the First-Time Homebuyers Program totaling \$39,611. 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 grand opening of the Nightingale was celebrated on October 9, 2019. It is a new construction, permanent supportive housing development located in the Florence-Firestone area of unincorporated Los Angeles County. The residential development features 29 units plus one manager's unit in a single four-story building with a central courtyard and podium parking. The Nightingale will serve 29 homeless households, where one or more members is receiving intensive case management services from the Los Angeles County Department of Health Services (DHS). DHS will provide rental subsidies and comprehensive supportive services to the 29 homeless households living in the Project. DHS' rental subsidy will be provided through their Housing for Health Program's Flexible Housing Subsidy Pool (FHSP). The LACDA awarded LINC Community Development Corporation \$3,510,000 in HOME funds and \$1,500,000 in Affordable Housing Trust Funds through NOFA 22. Some unique attributes of the project are that half of the building's affordable units will incorporate Universal Design standards and will meet 2010 ADA standards. Unit amenities will include ENERGY STAR appliances, ceiling fans, and energy efficient lighting. The property will include landscaped grounds, a central outdoor courtyard, container garden and edible landscaping, and bike parking (both short-term outdoor and long-term indoor). On the ground floor, the property will provide a large community room, including two case management offices, a communal kitchen, restrooms, and a large storage pantry. The Project incorporates enhanced sustainability features, including water reclamation technology, quality insulation installation, and photovoltaic panels.

On October 17, 2019, the Athens Vistas grand opening was celebrated. Athens Vistas is a permanent supportive housing project for low-income seniors and homeless seniors with special needs, aged 62 and above. The residence features 73 units plus one manager's unit in a U-shaped, three-story building with a central corridor. The site totals approximately 39,325 square feet of residential space on a 1.27-acre site, with 48 surface parking spaces. Unit amenities include ENERGY STAR appliances and ceiling fans, dual flush toilets, energy efficient lighting, and access to either a patio or balcony. All of the senior units meet the 2010 ADA standards and include Universal Design standards. The property includes landscaped grounds, a central outdoor courtyard, container garden and edible landscaping, two community rooms, a laundry room, a gym, a designated exercise room, a computer room, and a social service coordinator office. The development project received \$2,575,900 in Affordable Housing Trust Funds (AHTF) from NOFA 21 and \$2,000,000 in HOME funds provided by the LACDA. A \$35,000 incentive for providing an on-site gym and a \$25,900 incentive for quality insulation installation are incorporated into the total funding amount. Some unique attributes of the site is it is comprised of five contiguous parcels located in the Athens Westmont area of unincorporated Los Angeles County, formerly owned by the LACDA. The LACDA provided a seller carryback loan in the amount of \$1,350,000 and transferred the land to the borrower at construction closing. The project was developed by Los Angeles County Housing Development Corporation (LAHDC), the Lead Developer, and Veloce Partners Inc., the Joint Developer.

Housing Operations Division

Over the last ten (10) 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.

During the fiscal year, six (6) construction projects at South County family sites were completed with County General Funds of which \$5 million have been expended. 11 families, totaling 41 household members, have been housed under the South Scattered family public housing developments homeless preference implemented in July 2016. To date, 48 formally homeless families totaling 174 household members have been housed. A 100% occupancy rate was achieved for all housing developments at fiscal year-end.

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 to 159 residences and workshops to 344 residents through the Family Resource Center, which offers family support services, transportation and

childcare referrals, and other counseling services to 13 senior housing sites through the Los Angeles County Department of Mental Health (LACDMH). In collaboration with local non-profits, educational services were provided to 500 unduplicated public housing youth participating in the afterschool programs. 576 seniors and persons with disabilities were provided with Quality of Life programs, case management, and clinical services. 120 adult residents received onsite computer literacy classes, English as a Second Language (ESL), and High School diploma classes facilitated by local non-profit agencies. Workforce development services and referrals were made available to local one-stop workforce centers. These services increased their skill level and assisted in securing unsubsidized employment. Enrollment in the Family Self-Sufficiency (FSS) families program continued with a total of 68 participants enrolled and 46 have escrow accounts. Assisted Living Waiver Program services were provided to 58 seniors at South Bay Gardens, Orchard Arms, and Lancaster Homes. A five-year agreement with the Boys and Girls Club of Los Angeles Harbor was entered into to provide high quality, age appropriate support and instruction to Harbor Hills youth in Academics, Arts, and Athletics.

The Community Development Foundations (CDF) awarded 25 scholarships, totaling \$25,000 to LACDA program participants in July 2019. CDF is a 501(c)3 non-profit created to inspire and provide positive life-changing opportunities to Public Housing residents and Section 8 tenants.

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 continued to develop value-added products and included them in the development of the TGE micro-enterprise. TGE completed the second year of Dramatic Results Science, Technology, Engineering, Art, and Mathematics (STEAM) programming to service 131 Long Beach middle school students. The 18-month program delivers after school and summer programs in partnership with Dramatic Results.

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 2018-2019 and is on pace to receive the SEMAP High Performer rating for ten (10) 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 96% of allocated vouchers and expended 104% 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 2019-20, HIP housed 1,305 individuals and families, paid 1,283 security deposits, provided clients with other move-in assistance; 476 utility deposits, 448 rental application fees, 812 furniture and appliance requests, convened or attended 463 landlord engagement events, received 1,351 landlord requests to participate in HIP, and secured 1,386 units. Working in conjunction with ten (10) local Public Housing Agencies, 1,300 vouchers were committed.

During the fiscal year, the Family Self-Sufficiency (FSS) Program increased its enrollment to 83%. 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 46 participants graduating from the program; 40 Section 8 HCV and 6 Public Housing residents.

Communications and Public Affairs Unit (CPAU)

The Communications and Public Affairs Unit continued to successfully coordinate the agency’s rebranding as the Los Angeles County Development Authority (LACDA) in the FY 19-20. Two (2) formal public launches were held; one (1) in Alhambra on June 19, 2019 and one (1) in Palmdale in August 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 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 2019 and 2020 budgets. The Unit initiated advocacy efforts at the State and Federal level, monitoring 136 pieces of State and 55 pieces of Federal legislation impactful to the agency including SB 1030, the Housing Omnibus bill which contains the LACDA's provision to increase the size of the Housing Advisory Committee. And, HR 6820 the Emergency Rental Assistance and Rental Market Stabilization Act of 2020, which would provide \$100 billion for an emergency rental assistance program allocated to states, territories, counties, and cities to help renters to pay rent and utility bills as well as help rental property owners of all sizes continue to cover their costs.

The Unit served as the lead for the County's Census 2020 activity, representing the agency in the 2020 Census Countywide Outreach Complete Count Committee. The Unit promoted the Census on social media and among LACDA program participants, by preparing content to send to Section 8 HCV and publish housing resents encouraging them to complete the Census. Due to the impact of COVID-19 and the delay of the 2020 Census to October, this activity will continue into the 2020-2021 fiscal year.

Also, during the fiscal year, the Unit monitored 2,357 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 54 media inquiries within requested timelines, issued 44 press releases, eight (8) media advisories, and coordinated 294 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 2,399 likes and grew to 2,500 followers, Twitter reached 1,000 followers up from 640 in the prior year, and increased the number of subscribers for the agency's bi-weekly newsletter to 7,438 compared to 5,196 last year. It also promoted the LACDA's efforts and impact in Los Angeles County through the taping of nine (9) episodes of LA Close Up.

Traffic Administration Services Program (TAS)

The Traffic Administration Services Program (TAS) provides and manages Traffic Court Specialist (TCS) staff assigned at various Court locations to process and receive traffic citations on behalf of the Court. TAS also serves the Court's customers in providing printed and electronic information regarding the Court and traffic violator schools and providing customers with real-time assistance in resolving complaints regard traffic violator course completion certificates.

The TAS Program resolved 3,606 traffic violator school completion certificate issues on behalf of the Los Angeles Superior Court and individual traffic violator schools. It also provided and managed 12 TAS Traffic Court Specialist (TCS) and 3 TCS Supervisors to render traffic court customer and administration services at 18 Court locations. TCS staff provided service to over 9,324 court customers.

A total of 181,010 published copies of the Los Angeles Superior Court/TAS Traffic Violator School Location List (pursuant to Section 11205 of the California Vehicle Code) and 210,000 published 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 were distributed to Los Angeles Superior Court locations.

The Court-Referred Community Service (CRCS) Program was established, and the policies and procedures were accepted and approved by the Court. A video presentation to introduce CRCS to Judicial Offices was made available to Judges and Commissioners and would help increase CRCS awareness in the Court, increase confidence in community service among Judges and Commissioners, and promote community service as a reliable alternative to jail and fines. LACDA completed the CRCS application process for community service referral agencies (CSRA's) wishing to become CRCS-approved CSRAs. The application period closed on January 7, 2020, during which nine (9) applications were received, evaluated, and approved by LACDA.

The LACDA TAS program staff developed and presented to the Court a proposed Community Service Completion Certificate (CSCC) System. This system would allow community service completion certificates to be securely and electronically transmitted from each County-approved CSRA to the Court, providing a more secure improvement to the current hardcopy/hand-submitted certificate system. The target launch date for the system was Fall 2020, however, due to the onset of COVID-19, discussions have been postponed pending pandemic shut-down conditions.

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,

Handwritten signature of Emilio Salas in black ink.

EMILIO SALAS

Acting Executive Director

Handwritten signature of Matthew Fortini in black ink.

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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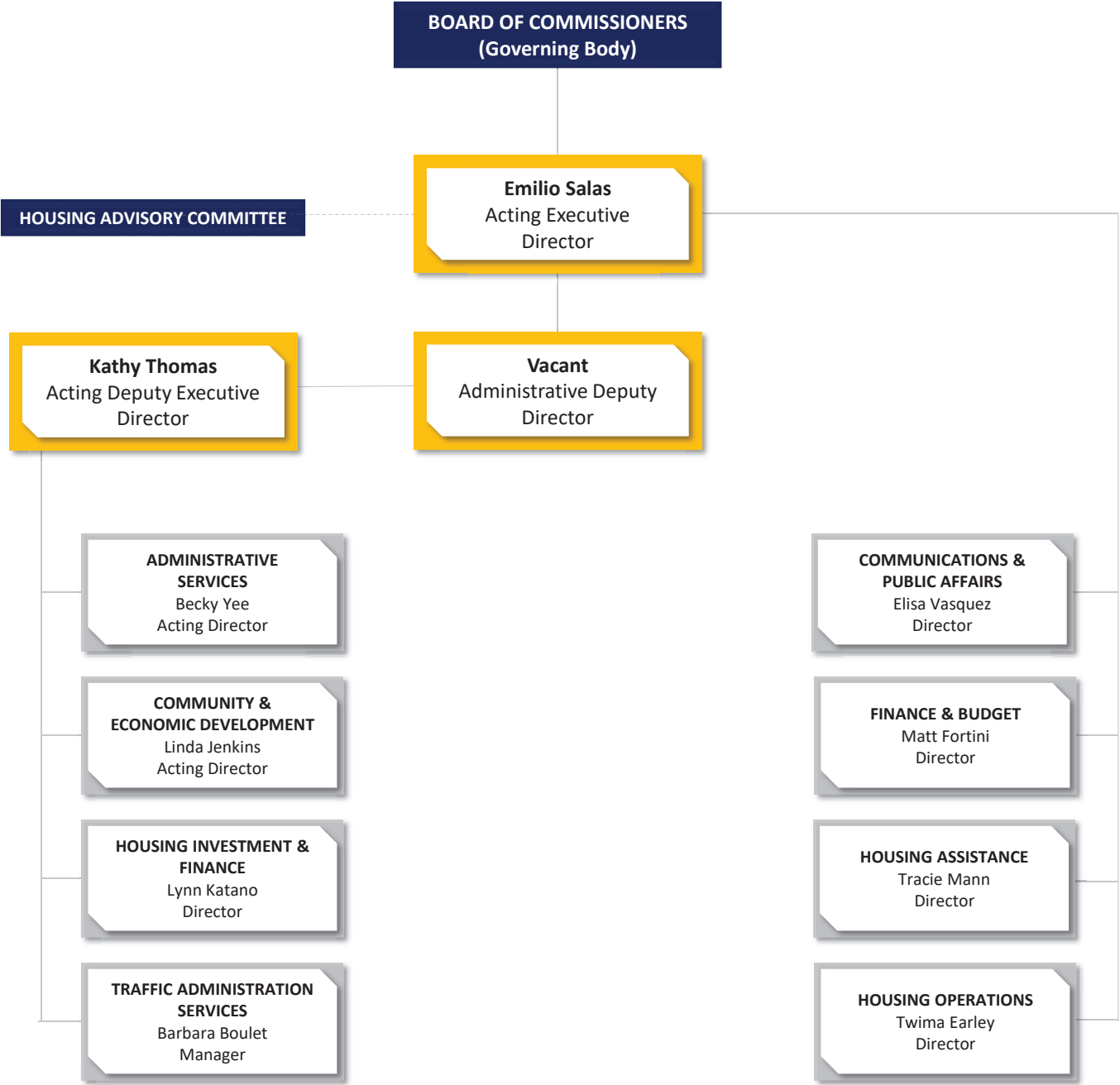
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Vacant.....	Administrative Deputy Director

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Linda Jenkins, Acting.....	Community and Economic Development
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LOS ANGELES COUNTY DEVELOPMENT AUTHORITY
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**Los Angeles County Development Authority
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For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO





FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the 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, 2020, 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 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, 2020, 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, and the Low and Moderate Income Housing Asset fund; the schedule of changes in net pension liability and related ratios; the schedule of employer contributions for pension; the schedule of changes in net OPEB liability and related ratio; and the schedule of employer contribution for OPEB 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 schedules, 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, schedules 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.



To the 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, 2020 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.

Lance, Soll & Loughard, LLP

Brea, California
November 19, 2020

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Management's Discussion and Analysis Year ended June 30, 2020

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, 2020. 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, 2020, is \$769,930,500 and includes the following:
 - \$132,773,281 in net investment in capital assets
 - \$589,218,000 in restricted net position
 - \$47,939,219 in unrestricted net position
- Compared to last fiscal year, LACDA's total net position increased by \$124,063,951. Of this increase, \$129,519,560 was attributed to governmental activities offset by a decrease of \$5,455,609 to business-type activities.
- At the end of the fiscal year, LACDA's fund balances of all governmental funds totaled \$620,031,827, an increase of \$136,069,763 over last fiscal year. \$3,408,137 of the total fund balances is non-spendable, while \$587,497,637 is restricted, and \$29,126,053 is unassigned.
- \$3,408,137 of the total general fund balance is non-spendable, \$62,743,730 is restricted, and \$29,126,053 is unassigned.
- The LACDA's total debt increased by \$8,062,106 during the fiscal year. The increase was primarily due to an increase in the net pension liability of \$5,902,971, in net other postemployment benefits liability of \$4,160,914, and \$419,625 in compensated absences. This was offset by the debt payments of \$1,564,000 for Section 108 loans, \$735,000 for lease revenue bonds, and \$125,802 for equipment and vehicle leases.
- Total revenue is \$774,783,143, comprised of the following activities: governmental \$377,666,578 or 49% of total revenue, and business-type \$397,116,565 or 51% of total revenue.
- Total expenses are \$650,719,192, comprised of the following activities: governmental \$249,511,502 or 38% of total expenses, and business-type \$401,207,690 or 62% of total expenses. The governmental activities include general government expenses of \$2,291,048 or 0.4% of total expenses.
- As of June 30, 2020, the LACDA received awards totaling \$89.4 million for various housing and community development programs funded by the Coronavirus Aid Relief and Economic Security (CARES) Act due to the pandemic caused by COVID-19. The LACDA has also been tasked by the County Board to administer a few programs to provide rental assistance to tenants and landlords, as well as economic relief to small businesses. These programs, however, were still in the implementation stages at the end of the fiscal year.

