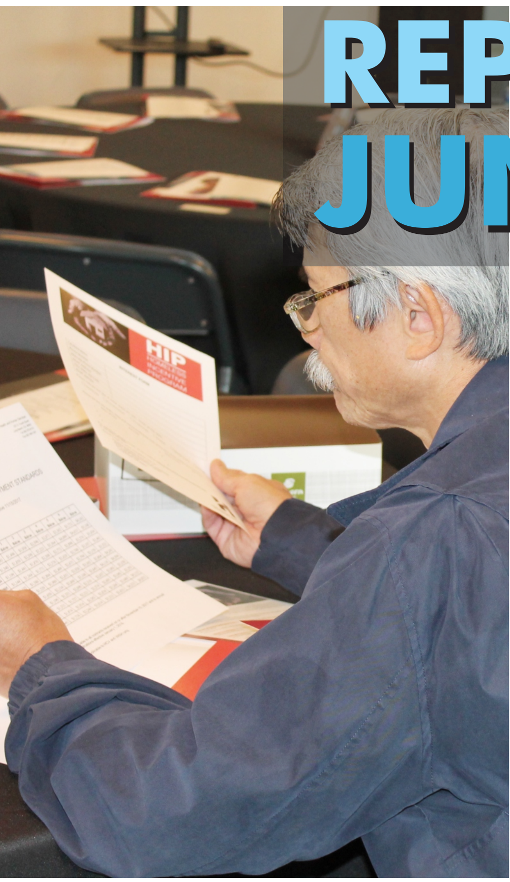
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended

JUNE 30, 2018



COMMUNITY DEVELOPMENT COMMISSION/HOUSING AUTHORITY
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

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COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2018

PREPARED BY:
FINANCE AND BUDGET DIVISION

MONIQUE KING-VIEHLAND, EXECUTIVE DIRECTOR
EMILIO SALAS, DEPUTY EXECUTIVE DIRECTOR
MATTHEW FORTINI, ACTING DIRECTOR OF FINANCE AND BUDGET

One Vision. One Team. One Success.

COMMUNITY DEVELOPMENT COMMISSION
We Build Better Lives & Better Neighborhoods
COUNTY OF LOS ANGELES

HOUSING AUTHORITY
We Build Better Lives & Better Neighborhoods
COUNTY OF LOS ANGELES

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

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OF THE COUNTY OF LOS ANGELES, CALIFORNIA

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COMMUNITY DEVELOPMENT COMMISSION/
HOUSING AUTHORITY
of the County of Los Angeles
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December 3, 2018

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

Please find for your review the Comprehensive Annual Financial Report of the Community Development Commission (Commission) for the fiscal year ended June 30, 2018. This report consists of management's representations concerning the finances of the Commission. 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 Commission has established a comprehensive internal control framework that is designed both to protect the Commission's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the Commission's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Commission'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 Commission's financial activities have been included.

INDEPENDENT AUDIT

The Commission'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 Commission for the fiscal year ended June 30, 2018, 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 Commission's financial statements for the fiscal year ended June 30, 2018.

The independent audit of the financial statements of the Commission was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Commission'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 Commission's accounting system is designed to provide timely information concerning the uncommitted balance of appropriations and unrealized revenues. The annual budget, adopted by the Board of Commissioners, provides for the general operations of the Commission. 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 within each budget unit. Any revision that changes the total expenditures of any budget unit must be approved by the Board of Commissioners. The Housing Authority of the County of Los Angeles, as a component unit of the Commission, is considered a separate budget unit.

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

INTERNAL CONTROL

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

PROFILE OF THE COMMISSION

The Commission was formed by ordinance of the Los Angeles County Board of Supervisors on July 1, 1982 under the provisions of Section 34100-34160 of the Health and Safety Code of the State of California.

The basic financial statements of the Commission include the financial activities of both the Commission and its component units, the Housing Authority of the County of Los Angeles (Housing Authority), Los Angeles County Community Development Foundation (CDF), and the Community Development Properties Los Angeles County, Incorporated (CDPLAC). The Commission has determined that these separate legal entities should be included in the basic financial statement as blended component units in accordance with the requirements of GASB Statement No. 14, as amended by GASB Statement No. 39, No. 61, and No. 80. The Housing Authority is responsible for the management of the County's Public Housing and Section 8 Housing programs. It is included as a component unit because the Commission's governing board is financially accountable for the Housing Authority and it 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 Commission is its sole corporate member. In addition, the services provided by the CDF are only available to participants of the Housing Authority's Section 8 and Public Housing programs; therefore, the CDF is reported as a blended component unit of the Commission. The CDPLAC is a California non-profit public benefit corporation, formed in September 2010, to issue lease revenue bonds on behalf of the Commission. 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 Commission's main office. The building was leased to the Commission 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 Commission and to fulfill its obligations under the agreements entered into in connection with the Project.

SERVICES PROVIDED

The Commission is responsible for the following services:

- Directing the County's Public Housing and Housing Choice Voucher programs including planning, finance, preservation, and management;
- Utilize 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;
- Working with the County's non-profit and for-profit development and service provider communities, the County health and 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
- Funding community developments for one of the largest urban counties in the United States, including street resurfacing, and homes and businesses rehabilitation;
- Providing economic development, business revitalization, and comprehensive planning and financing for housing.

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

COMMISSION'S GENERAL OPERATING PROGRAMS

Housing Related Programs

The Housing related programs are divided into two major activities: Public Housing and Section 8 Housing. The Public Housing programs provide affordable housing within the County of Los Angeles. As of June 30, 2018, there are 3,229 housing units leased under these programs. There are 9 housing developments with varying units as follows: Carmelitos 713 units, Harbor Hills 301 units, 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 program provides housing assistance to low-income individuals, families, senior citizens, and persons with disabilities residing in the County of Los Angeles. As of June 30, 2018, the Section 8 Housing program includes a total of 24,724 Housing Choice Vouchers. During the fiscal year, a total of $115 million was approved through a Notice of Funding Availability (NOFA) to fund 1,860 units across 27 projects of affordable and Special Needs Housing. Construction is expected to begin on all projects over the next two fiscal years.

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 25 percent of the Commission's expenditures in its governmental fund types. The Commission's primary role in administering the program is to ensure that funds are spent on eligible projects and that the recipients of the funds comply with HUD regulations. Currently, the recipients consist of 47 participating cities, 26 community based organizations, six county departments, and one other public agency.

Successor Agency

The accompanying financial statements also include the private-purpose trust fund for the Successor Agency to the Commission's former Redevelopment Agency (Successor Agency). The Commission, 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 Commission.

The Successor Agency has received, and will continue to receive, funds to pay the enforceable obligations of the former Redevelopment Agency until all obligations have been paid in full and all assets have been liquidated.

ECONOMIC CONDITION AND OUTLOOK FOR THE LOS ANGELES COUNTY REGION

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

The County of Los Angeles is part of the greater Southern California region, which also includes Orange, San Bernardino, Riverside, Ventura and San Diego counties with a total population of about 22.3 million. The region's economy continues to improve experiencing four consecutive years of solid employment gains. Every county in the region has seen consistent increases across most of the major industries. According to the California Labor Market Information published by the Employment Development Department (EDD), the region's leading sectors with the most employment growth continue to be health care and social assistance, which added 21,800 jobs. Businesses are investing in new buildings and public infrastructure projects creating growth in the construction industry forecasted at 3.7 percent in 2018 and 6.4 percent in 2019, adding 14,600 jobs throughout 2019. The leisure and hospitality continues to grow adding 7,900 jobs during the year and Government payrolls grew by 1,200 jobs during the fiscal year.

Los Angeles County's population is exceptionally diverse and serves as home to people from over 140 countries who speak 224 identifiable languages. The population in 2018 was slightly over 10 million, making it the most populous county in California. Most of the recent population growth in Los Angeles County has been the result of access to healthcare and improved healthcare with a natural increase of births outnumbering deaths. The County's cost of living remains high with coastal counties like Los Angeles and Orange County hit especially hard by a statewide housing crisis. Overall, affordable housing units remains a challenge for low and middle-income households.

The Los Angeles County Economic Development Corporation (LAEDC) prepares key economic indicators for the County of Los Angeles. According to the LAEDC 2018-2019 Economic Forecast, Southern California's housing markets continue to grow. Home sales and new home construction continue to make steady increases. Mortgage interest rates remained steadily low, but increases are expected next year.

Factors which continue to affect the housing market are strict lending standards and student loan debt for millennials. Lending standards remain restrictive and the demand for higher credit scores and larger down payments have lowered the number of viable buyers. Student debt is a major consideration for millennials seeking a mortgage loan. Student loan payments can consume a large portion income, thereby affecting the income-to-debt ratio needed to qualify for a mortgage. Another barrier is the sharp increase in home prices, which continues to outpace wage growth.

Since the previous fiscal year, the rental market in Southern California has remained healthy. The demand for rental units shows no sign of deceleration. Rental rates continue to increase alongside low vacancy rates. The demand for apartment rentals is due to several economic and demographic factors. As qualifying for a mortgage loan remains a challenge, many prospective buyers opt for the rental market. Improved healthcare has increased life expectancy and led to an increasing demand for senior housing. Retiring baby boomers are downsizing from larger family homes to retirement communities containing multi-family housing.

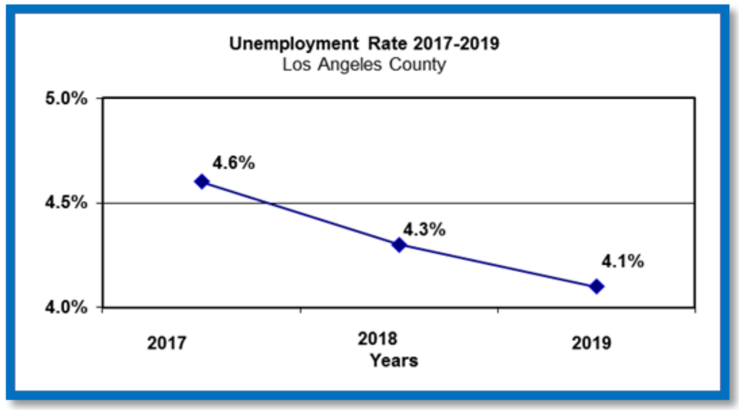
Significant Economic Data - Los Angeles County 2017-2019

	2017	2018	2019
Total Population (000's)	10,278	10,328	10,382
Unemployment Rate	4.6%	4.3%	4.1%
Per Capita Income	$57,168	$58,818	60,469
Permits-New Homes	22,010	23,061	23,143

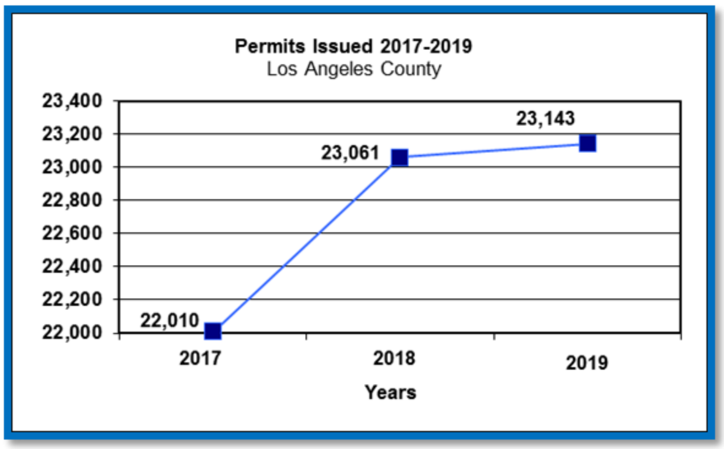
Source: Los Angeles County Economic Development Corporation (LAEDC) 2018-2019 Economic Forecast and Industry Outlook.

The economy of Los Angeles County is one of the most dynamic in the world, with the fast-growing and immense high-tech industry, tremendous strength in aerospace and advanced transportation, the nation's largest manufacturing base, and the nation's largest international trade industry. Los Angeles County's GDP grew at 3.2%, up from the prior year of 2.1%. The County's GDP is larger than Belgium, Norway, Poland, and Sweden and remains an important hub of manufacturing, international trade and innovation in addition to its well-known entertainment and tourism industries.

The County has seen significant job growth, with nearly 59,900 wage and salary jobs added. There has been positive job growth since 2011, averaging 2.5% annually. The average unemployment rate in Los Angeles County reached 4.6% in 2017, the lowest rate since 2000. The forecast expects the rate to decline over the next two years, falling to 4.3% at the close of 2018 and reaching 4.1% in 2019.



Los Angeles County has seen improvement over the past four years, both in terms of job gains and unemployment rate declines. This improvement is expected to continue in 2018, although at a slower pace. With the economy back at full employment levels, wage gains are expected over the next year across many occupations. Households could experience significant gains in purchasing power this year as wage gains spread out more broadly than in recent years.

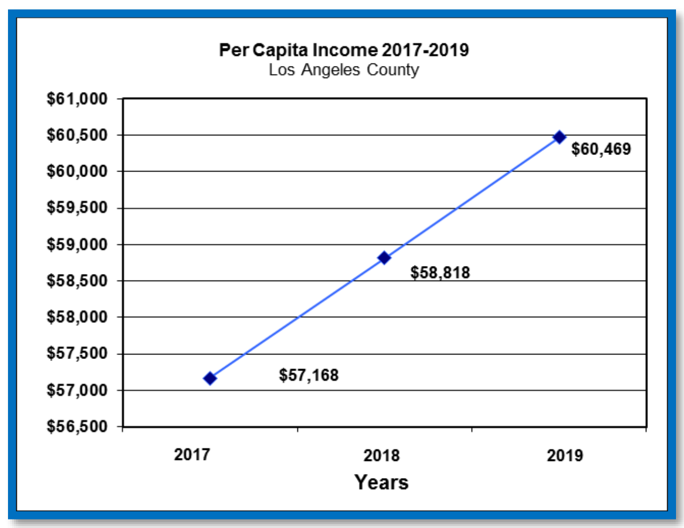


The median home price in Los Angeles County increased by 8.0% in 2017 to an estimated $560,860. Since the market bottomed out in 2011, the median home price in the County has increased by 75%.

There was a noticeable rise in the share of permits for multi-family homes relative to those for new single-family construction. The demand for various housing is largely derived from the underlying economic growth. Pending home sales and mortgage applications remain positive, suggesting that housing will gain additional momentum through the end of 2018 and into 2019.

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

As America's gateway to Asia, Los Angeles County economy plays an important role in international trade. Thousands of jobs in the region depend on the flow of the nation's goods moving in and out of Gateway Cities such as Los Angeles, Long Beach and San Pedro. San Pedro Bay Ports are the single largest maritime trade entry in the United States, principally handling the majority of the country's trade with East Asia. As of 2017, the ports' market share of containerized imports from East Asia was about 46.4%.



Combined, these are key hubs for international trade and make up the nation's number one port complex for textiles, food products, automobiles and auto parts, and furniture; some of which are manufactured in the area.

RELEVANT FINANCIAL POLICIES

For the fiscal year 2018-2019, the Commission budgeted 547 regular positions and 8 contract positions for a total of 555 budgeted positions. This is a net decrease of one position from the previous fiscal year and is primarily due to a reduction in Administrative Services Division staffing.

The Commission closely monitors activities in Congress and financial trends during the budget process to project potential gains or losses in funding streams. The Commission continually seeks opportunities to identify new revenue and looks to new regulations, and private grants for these prospects.

MAJOR MANAGEMENT INITIATIVES

Voters in Los Angeles County passed Measure H in March 2017 to provide additional funding for homeless services in Los Angeles County. Funds raised by Measure H went towards providing housing, expanding homeless outreach, health, and mental health services. Measure H funds infused the Homeless Initiative with additional revenue estimated at $350 million a year to continue its efforts. The Los Angeles County Board of Supervisors (the Board) created the Homeless Initiative in August 2015 to combat the homeless crisis.

To maximize the use of its new revenue stream, the Board went on to approve an unprecedented and historic spending plan to allocate Measure H funds for permanent shelter, rapid-shelter, prevention, and employment assistance. The Commission continues to perform in a key role, executing strategies based upon the County's Homeless Initiative and approved spending plan.

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The Commission celebrated the grand opening of The Fiesta on March 22, 2018. The Fiesta, a 50-unit affordable housing development, includes units for homeless persons that are clients of the Los Angeles County Department of Health Services (DHS), homeless persons living with mental illness, units for mobility-impaired residents and for audibly or visually impaired residents. The Commission provided $1.6 million in County General Funds for construction and permanent financing. $100,000 was also included with the loan as an incentive to assist with the development of a Federally Qualified Health Center. The site's developer, LA Family Housing, is also the lead service provider offering an onsite case manager and service coordinator, mental health services and substance abuse disorder counseling.

Housing and Urban Development (HUD) in collaboration with the Department of Veterans Affairs (VA), awarded the Commission 600 Veterans Affairs Supportive Housing (HUD-VASH) vouchers totaling $6,383,664 in April 2018. HUD-VASH is a collaborative program between HUD and the VA, which combines HUD housing vouchers with VA supportive services to help Veterans who are homeless and their families find, and sustain, permanent housing. This award represent the largest voucher allocation awarded to a Public Housing Agency (PHA) in the country during FFY2017 and it is the largest HUD-VASH voucher allocation ever received by the Commission. With the County's effective and efficient use of previous vouchers, HUD accommodated the Commission's September 2017 request and fulfilled the total number requested thus bringing the agency's overall HUD-VASH voucher allocation to 2,394 to date.

In June 2018 the Commission joined in celebrating the grand opening of Mosaic Gardens at Westlake (Mosaic Gardens), a 125-unit affordable housing development developed in conjunction with LINC Housing Corporation. The Commission provided $1.6 million in Affordable Housing Trust Funds for the acquisition, construction and permanent financing of the project. Mosaic Gardens at Westlake provides affordable housing for homeless and homeless households as well as low-income seniors and families, mobility-impaired and sensory-impaired individuals. It includes subterranean parking, community gardens and courtyards, a health and wellness room, playground, community room, laundry rooms and an elevator. The development is pursing LEED for Homes Platinum Certification and will exceed the states efficiency requirements by 31% through green building features.

The Commission joined the Olson Company (Olson) and Los Angeles County Second District Supervisor Mark Ridley-Thomas in June 2018 to celebrate the ground breaking for Magnolia Walk's model homes. The Commission provided $6 million in down payment assistance for low to moderate-income homebuyers. These funds will aid them on the path of achieving the American dream, homeownership. Upon completion, Magnolia Walk will offer 94 three to four bedroom homes complete with private front and backyard areas and parking garages. The completion of the model units is phase one of the first two phases of this project.

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 Commission for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. This was the 33rd consecutive year that the Commission 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

2018 NACo Achievement Awards
Virtual Desktop Infrastructure (VDI) Implementation
South County Homeless Initiative Program
Promoting Healthier Communities for Older Adults
(A Collaboration with Department of Mental Health)

2018 NAHRO Achievement Awards
Promoting Healthier Communities for Older Adults
South County Homeless Initiative Program
Rowland Heights Community Center and Splash Pad

Government Finance Officers Association of the United States and Canada
FY 2016-17 Certificate of Excellence in Financial Reporting
May 2018

Government Finance Officers Association of the United States and Canada
FY 2017-18 Distinguished Budget Presentation Award
March 2018

2017 Excellence In Technology - Outstanding IT Project Award
Self-Service Interactive Receptionist

2017 NAHRO Awards of Excellence
Comprehensive Health Services at Star Apartments

31st Annual Productivity and Quality Awards
SOLAR: Bridging Healthcare and Housing
A Movement Begins: LA County's Homeless Initiative
August 2017

2017 NAHRO Awards of Merit
Comprehensive Health Services at Star Apartments

2017 NACo Awards
South Los Angeles Recuperative Care Center

ACCOMPLISHMENTS

Community Development Division–Grants Management Unit

The Community Development Division-Grants Management Unit (CDD-GMU) is an exemplary rated program by the U.S. Department of Housing and Urban Development (HUD). The staff conducted 1,083 In-Progress Monitoring (IPM) reviews for compliance monitoring of the Community Development Block Grant (CDBG) activities funded in the fiscal year 2017¬2018. This unit also conducted 44 labor compliance reviews of CDBG-funded construction projects completed during the fiscal year 2017-2018 to ensure sub-recipients and their contractors complied with Federal labor standards provisions and HUD's Section 3 regulations that require training/employment of low-income residents.

The Community Resource Center (CRC) provided operational support to serve approximately 39,300 visitors through June 30, 2018. 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, heal education, and computer literacy and only safety workshops.

Community Development Division-Construction Management Unit

The Community Development Division-Construction Management Unit (CDD-CMU) received a total funding of $4,243,948 from various programs such as Capital, HOME, and County funds for construction management services relating to community business revitalization improvements, housing rehabilitation, sound attenuation, new housing construction, and public housing modernization.

The Los Nietos Library was completed during the fiscal year and on November 18, 2017, a grand opening was held for the new 7,000 square-foot library located in unincorporated Whittier. This project was the result of a joint land use agreement between the County of Los Angeles, Los Angeles County Public Library and the Los Nietos School District. The $8.5 million development cost was funded by Los Angeles County's Fourth Supervisorial District. The new single-story building includes separate child, teen, and adult spaces, as well as staff support spaces. The building has fully automatic fire alarm and fire sprinkler systems, a semi-covered entrance, parking for 28 vehicles, bike racks, and landscaping. The Los Nietos Library includes energy conservation and sustainability through the careful design and selection of construction materials. In addition, new energy efficient heating and air conditioning equipment optimizes performance and saves energy. Motion sensors turn off the lighting when rooms are unoccupied, resulting in additional energy savings.

On December 8, 2017 the Commission/HACoLA celebrated the grand opening of a second library in Artesia. The new 10,850 square-foot library replaced a 46-year old 5,100 square-foot library. This $12.2 million-dollar project, also funded by Los Angeles County's Fourth Supervisorial District, includes separate adult, teen, and children's reading areas, early childhood and family areas, a homework center, two group study rooms, and a teen study room. Community groups have access to a 100-seat meeting room with an audio-visual system and kitchenette. The library is equipped with express-service checkout machines at the lobby, laptop vending machines, information services pods, public access computers, Wi-Fi, staff areas, public restrooms, support areas, as well as parking for 45 vehicles. The Artesia Library was recognized with a LEED Silver Rating, and contains many sustainable features such as permeable paving, a high-reflective roof, and a photovoltaic system.

Economic and Housing Development Division

The Economic and Housing Development (EHD) Division utilized Affordable Housing Trust funds to assist in the financing of affordable and special needs housing. A total of 412 units were completed and received the Certificate of Occupancy with total expenditures of $23 million, funded from past NOFA rounds.

The Vermont Corridor Project, a 3-site development of County-owned property along Vermont Avenue between 4th and 6th Streets in the City of Los Angeles is underway. Site 1, 510, 526 and 532 South Vermont Avenue, involves the development of a 21-story building, which consists of a 12-story office tower over a terrace level and an 8-story parking structure. Currently, the Department of Mental Health (DMH) will be housed in this administrative building. Site 2 will involve the use of the existing 12-story DMH building located at 550 S. Vermont Avenue for a future contemplate use that is currently being vetted. The use of this building would involve upgrades to the steel framing and MEP systems. There is also a contemplated future phase of development, which would create an additional 74 residential units atop the parking structure. Site 3, 433 South Vermont Avenue, involves the development of a 6-story 72-unit 100% senior affordable housing project which includes an approximately 13,200 square foot community recreation center over a 3-story underground parking structure. Site 3 will be available for homeless and low-income seniors 60% - 30% AMI. During the fiscal year 50% of construction drawings were delivered on January 1, 2018. The final Environmental Impact Report was made available to public on May 7, 2018. Project approval was given by the Board of Supervisors on May 22, 2018 and project financing is scheduled to be received on July 26, 2018.

Through the commercial and industrial lending programs, the EHD Division funded loans to five businesses totaling $2 million. Through this investment, these businesses created and retained a total of 38 full-time equivalent jobs during the fiscal year 2017-2018. The Homeownership Program (HOP) funded 44 deferred loans totaling $2.6 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 2017-2018, the EHD Division issued 111 certificates in concert with mortgages totaling $33.4 million. The Renovate and Community Business Revitalization (CBR) programs provide grants to property owners to rehabilitate commercial building and correct code violations. The Program had 27 storefronts consisting of 7 completed projects and issuance of 10 Notices to Proceed.

Through the Southern California Home Financing Authority (SCHFA), a joint Powers Authority between Los Angeles and Orange Counties, the EHD division funded 19 loans for the First Time Homebuyers program in the amount of $7.5 million. 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.

Housing Management Division

The HM Division implemented an expanded homeless preference specifically for the family properties located in the South Los Angeles County area. For these properties, the priority is to place homeless families in availiable units as quickly as possible. The Housing Authority (HACoLA) entered into a Memorandum of Understanding with the Los Angeles Homeless Service Authority for referral services. Over the last eight fiscal years, the Commission has been designated by HUD as a High Performer Agency as a result of the excellent services and programs provided by the HM Division.

The HM Division obtained $1.7 million, in County-wide general funds for capital improvements at the South Scattered Sites public housing developments and received an additional $425,000 in County-wide general funds for the Community Policing Program. This is in addition to the $827,000 funding to support the Community Policing Program received from the previous fiscal year.

Through the Residential Services Program, HM provided case management assistance services to 183 residents through the Family Resource Center; which offers family support services, transportation and childcare referrals, and other counseling services. 340 seniors and persons with disabilities were provided with Quality of Life programs, case management and clinical services. 275 adult residents received on-site computer literacy classes facilitated by local non-profit agencies. Workforce development services and referrals were made to local one-stop workforce centers. These services increased their skill level and assisted in securing unsubsidized employment.

The Growing Experience (TGE) utilized a $25,000 grant from the Knight Foundation for youth-centered micro-enterprise, Club Young Creatives Micro-enterprise (YCME), in which local youth work together to develop a healthy snack product using TGE as the primary product source..

Assisted Housing Division

The Assisted Housing Division received High Performer rating under HUD's Section Eight Management Assessment Program (SEMAP) for the fiscal year 2016-2017 and is on pace to receive the SEMAP High Performer rating again for the fiscal year 2017-2018. Through the Homeless Initiative over 221 homeless veterans and families were housed.

The Homeless Incentive Program (HIP) incentivizes property owners to rent to homeless Section 8 Housing Choice Voucer (HCV) 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 Initiative, a collaborative effort between multiple County agencies supported by funding from Los Angeles County Measure H. In the fiscal year 2017-18, HIP housed 498 individual and families, provided 203 clients with move-in assistance, and secured 874 units. Working in conjunction with eight local Public Housing Authorities, 2,084 vouchers were committed.

During the fiscal year, the Family Self Sufficiency Program (FSS) increased its enrollment to 88%. 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% of FSS participants with escrow accounts and a total of 58 graduates from the program.

Communications and Public Affairs Unit

The Communications and Public Affairs Unit (CPA-U) monitored 1,598 public inquiries received through the Public Inquiry Portal and ensured that 100% of the public inquiries received were responded to by the appropriate Division. The CPA-U continued the efforts to bring media attention to the Commission programs. It responded to 58 media inquiries within requested timelines, issued 56 press releases. It also promoted the Commission's efforts and impact on Los Angeles County through the taping of 7 episodes of LA Now, the County Cable Station Show.

The CPA-U tracked 96 pieces of State and 51 pieces of Federal legislation of interest to the Commission. It 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 2017 and 2018 budgets.

Traffic Administration Services Program

The TAS program resolved 2,572 traffic violator school completion certificate issues on behalf of the Los Angeles Superior Court and individual traffic violator schools. It also provided and managed the 17 TAS Traffic Court Specialist (TCS) staff assigned to render traffic court customer and administration services at 18 Court locations. TCS staff provided service to over 10,977 Court customers.

The Traffic Administration Services (TAS) program published 260,180 copies of the Los Angeles Superior Court/TAS Traffic Violator School Location List (pursuant to Section 11205 of the California Vehicle Code) and distributed them to Los Angeles Superior Court locations.

The TAS commenced development of the Court-Referred Community Service Program (CRCS). Thus far, 40% of CRCS policies and procedures have been established along with standardized form templates for court-facing documents (i.e. court Volunteer Progress Reports, Community Service Completion Certificates, and Court correspondence formatting).