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

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Management's Discussion and Analysis Year ended June 30, 2020

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.

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 *GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. 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 an 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.

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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, 2020

Government-wide Financial Analysis

As presented earlier, the LACDA's net position at June 30, 2020, totaled \$769,930,500 with \$589,218,000 restricted, \$132,773,281 net investment in capital assets, and \$47,939,219 unrestricted. The changes in this year's net position include an increase of \$129,519,560 in governmental activities and a decrease of \$5,455,609 in business-type activities.

Los Angeles County Development Authority - Net Position

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$681,150,845	\$534,623,807	\$ 61,002,633	\$ 63,395,080	\$742,153,478	\$598,018,887
Capital assets, net of accumulated depreciation	60,728,674	63,378,435	112,375,884	109,040,574	173,104,558	172,419,009
Total assets	741,879,519	598,002,242	173,378,517	172,435,654	915,258,036	770,437,896
Deferred outflows of resources related to pensions and OPEB	9,148,864	7,104,263	5,519,687	5,173,282	14,668,551	12,277,545
Long-term liabilities	42,307,835	37,463,101	54,988,230	51,770,858	97,296,065	89,233,959
Other liabilities	48,911,244	36,801,880	11,244,401	7,513,044	60,155,645	44,314,924
Total liabilities	91,219,079	74,264,981	66,232,631	59,283,902	157,451,710	133,548,883
Deferred inflows of resources related to pensions and OPEB	1,434,308	1,986,088	1,110,069	1,313,921	2,544,377	3,300,009
Net investment in capital assets	28,056,834	29,812,460	104,716,447	100,923,037	132,773,281	130,735,497
Restricted	587,497,637	458,315,771	1,720,363	5,719,780	589,218,000	464,035,551
Unrestricted	42,820,525	40,727,205	5,118,694	10,368,296	47,939,219	51,095,501
Total net position	\$658,374,996	\$528,855,436	\$111,555,504	\$117,011,113	\$769,930,500	\$645,866,549

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Management's Discussion and Analysis Year ended June 30, 2020

Los Angeles County Development Authority – Changes in Net Position

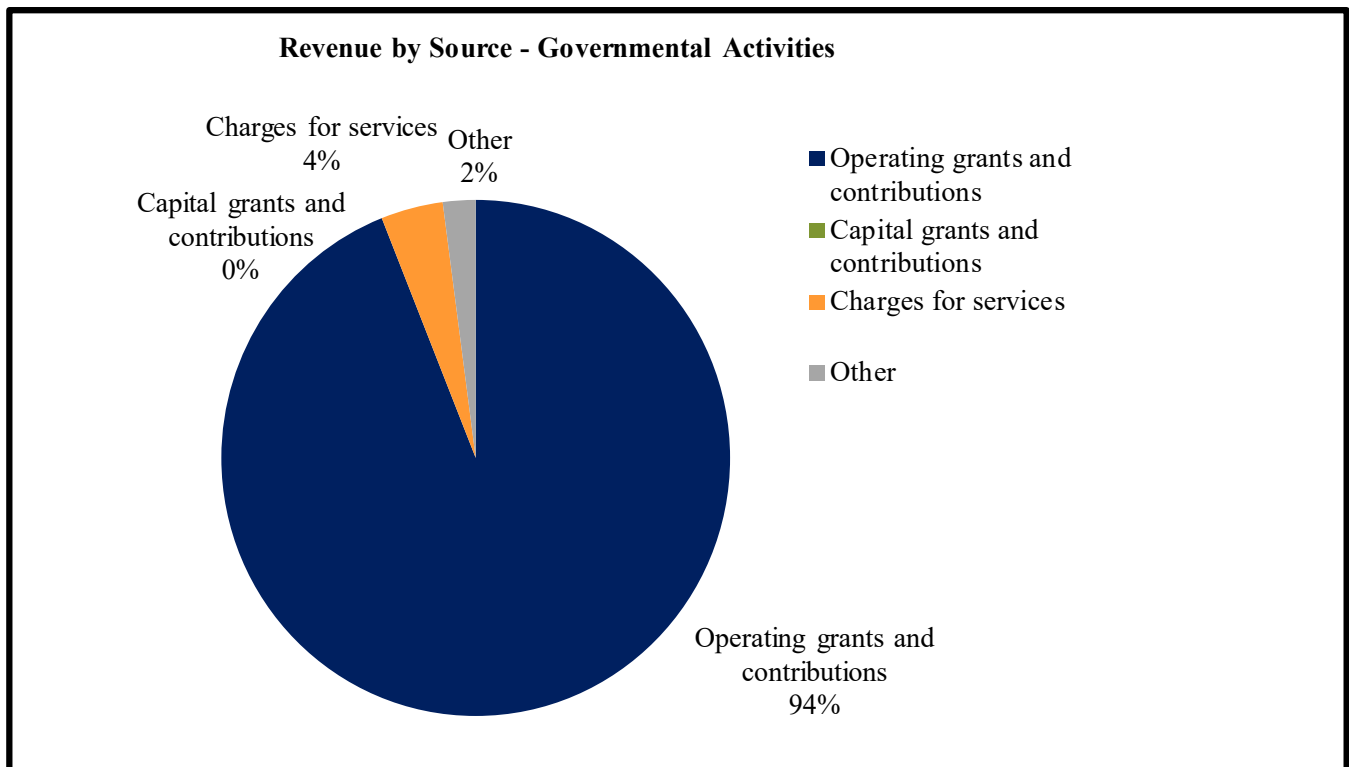
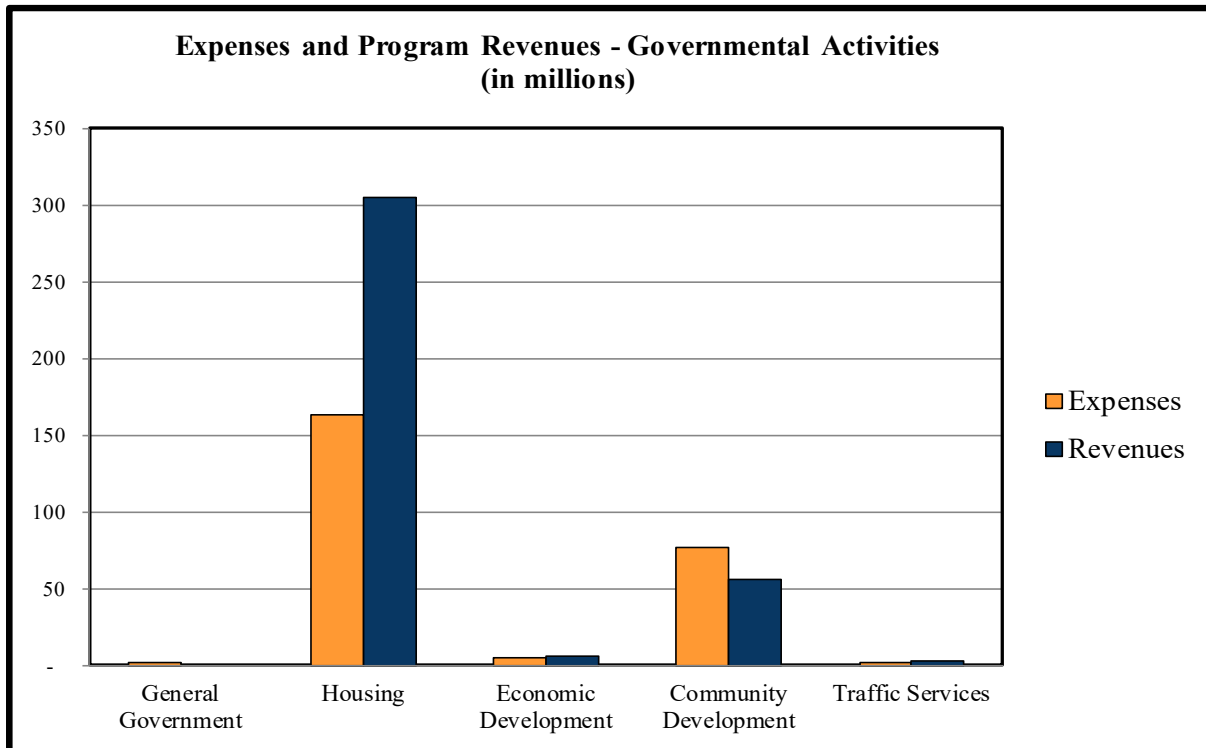
	Years ended June 30					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 14,899,757	\$ 13,927,765	\$ 14,768,427	\$ 14,167,900	\$ 29,668,184	\$ 28,095,665
Operating grants and contributions	354,926,429	275,283,870	374,410,041	329,460,096	729,336,470	604,743,966
Capital grants and contributions	-	-	4,545,291	5,911,481	4,545,291	5,911,481
General revenues:						
Investment income	6,221,356	5,492,450	2,138,542	2,333,228	8,359,898	7,825,678
Insurance recoveries	-	1,500,000	1,254,264	-	1,254,264	1,500,000
Gain on sale of property	1,283,413	51,347	-	-	1,283,413	51,347
Share in income of JPA	335,623	378,778	-	-	335,623	378,778
Total revenues	377,666,578	296,634,210	397,116,565	351,872,705	774,783,143	648,506,915
Program expenses:						
General government	2,291,048	2,187,542	-	-	2,291,048	2,187,542
Housing	162,860,678	112,292,273	-	-	162,860,678	112,292,273
Economic development	5,133,365	4,500,735	-	-	5,133,365	4,500,735
Community development	76,560,540	61,309,030	-	-	76,560,540	61,309,030
Traffic services	2,416,089	2,362,136	-	-	2,416,089	2,362,136
Interest on long-term debt	249,782	555,017	-	-	249,782	555,017
Section 8 program	-	-	363,117,764	314,731,935	363,117,764	314,731,935
Public housing	-	-	31,513,140	25,192,440	31,513,140	25,192,440
Other housing	-	-	4,869,765	4,864,480	4,869,765	4,864,480
CDPLAC	-	-	1,707,021	1,738,252	1,707,021	1,738,252
Total expenses	249,511,502	183,206,733	401,207,690	346,527,107	650,719,192	529,733,840
Change in net position before transfers	128,155,076	113,427,477	(4,091,125)	5,345,598	124,063,951	118,773,075
Transfers	1,364,484	1,634,318	(1,364,484)	(1,634,318)	-	-
Change in net position	129,519,560	115,061,795	(5,455,609)	3,711,280	124,063,951	118,773,075
Net position – beginning	528,855,436	413,793,641	117,011,113	113,299,833	645,866,549	527,093,474
Net position – ending	\$ 658,374,996	\$ 528,855,436	\$ 111,555,504	\$ 117,011,113	\$ 769,930,500	\$ 645,866,549

Governmental Activities

The increase in net position of \$129,519,560 for governmental activities was primarily attributed to an increase of \$163 million funding from local housing and community development programs. This increase in funding was slightly offset by a reduction of \$27 million in county construction projects, \$1.5 million funding from Los Angeles World Airports for the Residential Sound Insulation Program (RSIP), \$2.5 million due to changes in net pension and OPEB liabilities, and \$2 million of emergency loans issued to small business owners due to the pandemic caused by COVID-19.

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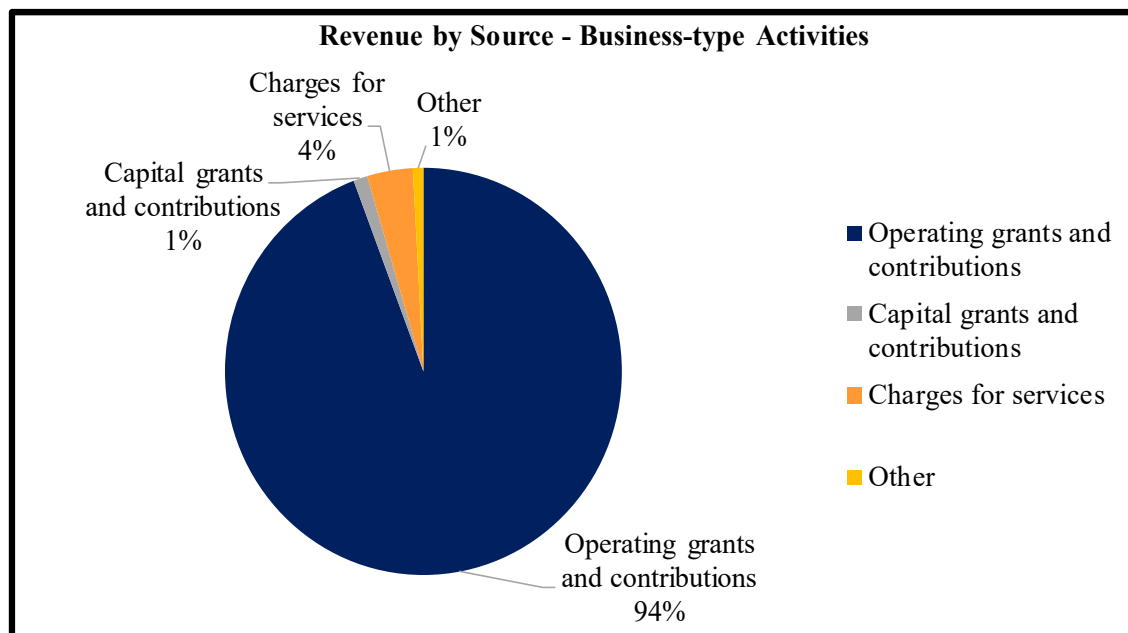
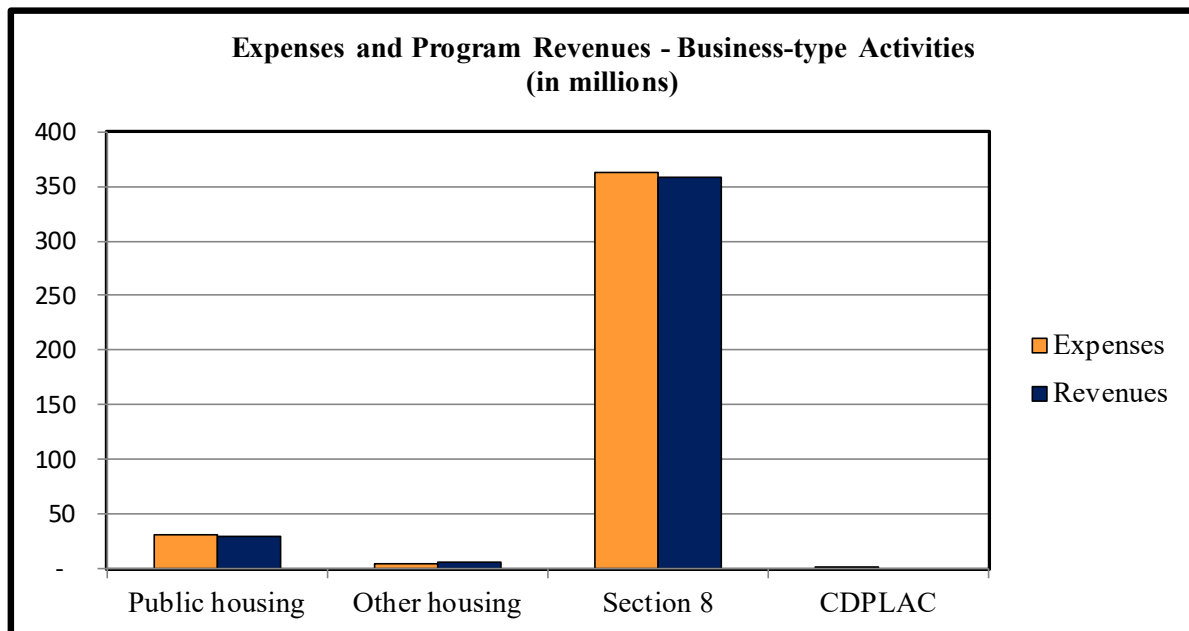


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Management's Discussion and Analysis Year ended June 30, 2020

Business-type Activities

The decrease of \$5,455,609 in net position for business-type activities was mainly attributed to a decrease of \$5.2 million in the Section 8 Program and \$0.4 million in the Public Housing Program. These decreases were primarily due to a timing difference in the Housing Assistance Payments (HAP) for the Section 8 Program and changes in net pension and OPEB liabilities. Overall, total program revenue for the Section 8 Program increased by \$44 million and was offset by an increase of \$48 million in HAP and general administration expenses.



LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Management's Discussion and Analysis Year ended June 30, 2020

Fund Financial Analysis

Governmental Funds

At June 30, 2020, the LACDA's total governmental fund balance was \$620,031,827, a net increase of \$136,069,763, or 28% from last fiscal year. An increase of \$149.3 million in the Local Housing and Community Development was mainly attributed to a new funding from the State for the administration of the No Place Like Home housing development program and the Countywide Lead-Based Paint Hazard Remediation program. This increase was offset by a decrease of \$9.5 million in General Fund and a decrease of \$1.2 million in Federal Housing and Community Development due to revenues recognized in prior fiscal years but expended in the current fiscal year for the County construction projects and the Home development projects. The remaining decrease of \$2.6 million in Other Federal was due to the emergency loans funded to small business owners due to the pandemic caused by COVID-19.

Proprietary Funds

The decrease of \$418,403 in the net position of the Public Housing Program was due mainly to the increase in general administration expenses and dwelling rental. Dwelling rental revenue of \$13.5 million increased approximately by \$0.6 million. This increase was offset by the increase of \$1 million in general administration expenses as compared with last fiscal year.

The increase of \$81,451 in the net position of the Other Housing Program was due mainly to the insurance recovery funds for the Santa Monica property of the Rental Housing Construction Program.

The decrease in net position of \$5,163,733 in the Section 8 Program was primarily due to a timing difference in the payment of HAP expenses for the fiscal year, an increase of \$1.4 million in pension and OPEB expenses, and \$1.7 million increase in other general administration expenses. Program revenue for the Section 8 Program increased by \$44 million and HAP expenses increased by \$42 million as compared with last fiscal year.

General Fund Budgetary Highlights

The unfavorable variance in the intergovernmental revenues is attributed mainly to \$40.2 million funding received from the County in prior fiscal year for the Magic Johnson Park and Los Nietos Community Center projects. The General Fund earned interest of \$7 million higher than budgeted, as earnings and fair market value adjustments were more favorable than budget estimates.

The favorable variance of \$4 million in general government expenditures was mainly due to the delay in implementation of the Budget system, delay in the construction of the Antelope Valley Office, and savings from salaries and benefits due to vacancies. Housing expenditures were \$2.5 million lower than the budgeted amount. This was attributed mainly to vacancy savings along with savings from general administrative costs. Community development expenditures were \$20.5 million lower than budgeted due to the construction pacing of several projects, including the Magic Johnson Park, Temple City Library, Artesia Library, Youth Activity League, and Los Nietos Library and Community Center 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.

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Management's Discussion and Analysis Year ended June 30, 2020

Los Angeles County Development Authority - Capital Assets (Net of depreciation)

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Land and land improvements	\$ 29,798,910	\$ 30,271,946	\$ 58,992,131	\$ 58,992,131	\$ 88,791,041	\$ 89,264,077
Construction in progress	134,315	134,315	593,028	2,941,000	727,343	3,075,315
Buildings and improvements	29,052,177	30,874,429	52,406,782	46,675,899	81,458,959	77,550,328
Equipment	78,844	132,985	383,943	431,544	462,787	564,529
Vehicles	725,444	844,041	-	-	725,444	844,041
Furniture and fixtures	67,934	147,193	-	-	67,934	147,193
Software	871,050	973,526	-	-	871,050	973,526
Total	\$ 60,728,674	\$ 63,378,435	\$ 112,375,884	\$ 109,040,574	\$ 173,104,558	\$ 172,419,009

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 \$97,296,065 as of June 30, 2020, are composed of the following:

Long-term liabilities arising from governmental activities	\$ 42,307,835
Long-term liabilities arising from business-type activities	54,988,230
	<u>\$ 97,296,065</u>

Los Angeles County Development Authority - Outstanding Debt

	Governmental activities		Business-type activities		Total	
	2020	2019	2020	2019	2020	2019
Long-term liability						
Long-term debt:						
Lease revenue bonds	\$ -	\$ -	\$ 32,705,000	\$ 33,440,000	\$ 32,705,000	\$ 33,440,000
Direct borrowing:						
Section 108 notes payable	9,020,000	10,584,000	-	-	9,020,000	10,584,000
Notes payable to CA						
State Dept	-	-	2,200,000	2,200,000	2,200,000	2,200,000
Leased purchase	612,673	738,475	-	-	612,673	738,475
Compensated absences	1,239,363	999,608	1,077,120	897,250	2,316,483	1,896,858
Claims payable	3,525,540	3,522,142	-	-	3,525,540	3,522,142
Net pension liability	23,362,406	20,103,188	17,620,580	14,976,827	40,982,986	35,080,015
Net other postemployment benefits liability	4,547,853	1,515,688	1,385,530	256,781	5,933,383	1,772,469
Total	\$ 42,307,835	\$ 37,463,101	\$ 54,988,230	\$ 51,770,858	\$ 97,296,065	\$ 89,233,959

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, 2020

Budgetary Highlights for Next Fiscal Year 2020-2021

The total budget for the Los Angeles County Development Authority (LACDA) is \$889 million for the fiscal year 2020-2021, a \$240 million increase from fiscal year 2019-2020. The increase is primarily due to the increase in activities for the Vermont Manchester Project, implementation of the new Countywide Lead-Based Paint Hazard Remediation Program, expansion in housing development projects with funding from the Affordable Housing Trust Fund and the Department of Mental Health Funds, implementation of the Housing Innovation Challenge through Measure H: Strategy F7, an increase in No Place Like Home funding, and implementation of the Los Angeles Regional COVID-19 Recovery Fund program under the CARES Act. These increases are offset by the substantial completion of the Magic Johnson Park Phase 1A construction project.

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 Airports (LAWA).

The following major funding sources for fiscal year 2020-2021 are detailed below:

- Total Housing Funds are \$431.2 million comprised of \$384 million for Housing Assistance, \$35.5 million for Housing Operations, and \$11.7 million in Capital Fund. These funds assist in providing quality affordable housing to over 30,000 eligible families, seniors, veterans, and special need households. Public Housing Capital Fund is used to improve and rehabilitate public housing units. These funding amounts are subject to change based upon the next federal fiscal year budget allocation or a continuation of the sequestration cuts.
- State and County funds are budgeted at \$263.4 million. The majority of these funds are comprised of \$149.7 million County funds, and the remaining \$113.7 million make up the State's portion. The State provides funding for a variety of LACDA programs: \$101.4 million in No Place Like Home; \$3.4 million in Bringing Families Home to increase family reunification; \$2.8 million in Traffic Violators School Program; \$1.1 million in State Emergency Solutions Grant that are used for street outreach, emergency shelter, homelessness prevention, rapid re-housing; and remaining dollars used in support for various other State and County initiatives.
- Community Development Block Grant (CDBG) funds are budgeted at \$29 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 the LACDA, participating cities, seven County departments, and 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, 2020

	Primary government		
	Governmental activities	Business-type activities	Totals
Assets			
Cash and pooled investments	\$ 653,628,396	\$ 29,675,493	\$ 683,303,889
Accounts receivable, net	6,184,265	757,324	6,941,589
Due from other governments	5,841,711	3,838,996	9,680,707
Internal balances	(26,599,730)	26,599,730	-
Notes receivable, net	14,984,843	-	14,984,843
Land held for resale	13,824,843	-	13,824,843
Inventory	39,361	16,860	56,221
Prepaid costs and other assets	859,171	114,230	973,401
Investment in JPA	12,387,985	-	12,387,985
Capital assets:			
Land	29,798,910	58,992,131	88,791,041
Construction in progress	134,315	593,028	727,343
Capital assets, net of accumulated depreciation	30,795,449	52,790,725	83,586,174
Total assets	741,879,519	173,378,517	915,258,036
Deferred Outflows of Resources			
Pension related amounts	4,656,962	3,799,163	8,456,125
Other postemployment benefits related amounts	4,491,902	1,720,524	6,212,426
Total deferred outflows of resources	9,148,864	5,519,687	14,668,551
Liabilities			
Accounts payable and accrued liabilities	24,556,878	3,228,838	27,785,716
Due to other governments	6,276,205	1,622,743	7,898,948
Tenant security deposits	41,893	1,073,784	1,115,677
Unearned revenue	18,036,268	5,319,036	23,355,304
Long-term liabilities:			
Due within one year:			
Long-term debt obligations	1,858,550	775,000	2,633,550
Estimated claims payable	352,554	-	352,554
Accrued compensated absences	1,115,426	969,408	2,084,834
Subtotal	3,326,530	1,744,408	5,070,938
Due in more than one year:			
Long-term debt obligations	7,774,123	34,130,000	41,904,123
Estimated claims payable	3,172,986	-	3,172,986
Accrued compensated absences	123,937	107,712	231,649
Net pension liability	23,362,406	17,620,580	40,982,986
Net other postemployment benefits liability	4,547,853	1,385,530	5,933,383
Long-term liabilities, net of current portion	38,981,305	53,243,822	92,225,127
Total liabilities	91,219,079	66,232,631	157,451,710
Deferred Inflows of Resources			
Pension related amounts	1,268,080	1,085,461	2,353,541
Other postemployment benefits related amounts	166,228	24,608	190,836
Total deferred inflows of resources	1,434,308	1,110,069	2,544,377
Net position			
Net investment in capital assets	28,056,834	104,716,447	132,773,281
Restricted for:			
Housing	503,648,938	-	503,648,938
Economic development	20,234,490	-	20,234,490
Community development	58,789,436	-	58,789,436
Traffic services	4,824,773	-	4,824,773
Housing improvement projects	-	1,312,110	1,312,110
Debt service	-	408,253	408,253
Unrestricted	42,820,525	5,118,694	47,939,219
Total net position	\$ 658,374,996	\$ 111,555,504	\$ 769,930,500

See accompanying notes to basic financial statements.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Statement of Activities

Year ended June 30, 2020

Functions/programs	Expenses	Program revenues		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Governmental activities:				
General government	\$ 2,291,048	\$ 340,028	\$ 110,133	\$ -
Housing	162,860,678	13,986,776	291,017,144	-
Economic development	5,133,365	280,419	5,777,950	-
Community development	76,560,540	292,534	55,492,261	-
Traffic services	2,416,089	-	2,528,941	-
Interest on long-term debt	249,782	-	-	-
Total governmental activities	249,511,502	14,899,757	354,926,429	-
Business-type activities:				
Public housing	31,513,140	13,546,428	11,677,340	4,545,291
Other housing	4,869,765	1,221,999	4,779,521	-
Section 8 program	363,117,764	-	357,888,176	-
CDPLAC	1,707,021	-	65,004	-
Total business-type activities	401,207,690	14,768,427	374,410,041	4,545,291
Total	\$ 650,719,192	\$ 29,668,184	\$ 729,336,470	\$ 4,545,291
		General revenues:		
		Investment income		
		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
\$ (1,840,887)	\$ -	\$ (1,840,887)
142,143,242	-	142,143,242
925,004	-	925,004
(20,775,745)	-	(20,775,745)
112,852	-	112,852
(249,782)	-	(249,782)
<u>120,314,684</u>	<u>-</u>	<u>120,314,684</u>
-	(1,744,081)	(1,744,081)
-	1,131,755	1,131,755
-	(5,229,588)	(5,229,588)
-	(1,642,017)	(1,642,017)
<u>-</u>	<u>(7,483,931)</u>	<u>(7,483,931)</u>
<u>120,314,684</u>	<u>(7,483,931)</u>	<u>112,830,753</u>
6,221,356	2,138,542	8,359,898
-	1,254,264	1,254,264
1,283,413	-	1,283,413
335,623	-	335,623
1,364,484	(1,364,484)	-
<u>9,204,876</u>	<u>2,028,322</u>	<u>11,233,198</u>
129,519,560	(5,455,609)	124,063,951
<u>528,855,436</u>	<u>117,011,113</u>	<u>645,866,549</u>
<u>\$ 658,374,996</u>	<u>\$ 111,555,504</u>	<u>\$ 769,930,500</u>

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Balance Sheet Governmental Funds June 30, 2020

	General fund	Federal housing and community development	Other federal
Assets			
Cash and pooled investments	\$ 87,553,175	\$ 9,589,701	\$ 18,941,468
Accounts receivable	4,729,691	8,130	956,175
Due from other governments	6,065	5,796,018	39,628
Advances to other funds	5,459,437	-	-
Land held for resale	2,709,289	5,223,167	-
Prepaid costs and other assets	698,848	-	-
Total assets	<u>\$ 101,156,505</u>	<u>\$ 20,617,016</u>	<u>\$ 19,937,271</u>
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 5,640,910	\$ 4,421,075	\$ 743,516
Due to other governments	-	4,697,377	-
Tenant security deposits	-	-	41,893
Unearned revenues	-	-	2,921
Total liabilities	<u>5,640,910</u>	<u>9,118,452</u>	<u>788,330</u>
Deferred inflows of resources:			
Unavailable revenues	<u>237,675</u>	<u>1,049,755</u>	<u>758,637</u>
Fund balances:			
Nonspendable			
Land held for resale	2,709,289	-	-
Inventory, prepaid costs and other assets	698,848	-	-
Restricted			
Housing	20,571,885	2,261,887	1,281,627
Economic development	-	2,963,756	7,309,676
Community development	42,171,845	5,223,166	9,799,001
Traffic services	-	-	-
Unassigned	<u>29,126,053</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>95,277,920</u>	<u>10,448,809</u>	<u>18,390,304</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 101,156,505</u>	<u>\$ 20,617,016</u>	<u>\$ 19,937,271</u>

See accompanying notes to basic financial statements.