ACKNOWLEDGEMENT

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

Sincerely,

MONIQUE KING-VIEHLAND
Executive Director

MATTHEW FORTINI
Acting Director of Finance and Budget

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

HILDA L. SOLIS
FIRST SUPERVISORIAL DISTRICT

MARK RIDLEY-THOMAS
SECOND SUPERVISORIAL DISTRICT

SHEILA KUEHL
THIRD SUPERVISORIAL DISTRICT

JANICE HAHN
FOURTH SUPERVISORIAL DISTRICT

KATHERYN BARGER
FIFTH SUPERVISORIAL DISTRICT

COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, CALIFORNIA

PRINCIPAL OFFICIALS

*BOARD OF COMMISSIONERS

Janice Hahn	Chair of the Board
Hilda Solis	Commissioner
Mark Ridley-Thomas	Commissioner
Sheila Kuehl	Commissioner
Kathryn Barger	Commissioner

*HOUSING COMMISSIONERS

Ruthie Myers.	Chair
Gesele McBroom-Marsh	Vice Chair
Takao Suzuki.	Commissioner
Henry Porter, Jr	Commissioner
Vanessa Luna	Commissioner
Vernon "Val" Lerch	Commissioner
James Brooks	Commissioner
Zella Knight	Tenant Commissioner
Mary Canoy	Tenant Commissioner
Pamela Williams	Tenant Commissioner
Marnell Banks	Tenant Commissioner

OFFICERS

Monique King-Viehland	Executive Director
Emilio Salas	Deputy Executive Director

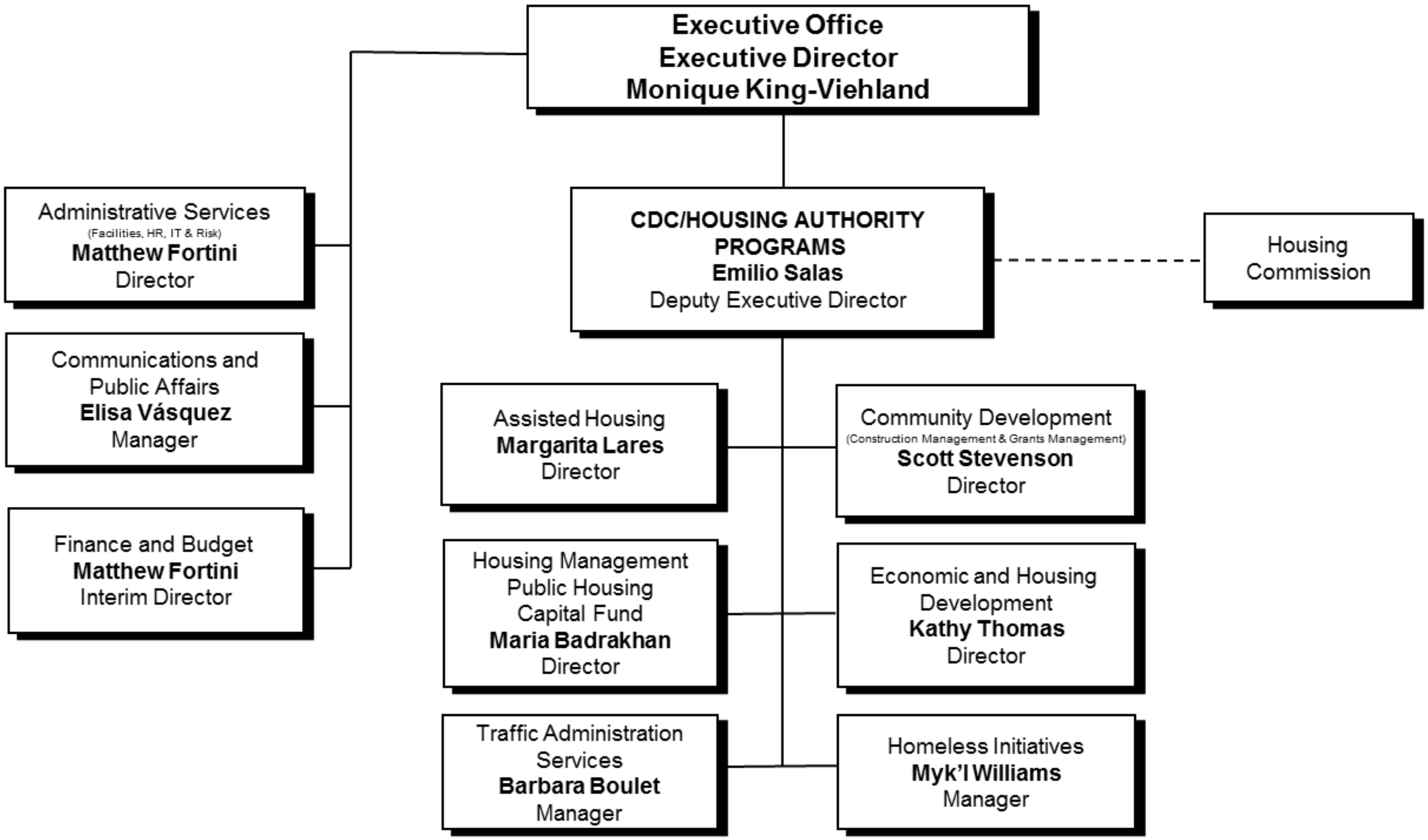
DIRECTORS

Matthew Fortini	Administrative Services
Matthew Fortini (Acting)	Finance and Budget
Margarita Lares	Assisted Housing
Maria Badrakhan	Housing Management
Scott Stevenson	Community Development
Kathy Thomas	Economic and Housing Development

* The Board of Commissioners and Housing Commissioners information is as of December 31, 2018. The organization Officers and Directors are as of June 30, 2018.

COMMUNITY DEVELOPMENT COMMISSION/HOUSING AUTHORITY OF THE COUNTY OF LOS ANGELES

FISCAL YEAR 2017-18
ORGANIZATIONAL CHART



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Community Development Commission

of the County of Los Angeles, California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2018

FINANCIAL SECTION

LSL
CPAs AND ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Honorable Board of Commissioners
Community Development Commission of the
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 Community Development Commission of the County of Los Angeles, California, (the Commission) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Commission'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 Commission'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 Commission'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.

203 N. Brea Blvd., Suite 203 | Brea, CA 92821 | Phone: 714.672.0022

LSL
CPAs AND ADVISORS

To the Honorable Board of Commissioners
Community Development Commission of the
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 Commission as of June 30, 2018, 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.

Change in Accounting Principle

As discussed in Note 1(b) to the financial statements, in 2018 the Commission adopted new accounting guidance, *GASBS No. 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules for the General fund, the Federal Housing and Community Development fund, the Other Federal fund, the Local Housing and Community Development fund, the Low and Moderate Income Housing Asset fund, the schedule of changes in net pension liability and related ratios, the schedule of contributions, and the schedule of changes in net OPEB liability and related ratio 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 Commission's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2018 on our consideration of the Commission'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 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 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 Commission's internal control over financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Brea, California
November 19, 2018

This Management's Discussion and Analysis (MD&A) section of the Comprehensive Annual Financial Report provides a financial overview and analysis of the Commission's financial activities for the fiscal year ended June 30, 2018. 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 the Commission as of June 30, 2018 is $527,093,474 and includes the following:

  – $129,259,045 in net investment in capital assets

  – $352,002,936 in restricted net position

  – $45,831,493 in unrestricted net position

- Compared to last fiscal year, the Commission's total net position increased by $66,761,667. Of this increase, $67,452,184 was attributed to governmental activities offset by a decrease of $690,517 in the net position of business-type activities.

- At the end of the fiscal year, the Commission's fund balances of all governmental funds totaled $367,918,921, an increase of $69,011,595 over last fiscal year. $3,388,191 of the total fund balances is non-spendable, while $347,542,030 is restricted, and $16,988,700 is unassigned.

- $3,387,904 of the total general fund balance is non-spendable, $52,328,361 is restricted, and $16,988,700 is unassigned.

- The Commission's total debt increased by $12,452,971 during the fiscal year. The increase was primarily due to an increase in the net pension liability of $11,493,474, in net other postemployment benefits liability of $2,438,129, and $951,081 for the vehicle leases. This was offset by the debt payments of $2,149,000 for Section 108 loans, and $665,000 for lease revenue bonds.

- Total revenue is $520,264,249, comprised of the following activities: governmental $187,195,173 or 36% of total revenue, and business-type $333,069,076 or 64% of total revenue.

- Total expenses are $453,502,582, comprised of the following activities: governmental $121,212,191 or 27% of total expenses, and business-type $332,290,391 or 73% of total expenses. The governmental activities include general government expenses of $2,803,179 or 0.6% of total expenses.

Overview of the Basic Financial Statements

The basic financial statements include all of the activities of the Commission, 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 Commission from the economic resources measurement focus, using the accrual basis of accounting. Governmental activities and business-type activities are presented separately. The statement of net position presents all assets and liabilities of the Commission, including restricted and unrestricted assets. Financial activities of the Commission'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 Commission'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 Commission implemented the following GASB statements: *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB) – an amendment of GASB Statement No. 45, GASB Statement No. 81, Irrevocable Split-Interest Agreement, GASB Statement No. 85, Omnibus 2017* and *GASB Statement No. 86, Certain Debt Extinguishment issues. GASB Statement No. 75* addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The implementation of this statement required restatement of the Commission's beginning net position for the fiscal year ended June 30, 2018. The objective of *GASB Statement No. 81* is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situation in which a government is a beneficiary of the agreement. *GASB Statement Nos. 85 and 86* have minimal impact in the presentation of the Commission's financial statements.

Government-wide Financial Statements

The statement of net position and the statement of activities provide information about the Commission 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 Commission using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of 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 Commission's changes in net position and activities for the year. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Over time, increases and decreases in net position may serve as a useful indication of improvement or deterioration of the Commission's financial health.

Fund Financial Statements

The Commission, like state and local governments, uses fund accounting to ensure compliance with finance-related legal requirements. The Commission 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.

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 Alhambra Building.

Enterprise Funds – Enterprise funds are used to account for activities similar to those found in the private sector. The Commission's major enterprise funds are Public Housing, Other Housing, Section 8 program, and the Commission'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 Commission's former redevelopment agency, held in a trustee capacity. The Commission'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 34-65 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 Commission's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 69-78 of this report.

Internal Service Funds are presented on pages 82-87, immediately following the required supplementary information.

Government-wide Financial Analysis

As presented earlier, the Commission's net position at June 30, 2018 totaled $527,093,474 with $352,002,936 restricted, $129,259,045 net investment in capital assets, and $45,831,493 unrestricted. The changes in this year's net position include an increase of $67,452,184 in governmental activities and a decrease of $690,517 in business-type activities.

Community Development Commission - Net Position

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	$ 417,363,121	$ 332,695,523	$ 62,516,439	$ 61,466,881	$ 479,879,560	$ 394,162,404
Capital assets, net of accumulated depreciation	68,489,071	72,042,498	103,869,109	102,860,832	172,358,180	174,903,330
Total assets	485,852,192	404,738,021	166,385,548	164,327,713	652,237,740	569,065,734
Deferred outflows of resources related to pensions and OPEB	16,010,580	12,011,368	11,641,046	9,123,025	27,651,626	21,134,393
Long-term liabilities	46,443,115	38,634,681	54,325,919	49,681,382	100,769,034	88,316,063
Other liabilities	35,361,581	21,775,946	5,863,969	5,725,647	41,225,550	27,501,593
Total liabilities	81,804,696	60,410,627	60,189,888	55,407,029	141,994,584	115,817,656
Deferred inflows of resources related to pensions and OPEB	6,264,435	5,136,084	4,536,873	3,751,801	10,801,308	8,887,885
Net investment in capital assets	33,952,068	37,762,410	95,306,977	93,867,211	129,259,045	131,629,621
Restricted	347,542,030	268,310,478	4,460,906	4,423,184	352,002,936	272,733,662
Unrestricted	32,299,543	45,129,790	13,531,950	16,001,513	45,831,493	61,131,303
Total net position	$ 413,793,641	$ 351,202,678	$ 113,299,833	$ 114,291,908	$ 527,093,474	$ 465,494,586

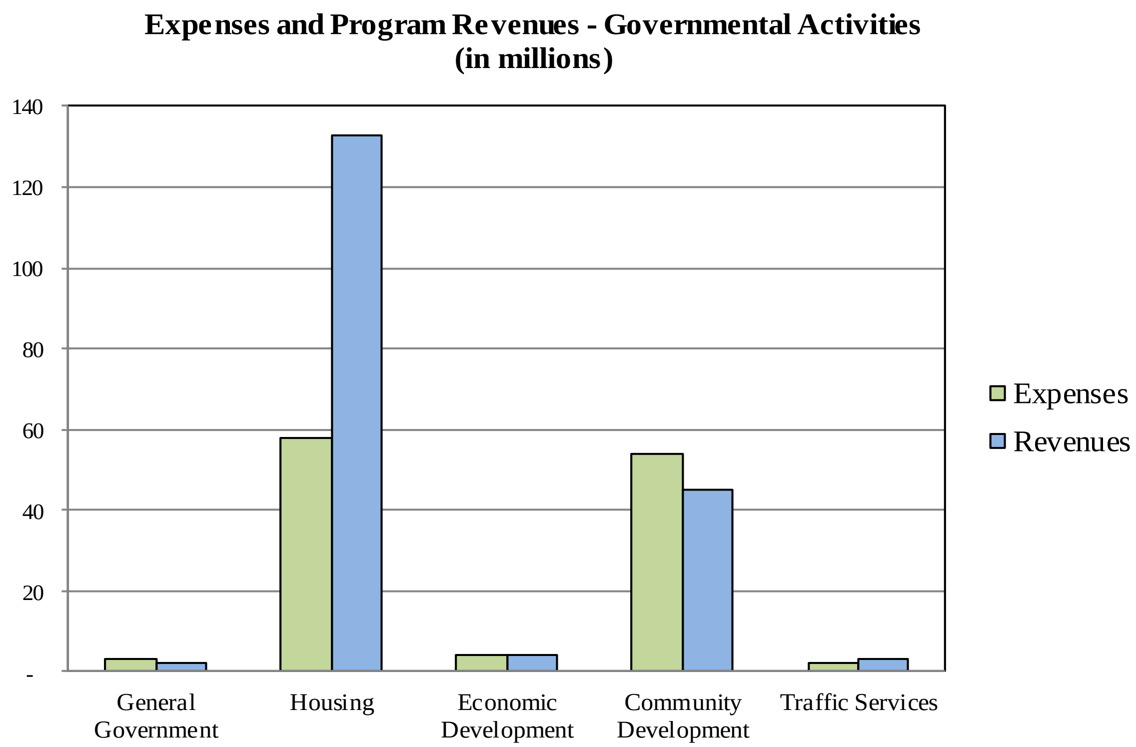
Community Development Commission – Changes in Net Position

	Governmental Activities 2018	Governmental Activities 2017	Business-type Activities 2018	Business-type Activities 2017	Total 2018	Total 2017
Revenues:						
Program revenues:						
Charges for services	$ 13,424,682	$ 14,489,871	$ 13,345,797	$ 12,875,572	$ 26,770,479	$ 27,365,443
Operating grants and contributions	173,316,221	91,893,872	314,299,590	317,757,507	487,615,811	409,651,379
Capital grants and contributions	-	-	3,160,718	4,147,073	3,160,718	4,147,073
General revenues:						
Investment income (loss)	(1,945,659)	(1,457,032)	2,262,971	2,194,037	317,312	737,005
Insurance recoveries	2,029,672	5,831,509	-	-	2,029,672	5,831,509
Gain on sale of property	141,890	-	-	-	141,890	-
Share in income (losses) of JPA	228,367	494,774	-	-	228,367	494,774
Total revenues	187,195,173	111,252,994	333,069,076	336,974,189	520,264,249	448,227,183
Program expenses:						
General government	2,803,179	2,242,060	-	-	2,803,179	2,242,060
Housing	57,833,721	67,190,627	-	-	57,833,721	67,190,627
Economic development	3,454,263	2,183,750	-	-	3,454,263	2,183,750
Community development	54,250,382	49,720,611	-	-	54,250,382	49,720,611
Traffic services	2,205,696	2,632,595	-	-	2,205,696	2,632,595
Interest on long-term debt	664,950	748,466	-	-	664,950	748,466
Section 8 program	-	-	301,122,863	299,167,327	301,122,863	299,167,327
Public housing	-	-	25,294,307	25,582,030	25,294,307	25,582,030
Other housing	-	-	4,104,471	3,993,129	4,104,471	3,993,129
CDPLAC	-	-	1,768,750	1,799,675	1,768,750	1,799,675
Total expenses	121,212,191	124,718,109	332,290,391	330,542,161	453,502,582	455,260,270
Change in net position before transfers	65,982,982	(13,465,115)	778,685	6,432,028	66,761,667	(7,033,087)
Transfers	1,469,202	520,975	(1,469,202)	(520,975)	-	-
Change in net position	67,452,184	(12,944,140)	(690,517)	5,911,053	66,761,667	(7,033,087)
Net position – beginning, as restated	346,341,457	364,146,818	113,990,350	108,380,855	460,331,807	472,527,673
Net position – ending	$413,793,641	$351,202,678	$113,299,833	$114,291,908	$527,093,474	$465,494,586