Local housing and community development	Low and moderate income housing asset fund	Total
\$ 518,463,226	\$ 3,655,637	\$ 638,203,207
489,788	481	6,184,265
-	-	5,841,711
-	-	5,459,437
56,551	5,835,836	13,824,843
-	-	698,848
<u>\$ 519,009,565</u>	<u>\$ 9,491,954</u>	<u>\$ 670,212,311</u>

\$ 12,946,172	\$ 28,378	\$ 23,780,051
1,578,828	-	6,276,205
-	-	41,893
18,033,347	-	18,036,268
<u>32,558,347</u>	<u>28,378</u>	<u>48,134,417</u>

<u>-</u>	<u>-</u>	<u>2,046,067</u>
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-	-	2,709,289
-	-	698,848

470,069,963	9,463,576	503,648,938
9,961,058	-	20,234,490
1,595,424	-	58,789,436
4,824,773	-	4,824,773
-	-	29,126,053
<u>486,451,218</u>	<u>9,463,576</u>	<u>620,031,827</u>

<u>\$ 519,009,565</u>	<u>\$ 9,491,954</u>	<u>\$ 670,212,311</u>
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LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2020

Total governmental fund balances	\$ 620,031,827
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	24,134,353
Certain notes receivable are not considered to be current financial resources.	14,984,843
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.	9,014,765
Investment in JPA is a long-term asset which is not considered current financial resources.	12,387,985
Amounts reported as unavailable revenues do not provide current financial resources and therefore are not reported in the governmental funds.	2,046,067
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	(9,020,000)
Compensated absences	(849,034)
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	(16,435,292)
Deferred outflows of resources related to pensions	3,293,914
Deferred inflows of resources related to pensions	(880,168)
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	(3,693,155)
Deferred outflows of resources related to other postemployment benefits	3,604,191
Deferred inflows of resources related to other postemployment benefits	(140,134)
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.	(105,166)
Net position of governmental activities	<u>\$ 658,374,996</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, 2020

	General fund	Federal housing and community development	Other federal
Revenues:			
Intergovernmental	\$ 25,683,949	\$ 36,901,294	\$ 6,834,540
Charges for services	13,493,660	7,488	8,259
Rentals	303,731	277,812	272,046
Investment income	7,195,877	996,404	669,979
Contributions	5,022	160,494	-
Other revenues	3,921,751	73,367	-
Total revenues	50,603,990	38,416,859	7,784,824
Expenditures:			
Current:			
General government	994,311	-	-
Housing	11,762,339	17,817,945	407,234
Economic development	-	1,098,905	3,228,905
Community development	47,665,580	20,643,255	6,713,686
Traffic services	-	-	-
Debt service:			
Principal	-	1,564,000	-
Interest	-	236,708	-
Total expenditures	60,422,230	41,360,813	10,349,825
Excess (deficiency) of revenues over expenditures	(9,818,240)	(2,943,954)	(2,565,001)
Other financing sources (uses):			
Sale of property	-	1,755,449	-
Insurance recoveries	421,794	-	-
Transfers in	-	-	-
Transfers out	(63,591)	-	-
Net other financing sources (uses)	358,203	1,755,449	-
Change in fund balances	(9,460,037)	(1,188,505)	(2,565,001)
Fund balances at beginning of year	104,737,957	11,637,314	20,955,305
Fund balances at end of year	\$ 95,277,920	\$ 10,448,809	\$ 18,390,304

See accompanying notes to basic financial statements.

Local housing and community development	Low and moderate income housing asset fund	Total
\$ 273,874,418	\$ 108,193	\$ 343,402,394
498,897	37,864	14,046,168
-	-	853,589
9,660,116	212,501	18,734,877
-	-	165,516
-	-	3,995,118
<u>284,033,431</u>	<u>358,558</u>	<u>381,197,662</u>
-	-	994,311
130,208,281	347,408	160,543,207
2,915,838	-	7,243,648
781,697	-	75,804,218
2,404,760	-	2,404,760
-	-	1,564,000
-	-	236,708
<u>136,310,576</u>	<u>347,408</u>	<u>248,790,852</u>
<u>147,722,855</u>	<u>11,150</u>	<u>132,406,810</u>
-	-	1,755,449
-	-	421,794
1,549,301	-	1,549,301
-	-	(63,591)
<u>1,549,301</u>	<u>-</u>	<u>3,662,953</u>
149,272,156	11,150	136,069,763
337,179,062	9,452,426	483,962,064
<u>\$ 486,451,218</u>	<u>\$ 9,463,576</u>	<u>\$ 620,031,827</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, 2020

Net change in fund balances – total governmental funds	\$ 136,069,763
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	(473,036)
Loans issued, net of collections do not have any effect on net position.	(532,526)
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.	(523,089)
Investment in JPA that do not provide current financial resources are not reported in the governmental funds.	
Withdraw from JPA	(1,552,839)
Share in income of JPA	335,623
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	(168,396)
Principal payment on Section 108 notes payable	1,564,000
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	(13,074)
Changes in net other postemployment benefits liabilities and OPEB related accounts	894,067
Changes in net pension liabilities and pension related accounts	(3,357,146)
Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds.	(1,853,910)
Change in net position of governmental activities	<u>\$ 129,519,560</u>

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Statement of Net Position Proprietary Funds June 30, 2020

	Public housing	Other housing	Section 8 program
Assets			
Current assets:			
Cash and pooled investments	\$ 12,769,252	\$ 6,972,159	\$ 8,188,016
Accounts receivable, net	117,880	4,667	634,777
Due from other governments	1,344,713	239,553	2,254,730
Lease receivable	-	-	-
Inventory	4,834	-	12,026
Prepaid costs and other assets	3,201	92,294	18,735
Total current assets	14,239,880	7,308,673	11,108,284
Noncurrent assets:			
Lease receivable	-	-	-
Capital assets, net	103,514,638	8,861,246	-
Total noncurrent assets	103,514,638	8,861,246	-
Total assets	117,754,518	16,169,919	11,108,284
Deferred Outflows of Resources			
Pension related amounts	1,188,338	233,324	2,377,501
Other postemployment benefits related amounts	689,026	98,256	933,242
Total deferred outflows of resources	1,877,364	331,580	3,310,743
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	2,041,560	252,907	383,371
Due to other governments	366,483	-	1,256,260
Tenant security deposits	977,597	96,187	-
Unearned revenue	163,233	10,677	5,004,146
Estimated claims payable	-	-	-
Accrued compensated absences	324,482	55,766	589,160
Long-term debt obligations - current portion	-	-	-
Total current liabilities	3,873,355	415,537	7,232,937
Noncurrent liabilities:			
Advances from other funds	1,714,062	3,745,375	-
Estimated claims payable	-	-	-
Accrued compensated absences	36,054	6,196	65,462
Long-term debt obligations	-	2,200,000	-
Net pension liability	5,512,915	868,069	11,239,596
Net other postemployment benefits liability	689,177	106,127	590,226
Total noncurrent liabilities	7,952,208	6,925,767	11,895,284
Total liabilities	11,825,563	7,341,304	19,128,221
Deferred Inflows of Resources			
Pension related amounts	348,603	49,951	686,907
Other postemployment benefits related amounts	21,963	2,645	-
Total deferred inflows of resources	370,566	52,596	686,907
Net position			
Net investment in capital assets	101,800,576	2,915,871	-
Restricted for:			
Housing improvement projects	1,312,110	-	-
Debt service	-	-	-
Unrestricted	4,323,067	6,191,728	(5,396,101)
Total net position	\$ 107,435,753	\$ 9,107,599	\$ (5,396,101)

See accompanying notes to basic financial statements.

CDPLAC	Totals	Internal service funds
\$ 1,746,066	\$ 29,675,493	\$ 15,425,189
-	757,324	-
-	3,838,996	-
740,417	740,417	-
-	16,860	39,361
-	114,230	160,323
2,486,483	35,143,320	15,624,873
31,318,750	31,318,750	-
-	112,375,884	36,594,321
31,318,750	143,694,634	36,594,321
33,805,233	178,837,954	52,219,194
-	3,799,163	1,363,048
-	1,720,524	887,711
-	5,519,687	2,250,759
551,000	3,228,838	671,661
-	1,622,743	-
-	1,073,784	-
140,980	5,319,036	-
-	-	352,554
-	969,408	351,296
775,000	775,000	1,030,967
1,466,980	12,988,809	2,406,478
-	5,459,437	-
-	-	3,172,986
-	107,712	39,033
31,930,000	34,130,000	31,640,873
-	17,620,580	6,927,114
-	1,385,530	854,698
31,930,000	58,703,259	42,634,704
33,396,980	71,692,068	45,041,182
-	1,085,461	387,912
-	24,608	26,094
-	1,110,069	414,006
-	104,716,447	3,922,481
-	1,312,110	-
408,253	408,253	-
-	5,118,694	5,092,284
\$ 408,253	\$ 111,555,504	\$ 9,014,765

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year ended June 30, 2020

	Public housing	Other housing	Section 8 program
Operating revenues:			
Government subsidies	\$ 11,340,144	\$ 4,439,576	\$ 357,479,664
Charges for services	82,121	2,329	-
Rentals	13,464,307	1,219,670	-
Other revenue	337,196	339,945	408,512
Total operating revenues	25,223,768	6,001,520	357,888,176
Operating expenses:			
Current:			
Program administration	17,043,592	3,352,256	30,833,789
Utilities	2,728,009	219,342	113,937
Maintenance	6,851,773	649,607	562,609
General administration	1,920,968	155,288	1,072,872
Subgrants to county, cities, and community-based organizations	-	-	674,877
Housing assistance payments	-	-	329,859,680
Depreciation and amortization	2,912,836	374,557	-
Total operating expenses	31,457,178	4,751,050	363,117,764
Operating income (loss)	(6,233,410)	1,250,470	(5,229,588)
Nonoperating revenues (expenses):			
Gain on sale of property	-	-	-
Insurance recoveries	1,078,206	176,058	-
Investment income	247,472	134,488	36,831
Interest expense	(55,962)	(118,715)	-
Net nonoperating revenues (expenses)	1,269,716	191,831	36,831
Change in net position before transfers	(4,963,694)	1,442,301	(5,192,757)
Capital grants	4,545,291	-	-
Transfers in	-	-	29,024
Transfers out	-	(1,360,850)	-
Change in net position	(418,403)	81,451	(5,163,733)
Net position at beginning of year	107,854,156	9,026,148	(232,368)
Net position at end of year	\$ 107,435,753	\$ 9,107,599	\$ (5,396,101)

See accompanying notes to basic financial statements.

CDPLAC	Totals	Internal service funds
\$ -	\$ 373,259,384	\$ -
-	84,450	17,681,156
-	14,683,977	3,752,556
65,004	1,150,657	38,476
65,004	389,178,468	21,472,188
-	51,229,637	-
-	3,061,288	380,196
15,938	8,079,927	2,782,724
-	3,149,128	15,701,800
-	674,877	-
-	329,859,680	-
-	3,287,393	1,514,056
15,938	399,341,930	20,378,776
49,066	(10,163,462)	1,093,412
-	-	1,000
-	1,254,264	-
1,719,751	2,138,542	287,680
(1,691,083)	(1,865,760)	(1,783,955)
28,668	1,527,046	(1,495,275)
77,734	(8,636,416)	(401,863)
-	4,545,291	-
-	29,024	32,658
(32,658)	(1,393,508)	(153,884)
45,076	(5,455,609)	(523,089)
363,177	117,011,113	9,537,854
\$ 408,253	\$ 111,555,504	\$ 9,014,765

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Statement of Cash Flows

Proprietary Funds

Year ended June 30, 2020

	Public housing	Other housing	Section 8 program
Cash flows from operating activities:			
Receipts from tenants	\$ 13,495,764	\$ 1,219,043	\$ -
Receipts from rentals	-	-	-
Charges for services	82,121	2,329	-
Payments to employees for services	(8,938,141)	(1,496,220)	(16,369,888)
Payments to vendors for goods and services	(19,915,801)	(2,785,708)	(344,429,433)
Government subsidies	11,982,930	4,474,549	364,664,788
Other revenue	284,887	348,541	71,696
Net cash provided by (used in) operating activities	(3,008,240)	1,762,534	3,937,163
Cash flows from noncapital financing activities:			
Payment of advances from other funds	(241,243)	(216,856)	-
Transfer out to other funds	-	(1,360,850)	-
Transfers in from other funds	-	-	29,024
Net cash provided by (used in) noncapital financing activities	(241,243)	(1,577,706)	29,024
Cash flows from capital and related financing activities:			
Purchase and construction of capital assets	(6,023,073)	(599,630)	-
Payment of capital lease obligation	-	-	-
Proceeds from sale of capital assets	-	-	-
Receipt of lease revenue payments	-	-	-
Payment of principal on bonds payable	-	-	-
Capital grants	4,545,291	-	-
Interest paid	(55,962)	(118,715)	-
Net cash used in capital and related financing activities	(1,533,744)	(718,345)	-
Cash flows from investing activities:			
Insurance recoveries	1,078,206	176,058	-
Interest received	247,472	134,488	36,831
Net cash provided by investing activities	1,325,678	310,546	36,831
Net increase (decrease) in cash and cash equivalents	(3,457,549)	(222,971)	4,003,018
Cash and cash equivalents at beginning of year	16,226,801	7,195,130	4,184,998
Cash and cash equivalents at end of year	\$ 12,769,252	\$ 6,972,159	\$ 8,188,016
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (6,233,410)	\$ 1,250,470	\$ (5,229,588)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	2,912,836	374,557	-
Changes in assets and liabilities:			
Accounts receivable	(52,309)	8,596	(336,816)
Due from other governments	621,048	34,973	2,283,820
Inventory	3,795	-	(6,596)
Prepaid costs and other assets	(3,201)	(92,294)	-
Deferred outflows of resources - pension	339,638	33,583	760,976
Deferred outflows of resources - OPEB	(591,490)	(83,906)	(805,206)
Accounts payable and accrued expenses	(1,288,078)	130	87,537
Due to other governments	21,738	-	(80,311)
Unearned revenue	5,093	(3,723)	4,981,615
Tenant security deposits	26,364	3,096	-
Compensated absences	53,546	1,108	125,216
Claims payable	-	-	-
Deferred inflows of resources - pension	(55,031)	(24,471)	(86,621)
Deferred inflows of resources - OPEB	(33,727)	(4,002)	-
Net pension liability	794,886	195,956	1,652,911
Net other postemployment benefits liability	470,062	68,461	590,226
Net adjustments	3,225,170	512,064	9,166,751
Net cash provided by (used in) operating activities	\$ (3,008,240)	\$ 1,762,534	\$ 3,937,163
Noncash noncapital financing activities:			
Issuance of a capital lease	\$ -	\$ -	\$ -
Transfer of capital assets to other funds	\$ -	\$ -	\$ -
Transfer of capital assets from other funds	\$ -	\$ -	\$ -

CDPLAC	Totals	Internal service funds
\$ 65,004	\$ 14,779,811	\$ -
-	-	3,752,556
-	84,450	17,681,156
-	(26,804,249)	(9,176,616)
(15,938)	(367,146,880)	(8,225,425)
-	381,122,267	-
-	705,124	38,476
49,066	2,740,523	4,070,147
-	(458,099)	-
-	(1,360,850)	(153,884)
-	29,024	-
-	(1,789,925)	(153,884)
(32,658)	(6,655,361)	(48,604)
-	-	(1,020,081)
-	-	1,000
768,333	768,333	-
(735,000)	(735,000)	-
-	4,545,291	-
(1,710,125)	(1,884,802)	(1,783,955)
(1,709,450)	(3,961,539)	(2,851,640)
-	1,254,264	-
1,716,689	2,135,480	287,680
1,716,689	3,389,744	287,680
56,305	378,803	1,352,303
1,689,761	29,296,690	14,072,886
\$ 1,746,066	\$ 29,675,493	\$ 15,425,189
\$ 49,066	\$ (10,163,462)	\$ 1,093,412
-	3,287,393	1,514,056
-	(380,529)	-
-	2,939,841	-
-	(2,801)	(11,409)
-	(95,495)	28,558
-	1,134,197	553,859
-	(1,480,602)	(762,279)
-	(1,200,411)	138,847
-	(58,573)	-
-	4,982,985	-
-	29,460	-
-	179,870	71,362
-	-	3,398
-	(166,123)	(86,329)
-	(37,729)	(42,206)
-	2,643,753	964,367
-	1,128,749	604,511
-	12,903,985	2,976,735
\$ 49,066	\$ 2,740,523	\$ 4,070,147
\$ -	\$ -	\$ 433,158
\$ (32,658)	\$ (32,658)	\$ -
\$ -	\$ -	\$ 32,658

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

Statement of Fiduciary Net Position

Fiduciary Fund

June 30, 2020

	Private-Purpose Trust Fund
Assets	
Cash and cash equivalents	<u>\$ 312</u>
Total assets	<u>312</u>
Net Position	
Net position held in trust	<u>\$ 312</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, 2020

	Private-Purpose Trust Fund
Additions:	
Other revenues	\$ 304
Total additions	<u>304</u>
Deductions:	
Rental and property maintenance expenses	<u>12,525</u>
Total deductions	<u>12,525</u>
Change in net position	(12,221)
Net position held in trust - beginning	<u>12,533</u>
Net position held in trust - ending	<u><u>\$ 312</u></u>

See accompanying notes to basic financial statements.