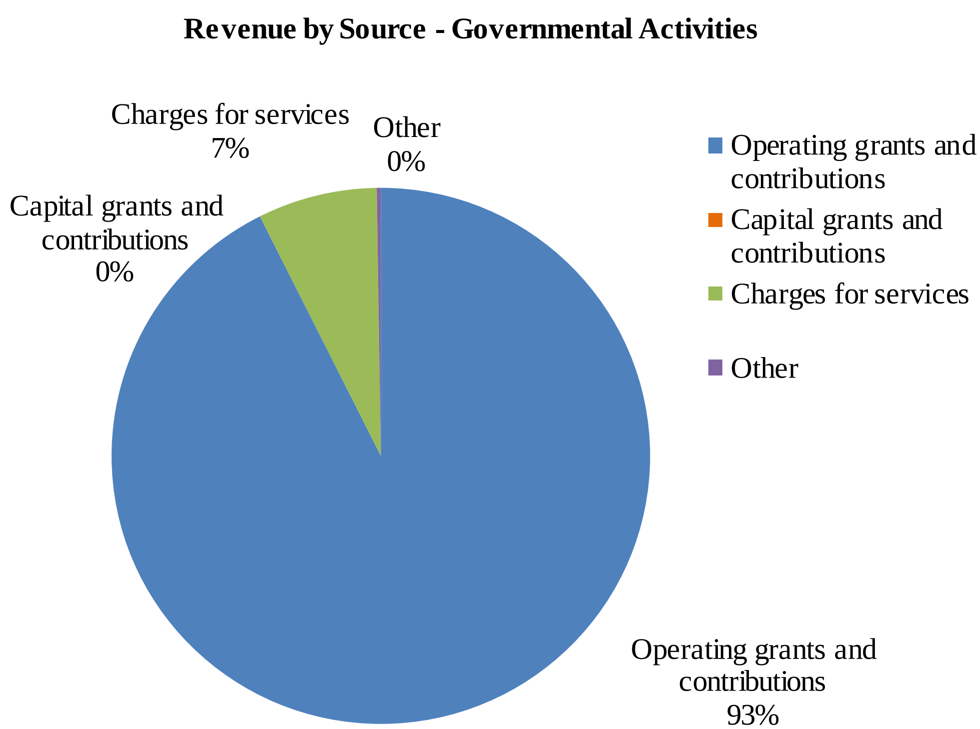
Years ended June 30

Governmental Activities

The increase in net position of $67,452,184 for governmental activities is attributed to the following increases: $80.1 million funding from local housing and community development programs and $1 million from low-moderate housing asset fund. The increases in funding were slightly offset by a reduction of $7.6 million in county construction projects, $4.3 million due to changes in net pension and OPEB liabilities, and a reduction loan principal collection of $1.5 million from the economic development revolving loan program.



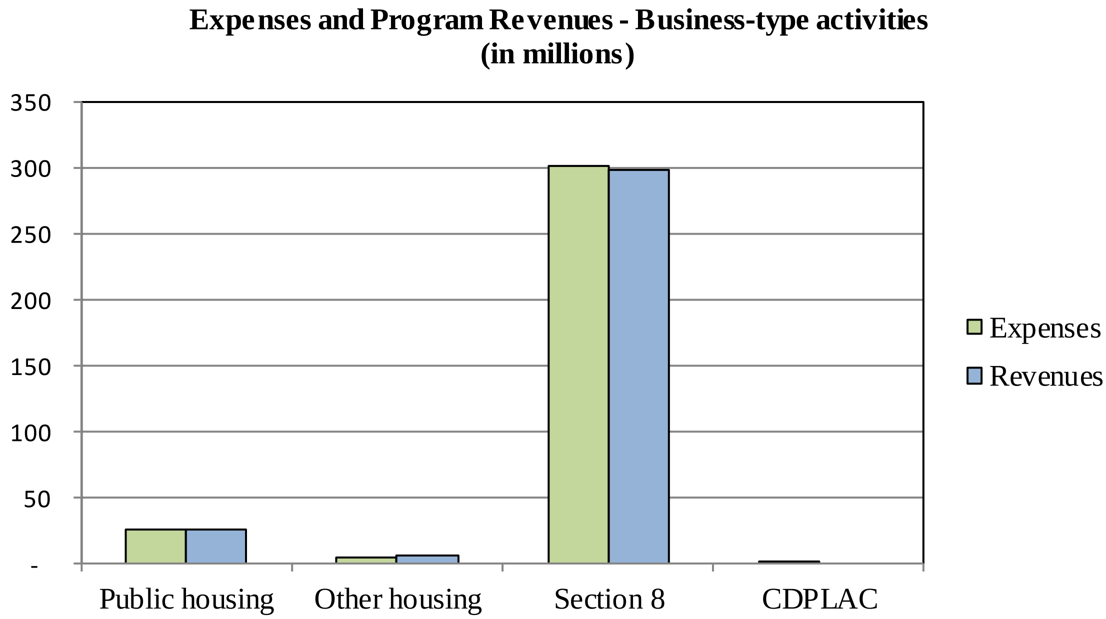
Expenses and Program Revenues - Governmental Activities
(in millions)
140
120
100
80
60
40
20
-
General Government
Housing
Economic Development
Community Development
Traffic Services
Expenses
Revenues

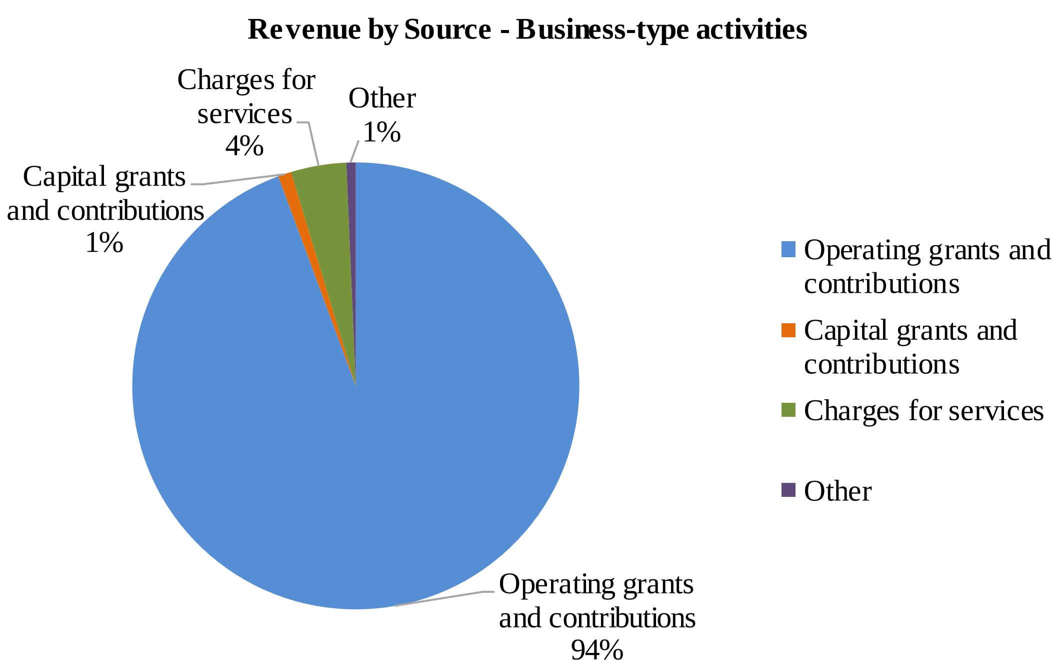


Revenue by Source - Governmental Activities
Charges for services 7%
Other 0%
Capital grants and contributions 0%
Operating grants and contributions 93%
Operating grants and contributions
Capital grants and contributions
Charges for services
Other

Business-type Activities

The decrease of $690,517 in net position for business-type activities was mainly attributed to a decrease of $1.8 million in the Section 8 program. The decrease was offset by an increase of $1.1 million in the Public Housing program. Overall, total program revenue for the Section 8 program decreased by $3.6 million attributed to the reduction of Housing Assistance Payments (HAP) funding.





Fund Financial Analysis

Governmental Funds

At June 30, 2018, the Commission's total governmental fund balance was $367,918,921, a net increase of $69,011,595, or 23.1% from last fiscal year. An increase of $80.1 million in the Local Housing and Community Development was mainly attributed to new funding from the County for the administration of the Mental Health Housing program and the development of affordable housing. This increase was offset by a decrease of $10 million in General Fund due to revenues recognized in prior fiscal years, but expended in the current fiscal year which consisted of the County construction projects and the Vermont Corridor predevelopment project. The remaining increase of $1 million was due to additional low-moderate housing funds to administer housing assets transferred to the Commission which was partially offset by a decrease of $2.3 million in Other Federal for the residential sound insulation program.

Proprietary Funds

The increase of $1,061,044 in the net position of the Public Housing program was due mainly to the increase in dwelling rental and the decrease in general administration. Dwelling rental revenue of $12.1 million increased approximately by $.5 million, and general administration expenses decreased by $.8 million as compared with last fiscal year.

The decrease of $21,263 in the net position of the Other Housing program was due mainly to the decrease of funding from the Juvenile Justice Crime Prevention Program.

The decrease in net position of $1,768,020 in the Section 8 program was primarily due to a timing difference in the payment of HAP expenses for the fiscal year and an increase of $1 million in pension expenses. Program revenue for the Section 8 program decreased by $3.6 million as a result of decreased HAP funding.

General Fund Budgetary Highlights

The unfavorable variance in the intergovernmental revenue is attributed mainly to a $16.3 million funding not received from the County within the fiscal year for the Magic Johnson Park project.

The favorable variance of $2.6 million in general government expenses was mainly due to a $2 million casualty loss recovery for the roofing repairs at the WestKnoll housing site. Community development expenses had a favorable variance of $22.2 million, due primarily to the timing and completion on construction projects of the Magic Johnson Park, Los Nietos Community and Senior Center, and libraries in the cities of Avalon and Temple City. Additionally, Youth Athletic League refurbishment project in South Los Angeles was completed during the fiscal year.

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 Commission 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, vehicle and equipment.

Community Development Commission - Capital Assets

(Net of depreciation)

	Governmental activities		Business-type activities		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Land and land improvements	$33,455,368	$33,190,566	$ 58,992,131	$ 58,992,131	$ 92,447,499	$ 92,182,697
Construction in progress	712,474	92,013	4,168,423	1,577,969	4,880,897	1,669,982
Buildings and improvements	32,746,081	34,636,323	40,243,611	42,003,857	72,989,692	76,640,180
Equipment	236,322	835,209	464,944	286,875	701,266	1,122,084
Vehicles	1,084,505	-	-	-	1,084,505	-
Furniture and fixtures	254,321	342,880	-	-	254,321	342,880
Total	$68,489,071	$69,096,991	$103,869,109	$102,860,832	$172,358,180	$171,957,823

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

Debt Administration

The Commission's total long-term liabilities of $100,769,034 as of June 30, 2018 are composed of the following:

Long-term liabilities arising from governmental activities	$ 46,443,115
Long-term liabilities arising from business-type activities	54,325,919
	$ 100,769,034

Community Development Commission - Outstanding Debt

	Governmental activities		Business-type activities		Total	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Section 108 notes payable	$15,386,000	$17,535,000	$ -	$ -	$ 15,386,000	$17,535,000
Lease revenue bonds	-	-	34,140,000	34,805,000	34,140,000	34,805,000
Notes payable to CA State Dept of Housing and Community	-	-	2,200,000	2,200,000	2,200,000	2,200,000
Compensated absences	902,568	855,836	773,851	734,694	1,676,419	1,590,530
Capital lease obligations	980,336	29,255	-	-	980,336	29,255
Claims payable	4,546,149	4,236,623	-	-	4,546,149	4,236,623
Net pension liability	22,519,875	15,966,839	16,882,126	11,941,688	39,402,001	27,908,527
Net other postemployment benefits liability	2,108,187	3,000,461	329,942	469,585	2,438,129	3,470,046
Total	$46,443,115	$41,624,014	$54,325,919	$50,150,967	$ 100,769,034	$91,774,981

Additional information on the Commission's long-term debt can be found in Note 7 under *Notes to Basic Financial Statements* of this report.

Budgetary Highlights for Next Fiscal Year 2018-2019

The total budget for the Commission and the Housing Authority is $555.7 million for the fiscal year 2018-2019, a $98.7 million increase from the fiscal year 2017-2018. The increase is primarily due to the increase in funding coming from Measure H, County external construction projects in the Second Supervisorial District, and additional funding from the Department of Mental Health (DMH) for the development of permanent supportive housing for persons with mental illness. These increases are being offset by the reduction in revenues related to the Housing Choice Voucher (HCV) Program coupled with the postponement of the Nueva Maravilla Rehabilitation projects.

The budget consists mainly of federal monies, funded for housing and community development programs under HUD. Local revenue sources include Public Housing dwelling rentals, County General funds and funding from the Los Angeles World Airport.

Listed below are the Commission's major funding sources, totaling $477.3 million for the fiscal year 2018-2019:

- Total Housing Funds are $357.5 million comprised of $310.1 million for Assisted Housing, $39.4 million for Housing Management, $6.9 million in Capital Fund, and $1 million in Other Housing programs. This includes Section 8 rental subsidy and administration budgeted at $295.5 million, in addition we are utilizing $8.3 million in prior years' reserves. Conventional Public Housing Rent Revenue funds are budgeted at $13.3 million and program operating subsidy is budgeted at $8.2 million. These funds assist in providing quality affordable housing to over 28,000 residents. Public Housing Capital Fund funds are used to improve and rehabilitate public housing units. These funding amounts are subject to change based upon the next federal fiscal budget allocation or a continuation of the sequestration cuts.