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Notes to Basic Financial Statements

Year ended June 30, 2020

(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 48 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,

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Notes to Basic Financial Statements Year ended June 30, 2020

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 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, 2020, the LACDA identified and adopted the following new Statements of the Governmental Accounting Standards Board (GASB):

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The implementation of this statement did not impact LACDA's financial statements for the fiscal year ended June 30, 2020.

(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 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

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Notes to Basic Financial Statements Year ended June 30, 2020

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 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

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Notes to Basic Financial Statements Year ended June 30, 2020

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, lead-based paint hazard remediation program, and traffic administration services. Sources of revenue are primarily from the County of Los Angeles, the State of California 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.

(e) Budgetary Control and Accounting

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

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Notes to Basic Financial Statements

Year ended June 30, 2020

- 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 acquisition 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 are 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

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Notes to Basic Financial Statements

Year ended June 30, 2020

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 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, 2021.

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Notes to Basic Financial Statements Year ended 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, 2021.

(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.

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.

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Notes to Basic Financial Statements Year ended June 30, 2020

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, 2020 amounted to approximately \$413 million, or 53% 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, 2020, 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, 2021.
- GASB Statement No. 87, *Leases*: Effective for the LACDA's fiscal year ending June 30, 2022.
- 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, 2021.
- GASB Statement No. 91, *Conduit Debt Obligations*: Effective for the LACDA's fiscal year ending June 30, 2023.
- GASB Statement No. 92, *Omnibus 2020*: Effective for the LACDA's fiscal year ending June 30, 2022.
- GASB Statement No. 93, *Replacement of Interbank Offered Rates*: Effective for the LACDA's fiscal year ending June 30, 2022.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*: Effective for the LACDA's fiscal year ending June 30, 2023.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*: Effective for the LACDA's fiscal year ending June 30, 2023.

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Notes to Basic Financial Statements Year ended June 30, 2020

- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*: Effective for the LACDA's fiscal year ending June 30, 2022.

(2) Cash and Investments

Cash and investments at June 30, 2020 are classified in the accompanying financial statements as follows:

Statement of net position:	
Governmental activities	\$ 653,628,396
Business-type activities	29,675,493
Fiduciary funds	312
Total cash and investments	<u>\$ 683,304,201</u>

Cash and investments at June 30, 2020 consist of the following:

Cash on hand	\$ 3,000
Deposits with financial institutions	4,948,073
Investments	672,051,748
Cash and investments held by trustee	<u>6,301,380</u>
Total cash and investments	<u>\$ 683,304,201</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

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Notes to Basic Financial Statements Year ended June 30, 2020

(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.

At June 30, 2020, 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	\$ 138,238,382	\$ 42,424,333	\$ 39,594,405	\$ 56,219,644
Negotiable Certificates of Deposit	35,032,570	35,032,570	-	-
Non-negotiable Certificates of Deposit	2,255,120	255,120	2,000,000	-
Corporate Bonds	172,115,359	5,281,493	32,475,178	134,358,688
Commercial Paper	69,632,483	69,632,483	-	-
State Investment Pool	75,368,460	75,368,460	-	-
County Investment Pool	163,801,379	163,801,379	-	-
Asset Backed Securities	10,583,345	-	-	10,583,345
Supranational Bonds	5,024,650	-	-	5,024,650
Total investments	\$ 672,051,748	\$ 391,795,838	\$ 74,069,583	\$ 206,186,327

(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

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Notes to Basic Financial Statements Year ended June 30, 2020

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 counterparty is then unable to deliver securities that are in the possession of another party. As of June 30, 2020, 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, 2020, 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, 2020:

Investments by fair value level	Fair Value	Fair Value Measurement Using Significant Other Observable Inputs (Level 2)
Debt Securities:		
U.S., State and Local Government Obligations	\$ 138,238,382	\$ 138,238,382
Negotiable Certificates of Deposit	35,032,570	35,032,570
Corporate Bonds	172,115,359	172,115,359
Asset Backed Securities	10,583,345	10,583,345
Supranational Bonds	5,024,650	5,024,650
Total debt securities	360,994,306	\$ 360,994,306
Uncategorized:		
Non-negotiable Certificates of Deposit	2,255,120	
Commercial Paper	69,632,483	
State Investment Pool	75,368,460	
County Investment Pool	163,801,379	
Total uncategorized	311,057,442	
Total investments measured at fair value	\$ 672,051,748	

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2020

(3) Due from Other Governments

At June 30, 2020, amounts due from other governments included:

	U.S. Department of Housing and Urban Development	Other governmental entities	Total
Governmental activities:			
General fund	\$ -	\$ 6,065	\$ 6,065
Federal housing and community development	5,531,139	264,879	5,796,018
Other federal grants	-	39,628	39,628
Total governmental	5,531,139	310,572	5,841,711
Business-type activities:			
Public housing	1,344,713	-	1,344,713
Other housing	68,020	171,533	239,553
Section 8 program	2,254,730	-	2,254,730
Total business-type	3,667,463	171,533	3,838,996
Total due from other governments	\$ 9,198,602	\$ 482,105	\$ 9,680,707

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

(4) Notes Receivable

The LACDA's notes receivable at June 30, 2020 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	\$ 124,579,758
Development projects under various disposition and development agreements	591,595,799
Neighborhood stabilization program	18,081,605
Section 108 loan program	2,250,000
Float loan program	90,733
Economic development Loans	10,549,669
Other notes receivables	2,094,441
Total	749,242,005
Less allowance for uncollectible loans	(734,257,162)
Notes receivable, net	\$ 14,984,843

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, 2020

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, 2020, the LACDA's investment interest in the JPA is \$12,387,985.

(6) Capital Assets

Capital asset activities for the year ended June 30, 2020, are as follows:

Governmental Activities:

	Balance July 1, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Capital assets not being depreciated:					
Land and land improvements	\$ 30,271,946	\$ -	\$ (473,036)	\$ -	\$ 29,798,910
Construction in progress	134,315	-	-	-	134,315
Total capital assets not being depreciated	30,406,261	-	(473,036)	-	29,933,225
Capital assets being depreciated:					
Buildings and improvements	49,649,406	72,080	-	-	49,721,486
Equipment	5,793,483	9,182	(821,040)	-	4,981,625
Vehicles	1,529,195	433,158	(644,903)	-	1,317,450
Furniture and fixtures	964,471	-	-	-	964,471
Software	1,024,764	-	-	-	1,024,764
Total capital assets being depreciated	58,961,319	514,420	(1,465,943)	-	58,009,796
Less accumulated depreciation for:					
Buildings and improvements	(18,774,977)	(1,894,332)	-	-	(20,669,309)
Equipment	(5,660,498)	(63,323)	821,040	-	(4,902,781)
Vehicles	(685,154)	(244,543)	337,691	-	(592,006)
Furniture and fixtures	(817,278)	(79,259)	-	-	(896,537)
Software	(51,238)	(102,476)	-	-	(153,714)
Total accumulated depreciation	(25,989,145)	(2,383,933)	1,158,731	-	(27,214,347)
Total capital assets being depreciated, net	32,972,174	(1,869,513)	(307,212)	-	30,795,449
Governmental activities capital assets, net	\$ 63,378,435	\$(1,869,513)	\$ (780,248)	\$ -	\$ 60,728,674

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2020

Business-type Activities:

	Balance July 1, 2019	Additions	Deletions	Transfers	Balance June 30, 2020
Capital assets not being depreciated:					
Land and land improvements	\$ 58,992,131	\$ -	\$ -	\$ -	\$ 58,992,131
Construction in progress	2,941,000	517,569	-	(2,865,541)	593,028
Total capital assets not being depreciated	61,933,131	517,569	-	(2,865,541)	59,585,159
Capital assets being depreciated:					
Buildings and improvements	188,000,588	6,006,238	-	2,865,541	196,872,367
Equipment	1,753,223	98,896	-	-	1,852,119
Vehicles	28,572	-	-	-	28,572
Total capital assets being depreciated	189,782,383	6,105,134	-	2,865,541	198,753,058
Less accumulated depreciation for:					
Buildings and improvements	(141,324,689)	(3,140,896)	-	-	(144,465,585)
Equipment	(1,321,679)	(146,497)	-	-	(1,468,176)
Vehicles	(28,572)	-	-	-	(28,572)
Total accumulated depreciation	(142,674,940)	(3,287,393)	-	-	(145,962,333)
Total capital assets being depreciated, net	47,107,443	2,817,741	-	2,865,541	52,790,725
Business-type activities capital assets, net	\$ 109,040,574	\$ 3,335,310	\$ -	\$ -	\$ 112,375,884

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	1,514,056
Total depreciation expenses - governmental activities	<u>\$ 2,383,933</u>

Business-type activities:

Public housing	\$ 2,912,836
Other housing	374,557
Total depreciation expenses - business-type activities	<u>\$ 3,287,393</u>

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Notes to Basic Financial Statements Year ended June 30, 2020

(7) Long-term Debt

Long-term debt activity for the year ended June 30, 2020, were as follows:

	Balance, July 1, 2019	Additions	Deletions	Balance, June 30, 2020	Due within one year
<u>Governmental activities:</u>					
Direct borrowing:					
Section 108 notes payable	\$ 10,584,000	\$ -	\$ (1,564,000)	\$ 9,020,000	\$ 1,568,000
Leased purchase	738,475	433,158	(558,960)	612,673	290,550
Total	\$ 11,322,475	\$ 433,158	\$ (2,122,960)	\$ 9,632,673	\$ 1,858,550
<u>Business-type activities:</u>					
Lease revenue bonds	\$ 33,440,000	\$ -	\$ (735,000)	\$ 32,705,000	\$ 775,000
Direct borrowing:					
Notes payable	2,200,000	-	-	2,200,000	-
Total	\$ 35,640,000	\$ -	\$ (735,000)	\$ 34,905,000	\$ 775,000

(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 \$9,020,000 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, 2020

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2020, are as follows:

Fiscal year ending June 30:	
2021	\$ 740,417
2022	845,000
2023	885,000
2024	921,250
2025	963,750
2026-2042	<u>27,703,750</u>
	<u>\$ 32,059,167</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, 2020, are as follows:

Fiscal year ending June 30:	
2021	\$ 290,550
2022	287,058
2023	32,361
2024	<u>2,704</u>
	<u>\$ 612,673</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 \$32,705,000 are secured with collateral of the Alhambra building for commercial use. The outstanding bonds payable related to business-type activities of \$32,705,000 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, 2020

(e) Annual Debt Service Requirements

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

	Principal	Interest	Total
Fiscal year ending June 30:			
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	747,000	125,115	872,115
2026-2030	1,879,000	416,670	2,295,670
2031-2035	1,278,000	193,109	1,471,109
2036-2038	499,000	22,170	521,170
	<u>\$ 9,020,000</u>	<u>\$ 1,492,422</u>	<u>\$ 10,512,422</u>

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

	Principal	Interest	Total
Fiscal year ending June 30:			
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	930,000	1,514,519	2,444,519
2026-2030	5,415,000	6,815,306	12,230,306
2031-2035	7,045,000	5,177,006	12,222,006
2036-2040	9,190,000	3,037,650	12,227,650
2041-2043	6,785,000	546,656	7,331,656
	<u>\$ 32,705,000</u>	<u>\$ 23,538,612</u>	<u>\$ 56,243,612</u>

(8) Compensated Absences

During the fiscal year end June 30, 2020, 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, 2019	Additions	Deletions	Balance, June 30, 2020	Due within one year
<u>Governmental activities:</u>					
Compensated absences	\$ 999,608	\$ 1,339,514	\$ (1,099,759)	\$ 1,239,363	\$ 1,115,426
Total	<u>\$ 999,608</u>	<u>\$ 1,339,514</u>	<u>\$ (1,099,759)</u>	<u>\$ 1,239,363</u>	<u>\$ 1,115,426</u>
<u>Business-type activities:</u>					
Compensated absences	\$ 897,250	\$ 1,079,545	\$ (899,675)	\$ 1,077,120	\$ 969,408
Total	<u>\$ 897,250</u>	<u>\$ 1,079,545</u>	<u>\$ (899,675)</u>	<u>\$ 1,077,120</u>	<u>\$ 969,408</u>

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Notes to Basic Financial Statements Year ended June 30, 2020

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, 2020, amounted to \$334,668.

Future minimum lease payments for these leases are as follows:

Fiscal year ending June 30:	
2021	\$ 332,052
2022	132,342
2023	82,512
2024	62,412
	<u>\$ 609,318</u>

(10) Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2020, is as follows:

Receivable Fund	Amount	Payable Fund	Amount
General Fund	<u>\$ 5,459,437</u>	Public Housing Proprietary Fund	\$ 1,714,062
		Other Housing Proprietary Fund	<u>3,745,375</u>
			<u>\$ 5,459,437</u>
CDPLAC Proprietary Fund	<u>\$ 32,059,167</u>	Internal Service Funds	<u>\$ 32,059,167</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	\$ 5,459,437
Capital lease payable by governmental activities to business-type activities	<u>(32,059,167)</u>
Total advances	<u>\$ (26,599,730)</u>

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Notes to Basic Financial Statements Year ended June 30, 2020

The composition of interfund transfers for the year ended June 30, 2020 is as follows:

Funds	Transfer in	Transfer out
Governmental Funds:		
General fund	\$ -	\$ 63,591
Local housing and community development	1,549,301	-
Internal Service Funds:		
Construction management	-	153,884
Alhambra building	32,658	-
Proprietary Funds:		
Other housing	-	1,360,850
Section 8 program	29,024	-
CDPLAC	-	32,658
Total	<u>\$ 1,610,983</u>	<u>\$ 1,610,983</u>

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, 2020, are summarized as follows:

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Notes to Basic Financial Statements Year ended June 30, 2020

	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, 2020, the following employees were covered by the benefit terms of the Plan:

Inactive employees or beneficiaries currently receiving benefits	512
Inactive employees entitled to but not yet receiving benefits	847
Active employees	499
Total	<u>1,858</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, 2019, using an annual actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, 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, 2020

Actuarial Assumptions – The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
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 mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

Change of Assumptions – In 2019, there were no changes in assumptions and the discount rate remained at 7.15%.

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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Notes to Basic Financial Statements Year ended June 30, 2020

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 Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	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.

Subsequent Events – There were no subsequent events that would materially affect the results presented in this disclosure.

(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 6/30/2018	\$ 264,058,158	\$ 228,978,143	\$ 35,080,015
Changes Recognized for the Measurement Period:			
Service Cost	5,193,567	-	5,193,567
Interest on the Total Pension Liability	18,950,485	-	18,950,485
Differences between Expected and Actual Experiences	3,343,450	-	3,343,450
Contributions from the Employer	-	4,161,151	(4,161,151)
Contributions from the Employee	-	2,682,042	(2,682,042)
Net Investment Income	-	14,904,211	(14,904,211)
Benefit Payments, including Refunds of Employee Contributions	(9,913,298)	(9,913,298)	-
Administrative Expense	-	(163,404)	163,404
Other Miscellaneous Income	-	531	(531)
Net Changes during 2018-2019	<u>17,574,204</u>	<u>11,671,233</u>	<u>5,902,971</u>
Balance at 6/30/2019	<u>\$ 281,632,362</u>	<u>\$ 240,649,376</u>	<u>\$ 40,982,986</u>

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Notes to Basic Financial Statements Year ended June 30, 2020

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	\$ 80,814,457
Current discount rate	7.15%
Net pension liability	\$ 40,982,986
1% increase	8.15%
Net pension liability (asset)	\$ 8,284,787

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, 2020, LACDA recognized pension expense of \$13,216,406. At June 30, 2020, 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	\$ 4,815,740	\$ -
Difference between actual and expected experience	2,203,854	456,226
Changes in assumptions	1,436,531	950,622
Net Differences between projected and actual earnings on plan investments	-	946,693
	<u>\$ 8,456,125</u>	<u>\$ 2,353,541</u>

Deferred outflows of resources totaling \$4,815,740 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, 2021.

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:	
2021	\$ 2,212,216
2022	(899,664)
2023	(289,370)
2024	263,662
	<u>\$ 1,286,844</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, 2020

(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, 2019 actuarial valuation, the following employees were covered by the benefit terms of the OPEB Plan:

Active employees	540
Inactive employees or beneficiaries currently receiving benefits	175
Inactive employees entitled to but not yet receiving benefits	-
Total	<u>715</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, 2020, LACDA's cash contributions were \$2,348,739 in payments to the trust and to the providers for the retiree's insurance premium, and the estimated implied subsidy was \$302,581 resulting in total payments of \$2,651,320. 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, 2019, using an annual actuarial valuation as of June 30, 2019 to determine the June 30, 2019 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, 2020

Actuarial Assumptions – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Actuarial Assumptions:	
Discount Rate	7.00%
Inflation	2.50%
Salary Increase	2.75% per annum, plus merit scale
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	6.50% HMO/6.50% PPO decreasing to 5.00% HMO/5.00% PPO

The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that 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, 2019, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	59.00%	5.50%
Global Debt Securities	25.00%	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 2019, there were no changes in assumptions and the discount rate 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

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2020

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.

(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 6/30/2018	\$ 22,779,541	\$ 21,007,072	\$ 1,772,469
Changes Recognized for the Measurement Period:			
Service Cost	601,214	-	601,214
Interest on the Total OPEB Liability	1,599,935	-	1,599,935
Differences between Expected and Actual Experiences	783,804	-	783,804
Changes of Assumptions	3,562,843	-	3,562,843
Contributions from the Employer	-	1,100,201	(1,100,201)
Net Investment Income	-	1,291,178	(1,291,178)
Benefit Payments, including Refunds of Employee Contributions	(1,049,052)	(1,049,052)	-
Administrative Expense	-	(4,497)	4,497
Net Changes during 2018-2019	5,498,744	1,337,830	4,160,914
Balance at 6/30/2019	\$ 28,278,285	\$ 22,344,902	\$ 5,933,383

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	\$ 9,756,775	\$ 5,933,383	\$ 2,765,893

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Notes to Basic Financial Statements

Year ended June 30, 2020

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 (5.50%HMO/5.50%PPO decreasing to 4.00%HMO/4.00%PPO)	Current Healthcare Cost Trend Rates Rate (6.50%HMO/6.50%PPO decreasing to 5.00%HMO/5.00%PPO)	1% Increase (7.50%HMO/7.50%PPO decreasing to 6.00%HMO/6.00%PPO)
Net OPEB liability	\$ 2,312,244	\$ 5,933,383	\$ 10,421,190

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

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

For the fiscal year ended June 30, 2020, the LACDA recognized OPEB expense of \$1,101,951. At June 30, 2020, 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	\$ 2,348,739	\$ -
Difference between actual and expected experience	696,715	-
Changes in assumptions	3,166,972	-
Net Differences between projected and actual earnings on OPEB plan investments	-	190,836
	<u>\$ 6,212,426</u>	<u>\$ 190,836</u>

Deferred outflows of resources totaling \$2,348,739 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, 2021.

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

Fiscal year ending June 30:	
2021	\$ 368,433
2022	368,432
2023	484,989
2024	519,150
2025	482,960
Thereafter	1,448,887
	<u>\$ 3,672,851</u>

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2020

(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.

The following is a summary of activity of the trust for the year ended June 30, 2020:

Fund assets (at fair value), July 1, 2019	\$ 65,912,013
Deferrals of compensation	4,271,226
Earnings and increase (decrease) in fair value of investments	2,413,500
Payments to eligible participants and beneficiaries	<u>(2,483,654)</u>
Fund assets (at fair value), June 30, 2020	<u>\$ 70,113,085</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 \$260,357,062. Life-to-date, the

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2020

LACDA has drawn down funds approximating \$174,079,434, against the line of credit, to cover its grant programs' activities, leaving available funds of approximately \$86,277,628 at June 30, 2020. 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.

(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, 2020, significant remaining commitments are as follows:

Project	Contract Amount	Spent-to-Date	Remaining Commitment
1st and Rowan Apartments	\$ 7,840,000	\$ 7,314,583	\$ 525,417
Kensington II	7,000,000	6,181,818	818,182
Stanford Ave Apartments	12,985,000	11,990,154	994,846
McCadden Campus Senior Housing	3,000,000	2,000,147	999,853
The Spark at Midtown	10,720,000	9,638,739	1,081,261
Ashley Willowbrook	5,980,000	4,573,716	1,406,284
433 Vermont	1,500,000	-	1,500,000
Norwalk Library	2,420,000	494,716	1,925,284
Florence Apartments	12,260,000	10,255,271	2,004,729
11408 S. Central Ave	7,130,000	5,059,005	2,070,995
Temple City Library	2,754,544	464,241	2,290,303
Summit View Apartments	5,000,000	2,676,744	2,323,256
Miramonte Apartments/Firestone Phoenix	9,098,924	6,755,522	2,343,402
Kensington Campus	7,000,000	4,618,799	2,381,201
Whittier and Downey NorthWest	7,940,000	5,323,479	2,616,521
Willowbrook 2	9,750,000	6,629,942	3,120,058
PCH Magnolia	8,540,000	2,936,549	5,603,451
El Monte Area X	6,750,000	-	6,750,000
Fairview Heights	11,460,000	2,489,570	8,970,430
	<u>\$ 139,128,468</u>	<u>\$ 89,402,995</u>	<u>\$ 49,725,473</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 \$3,525,540 of which \$3,172,986 is considered noncurrent, for the estimated liability for payment of incurred (both reported and unreported) but unpaid claims at June 30, 2020. 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, 2020, and June 30, 2019. 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.

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Notes to Basic Financial Statements Year ended June 30, 2020

During the fiscal years 2020 and 2019, the changes in the self-insurance liability were as follows:

	2020	2019
Beginning balance	\$ 3,522,142	\$ 4,546,149
Additions	2,655,716	1,991,692
Payments	(2,652,318)	(3,015,699)
Ending balance	<u>\$ 3,525,540</u>	<u>\$ 3,522,142</u>

(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) 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.

(19) Subsequent Events

The LACDA has evaluated events subsequent to June 30, 2020, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through November 19, 2020, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that the following subsequent events occurred that require additional disclosure in the financial statements.

As the national state of emergency continues due to the pandemic caused by COVID-19, the LACDA also continues with its mission of providing aid and relief through various programs funded by the Coronavirus Aid Relief and Economic Security (CARES) Act. The LACDA received additional awards totaling \$206.7 million from the CARES Act after June 30, 2020 to provide rental assistance, business loans, childcare, and housing relief. The LACDA had previously received awards totaling \$89.4 million for the fiscal year ended June 30, 2020. In consideration of the United States Treasury Department requirement that any award not spent by the program deadline will have to be returned to the department, the LACDA deferred the awards received in advance until program expenditures have been incurred. The accounting treatment will have a minimal effect on the LACDA's revenue and expense summary reports.



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, 2020

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 65,887,096	\$ 65,911,896	\$ 25,683,949	\$(40,227,947)
Charges for services	13,623,012	13,947,112	13,493,660	(453,452)
Rentals	302,700	371,700	303,731	(67,969)
Investment income	220,500	224,500	7,195,877	6,971,377
Contributions	-	-	5,022	5,022
Other revenues	4,068,872	4,068,872	3,921,751	(147,121)
Total revenues	84,102,180	84,524,080	50,603,990	(33,920,090)
Expenditures:				
Current:				
General government	3,919,016	4,906,416	994,311	3,912,105
Housing	15,108,133	14,300,533	11,762,339	2,538,194
Community development	68,096,484	68,122,584	47,665,580	20,457,004
Total expenditures	87,123,633	87,329,533	60,422,230	26,907,303
Excess (deficiency) of revenues over expenditures	(3,021,453)	(2,805,453)	(9,818,240)	(7,012,787)
Other financing sources (uses):				
Insurance recoveries	-	-	421,794	421,794
Transfers in (out)	3,021,444	2,805,444	(63,591)	(2,869,035)
Net other financing sources (uses)	3,021,444	2,805,444	358,203	(2,447,241)
Change in fund balance	(9)	(9)	(9,460,037)	(9,460,028)
Fund balance at beginning of year	104,737,957	104,737,957	104,737,957	-
Fund balance at end of year	\$ 104,737,948	\$ 104,737,948	\$ 95,277,920	\$ (9,460,028)

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, 2020

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 46,127,339	\$ 46,880,759	\$ 36,901,294	\$ (9,979,465)
Charges for services	-	-	7,488	7,488
Rentals	-	-	277,812	277,812
Investment income	800,000	796,000	996,404	200,404
Contributions	-	-	160,494	160,494
Other revenues	-	-	73,367	73,367
Total revenues	46,927,339	47,676,759	38,416,859	(9,259,900)
Expenditures:				
Current:				
Housing	15,273,380	20,888,130	17,817,945	3,070,185
Economic development	353,160	1,116,160	1,098,905	17,255
Community development	30,156,943	24,413,613	20,643,255	3,770,358
Debt service:				
Principal	366,000	481,000	1,564,000	(1,083,000)
Interest	216,759	216,759	236,708	(19,949)
Total expenditures	46,366,242	47,115,662	41,360,813	5,754,849
Excess (deficiency) of revenues over expenditures	561,097	561,097	(2,943,954)	(3,505,051)
Other financing sources (uses):				
Sale of property	-	-	1,755,449	1,755,449
Transfers out	(561,100)	(561,100)	-	561,100
Net other financing sources (uses)	(561,100)	(561,100)	1,755,449	2,316,549
Change in fund balance	(3)	(3)	(1,188,505)	(1,188,502)
Fund balance at beginning of year	11,637,314	11,637,314	11,637,314	-
Fund balance at end of year	\$ 11,637,311	\$ 11,637,311	\$ 10,448,809	\$ (1,188,502)

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, 2020

	Budget			Variance with final budget positive (negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 13,316,116	\$ 10,843,679	\$ 6,834,540	\$ (4,009,139)
Charges for services	-	-	8,259	8,259
Rentals	320,700	223,200	272,046	48,846
Investment income	-	-	669,979	669,979
Other revenues	277,363	-	-	-
Total revenues	13,914,179	11,066,879	7,784,824	(3,282,055)
Expenditures:				
Current:				
Housing	387,962	437,962	407,234	30,728
Economic development	2,898,017	3,479,817	3,228,905	250,912
Community development	10,622,098	7,142,998	6,713,686	429,312
Total expenditures	13,908,077	11,060,777	10,349,825	710,952
Excess (deficiency) of revenues over expenditures	6,102	6,102	(2,565,001)	(2,571,103)
Other financing sources (uses):				
Transfers out	(6,100)	(6,100)	-	6,100
Net other financing sources (uses)	(6,100)	(6,100)	-	6,100
Change in fund balance	2	2	(2,565,001)	(2,565,003)
Fund balance at beginning of year	20,955,305	20,955,305	20,955,305	-
Fund balance at end of year	\$ 20,955,307	\$ 20,955,307	\$ 18,390,304	\$ (2,565,003)

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, 2020

	Budget			Variance with final budget positive (negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 108,954,594	\$ 143,723,518	\$ 273,874,418	\$ 130,150,900
Charges for services	124,000	124,000	498,897	374,897
Investment income	4,111,400	4,144,700	9,660,116	5,515,416
Other revenues	98,834	-	-	-
Total revenues	113,288,828	147,992,218	284,033,431	136,041,213
Expenditures:				
Current:				
Housing	103,336,391	139,643,581	130,208,281	9,435,300
Economic development	5,929,253	4,496,253	2,915,838	1,580,415
Community development	1,148,320	977,520	781,697	195,823
Traffic services	2,681,269	2,681,269	2,404,760	276,509
Total expenditures	113,095,233	147,798,623	136,310,576	11,488,047
Excess (deficiency) of revenues over expenditures	193,595	193,595	147,722,855	147,529,260
Other financing sources (uses):				
Transfers in (out)	(193,600)	(193,600)	1,549,301	1,742,901
Net other financing sources (uses)	(193,600)	(193,600)	1,549,301	1,742,901
Change in fund balance	(5)	(5)	149,272,156	149,272,161
Fund balance at beginning of year	337,179,062	337,179,062	337,179,062	-
Fund balance at end of year	\$ 337,179,057	\$ 337,179,057	\$ 486,451,218	\$ 149,272,161

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, 2020

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 166,100	\$ 396,900	\$ 108,193	\$ (288,707)
Charges for services	-	-	37,864	37,864
Investment income	\$ 42,100	42,100	212,501	170,401
Total revenues	208,200	439,000	358,558	(80,442)
Expenditures:				
Current:				
Housing	157,100	387,900	347,408	40,492
Total expenditures	157,100	387,900	347,408	40,492
Excess (deficiency) of revenues over expenditures	51,100	51,100	11,150	(39,950)
Other financing sources (uses):				
Transfers out	(51,100)	(51,100)	-	51,100
Net other financing sources (uses)	(51,100)	(51,100)	-	51,100
Change in fund balance	-	-	11,150	11,150
Fund balance at beginning of year	9,452,426	9,452,426	9,452,426	-
Fund balance at end of year	<u>\$ 9,452,426</u>	<u>\$ 9,452,426</u>	<u>\$ 9,463,576</u>	<u>\$ 11,150</u>

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

Year ended June 30, 2020

(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, 2020

(2) Additional Pension Information

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

	Last Ten Years *					
	2020	2019	2018	2017	2016	2015
Total Pension Liability:						
Service Cost	\$ 5,193,567	\$ 5,373,884	\$ 5,493,966	\$ 4,779,725	\$ 4,580,146	\$ 4,703,232
Interest on total pension liability	18,950,485	17,754,300	17,075,665	16,007,563	15,070,316	14,282,452
Differences between expected and actual experience	3,343,450	(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	(9,913,298)	(9,389,940)	(8,205,369)	(7,743,352)	(7,719,533)	(6,607,237)
Net change in total pension liability	17,574,204	9,517,700	30,765,526	13,276,715	6,735,086	12,378,447
Total pension liability - beginning	264,058,158	254,540,458	223,774,932	210,498,217	203,763,131	191,384,684
Total pension liability - ending (a)	\$ 281,632,362	\$ 264,058,158	\$ 254,540,458	\$ 223,774,932	\$ 210,498,217	\$ 203,763,131
Plan Fiduciary Net Position:						
Contributions - employer	\$ 4,161,151	\$ 3,611,401	\$ 3,528,385	\$ 3,511,537	\$ 2,285,548	\$ 2,283,753
Contributions - employee	2,682,042	2,619,662	2,523,028	2,588,047	2,447,451	2,738,370
Net investment income	14,904,211	17,970,975	21,715,192	995,011	4,318,628	29,150,178
Benefit payments	(9,913,298)	(9,389,940)	(8,205,369)	(7,743,352)	(7,719,533)	(6,607,237)
Plan and plan resource movement	-	(531)	-	-	905	-
Administrative expense	(163,404)	(335,245)	(289,184)	(119,839)	(221,319)	-
Other miscellaneous income (expense)	531	(636,636)	-	-	-	-
Net change in plan fiduciary net position	11,671,233	13,839,686	19,272,052	(768,596)	1,111,680	27,565,064
Plan fiduciary net position - beginning	228,978,143	215,138,457	195,866,405	196,635,001	195,523,321	167,958,257
Plan fiduciary net position - ending (b)	\$ 240,649,376	\$ 228,978,143	\$ 215,138,457	\$ 195,866,405	\$ 196,635,001	\$ 195,523,321
Net pension liability - ending (a)-(b)	\$ 40,982,986	\$ 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	85.45%	86.72%	84.52%	87.53%	93.41%	95.96%
Covered payroll	\$ 37,418,466	\$ 35,547,013	\$ 32,304,366	\$ 35,333,736	\$ 33,983,636	\$ 32,236,717
Net pension liability as percentage of covered payroll	109.53%	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, 2018 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 - None in 2019. 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 six years are shown.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