- State and County funds are budgeted at $91.8 million. The majority of these funds are comprised of County General funds. $21.0 million is related to various capital projects in the Second Supervisorial District. $22.9 million is in support of various Measure H strategies to combat homelessness. $23.5 million is for development activity related to Housing for Homeless Individuals with mental illness, $0.7 million is budgeted for the South Whittier Community Resource Center for continued operational expenditures. $2.6 million is budgeted for Resident Services and $2.1 million is budgeted for South Scattered Sites Rehabilitation. The remaining $1.9 million is in support of Community Policing, the University of California Cooperative Extension Program, and other countywide initiatives.

- Community Development Block Grant funds are budgeted at $28 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 Housing Authority, the Commission, 47 participating cities, five County departments, 26 community-based organizations and other public agencies.

Contacting Finance and Budget

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Commission's finances, including the Commission's accountability for the money it receives. Inquiries regarding this report, or requests for additional information should be directed to: Mr. Matthew Fortini, Acting Director of Finance and Budget, 700 W. Main Street, Alhambra, California 91801, (626) 586-1733.

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

Statement of Net Position
June 30, 2018

	Primary government		
	Governmental activities	Business-type activities	Totals
Assets			
Cash and pooled investments	$ 387,124,417	$ 31,385,427	$ 418,509,844
Accounts receivable, net	5,622,206	618,784	6,240,990
Due from other governments	9,854,939	3,265,033	13,119,972
Internal balances	(27,194,535)	27,194,535	-
Notes receivable, net	17,847,347	-	17,847,347
Land held for resale	9,679,961	-	9,679,961
Inventory	36,106	15,190	51,296
Prepaid costs and other assets	1,166,257	37,470	1,203,727
Investment in JPA	13,226,423	-	13,226,423
Capital assets:			
Land	33,455,368	58,992,131	92,447,499
Construction in progress	712,474	4,168,423	4,880,897
Capital assets, net of accumulated depreciation	34,321,229	40,708,555	75,029,784
Total assets	485,852,192	166,385,548	652,237,740
Deferred Outflows of Resources			
Pension related amounts	15,050,319	11,522,474	26,572,793
Other postemployment benefits related amounts	960,261	118,572	1,078,833
Total deferred outflows of resources	16,010,580	11,641,046	27,651,626
Liabilities			
Accounts payable and accrued liabilities	20,810,316	2,671,904	23,482,220
Due to other governments	4,559,744	1,648,953	6,208,697
Tenant security deposits	41,830	1,011,466	1,053,296
Unearned revenue	9,949,691	531,646	10,481,337
Long-term liabilities:			
Due within one year:			
Capital lease obligations	245,471	-	245,471
Estimated claims payable	454,615	-	454,615
Accrued compensated employee absences	812,312	696,466	1,508,778
Long-term debt	2,509,000	700,000	3,209,000
Subtotal	4,021,398	1,396,466	5,417,864
Due in more than one year:			
Capital lease obligations	734,865	-	734,865
Estimated claims payable	4,091,534	-	4,091,534
Accrued compensated employee absences	90,256	77,385	167,641
Long-term debt	12,877,000	35,640,000	48,517,000
Net pension liability	22,519,875	16,882,126	39,402,001
Net other postemployment benefits liability	2,108,187	329,942	2,438,129
Long-term liabilities, net of current portion	42,421,717	52,929,453	95,351,170
Total liabilities	81,804,696	60,189,888	141,994,584
Deferred Inflows of Resources			
Pension related amounts	5,861,295	4,473,780	10,335,075
Other postemployment benefits related amounts	403,140	63,093	466,233
Total deferred inflows of resources	6,264,435	4,536,873	10,801,308
Net position			
Net investment in capital assets	33,952,068	95,306,977	129,259,045
Restricted for:			
Housing	274,480,582	-	274,480,582
Economic development	18,021,261	-	18,021,261
Community development	50,645,156	-	50,645,156
Traffic services	4,395,031	-	4,395,031
Housing improvement projects	-	4,128,562	4,128,562
Debt service	-	332,344	332,344
Unrestricted	32,299,543	13,531,950	45,831,493
Total net position	$ 413,793,641	$ 113,299,833	$ 527,093,474

See accompanying notes to basic financial statements.

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

Statement of Activities
Year ended June 30, 2018

		Program revenues		
Functions/programs	**Expenses**	**Charges for services**	**Operating grants and contributions**	**Capital grants and contributions**
Governmental activities:				
General government	$ 2,803,179	$ 492,653	$ 1,976,148	$ -
Housing	57,833,721	12,284,837	120,248,992	-
Economic development	3,454,263	348,730	3,696,791	-
Community development	54,250,382	298,462	44,602,292	-
Traffic services	2,205,696	-	2,791,998	-
Interest on long-term debt	664,950	-	-	-
Total governmental activities	121,212,191	13,424,682	173,316,221	-
Business-type activities:				
Public housing	25,294,307	12,168,199	10,758,697	3,160,718
Other housing	4,104,471	1,177,598	4,284,343	-
Section 8 program	301,122,863	-	299,191,546	-
CDPLAC	1,768,750	-	65,004	-
Total business-type activities	332,290,391	13,345,797	314,299,590	3,160,718
Total	$ 453,502,582	$ 26,770,479	$ 487,615,811	$ 3,160,718

General revenues:
Investment income (loss)
Insurance recoveries
Gain on sale of property
Share in income of JPA
Transfers

Total general revenues and transfers

Change in net position

Net position – beginning, as restated

Net position – ending

See accompanying notes to basic financial statements.

Net revenue (expense) and changes in net position		
Governmental activities	Business-type activities	Totals
$ (334,378)	$ -	$ (334,378)
74,700,108	-	74,700,108
591,258	-	591,258
(9,349,628)	-	(9,349,628)
586,302	-	586,302
(664,950)	-	(664,950)
65,528,712	-	65,528,712
-	793,307	793,307
-	1,357,470	1,357,470
-	(1,931,317)	(1,931,317)
-	(1,703,746)	(1,703,746)
-	(1,484,286)	(1,484,286)
65,528,712	(1,484,286)	64,044,426
(1,945,659)	2,262,971	317,312
2,029,672	-	2,029,672
141,890		141,890
228,367	-	228,367
1,469,202	(1,469,202)	-
1,923,472	793,769	2,717,241
67,452,184	(690,517)	66,761,667
346,341,457	113,990,350	460,331,807
$ 413,793,641	$ 113,299,833	$ 527,093,474

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

Balance Sheet
Governmental Funds
June 30, 2018

Assets	General fund	Federal housing and community development	Other federal
Cash and pooled investments	$ 64,412,588	$ 11,181,462	$ 24,353,590
Accounts receivable	2,935,932	6,921	1,999,413
Due from other governments	-	9,797,292	57,647
Advances to other funds	6,362,132	-	-
Land held for resale	2,704,267	5,781,143	-
Inventory	-	-	287
Prepaid costs and other assets	683,637	-	-
Total assets	$ 77,098,556	$ 26,766,818	$ 26,410,937
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	$ 4,393,591	$ 9,033,385	$ 2,221,919
Due to other governments	-	4,499,673	-
Tenant security deposits	-	-	41,830
Unearned revenues	-	-	-
Total liabilities	4,393,591	13,533,058	2,263,749
Deferred inflows of resources:			
Unavailable revenues	-	1,304,092	1,952,062
Fund balances:			
Nonspendable			
Land held for resale	2,704,267	-	-
Inventory, prepaid costs and other assets	683,637	-	287
Restricted			
Housing	17,766,473	3,841,455	1,784,549
Economic development	-	3,605,247	8,831,575
Community development	34,561,888	4,482,966	11,578,715
Traffic services	-	-	-
Unassigned	16,988,700	-	-
Total fund balances	72,704,965	11,929,668	22,195,126
Total liabilities, deferred inflows of resources and fund balances	$ 77,098,556	$ 26,766,818	$ 26,410,937

See accompanying notes to basic financial statements.

Local housing and community development	Low and moderate income housing asset fund	Total
$ 271,393,233	$ 2,033,515	$ 373,374,388
482,493	197,447	5,622,206
-	-	9,854,939
-	-	6,362,132
56,551	1,138,000	9,679,961
-	-	287
-	-	683,637
$ 271,932,277	$ 3,368,962	$ 405,577,550
$ 4,191,589	$ 10,726	$ 19,851,210
60,071	-	4,559,744
-	-	41,830
9,949,691	-	9,949,691
14,201,351	10,726	34,402,475
-	-	3,256,154
-	-	2,704,267
-	-	683,924
247,729,869	3,358,236	274,480,582
5,584,439	-	18,021,261
21,587	-	50,645,156
4,395,031	-	4,395,031
-	-	16,988,700
257,730,926	3,358,236	367,918,921
$ 271,932,277	$ 3,368,962	$ 405,577,550

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2018

Total governmental fund balances	$ 367,918,921
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	29,530,565
Certain notes receivable are not considered to be current financial resources.	17,847,347
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.	8,969,789
Investment in JPA is a long-term asset which is not considered current financial resources.	13,226,423
Amounts reported as unavailable revenues do not provide current financial resources and therefore are not reported in the governmental funds.	3,256,154
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	(15,386,000)
Compensated absences	(625,858)
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	(15,828,667)
Deferred outflows of resources related to pensions	10,569,426
Deferred inflows of resources related to pensions	(4,120,923)
Amounts reported for net other postemployment benefits liability are not due in the current period and therefore are not reported in the governmental funds. Related components that will affect the net other postemployment benefits liability in future measurement years are reported as deferred outflows and deferred inflows of resources and are therefore not reported in the governmental funds.	
Net other postemployment benefits liability	(1,765,025)
Deferred outflows of resources related to other postemployment benefits	809,576
Deferred inflows of resources related to other postemployment benefits	(337,518)
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.	(270,569)
Net position of governmental activities	$ 413,793,641

See accompanying notes to basic financial statements.

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year ended June 30, 2018

	General fund	Federal housing and community development	Other federal
Revenues:			
Intergovernmental	$ 11,683,613	$ 41,898,621	$ 2,256,698
Charges for services	12,192,948	143,407	30,098
Rentals	303,431	274,550	310,771
Investment income (loss)	(1,581,489)	921,262	660,467
Other revenues	950,628	326,315	-
Total revenues	23,549,131	43,564,155	3,258,034
Expenditures:			
Current:			
General government	2,645,496	-	-
Housing	14,317,286	11,364,017	206,313
Economic development	-	361,048	1,851,728
Community development	19,617,919	29,148,874	3,731,873
Traffic services	-	-	-
Capital outlay	307,104	-	-
Debt service:			
Principal	-	2,660,000	-
Interest	-	702,312	-
Total expenditures	36,887,805	44,236,251	5,789,914
Excess (deficiency) of revenues over expenditures	(13,338,674)	(672,096)	(2,531,880)
Other financing sources (uses):			
Issuance of debt	-	511,000	-
Sale of property	-	141,890	-
Insurance recoveries	2,029,672	-	-
Transfers in	832,698	1,676	197,600
Net other financing sources (uses)	2,862,370	654,566	197,600
Change in fund balances	(10,476,304)	(17,530)	(2,334,280)
Fund balances at beginning of year	83,181,269	11,947,198	24,529,406
Fund balances at end of year	$ 72,704,965	$ 11,929,668	$ 22,195,126

See accompanying notes to basic financial statements.

Local housing and community development	Low and moderate income housing asset fund	Total
$ 108,581,983	$ 623,303	$ 165,044,218
159,011	10,466	12,535,930
-	-	888,752
5,100,776	117,392	5,218,408
2,157	309,370	1,588,470
113,843,927	1,060,531	185,275,778
-	-	2,645,496
28,491,260	115,618	54,494,494
2,096,606	-	4,309,382
165,459	-	52,664,125
2,198,010	-	2,198,010
-	-	307,104
-	-	2,660,000
-	-	702,312
32,951,335	115,618	119,980,923
80,892,592	944,913	65,294,855
-	-	511,000
-	-	141,890
-	-	2,029,672
2,204	-	1,034,178
2,204	-	3,716,740
80,894,796	944,913	69,011,595
176,836,130	2,413,323	298,907,326
$ 257,730,926	$ 3,358,236	$ 367,918,921

COMMUNITY DEVELOPMENT COMMISSION

We Build Better Lives & Better Neighborhoods

COUNTY OF LOS ANGELES

HOUSING AUTHORITY

We Build Better Lives & Better Neighborhoods

COUNTY OF LOS ANGELES

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year ended June 30, 2018

Net change in fund balances – total governmental funds	$ 69,011,595
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.	
Purchase of capital assets	307,104
Depreciation expense	(869,877)
Loans issued, net of collections do not have any effect on net position.	(1,152,104)
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.	(1,286,164)
Share in income of JPA.	228,367
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	(31,119)
Issuance of Section 108 notes payable	(511,000)
Principal payment on Section 108 notes payable	2,660,000
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	37,362
Changes in net other postemployment benefits liabilities and OPEB related accounts	320,230
Changes in net pension liabilities and pension related accounts	(3,006,110)
Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds.	1,743,900
Change in net position of governmental activities	$ 67,452,184

See accompanying notes to basic financial statements.

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

Statement of Net Position
Proprietary Funds
June 30, 2018

Assets	Public housing	Other housing	Section 8 program
Current assets:			
Cash and investments	$ 15,211,360	$ 8,137,832	$ 6,391,600
Accounts receivable, net	59,242	6,689	552,853
Due from other governments	727,548	125,258	2,412,227
Lease receivable	-	-	-
Inventory	7,484	-	7,706
Prepaid costs and other assets	-	-	37,470
Total current assets	16,005,634	8,269,779	9,401,856
Noncurrent assets:			
Lease receivable	-	-	-
Capital assets, net	95,397,640	8,471,469	-
Total noncurrent assets	95,397,640	8,471,469	-
Total assets	111,403,274	16,741,248	9,401,856
Deferred Outflows of Resources			
Pension related amounts	3,639,600	515,283	7,367,591
Other postemployment benefits related amounts	112,788	5,784	-
Total deferred outflows of resources	3,752,388	521,067	7,367,591
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	1,537,930	159,636	392,338
Due to other governments	373,604	-	1,275,349
Tenant security deposits	921,072	90,394	-
Unearned revenue	134,778	9,554	240,356
Capital lease obligations	-	-	-
Estimated claims payable	-	-	-
Compensated absences	240,928	33,812	421,726
Long-term debt - current portion	-	-	-
Total current liabilities	3,208,312	293,396	2,329,769
Noncurrent liabilities:			
Advances from other funds	2,189,444	4,172,688	-
Capital lease obligations	-	-	-
Estimated claims payable	-	-	-
Compensated absences	26,770	3,757	46,858
Long-term debt	-	2,200,000	-
Net pension liability	5,338,036	769,227	10,774,863
Net other postemployment benefits liability	288,707	41,235	-
Total noncurrent liabilities	7,842,957	7,186,907	10,821,721
Total liabilities	11,051,269	7,480,303	13,151,490
Deferred Inflows of Resources			
Pension related amounts	1,403,069	208,074	2,862,637
Other postemployment benefits related amounts	55,208	7,885	-
Total deferred inflows of resources	1,458,277	215,959	2,862,637
Net position			
Net investment in capital assets	93,208,196	2,098,781	-
Restricted for:			
Housing improvement projects	-	-	4,128,562
Debt service	-	-	-
Unrestricted	9,437,920	7,467,272	(3,373,242)
Total net position	$ 102,646,116	$ 9,566,053	$ 755,320

See accompanying notes to basic financial statements.