Year ended June 30, 2020

(b) Schedule of Contributions

	Last Ten Years*					
	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 4,815,740	\$ 4,161,355	\$ 2,488,319	\$ 3,528,363	\$ 3,511,596	\$ 2,282,387
Contributions in relation to the actuarially determined contributions	(4,815,740)	(4,161,355)	(2,488,319)	(3,528,363)	(3,511,596)	(2,282,387)
Contribution deficiency (excess)	-	-	-	-	-	-
Covered payroll	\$ 39,574,100	\$ 37,418,466	\$ 35,547,013	\$ 32,304,366	\$ 35,333,736	\$ 33,983,636
Contributions as a percentage of covered payroll	12.17%	11.12%	7.00%	10.92%	9.94%	6.72%

Notes to Schedule:

Valuation date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013
----------------	-----------	-----------	-----------	-----------	-----------	-----------

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019-20 were from the June 30, 2017 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	7.375% compounded annually (net of expenses)
Retirement age	The probabilities of Retirement are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

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

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

Year ended June 30, 2020

(3) Additional Other Postemployment Benefits (OPEB) Information

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

Last Ten Years *

	2020	2019	2018
Total OPEB Liability:			
Service Cost	\$ 601,214	\$ 583,703	\$ 545,518
Interest on total OPEB liability	1,599,935	1,519,491	1,436,483
Differences between expected and actual experience	783,804	-	-
Changes in assumptions	3,562,843	-	-
Benefit payments, including refunds of employee contributions	(1,049,052)	(893,928)	(774,789)
Net change in total OPEB liability	5,498,744	1,209,266	1,207,212
Total OPEB liability - beginning	22,779,541	21,570,275	20,363,063
Total OPEB liability - ending (a)	\$ 28,278,285	\$ 22,779,541	\$ 21,570,275
Plan Fiduciary Net Position:			
Contributions - employer	\$ 1,100,201	\$ 1,281,968	\$ 1,241,648
Net investment income	1,291,178	1,522,386	1,781,325
Benefit payments	(1,049,052)	(893,928)	(774,789)
Administrative expense	(4,497)	(10,195)	(9,055)
Other expense	-	(25,305)	-
Net change in plan fiduciary net position	1,337,830	1,874,926	2,239,129
Plan fiduciary net position - beginning	21,007,072	19,132,146	16,893,017
Plan fiduciary net position - ending (b)	\$ 22,344,902	\$ 21,007,072	\$ 19,132,146
Net OPEB liability - ending (a)-(b)	\$ 5,933,383	\$ 1,772,469	\$ 2,438,129
Plan fiduciary net position as a percentage of the total OPEB liability	79.02%	92.22%	88.70%
Covered-employee payroll	\$ 37,418,466	\$ 35,947,478	\$ 35,721,075
Net OPEB liability as percentage of covered-employee payroll	15.86%	4.93%	6.83%

Notes to Schedule:

Changes in assumption - In 2019 and 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 three year are shown.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

Year ended June 30, 2020

(b) Schedule of Contributions

Last Ten Years*

	2020	2019	2018
Actuarially determined contribution	\$ 2,348,739	\$ 863,366	\$ 1,078,833
Contributions in relation to the actuarially determined contributions	(2,348,739)	(863,366)	(1,078,833)
Contribution deficiency (excess)	-	-	-
Covered-employee payroll	\$ 39,574,100	\$ 37,418,466	\$ 35,947,478
Contributions as a percentage of covered-employee payroll	5.94%	2.31%	3.00%

Notes to Schedule:

Valuation date	6/30/2019	6/30/2017	6/30/2017
----------------	-----------	-----------	-----------

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019-20 were from the June 30, 2019 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	2.50%
Payroll Growth	2.75% per annum, plus merit scale
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 2017 CalPERS Experience Study for the period from 1997 to 2015.
Mortality	Pre-retirement and post-retirement mortality probabilities are based on 2017 CalPERS 1997-2015 Experience Study covering CalPERS participants.

*Fiscal year 2018 was the first year of implementation, therefore only three 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

June 30, 2020

	Construction Management	Central Services	Data Processing
Assets			
Cash and pooled investments	\$ 4,926,459	\$ 1,629,348	\$ 3,304,240
Inventory	-	39,361	-
Prepaid costs and other assets	-	1,166	-
Capital assets, net	878,855	744,130	51,295
Total assets	5,805,314	2,414,005	3,355,535
Deferred Outflows of Resources			
Pension related amounts	637,457	199,359	480,663
Other postemployment benefits related amounts	378,805	219,895	240,776
Total deferred outflows of resources	1,016,262	419,254	721,439
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	121,976	119,043	356,655
Long-term debt obligations - current portion	-	290,550	-
Estimated claims payable	-	-	-
Accrued compensated absences	110,669	84,668	133,183
Noncurrent liabilities:			
Long-term debt obligations	-	322,123	-
Estimated claims payable	-	-	-
Accrued compensated absences	12,297	9,408	14,798
Net pension liability	3,176,174	1,173,078	2,325,473
Net other postemployment benefits liability	363,499	222,554	224,188
Total liabilities	3,784,615	2,221,424	3,054,297
Deferred Inflows of Resources			
Pension related amounts	154,348	67,516	146,568
Other postemployment benefits related amounts	12,246	6,616	6,041
Total deferred inflows of resources	166,594	74,132	152,609
Net position			
Net investment in capital assets	878,855	131,457	51,295
Unrestricted	1,991,512	406,246	818,773
Total net position	\$ 2,870,367	\$ 537,703	\$ 870,068

Risk Management	Alhambra Building	Total
\$ 4,678,213	\$ 886,929	\$ 15,425,189
-	-	39,361
12,761	146,396	160,323
-	34,920,041	36,594,321
4,690,974	35,953,366	52,219,194
45,569	-	1,363,048
20,320	27,915	887,711
65,889	27,915	2,250,759
32,846	41,141	671,661
-	740,417	1,030,967
352,554	-	352,554
15,500	7,276	351,296
-	31,318,750	31,640,873
3,172,986	-	3,172,986
1,722	808	39,033
252,389	-	6,927,114
16,663	27,794	854,698
3,844,660	32,136,186	45,041,182
19,480	-	387,912
413	778	26,094
19,893	778	414,006
-	2,860,874	3,922,481
892,310	983,443	5,092,284
\$ 892,310	\$ 3,844,317	\$ 9,014,765

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Combining Statement of Revenues, Expenses and Changes in Net Position

Internal Service Funds

Year ended June 30, 2020

	<u>Construction Management</u>	<u>Central Services</u>	<u>Data Processing</u>
Operating revenues:			
Charges for services	\$ 5,772,297	\$ 2,902,278	\$ 6,118,223
Rentals	-	-	-
Other revenue	-	37,741	296
Total operating revenues	<u>5,772,297</u>	<u>2,940,019</u>	<u>6,118,519</u>
Operating expenses:			
Utilities	21,829	16,537	27,465
Maintenance	271,698	240,521	1,234,199
General administration	6,101,246	2,174,716	4,534,726
Depreciation and amortization	103,853	259,975	44,406
Total operating expenses	<u>6,498,626</u>	<u>2,691,749</u>	<u>5,840,796</u>
Operating income (loss)	<u>(726,329)</u>	<u>248,270</u>	<u>277,723</u>
Nonoperating revenues (expenses):			
Gain on sale of property	1,000	-	-
Investment income	149,904	12,653	36,348
Interest expense	-	(83,017)	-
Net nonoperating revenues (expenses)	<u>150,904</u>	<u>(70,364)</u>	<u>36,348</u>
Change in net position before transfers	<u>(575,425)</u>	<u>177,906</u>	<u>314,071</u>
Transfers in	-	-	-
Transfers out	<u>(153,884)</u>	<u>-</u>	<u>-</u>
Net transfers	<u>(153,884)</u>	<u>-</u>	<u>-</u>
Change in net position	<u>(729,309)</u>	<u>177,906</u>	<u>314,071</u>
Net position at beginning of year	<u>3,599,676</u>	<u>359,797</u>	<u>555,997</u>
Net position at end of year	<u>\$ 2,870,367</u>	<u>\$ 537,703</u>	<u>\$ 870,068</u>

Risk Management	Alhambra Building	Total
\$ 2,736,647	\$ 151,711	\$ 17,681,156
-	3,752,556	3,752,556
339	100	38,476
2,736,986	3,904,367	21,472,188
1,457	312,908	380,196
5,827	1,030,479	2,782,724
2,770,854	120,258	15,701,800
-	1,105,822	1,514,056
2,778,138	2,569,467	20,378,776
(41,152)	1,334,900	1,093,412
-	-	1,000
72,010	16,765	287,680
-	(1,700,938)	(1,783,955)
72,010	(1,684,173)	(1,495,275)
30,858	(349,273)	(401,863)
-	32,658	32,658
-	-	(153,884)
-	32,658	(121,226)
30,858	(316,615)	(523,089)
861,452	4,160,932	9,537,854
\$ 892,310	\$ 3,844,317	\$ 9,014,765

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Combining Statement of Cash Flows Internal Service Funds Year ended June 30, 2020

	Construction Management	Central Services	Data Processing
Cash flows from operating activities:			
Charges for services	\$ 5,772,297	\$ 2,902,278	\$ 6,118,223
Receipts from rentals	-	-	-
Payments to employees for services	(4,378,360)	(1,246,530)	(3,140,007)
Payments to vendors for goods and services	(1,379,407)	(912,299)	(2,104,588)
Other revenue	-	37,741	296
Net cash provided by operating activities	14,530	781,190	873,924
Cash flows from noncapital financing activities:			
Transfers out to other funds	(153,884)	-	-
Net cash used in noncapital financing activities	(153,884)	-	-
Cash flows from capital and related financing activities:			
Purchase of capital assets	(9,182)	-	-
Payment of capital lease obligation	-	(251,748)	-
Proceeds from sale of capital assets	1,000	-	-
Payments of interest on capital leases	-	(83,017)	-
Net cash used in capital and related financing activities	(8,182)	(334,765)	-
Cash flows from investing activities:			
Interest received	149,904	12,653	36,348
Net cash provided by investing activities	149,904	12,653	36,348
Net increase (decrease) in cash and cash equivalents	2,368	459,078	910,272
Cash and cash equivalents at beginning of year	4,924,091	1,170,270	2,393,968
Cash and cash equivalents at end of year	\$ 4,926,459	\$ 1,629,348	\$ 3,304,240
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (726,329)	\$ 248,270	\$ 277,723
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	103,853	259,975	44,406
Changes in assets and liabilities:			
Inventory	-	(11,409)	-
Prepaid costs and other assets	-	(1,166)	-
Deferred outflows of resources -pension	250,740	116,108	168,134
Deferred outflows of resources - OPEB	(326,044)	(187,827)	(206,829)
Accounts payable and accrued expenses	45,084	65,278	91,443
Compensated absences	41,953	15,042	16,528
Claims payable	-	-	-
Deferred inflows of resources - pension	(53,584)	(7,057)	(25,772)
Deferred inflows of resources - OPEB	(18,297)	(10,809)	(10,947)
Net pension liability	442,876	140,237	355,632
Net other postemployment benefits liability	254,278	154,548	163,606
Net adjustments	740,859	532,920	596,201
Net cash provided by operating activities	\$ 14,530	\$ 781,190	\$ 873,924
Noncash noncapital financing activities:			
Issuance of a capital lease	\$ -	\$ 433,158	\$ -
Transfer of capital assets from other funds	\$ -	\$ -	\$ -

Risk Management	Alhambra Building	Total
\$ 2,736,647	\$ 151,711	\$ 17,681,156
-	3,752,556	3,752,556
(308,843)	(102,876)	(9,176,616)
(2,426,942)	(1,402,189)	(8,225,425)
339	100	38,476
<u>1,201</u>	<u>2,399,302</u>	<u>4,070,147</u>
-	-	(153,884)
<u>-</u>	<u>-</u>	<u>(153,884)</u>
-	(39,422)	(48,604)
-	(768,333)	(1,020,081)
-	-	1,000
<u>-</u>	<u>(1,700,938)</u>	<u>(1,783,955)</u>
<u>-</u>	<u>(2,508,693)</u>	<u>(2,851,640)</u>
<u>72,010</u>	<u>16,765</u>	<u>287,680</u>
<u>72,010</u>	<u>16,765</u>	<u>287,680</u>
73,211	(92,626)	1,352,303
<u>4,605,002</u>	<u>979,555</u>	<u>14,072,886</u>
<u>\$ 4,678,213</u>	<u>\$ 886,929</u>	<u>\$ 15,425,189</u>
<u>\$ (41,152)</u>	<u>\$ 1,334,900</u>	<u>\$ 1,093,412</u>
-	1,105,822	1,514,056
-	-	(11,409)
(12,761)	42,485	28,558
18,877	-	553,859
(17,579)	(24,000)	(762,279)
14,808	(77,766)	138,847
(2,465)	304	71,362
3,398	-	3,398
84	-	(86,329)
(840)	(1,313)	(42,206)
25,622	-	964,367
<u>13,209</u>	<u>18,870</u>	<u>604,511</u>
<u>42,353</u>	<u>1,064,402</u>	<u>2,976,735</u>
<u>\$ 1,201</u>	<u>\$ 2,399,302</u>	<u>\$ 4,070,147</u>
\$ -	\$ -	\$ 433,158
\$ -	\$ 32,658	\$ 32,658





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, 2020, 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, 2020.