CDPLAC	Totals	Internal service funds
$ 1,644,635	$ 31,385,427	$ 13,750,029
-	618,784	-
-	3,265,033	-
667,917	667,917	-
-	15,190	35,819
-	37,470	482,620
2,312,552	35,989,821	14,268,468
32,888,750	32,888,750	-
-	103,869,109	38,958,506
32,888,750	136,757,859	38,958,506
35,201,302	172,747,680	53,226,974
-	11,522,474	4,480,893
-	118,572	150,685
-	11,641,046	4,631,578
582,000	2,671,904	688,537
-	1,648,953	-
-	1,011,466	-
146,958	531,646	-
-	-	913,388
-	-	454,615
-	696,466	249,039
700,000	700,000	-
1,428,958	7,260,435	2,305,579
-	6,362,132	-
-	-	33,623,615
-	-	4,091,534
-	77,385	27,671
33,440,000	35,640,000	-
-	16,882,126	6,691,208
-	329,942	343,162
33,440,000	59,291,585	44,777,190
34,868,958	66,552,020	47,082,769
-	4,473,780	1,740,372
-	63,093	65,622
-	4,536,873	1,805,994
-	95,306,977	4,421,503
-	4,128,562	-
332,344	332,344	-
-	13,531,950	4,548,286
$ 332,344	$ 113,299,833	$ 8,969,789

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
Year ended June 30, 2018

	Public housing	Other housing	Section 8 program
Operating revenues:			
Government subsidies	$ 10,440,432	$ 4,002,691	$ 298,758,396
Charges for services	94,343	3,350	-
Rentals	12,073,856	1,174,248	-
Other revenue	318,265	281,652	433,150
Total operating revenues	22,926,896	5,461,941	299,191,546
Operating expenses:			
Current:			
Program administration	14,724,902	2,694,868	25,631,279
Utilities	2,802,770	225,438	112,722
Maintenance	4,344,566	689,583	487,812
General administration	772,322	65,178	192,215
Subgrants to county, cities, and community-based organizations	-	-	1,062,779
Housing assistance payments	-	-	273,636,056
Depreciation	2,579,787	298,075	-
Total operating expenses	25,224,347	3,973,142	301,122,863
Operating income (loss)	(2,297,451)	1,488,799	(1,931,317)
Nonoperating revenues (expenses):			
Investment income	267,737	159,002	51,864
Interest expense	(69,960)	(131,329)	-
Net nonoperating revenues (expenses)	197,777	27,673	51,864
Change in net position before transfers	(2,099,674)	1,516,472	(1,879,453)
Capital grants	3,160,718	-	-
Transfers in	-	-	111,433
Transfers out	-	(1,537,735)	-
Change in net position	1,061,044	(21,263)	(1,768,020)
Net position at beginning of year, as restated	101,585,072	9,587,316	2,523,340
Net position at end of year	$ 102,646,116	$ 9,566,053	$ 755,320

See accompanying notes to basic financial statements.

CDPLAC	Totals	Internal service funds
$ -	$ 313,201,519	$ 286,612
-	97,693	15,438,495
-	13,248,104	3,775,859
65,004	1,098,071	62,703
65,004	327,645,387	19,563,669
-	43,051,049	-
-	3,140,930	364,797
-	5,521,961	2,551,927
-	1,029,715	15,101,880
-	1,062,779	-
-	273,636,056	-
-	2,877,862	1,797,778
-	330,320,352	19,816,382
65,004	(2,674,965)	(252,713)
1,784,368	2,262,971	305,355
(1,768,750)	(1,970,039)	(1,773,830)
15,618	292,932	(1,468,475)
80,622	(2,382,033)	(1,721,188)
-	3,160,718	-
-	111,433	467,539
(42,900)	(1,580,635)	(32,515)
37,722	(690,517)	(1,286,164)
294,622	113,990,350	10,255,953
$ 332,344	$ 113,299,833	$ 8,969,789

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2018

	Public housing	Other housing	Section 8 program
Cash flows from operating activities:			
Receipts from tenants	$ 12,116,442	$ 1,174,264	$ -
Receipts from rentals	-		-
Charges for services	94,343	3,350	-
Payments to employees for services	(7,608,778)	(1,552,759)	(14,103,796)
Payments to vendors for goods and services	(14,065,181)	(2,139,512)	(284,704,067)
Government subsidies	10,658,679	4,146,895	298,729,857
Other revenue	342,810	283,904	153,340
Net cash provided by (used in) operating activities	1,538,315	1,916,142	75,334
Cash flows from noncapital financing activities:			
Payment of advances from other funds	(227,246)	(204,244)	-
Transfer out to other funds	-	(1,537,735)	-
Transfers in from other funds	-	-	111,433
Net cash provided by (used in) noncapital financing activities	(227,246)	(1,741,979)	111,433
Cash flows from capital and related financing activities:			
Purchase and construction of capital assets	(3,237,087)	(649,052)	-
Payment of capital lease obligation	-		-
Receipt of lease revenue payments	-	-	-
Payment of principal on bonds payable	-		-
Capital grants	3,160,718	-	-
Interest paid	(69,960)	(131,329)	-
Net cash provided by (used in) capital and related financing activities	(146,329)	(780,381)	-
Cash flows from investing activities:			
Interest received	267,737	159,002	51,864
Net cash provided by (used in) investing activities	267,737	159,002	51,864
Net increase (decrease) in cash and cash equivalents	1,432,477	(447,216)	238,631
Cash and cash equivalents at beginning of year	13,778,883	8,585,048	6,152,969
Cash and cash equivalents at end of year	$ 15,211,360	$ 8,137,832	$ 6,391,600
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	$ (2,297,451)	$ 1,488,799	$ (1,931,317)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	2,579,787	298,075	-
Changes in assets and liabilities:			
Accounts receivable	24,545	2,252	(279,810)
Due from other governments	291,058	144,204	(189,839)
Inventory	(4,052)	-	(5,223)
Prepaid costs and other assets	-	-	(18,735)
Deferred outflows of resources - pension	(776,179)	4,291	(1,627,561)
Deferred outflows of resources - OPEB	(112,788)	(5,784)	-
Accounts payable and accrued expenses	(31,224)	(52,191)	104,792
Due to other governments	(72,811)	-	(57,076)
Unearned revenue	8,581	(1,368)	218,376
Tenant security deposits	34,005	1,384	-
Compensated absences	12,614	5,680	20,863
Claims payable	-	-	-
Deferred inflows of resources - pension	221,119	(39,323)	540,183
Deferred inflows of resources - OPEB	55,208	7,885	-
Net pension liability	1,581,066	58,691	3,300,681
Net other postemployment benefits liability	24,837	3,547	-
Net adjustments	3,835,766	427,343	2,006,651
Net cash provided by (used in) operating activities	$ 1,538,315	$ 1,916,142	$ 75,334
Noncash noncapital financing activities:			
Issuance of a capital lease	$ -	$ -	$ -
Transfer of capital assets to other funds	$ -	$ -	$ -
Transfer of capital assets from other funds	$ -	$ -	$ -
Write-off of capital assets	$ -	$ -	$ -

See accompanying notes to basic financial statements.

CDPLAC	Totals	Internal service funds
$ 65,004	$ 13,355,710	$ -
-	-	3,775,859
-	97,693	15,438,495
-	(23,265,333)	(8,608,043)
-	(300,908,760)	(7,443,736)
-	313,535,431	286,612
-	780,054	62,703
65,004	3,594,795	3,511,890
-	(431,490)	-
(7,774)	(1,545,509)	(32,515)
-	111,433	425,413
(7,774)	(1,865,566)	392,898
(35,126)	(3,921,265)	(633,851)
-	-	(915,486)
694,166	694,166	-
(665,000)	(665,000)	-
-	3,160,718	-
(1,780,125)	(1,981,414)	(1,773,830)
(1,786,085)	(2,712,795)	(3,323,167)
1,781,597	2,260,200	305,355
1,781,597	2,260,200	305,355
52,742	1,276,634	886,976
1,591,893	30,108,793	12,863,053
$ 1,644,635	$ 31,385,427	$ 13,750,029
$ 65,004	$ (2,674,965)	$ (252,713)
-	2,877,862	1,797,778
-	(253,013)	-
-	245,423	-
-	(9,275)	15,817
-	(18,735)	(38,376)
-	(2,399,449)	(881,314)
-	(118,572)	(150,685)
-	21,377	486,606
-	(129,887)	-
-	225,589	-
-	35,389	-
-	39,157	15,612
-	-	309,526
-	721,979	208,590
-	63,093	65,622
-	4,940,438	1,905,910
-	28,384	29,517
-	6,269,760	3,764,603
$ 65,004	$ 3,594,795	$ 3,511,890
$ -	$ -	$ 1,172,401
$ (35,126)	$ (35,126)	$ -
$ -	$ -	$ 42,126
$ -	$ -	$ 95,747

SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY OF THE COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, CALIFORNIA

Fiduciary Fund
Statement of Fiduciary Net Position
June 30, 2018

	Private-Purpose Trust Fund
Assets	
Cash and cash equivalents	$ 20,081
Total assets	20,081
Liabilities	
Accounts payable and accrued liabilities	-
Total liabilities	-
Net Position	
Net position held in trust	$ 20,081

See accompanying notes to basic financial statements.

SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY
OF THE COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

Fiduciary Fund
Statement of Changes in Fiduciary Net Position
Year ended June 30, 2018

	Private-Purpose Trust Fund
Additions:	
Other revenues	$ 303
Total additions	303
Deductions:	
Administrative expenses	83
Rental and property maintenance expenses	120
Total deductions	203
Change in net position	100
Net position held in trust - beginning	19,981
Net position held in trust - ending	$ 20,081

See accompanying notes to basic financial statements.

(1) Summary of Significant Accounting Policies

The basic financial statements of the Community Development Commission of the County of Los Angeles, California (the Commission) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) 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 Commission's most significant accounting policies are described below.

(a) Description of Reporting Entity

Community Development Commission

The Commission, formed on July 1, 1982 by ordinance of the Board of Supervisors of the County of Los Angeles, is responsible for:

- 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 housing; and
- Developing housing, business, and industry in designated areas.

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

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

In evaluating how to define the Commission 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 the Commission and the following blended component units.

Blended Component Units

Housing Authority of the County of Los Angeles (Housing Authority)

The Housing Authority, formed in March 1938 and transferred to the Commission effective July 1, 1982 by ordinance of the Board of Supervisors of the County of Los Angeles, is responsible for the management of the County's public housing developments, Housing Choice Voucher and other Section 8 programs.

The members of the Board of Commissioners of the Community Development Commission also sit as the governing board of the Housing Authority. As such, the Commission's Governing Board is financially accountable for the Housing Authority through establishment of policy, appointment of management, and exercise of budgetary and administrative control.

The Boards of the Commission and the Housing Authority are substantively the same and the Housing Authority's operations are integral to the Commission, therefore their activities are blended with those of the Commission in the accompanying basic financial statements. Activities of the Housing Authority are reported in the Section 8 program, Public housing and Other housing proprietary funds. Separate financial statements are not prepared for the Housing Authority.

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 Commission is its sole corporate member. In addition, the services provided by CDF are only available to participants of the Housing Authority's Section 8 and Public Housing programs, therefore CDF is reported as a blended component unit of the Commission. Separate financial statements are prepared for CDF and are available by contacting the Commission's finance department.

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 Commission. The proceeds of the bonds were used to finance the purchase of land and construction of an office building (the Project) leased by the Commission as its main office headquarters. The debt service for the bonds is not the obligation of the Commission. However, the Commission 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 Commission and fulfill its obligations under the agreements entered into in connection with the Project, therefore CDPLAC is reported as a blended component unit of the Commission. Separate financial statements are prepared for CDPLAC and are available by contacting the Commission's finance department.

(b) Implementation of New Accounting Pronouncements

During the fiscal year ended June 30, 2018, the Commission identified and adopted the following new Statements of the Governmental Accounting Standards Board (GASB):

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB).* This statement replaces Statements No. 45, *Accounting and Financial Reporting by Employer for Postemployment Benefit Plans Other Than Pension*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans.* This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures of the OPEB that are provided by local governmental employers through the OPEB plans that are administered through trusts that meet certain conditions. For defined benefit OPEB, this statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The implementation of this statement resulted in a restatement of the Commission's beginning net position balance to recognize the net OPEB liability as of the beginning of the fiscal year.

GASB Statement No. 81, *Irrevocable Split-Interest Agreement.* This statement requires a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. The implementation of this statement did not impact the Commission's financial statements for the fiscal year ended June 30, 2018.

GASB Statement No. 85, *Omnibus 2017.* The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits). The implementation of this statement did not materially impact the Commission's financial statements for the fiscal year ended June 30, 2018.

GASB Statement No. 86, *Certain Debt Extinguishment Issues.* This statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources, resources other than the proceeds of refunding debt, are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of this statement did not impact the Commission's financial statements for the fiscal year ended June 30, 2018.

(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 of 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 Commission. 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 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 Commission 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. Entitlements and shared revenues are recorded at the time of receipt or earlier, if the accrual criteria are met. All expenditure-driven grants are recorded at the time of receipt or earlier. If qualifying expenditures have been incurred, and all other eligibility requirements have been met, expenditure-driven grants are recorded as revenues. When all other eligibility requirements are met, except for the timing requirement, a deferred inflow of resources is reported, until time requirements have passed. Grants received with purpose restrictions are recorded as revenues.

The accounts of the Commission 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 Commission 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 the Residential Sound Insulation Program (RSIP) which provides grants to eligible property owners to insulate residential homes and rental units from noise caused by aircraft arriving and departing the Los Angeles International Airport, to account for economic development programs designed to provide county earthquake infrastructure, revolving loans, and management of the Business Technology Center 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 the Federal Aviation Administration and from the Economic Development Administration's Revolving Loan Program.

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

Low and Moderate Income Housing Asset – To account for the housing assets approved by the State Department of Finance to remain with the Housing Authority 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 Commission. 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 Commission'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 the Commission's former Redevelopment Agency.