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) as a basis for designing 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 Authority'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



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

Lance, Soll & Lingham, LLP

Brea, California
November 19, 2020



STATISTICAL

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 101

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..... 103

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)**

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities										
Net investment in capital assets	\$ 28,056,834	\$ 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
Restricted	587,497,637	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
Unrestricted	42,820,525	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
Total governmental activities net position	\$ 658,374,996	\$ 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
Business-type activities										
Net investment in capital assets	\$ 104,716,447	\$ 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
Restricted	1,720,363	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
Unrestricted	5,118,694	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
Total business-type activities net position	\$ 111,555,504	\$ 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
Primary government										
Net investment in capital assets	\$ 132,773,281	\$ 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
Restricted	589,218,000	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
Unrestricted	47,939,219	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
Total primary government net position	\$ 769,930,500	\$ 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

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2020	2019	2018	2017	2016 *	2015	2014
Expenses							
Governmental Activities:							
General government	\$ 2,291,048	\$ 2,187,542	\$ 2,803,179	\$ 2,242,060	\$ 11,738,327	\$ 62,456,044	\$ 61,955,666
Housing	162,860,678	112,292,273	57,833,721	67,190,627	57,196,903	1,860,539	10,339,502
Economic development	5,133,365	4,500,735	3,454,263	2,183,750	1,477,105	861,139	798,732
Community development	76,560,540	61,309,030	54,250,382	49,720,611	69,478,969	27,589,454	31,641,120
Traffic services	2,416,089	2,362,136	2,205,696	2,632,595	2,862,723	-	-
Non-Hud	-	-	-	-	-	32,583,839	31,881,152
Home development	-	-	-	-	-	9,771,730	14,269,207
City contract program	-	-	-	-	-	-	-
Low and moderate income housing asset	-	-	-	-	-	4,852	33,901
Interest on long-term debt	249,782	555,017	664,950	748,466	830,052	927,516	1,037,033
Total government activities expenses	249,511,502	183,206,733	121,212,191	124,718,109	143,584,079	136,055,113	151,956,313
Business-type activities:							
Section 8 program	363,117,764	314,731,935	301,122,863	299,167,327	272,186,686	257,669,164	265,240,552
Public housing	31,513,140	25,192,440	25,294,307	25,582,030	26,039,497	25,187,671	24,364,736
Other housing	4,869,765	4,864,480	4,104,471	3,993,129	-	-	-
CDPLAC	1,707,021	1,738,252	1,768,750	1,799,675	1,827,127	6,239	-
Total business-type activities expenses	401,207,690	346,527,107	332,290,391	330,542,161	300,053,310	282,863,074	289,605,288
Total primary government expenses	\$ 650,719,192	\$ 529,733,840	\$ 453,502,582	\$ 455,260,270	\$ 443,637,389	\$ 418,918,187	\$ 441,561,601
Program Revenues							
Governmental activities:							
Charges for services	\$ 14,899,757	\$ 13,927,765	\$ 13,424,682	\$ 14,489,871	\$ 13,043,325	\$ 40,361,927	\$ 52,065,464
Operating grants and contributions	354,926,429	275,283,870	173,316,221	91,893,872	90,232,440	136,891,756	110,463,305
Capital grants and contributions	-	-	-	-	450,000	-	-
Total governmental activities program revenues	369,826,186	289,211,635	186,740,903	106,383,743	103,725,765	177,253,683	162,528,769
Business-type activities:							
Charges for services	14,768,427	14,167,900	13,345,797	12,875,572	12,273,564	11,833,493	11,409,987
Operating grants and contributions	374,410,041	329,460,096	314,299,590	317,757,507	287,137,215	268,062,835	279,390,066
Capital grants and contributions	4,545,291	5,911,481	3,160,718	4,147,073	3,251,292	-	-
Total business-type activities program revenues	393,723,759	349,539,477	330,806,105	334,780,152	302,662,071	279,896,328	290,800,053
Total primary government program revenues	\$ 763,549,945	\$ 638,751,112	\$ 517,547,008	\$ 441,163,895	\$ 406,387,836	\$ 457,150,011	\$ 453,328,822
Net (expense) / revenue							
Governmental activities	120,314,684	106,004,902	65,528,712	(18,334,366)	(39,858,314)	41,198,570	10,572,456
Business-type activities	(7,483,931)	3,012,370	(1,484,286)	4,237,991	2,608,761	(2,966,746)	1,194,765
Total primary government net expense	\$ 112,830,753	\$ 109,017,272	\$ 64,044,426	\$ (14,096,375)	\$ (37,249,553)	\$ 38,231,824	\$ 11,767,221
General Revenues and Other Changes in Net Position							
Governmental activities:							
Investment income (loss)	\$ 6,221,356	\$ 5,492,450	\$ (1,945,659)	\$ (1,457,032)	\$ 2,280,398	\$ 3,228,862	\$ 3,361,139
Gain on sale of property	1,283,413	51,347	141,890	-	-	6,651	16,221
Insurance recoveries	-	1,500,000	2,029,672	5,831,509	-	-	-
Extraordinary loss	-	-	-	-	-	-	-
Share in net income (losses) of JPA	335,623	378,778	228,367	494,774	498,057	286,404	959,556
Transfers	1,364,484	1,634,318	1,469,202	520,975	(188,329)	2,408,367	(328,864)
Total governmental activities	9,204,876	9,056,893	1,923,472	5,390,226	2,590,126	5,930,284	4,008,052
Business-type activities:							
Investment earnings	2,138,542	2,333,228	2,262,971	2,194,037	1,905,391	-	-
Gain on sale of property	-	-	-	-	-	1,062,741	5,770,539
Insurance recoveries	1,254,264	-	-	-	-	-	-
Transfers	(1,364,484)	(1,634,318)	(1,469,202)	(520,975)	188,329	(2,408,367)	328,864
Total business-type activities	2,028,322	698,910	793,769	1,673,062	2,093,720	(1,345,626)	6,099,403
Total primary government	\$ 11,233,198	\$ 9,755,803	\$ 2,717,241	\$ 7,063,288	\$ 4,683,846	\$ 4,584,658	\$ 10,107,455
Change in Net Position							
Governmental activities	\$ 129,519,560	\$ 115,061,795	\$ 67,452,184	\$ (12,944,140)	\$ (37,268,188)	\$ 47,128,854	\$ 14,580,508
Business-type activities	(5,455,609)	3,711,280	(690,517)	5,911,053	4,702,481	(4,312,372)	7,294,168
Total primary government	\$ 124,063,951	\$ 118,773,075	\$ 66,761,667	\$ (7,033,087)	\$ (32,565,707)	\$ 42,816,482	\$ 21,874,676

* 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.

2013	2012	2011
\$ 39,067,640	\$ 33,750,042	\$ 27,409,003
23,050,538	17,921,922	21,642,041
967,190	3,178,990	4,369,578
25,983,235	47,599,162	66,279,236
-	-	-
21,565,259	19,418,803	22,378,428
17,978,500	15,169,027	15,510,466
-	1,370,613	9,664,619
-	-	-
1,128,683	1,713,636	2,144,840
129,741,045	140,122,195	169,398,211
275,133,351	265,632,867	253,038,711
24,088,705	24,147,111	30,954,258
-	-	-
199,557	33,346	2,342
299,421,613	289,813,324	283,995,311
\$ 429,162,658	\$ 429,935,519	\$ 453,393,522
\$ 52,789,250	\$ 50,112,553	\$ 32,859,729
112,731,508	81,828,918	132,364,762
-	-	-
165,520,758	131,941,471	165,224,491
11,157,522	10,929,425	11,095,540
284,173,888	284,914,679	285,228,767
-	-	-
295,331,410	295,844,104	296,324,307
\$ 460,852,168	\$ 427,785,575	\$ 461,548,798
35,779,713	(8,180,724)	(4,173,720)
(4,090,203)	6,030,780	12,328,996
\$ 31,689,510	\$ (2,149,944)	\$ 8,155,276
\$ 2,469,953	\$ 2,458,298	\$ 1,559,429
313,234	871,178	735
-	-	-
-	(6,282,013)	-
(2,511,326)	-	-
(1,841,492)	(4,125,445)	(132,000)
(1,569,631)	(7,077,982)	1,428,164
-	49,026	(155,694)
-	-	-
-	-	-
1,841,492	4,125,445	132,000
1,841,492	4,174,471	(23,694)
\$ 271,861	\$ (2,903,511)	\$ 1,404,470
\$ 34,210,082	\$ (15,258,706)	\$ (2,745,556)
(2,248,711)	10,205,251	12,305,302
\$ 31,961,371	\$ (5,053,455)	\$ 9,559,746



LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General fund										
Nonspendable	\$ 3,408,137	\$ 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	62,743,730	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	29,126,053	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	\$ 95,277,920	\$ 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
All other governmental funds										
Nonspendable	\$ -	\$ 25,909	\$ 287	\$ 140	\$ 301	\$ 16,038,523	\$ 16,796,908	\$ 17,616,286	\$ 18,634,231	\$ 25,697,880
Restricted	524,753,907	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	\$ 524,753,907	\$ 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

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2020	2019	2018	2017	2016 *
Revenues					
Intergovernmental	\$343,402,394	\$266,430,555	\$165,044,218	\$ 88,522,197	\$ 78,290,291
Charges for services	14,046,168	13,001,370	12,535,930	13,577,853	12,155,144
Incremental property taxes	-	-	-	-	-
Rentals	853,589	926,395	888,752	912,019	888,181
Investment income (loss)	18,734,877	16,002,336	5,218,408	4,031,862	9,411,503
Contributions	165,516	4,697,836	-	-	1,138,000
Other revenues	3,995,118	1,417,877	1,588,470	1,562,252	6,076,571
Total revenues	381,197,662	302,476,369	185,275,778	108,606,183	107,959,690
Expenditures					
Program administration	-	-	-	-	-
Loan program costs	-	-	-	-	-
Subgrants to county, cities, and community based organizations	-	-	-	-	-
Housing assistance payments	-	-	-	-	-
General government	994,311	1,990,079	2,645,496	2,094,517	14,917,438
Housing	160,543,207	113,092,750	54,494,494	67,532,459	56,757,839
Economic development	7,243,648	5,968,153	4,309,382	2,806,389	2,146,702
Community development	75,804,218	60,000,659	52,664,125	48,640,072	67,169,442
Traffic services	2,404,760	2,353,795	2,198,010	2,641,087	2,856,830
Capital outlay:					
Capital	-	-	307,104	366,772	460,545
Noncapital	-	-	-	-	-
Debt service:					
Principal	1,564,000	7,922,000	2,660,000	2,581,000	2,507,000
Interest	236,708	733,494	702,312	784,046	858,559
Total expenditures	248,790,852	192,060,930	119,980,923	127,446,342	147,674,355
Excess of revenues over (under) expenditures	132,406,810	110,415,439	65,294,855	(18,840,159)	(39,714,665)
Other financing sources (uses)					
Issuance of debt	-	3,120,000	511,000	672,000	50,000
Insurance recoveries	421,794	-	2,029,672	5,831,509	-
Sale of property	1,755,449	739,740	141,890	-	-
Extraordinary loss	-	-	-	-	-
Transfers in	1,549,301	1,990,437	1,034,178	475,093	21,835
Transfers out	(63,591)	(222,473)	-	(49,439)	(21,835)
Total other financing sources (uses)	3,662,953	5,627,704	3,716,740	6,929,163	50,000
Net change in fund balances	\$136,069,763	\$116,043,143	\$ 69,011,595	\$ (11,910,996)	\$ (39,664,665)
Debt service as a percentage of noncapital expenditures	0.7%	4.5%	2.8%	2.6%	2.3%

* 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.

2015	2014	2013	2012	2011
\$160,773,296	\$142,344,461	\$152,390,956	\$109,566,551	\$133,980,240
11,663,736	10,962,724	11,446,082	-	-
-	-	-	242,470	3,897,173
766,857	730,292	664,851	678,568	920,783
7,092,213	9,303,907	6,340,953	7,198,009	6,703,716
-	-	-	-	-
2,905,715	996,294	4,418,190	33,835,003	24,534,370
183,201,817	164,337,678	175,261,032	151,520,601	170,036,282
37,842,664	30,000,755	30,163,897	39,857,204	41,272,819
27,613,982	35,605,872	52,301,929	38,418,630	42,859,938
36,282,346	39,084,011	23,926,848	46,533,929	67,179,746
44,279	141,992	172,774	988,608	8,301,016
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	583,968	2,594,996	3,785,338	649,270
34,744,387	45,742,917	24,037,282	11,463,648	13,003,816
3,488,000	2,739,000	2,661,000	16,160,000	3,563,000
981,008	1,074,813	1,163,857	2,081,656	2,250,506
140,996,666	154,973,328	137,022,583	159,289,013	179,080,111
42,205,151	9,364,350	38,238,449	(7,768,412)	(9,043,829)
-	-	-	3,216,000	6,001,000
-	-	-	-	-
-	-	-	-	-
-	-	-	(6,282,013)	-
6,865,072	4,463,104	11,324,509	4,090,051	6,509,128
(4,007,617)	(4,657,409)	(19,060,325)	(8,208,724)	(6,675,947)
2,857,455	(194,305)	(7,735,816)	(7,184,686)	5,834,181
\$ 45,062,606	\$ 9,170,045	\$ 30,502,633	\$ (14,953,098)	\$ (3,209,648)
3.2%	2.5%	2.8%	11.7%	3.3%

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

Governmental Activities				Business-Type Activities			
Section 108				California State			
Fiscal Year	Notes Payable	Capital Leases	Lease Revenue Bonds	Department of Housing Notes Payable	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
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
2020	9,020,000	612,673	32,705,000	2,200,000	44,537,673	0.006%	4.32

(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 Lease Revenue Bonds
Last Ten Fiscal Years**

Fiscal Year	<u>Business-type activities</u>		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
2020		32,705,000	N/A	3.17

** See changes in Net Position*

***See demographics for Los Angeles County*

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 (%)	Total Personal income (in millions)	New Homes Permitted	Population (000)	Household (000)	Unemployment rate (%)	Total Personal income (in millions)	New Homes Permitted
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
2020	10,301	3,369	16.1%	687,000	22,930	22,492	7,253	11.2%	1,422,900	56,779

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Ten Largest Industries* Current Year and Nine Years Ago

Industry	June 30, 2020			June 30, 2011		
	Number of Employees	Rank	Percentage of Total	Number of Employees	Rank	Percentage of Total
Educational & Health Services	799,800	1	19.47%	670,900	2	16.96%
Trade, Transportation and Utilities	777,000	2	18.92%	749,600	1	18.95%
Professional & Business Services	590,100	3	14.37%	530,600	4	13.41%
Government	579,300	4	14.10%	581,700	3	14.70%
Leisure & Hospitality	378,600	5	9.22%	396,600	5	10.02%
Manufacturing	314,700	6	7.66%	376,100	6	9.51%
Financial Activities	218,600	7	5.32%	210,300	7	5.32%
Information	178,400	8	4.34%	190,900	8	4.83%
Construction	146,100	9	3.56%	104,100	10	2.63%
Other Services	118,900	10	2.89%	137,000	9	3.46%
Ten largest industries	4,101,500		99.86%	3,947,800		99.78%
All other industries	5,700		0.14%	8,500		0.22%
Total industries	4,107,200		100.00%	3,956,300		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>	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government	116	113	118	128	131	129	129	105	124	125
Housing Operations	128	133	133	136	130	129	131	132	108	116
Housing Assistance	217	211	209	200	188	181	183	190	170	177
Economic Development	12	12	13	10	10	7	7	10	22	25
Housing Investment & Finance	59	49	43	43	42	45	46	43	42	44
Community Development	36	29	29	30	37	36	37	37	42	43
Construction Management	42	33	34	34	35	36	35	34	34	32
Total	610	580	579	581	573	563	568	551	542	562

Sources: LACDA's FY2020-2021 Annual Budget

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Operating Indicators by Function Last Ten Fiscal Years

<u>Function</u>	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Section 8 Program										
Authorized Units	25,114	24,832	24,324	24,086	23,812	23,518	23,232	22,928	21,969	21,027
Units under contract	23,326	22,747	22,639	23,704	23,528	22,948	22,861	22,890	21,710	20,387
Public Housing										
Housing Projects	40	40	40	40	40	40	40	40	40	40
Tenants	6,521	6,601	6,516	6,528	6,410	6,521	6,533	6,365	7,080	6,325
Housing Development										
Homes Built	291	373	412	457	270	657	369	459	622	230
Homes Rehabilitated	162	272	306	333	657	486	677	428	743	748
Home Ownership Loans	52	57	44	64	33	41	70	56	79	152
Economic Development										
Business Loans Funded	98	4	5	4	4	4	8	6	6	7
Commercial Storefronts Renovated	17	10	27	27	19	8	24	15	11	6
Community Development										
Program Reviews	251	201	221	253	275	300	336	336	270	268
Single Audits	18	24	27	26	42	42	30	51	51	53
Community meetings	1	1	1	7	2	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>	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Public Housing										
Apartment Units	3,179	3,182	3,174	3,151	3,049	3,036	3,157	3,143	3,175	3,170

Sources: LACDA's Housing Operations Division



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