(e) Budgetary Control and Accounting

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

- A legally adopted budget is employed as a management control device during the fiscal year for the governmental funds. The budget is adopted on a fiscal-year basis; appropriations lapse at year-end.
- The level of budgetary control over appropriations is at the budget unit level. The Commission 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 Commission 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 Commission 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 Commission'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 Commission 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, vehicle, and equipment, are reported in the applicable governmental or business-type activities columns in the accompanying government-wide financial statements. Capital assets are defined by the Commission as assets with an initial individual cost of more than $5,000 and an estimated useful life in excess of one year. Such purchased or constructed assets are recorded at historical cost. Donated capital assets are recorded at the 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. Interest incurred during the construction phase of capital assets of business-type activities, is included as part of the capitalized cost of the assets constructed.

The provision for depreciation of capital assets of the Commission 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

(j) Employee Compensated Absences

On January 1, 1998, the Commission 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 who have completed at least one year of service on January first of each calendar year receive 80 hours annual leave. Employees may elect to purchase up to 160 additional elective annual leave hours under this plan.

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

Years of service:	Annual accrual
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 leave 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.

(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 Commission'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 10, 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, 2019.

(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 Commission'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 11, 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, 2019.

(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 Commission's highest level of decision-making authority, the Board of Commissioners of the Commission and the Housing Authority. These committed amounts cannot be used for any other purpose unless the Commission 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 Commission'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 Commission and the Housing Authority delegated to the Executive Director of the Commission, 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.

The Commission'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 Commission. It should be noted that the new categories only emphasize the extent that the Commission 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

The Commission and the Housing Authority manage the County's housing programs, economic developments, public housing developments and Section 8 Housing Voucher Programs. These programs are fully dependent on continued funding from the U.S. Department of Housing and Urban Development (HUD). Total grants received from HUD during the fiscal year ended June 30, 2018 amounted to approximately $350 million, or 67% of total revenues of the Commission 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, 2018, 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 Commission:

- GASB Statement No. 83, *Certain Asset Retirement Obligations:* Effective for the Commission's fiscal year ending June 30, 2019.
- GASB Statement No. 84, *Fiduciary Activities:* Effective for the Commission's fiscal year ending June 30, 2020.
- GASB Statement No. 87, *Leases:* Effective for the Commission's fiscal year ending June 30, 2021.
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements:* Effective for the Commission's fiscal year ending June 30, 2019.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period:* Effective for the Commission's fiscal year ending June 30, 2021.

(2) Cash and Investments

Cash and investments at June 30, 2018 are classified in the accompanying financial statements as follows:

Statement of net position:	
Governmental activities	$ 387,124,417
Business-type activities	31,385,427
Fiduciary funds	20,081
Total cash and investments	$ 418,529,925

Cash and investments at June 30, 2018 consist of the following:

Cash on hand	$ 2,800
Deposits with financial institutions	8,002,130
Investments	404,404,264
Cash and investments held by trustee	6,120,731
Total cash and investments	$ 418,529,925

(a) Investments Authorized by the Community Development Commission's Investment Policy

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

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

(b) Investments Authorized by Debt Agreements

Investments held by trustee are governed by provisions in the Commission'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 Commission's investment policy sets maturity limits for each type of investment instrument to safeguard against interest rate risk.

At June 30, 2018, the Commission had the following investment maturities:

		Investment Maturities (in Years)		
Investment Type	**Fair Value**	**Less Than 1 Year**	**1 to 3 Years**	**3-5 Years**
U.S., State and Local Government Obligations	$159,220,053	$ 44,056,802	$ 81,408,503	$ 33,754,748
Negotiable Certificates of Deposit	18,117,634	2,620,280	15,497,354	-
Corporate Bonds	80,322,969	14,442,873	21,791,552	44,088,544
Commerical Paper	57,697,302	57,697,302	-	-
State Investment Pool	12,281,377	12,281,377	-	-
County Investment Pool	76,764,929	76,764,929	-	-
Total investments	$404,404,264	$ 207,863,563	$118,697,409	$ 77,843,292

(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 Commission'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 Commission'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 Commission currently holds investments in Agency and Corporate Bonds which are rated by an NRSRO. All other investments held by the Commission are not rated. At the time of purchase, all Corporate Bond purchases met or exceeded the Commission'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 the Commission, or are held by counterparty or counterparty's trust department or agent but not in the Commission'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, 2018, none of the Commission's deposits or investments were exposed to custodial credit risk.

(f) Concentration of Credit Risk

The Commission'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, 2018, the Commission did not have investments in any one issuer that represents 5 percent or more of the Commission's total investments.

(g) Fair Value Measurement

The Commission categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. 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.

The Commission has the following recurring fair value measurements as of June 30, 2018:

Investments by fair value level	Fair Value	Fair Value Measurement Using Significant Other Observable Inputs (Level 2)
U.S., State and Local Government Obligations	$ 159,220,053	$ 159,220,053
Negotiable Certificates of Deposit	18,117,634	18,117,634
Corporate Bonds	80,322,969	80,322,969
Total debt securities	257,660,656	$ 257,660,656
Uncategorized:		
Commerical Paper	57,697,302	
State Investment Pool	12,281,377	
County Investment Pool	76,764,929	
Total uncategorized	146,743,608	
Total investments measured at fair value	$ 404,404,264	

(3) Due from Other Governments

At June 30, 2018, amounts due from other governments included:

	U.S. Department of Housing and Urban Development	Other governmental entities	Total
Governmental activities:			
Federal housing and community development	$ 8,882,847	$ 914,445	$ 9,797,292
Other federal grants	-	57,647	57,647
Total governmental	8,882,847	972,092	9,854,939
Business-type activities:			
Public housing	727,548	-	727,548
Other housing	19,550	105,708	125,258
Section 8 program	2,412,227	-	2,412,227
Total business-type	3,159,325	105,708	3,265,033
Total due from other governments	$ 12,042,172	$ 1,077,800	$ 13,119,972

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

(4) Notes Receivable

The Commission's notes receivable at June 30, 2018 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	$ 143,165,603
Development projects under various disposition and development agreements	420,925,172
Neighborhood stabilization program	18,769,125
Section 108 loan program	6,343,000
Float loan program	167,858
Economic development Loans	7,322,648
Other notes receivables	4,013,841
Total	600,707,247
Less allowance for uncollectible loans	(582,859,900)
Notes receivable, net	$ 17,847,347

Because of the nature of the various notes receivable from low-income, elderly and handicapped persons, the Commission provides an allowance for uncollectibility against such notes receivable. The Commission 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.

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 Commission 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 Commission was assigned by the Los Angeles County Board to oversee and administer the activities of the SCHFA. As of June 30, 2018, the Commission's investment interest in the JPA is $13,226,423.

(6) Capital Assets

Capital asset activities for the year ended June 30, 2018 are as follows:

Governmental Activities:

	Balance July 1, 2017	Additions	Deletions	Transfers	Balance June 30, 2018
Capital assets not being depreciated:					
Land and land improvements, as restated	$ 33,190,566	$ 264,802	$ -	$ -	$ 33,455,368
Construction in progress	92,013	620,461	-	-	712,474
Total capital assets not being depreciated, as restated	33,282,579	885,263	-	-	34,167,842
Capital assets being depreciated:					
Buildings and improvements, as restated	49,630,409	-	-	-	49,630,409
Equipment	6,217,749	17,915	(187,019)	-	6,048,645
Vehicles	571,159	1,210,178	(79,727)	-	1,701,610
Furniture and fixtures	893,735	42,126	-	-	935,861
Total capital assets being depreciated, as restated	57,313,052	1,270,219	(266,746)	-	58,316,525
Less accumulated depreciation for:					
Buildings and improvements, as restated	(14,994,086)	(1,890,242)	-	-	(16,884,328)
Equipment	(5,382,540)	(521,055)	91,272	-	(5,812,323)
Vehicles	(571,159)	(125,673)	79,727	-	(617,105)
Furniture and fixtures	(550,855)	(130,685)	-	-	(681,540)
Total accumulated depreciation, as restated	(21,498,640)	(2,667,655)	170,999	-	(23,995,296)
Total capital assets being depreciated, net, as restated	35,814,412	(1,397,436)	(95,747)	-	34,321,229
Governmental activities capital assets, net, as restated	$ 69,096,991	$ (512,173)	$ (95,747)	$ -	$ 68,489,071

Business-type Activities:

	Balance July 1, 2017	Additions	Deletions	Transfers	Balance June 30, 2018
Capital assets not being depreciated:					
Land and land improvements	$ 58,992,131	$ -	$ -	$ -	$ 58,992,131
Construction in progress	1,577,969	2,899,382	-	(308,928)	4,168,423
Total capital assets not being depreciated	60,570,100	2,899,382	-	(308,928)	63,160,554
Capital assets being depreciated:					
Buildings and improvements	178,023,159	829,783	-	196,708	179,049,650
Equipment	1,371,149	156,974	-	112,220	1,640,343
Vehicles	28,572	-	-	-	28,572
Total capital assets being depreciated	179,422,880	986,757	-	308,928	180,718,565
Less accumulated depreciation for:					
Buildings and improvements	(136,019,302)	(2,786,737)	-	-	(138,806,039)
Equipment	(1,084,274)	(91,125)	-	-	(1,175,399)
Vehicles	(28,572)	-	-	-	(28,572)
Total accumulated depreciation	(137,132,148)	(2,877,862)	-	-	(140,010,010)
Total capital assets being depreciated, net	42,290,732	(1,891,105)	-	308,928	40,708,555
Business-type activities capital assets, net	$102,860,832	$ 1,008,277	$ -	$ -	$ 103,869,109

Depreciation expense was charged to functions/programs of the Commission 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 the Commission's internal service funds	1,797,778
Total depreciation expenses - governmental activities	$ 2,667,655
Business-type activities:	
Public housing	$ 2,579,787
Other housing	298,075
Total depreciation expenses - business-type activities	$ 2,877,862

(7) Long-term Liabilities

Long-term liabilities activity for the year ended June 30, 2018 were as follows:

	Balance, July 1, 2017	Additions	Deletions	Balance, June 30, 2018	Due within one year
Community Development Block Grant Special Revenue Fund - Section 108 notes payable to HUD, interest ranging from 1.33% to 5.31%, due in semiannual installments through August 1, 2030	$17,535,000	$ 511,000	$ (2,660,000)	$ 15,386,000	$ 2,509,000
Total notes payable	17,535,000	511,000	(2,660,000)	15,386,000	2,509,000
Compensated absences	855,836	1,119,697	(1,072,965)	902,568	812,312
Capital lease obligations (note 8)	29,255	1,172,401	(221,320)	980,336	245,471
Claims payable (note 16)	4,236,623	2,632,673	(2,323,147)	4,546,149	454,615
Net pension liability (note 10)	15,966,839	8,499,829	(1,946,793)	22,519,875	-
Net other postemployment benefits liability (note 11), as restated	3,000,461	181,349	(1,073,623)	2,108,187	-
Long-term liabilities of governmental activities, as restated	$41,624,014	$14,116,949	$ (9,297,848)	$ 46,443,115	$ 4,021,398

Business-type activities:

	Balance, July 1, 2017	Additions	Deletions	Balance, June 30, 2018	Due within one year
Lease Revenue Bonds, issued May 25, 2011 maturing on September 1, 2030, 2033, and 2042, interest ranging from 2.0% to 5.5%	$34,805,000	$ -	$ (665,000)	$ 34,140,000	$ 700,000
Notes payable to the California State Department of Housing and Community Development, due August 13, 2081, non-interest bearing	2,200,000	-	-	2,200,000	-
Total bonds and notes payable	37,005,000	-	(665,000)	36,340,000	700,000
Compensated absences	734,694	946,185	(907,028)	773,851	696,466
Net pension liability (note 10)	11,941,688	6,733,519	(1,793,081)	16,882,126	-
Net other postemployment benefits liability (note 11), as restated	469,585	28,382	(168,025)	329,942	-
Long-term liabilities of business-type activities, as restated	$50,150,967	$ 7,708,086	$ (3,533,134)	$ 54,325,919	$ 1,396,466

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.

b) Compensated Absences

The Commission's policies related to compensated absences are described in Note 1. The liability for governmental activities is primarily liquidated from the general fund while the liability for business-type activities is liquidated from the proprietary funds.

c) 2011 Lease Revenue Bonds

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

d) Annual Debt Service Requirements

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

	Principal	Interest	Total
Fiscal year ending June 30:			
2019	$ 2,509,000	$ 586,669	$ 3,095,669
2020	1,974,000	499,790	2,473,790
2021	2,012,000	422,045	2,434,045
2022	2,053,000	339,054	2,392,054
2023	1,259,000	263,078	1,522,078
2024-2028	4,478,000	328,651	4,806,651
2029-2033	729,000	8,470	737,470
2034-2036	372,000	-	372,000
	$ 15,386,000	$ 2,447,757	$ 17,833,757

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

	Principal	Interest	Total
Fiscal year ending June 30:			
2019	$ 700,000	$ 1,746,000	$ 2,446,000
2020	735,000	1,710,125	2,445,125
2021	775,000	1,672,375	2,447,375
2022	815,000	1,632,625	2,447,625
2023	855,000	1,590,875	2,445,875
2024-2028	4,905,000	6,095,032	11,000,032
2029-2033	6,330,000	5,892,550	12,222,550
2034-2038	8,275,000	3,955,156	12,230,156
2039-2043	10,750,000	1,470,000	12,220,000
	$ 34,140,000	$ 25,764,738	$ 59,904,738

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

(8) Lease Obligations

(a) Operating Leases

The Commission 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, 2018 amounted to $249,539.

Future minimum lease payments for these leases are as follows:

Fiscal year ending June 30:		
2019	$	24,720
2020		24,720
2021		24,720
2022		12,360
	$	86,520

(b) Capital Leases

The Commission 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 the Commission 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, the Commission 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.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 are as follows:

Fiscal year ending June 30:		
2019	$	667,917
2020		765,000
2021		805,000
2022		845,000
2023		885,000
2024-2042		29,588,750
	$	33,556,667

The Commission 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, 2018 are as follows:

Fiscal year ending June 30:		
2019	$	245,471
2020		245,962
2021		246,491
2022		242,412
	$	980,336

(9) Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2018 is as follows:

Receivable Fund	Amount	Payable Fund	Amount
General Fund	$ 6,362,132	Public Housing Proprietary Fund	$ 2,189,444
		Other Housing Proprietary Fund	4,172,688
			$ 6,362,132
CDPLAC Proprietary Fund	$ 33,556,667	Internal Service Funds	$ 33,556,667

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	$	6,362,132
Capital lease payable by governmental activities to business-type activities		(33,556,667)
Total advances	$	(27,194,535)

The composition of interfund transfers for the year ended June 30, 2018 is as follows:

Funds	Transfer in	Transfer out
Governmental Funds:		
General fund	$ 832,698	$ -
Federal housing and community development	1,676	-
Other federal	197,600	-
Local housing and community development	2,204	-
Internal Service Funds:		
Construction management	-	31,745
Central services	-	770
Data processing	416,362	-
Alhambra building	51,177	-
Proprietary Funds:		
Other housing	-	1,537,735
Section 8 program	111,433	-
CDPLAC	-	42,900
Total	$ 1,613,150	$ 1,613,150

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.

(10) 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 Commission'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 Commission 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, 2018, are summarized as follows:

Hire date	Prior to January 1, 2013	On or after January 1, 2013
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	9.927%	9.927%

Employees Covered – At June 30, 2018, the following employees were covered by the benefit terms of the Plan:

Inactive employees or beneficiaries currently receiving benefits	459
Inactive employees entitled to but not yet receiving benefits	815
Active employees	547
Total	1,821

Contributions – Section 20814(c) of the California Public Employees' Retirement 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 Commission is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

(b) Net Pension Liability

The Commission'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, 2017, using an annual actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-age normal cost method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.00% (2)
Mortality	Derived using CalPERS' Membership data for all Funds

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Change of Assumptions – In 2017, the accounting discount rate reduced from 7.65% to 7.15%.

Discount Rate – The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, none of the tested plans ran out of assets. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not necessary. The discount rate of 7.15% used for the June 30, 2017 measurement date is without reduction of pension plan administrative expenses and will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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 (11-60 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 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 equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

Asset Class	Current Target Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+(b)
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	100.00%		

[a] An expected inflation of 2.5% used for this period.
[b] An expected inflation of 3.0% used for this period.

(c) Changes in the Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 6/30/2016	$ 223,774,932	$ 195,866,405	$ 27,908,527
Changes Recognized for the Measurement Period:			
Service Cost	5,493,966	-	5,493,966
Interest on the Total Pension Liability	17,075,665	-	17,075,665
Differences between Expected and Actual Experiences	599,428	-	599,428
Changes of Assumptions	15,801,836	-	15,801,836
Contributions from the Employer	-	3,528,385	(3,528,385)
Contributions from the Employee	-	2,523,028	(2,523,028)
Net Investment Income	-	21,715,192	(21,715,192)
Benefit Payments, including Refunds of Employee Contributions	(8,205,369)	(8,205,369)	-
Administrative Expense	-	(289,184)	289,184
Net Changes during 2016-2017	30,765,526	19,272,052	11,493,474
Balance at 6/30/2017	$ 254,540,458	$ 215,138,457	$ 39,402,001

Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following presents the net pension liability of the Commission, calculated using the discount rate, as well as what the Commission'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	$	78,536,636
Current discount rate		7.15%
Net pension liability	$	39,402,001
1% increase		8.15%
Net pension liability (asset)	$	7,507,721

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, 2018, the Commission recognized pension expense of $9,990,605. At June 30, 2018, the Commission 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	$ 2,488,319	$ -
Difference between actual and expected experience	513,634	151,472
Changes in assumptions	11,013,401	590,790
Net Differences between projected and actual earnings on plan investments	12,557,439	9,592,813
	$ 26,572,793	$ 10,335,075

Deferred outflows of resources totaling $2,488,319 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, 2019.

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:	
2019	$ 4,284,443
2020	8,316,177
2021	2,714,345
2022	(1,565,566)
	$ 13,749,399

(e) Payable to the Pension Plan

At June 30, 2018, the Commission reported a payable of $190,374 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

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

(11) Other Postemployment Benefits (OPEB) Plan

(a) *General information about the OPEB Plan*

Plan Descriptions – In addition to providing pension benefits, the Commission also provides health care benefits for retired employees. The retiree health care benefits provided by the Commission 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 Commission on or after age 50 with at least 10 years of continuous service with the Commission, or continuous previous service credit with the Housing Authority of the County of Los Angeles. The Commission 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 Commission on or after age 50 with at least 25 years of continuous service with the Commission or continuous previous service credit with the Housing Authority of the County of Los Angeles. Effective January 1, 2005, the Commission will not pay more than the highest amount contributed for a current regular employee, for employee only medical insurance.

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

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

Contributions – The OPEB Plan and its contribution requirements are established and may be amended by the Executive Director of the Commission. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2018, the Commission's cash contributions were $1,078,833 in payments to the trust and to the providers for the retiree's insurance premium, and the estimated implied subsidy was $203,134 resulting in total payments of $1,281,967. In June 2011, the Commission created a trust with the California Employers' Retiree Benefit Trust (CERBT) which is administered by CalPERS for the purpose of prefunding obligations for past services.

(b) *Net OPEB Liability*

The Commission'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, 2017, using an annual actuarial valuation as of June 30, 2017 to determine the June 30, 2017 total OPEB liability. A summary of principal assumptions and methods used to determine the net OPEB liability is shown below.

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

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2017 are summarized in the following table:

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

Change of Assumptions – The discount rate was reduced from 7.28% to 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 Commission contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

(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 6/30/2016	$ 20,363,063	$ 16,893,017	$ 3,470,046
Changes Recognized for the Measurement Period:			
Service Cost	545,518	-	545,518
Interest on the Total OPEB Liability	1,436,483	-	1,436,483
Contributions from the Employer	-	1,241,648	(1,241,648)
Net Investment Income	-	1,781,325	(1,781,325)
Benefit Payments, including Refunds of Employee Contributions	(774,789)	(774,789)	-
Administrative Expense	-	(9,055)	9,055
Net Changes during 2016-2017	1,207,212	2,239,129	(1,031,917)
Balance at 6/30/2017	$ 21,570,275	$ 19,132,146	$ 2,438,129

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net OPEB liability (asset)	$ 5,548,475	$ 2,438,129	$ (119,616)

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

	1% Decrease (5.00%HMO/5.50%PPO decreasing to 4.00%HMO/4.00%PPO)	Current Healthcare Cost Trend Rates Rate (6.00%HMO/6.50%PPO decreasing to 5.00%HMO/5.00%PPO)	1% Increase (7.00%HMO/7.50%PPO decreasing to 6.00%HMO/6.00%PPO)
Net OPEB liability (asset)	$ (427,557)	$ 2,438,129	$ 6,003,666

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, 2018, the Commission recognized OPEB expense of $675,964. At June 30, 2018, the Commission 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	$ 1,078,833	$ -
Net Differences between projected and actual earnings on OPEB plan investments	-	466,233
	$ 1,078,833	$ 466,233

Deferred outflows of resources totaling $1,078,833 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, 2019.

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

Fiscal year ending June 30:	
2019	$ 116,558
2020	116,558
2021	116,558
2022	116,559
	$ 466,233

(12) Deferred Compensation Plan

The Commission 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 Commission, but are considered resources of the participants.

While the Commission 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 Commission 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 Commission, 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 Commission 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, 2018:

Fund assets (at fair value), July 1, 2017	$	54,436,621
Deferrals of compensation		3,711,408
Earnings and increase (decrease) in fair value of investments		4,658,422
Payments to eligible participants and beneficiaries		(2,251,298)
Fund assets (at fair value), June 30, 2018	$	60,555,153

(13) Mortgage Revenue Bonds (Conduit debt)

The Commission expands the supply of affordable housing by issuing multifamily mortgage revenue bonds through the Housing Authority of the County of Los Angeles (HACoLA). Since 1984, the HACoLA 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, HACoLA 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 Commission. 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 Commission, such amounts have not been included in the accompanying basic financial statements.

(14) Federal Grant Awards

The Commission'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 $275,784,397. Life-to-date, the Commission has drawn down funds approximating $207,746,841, against the line of credit, to cover its grant programs' activities, leaving available funds of approximately $68,037,556 at June 30, 2018. The funds do not represent an obligation of the Commission, and are available for draw-down by the Commission to finance CDBG Float, Section 108 and Home Loan programs, which are repaid to the Commission; and are also utilized for activities of the Commission's Grant Programs.

(15) Construction Commitments

The Commission has entered into various contracts for the purchase of materials, professional and non-professional services for construction projects. At June 30, 2018, significant remaining commitments are as follows:

Project		Contract Amount		Spent-to-Date		Remaining Commitment
South Scattered Sites	$	1,887,000	$	530,949	$	1,356,051
Nightingale - 6218 Compton Ave		5,010,500		2,421,512		2,588,988
Wilmington/118th		11,878,714		8,673,464		3,205,250
	$	18,776,214	$	11,625,925	$	7,150,289

(16) Commitments and Contingencies

(a) General Liability and Workers' Compensation

The Commission 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 the Commission. The Commission is self-insured for its general liability and workers' compensation claims up to $500,000 per each type of claim. The Commission has established accrued liabilities aggregating $4,546,149 of which $4,091,534 is considered noncurrent, for the estimated liability for payment of incurred (both reported and unreported) but unpaid claims at June 30, 2018. The Commission 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, 2018, and June 30, 2017. 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 Commission's financial position.

During the fiscal years 2018 and 2017, the changes in the self-insurance liability were as follows:

	2018	2017
Beginning balance	$ 4,236,623	$ 4,369,134
Additions	2,632,673	1,979,934
Payments	(2,323,147)	(2,112,445)
Ending balance	$ 4,546,149	$ 4,236,623

(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 Commission's management believes disallowances, if any, will not adversely affect the Commission's financial position

(17) Ujima Village Housing Development

The Ujima Village Housing Development, located in the Willowbrook area, was a 300-unit multi-family affordable housing facility owned and operated by the Los Angeles County Housing Authority. The Housing Authority purchased the property from HUD in 1995 under a Contract of Sale. In November, 2007, the Los Angeles Regional Water Quality Control Board (Water Board) ordered the Housing Authority's sister agency, the Community Development Commission of the County of Los Angeles (Commission) and Exxon Mobil (which acquired the company that had previously operated an above-ground petroleum storage tank farm on the site where the Ujima Village Housing Development was later constructed) to conduct environmental testing and possible remediation of the Ujima Village Housing site. The site has undergone an extensive environmental investigation under the oversight of the Water Board and California Department of Toxic Substances Control (DTSC).

At this time, there are no projected dates for the completion of the environmental investigation and remediation of the site. A Remedial Action Plan for an initial phase of remediation activities was approved by the Water Board in February 2013. The initial phase of remediation activities consists of limited soil excavation, which has been completed, and the use of a soil vapor extraction (SVE) system, which became operational in October 2014. In June 2015, the Water Board approved a work plan for a horizontal soil vapor remediation well pilot test. Based on the results of that pilot test, a conceptual design for a horizontal well soil vapor remediation system was submitted to the

Water Board for review on July 29, 2016. Additionally, a Phase III groundwater remedial action plan was approved by the Water Board on July 6, 2017, to implement a methodology for eliminating groundwater contamination.

HUD initiated a program to relocate the tenants of Ujima Village on a voluntary basis and in August of 2010, all tenants were relocated. Because the site would no longer be used for housing, the book value of $10.5 million was written off in the fiscal year 2010 after the site was determined to be an impaired asset under GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries. The cost of remediation cannot be determined due to the on-going environmental testing; therefore, the Commission does not have any obligation to report under GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations.

HUD approved the demolition of the housing units and the Commission procured the contractor to perform the demolition that commenced with the contractor taking control of the site on August 14, 2012. Demolition activities were completed in February 2013. To date, ongoing testing and monitoring continues, however, the final environmental impact is still being investigated and Exxon Mobil continues to pay for all the site testing. In February 2016, the Board of Supervisors approved the Earvin "Magic" Johnson Park Master Plan (Plan) which detailed out the future intended use of the Ujima Village property. In May 2016, HUD approved the reuse of the Ujima Village property for park and open space, and in August 2016, a covenant reflecting this reuse of the property was recorded on the property title. It is anticipated that the Ujima Village property will transfer to the County of Los Angeles within the next fiscal year, however, this has been delayed due to the completion of certain environmental studies related to the Plan.

(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 Commission's former Redevelopment Agency (Successor Agency). The Commission, as the Successor Agency, serves in a fiduciary capacity as custodian of the assets, and serves 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 Commission.

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) Restatements of Net Position

(a) Government-Wide Statement

Beginning net position for governmental and business-type activities in the government-wide Statement of Activities has been restated due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)* and the recognition of a prior year capital asset disposition. The two accounting activities resulted a total decrease in the beginning balance of net position by $5,162,779, comprised of $2,217,272 for the OPEB reporting implementation and $2,945,507 for the prior year capital asset disposition.

	Net Position, beginning of year, as originally reported		Restatements		Net Position, beginning of year, as reported on the Statement of Activities	
Governmental activities	$	351,202,678	$	(4,861,221)	$	346,341,457
Business-type activities		114,291,908		(301,558)		113,990,350
Net Position	$	465,494,586	$	(5,162,779)	$	460,331,807

(b) Proprietary Funds Statement

The beginning balances of net position of proprietary funds were restated as follows due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB):*

	Net Position, beginning of year, as originally reported		Restatements		Net Position, beginning of year, as reported on the Statement of Revenues, Expenses and Changes in Net Position	
Public housing	$	101,848,942	$	(263,870)	$	101,585,072
Other housing		9,625,004		(37,688)		9,587,316
Section 8 program		2,523,340		-		2,523,340
CDPLAC		294,622		-		294,622
Net Position, Proprietary Funds	$	114,291,908	$	(301,558)	$	113,990,350
Internal service funds	$	10,569,598	$	(313,645)	$	10,255,953

(20) Subsequent Events

The Commission has evaluated events subsequent to June 30, 2018 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through November 19, 2018, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

COMMUNITY DEVELOPMENT COMMISSION

We Build Better Lives & Better Neighborhoods

COUNTY OF LOS ANGELES

HOUSING AUTHORITY

We Build Better Lives & Better Neighborhoods

COUNTY OF LOS ANGELES

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

Required Supplementary Information
Schedule of Revenues, Expenditures and
Change in Fund Balances – Budget and Actual
General Fund
Year ended June 30, 2018

	Budget			Variance with final budget positive
	Original	Final	Actual	(negative)
Revenues:				
Intergovernmental	$ 10,342,900	$ 28,048,350	$ 11,683,613	$(16,364,737)
Charges for services	13,047,313	13,135,513	12,192,948	(942,565)
Rentals	276,000	276,000	303,431	27,431
Investment income (loss)	454,200	577,400	(1,581,489)	(2,158,889)
Other revenues	959,600	959,600	950,628	(8,972)
Total revenues	25,080,013	42,996,863	23,549,131	(19,447,732)
Expenditures:				
Current:				
General government	6,959,828	5,325,828	2,645,496	2,680,332
Housing	13,655,583	15,883,583	14,317,286	1,566,297
Community development	25,890,108	41,867,458	19,617,919	22,249,539
Capital outlay	350,000	350,000	307,104	42,896
Total expenditures	46,855,519	63,426,869	36,887,805	26,539,064
Excess (deficiency) of revenues over expenditures	(21,775,506)	(20,430,006)	(13,338,674)	7,091,332
Other financing sources (uses):				
Insurance recoveries	-	-	2,029,672	2,029,672
Transfers in	2,220,124	518,162	832,698	314,536
Net other financing sources (uses)	2,220,124	518,162	2,862,370	2,344,208
Change in fund balance	(19,555,382)	(19,911,844)	(10,476,304)	9,435,540
Fund balance at beginning of year	83,181,269	83,181,269	83,181,269	-
Fund balance at end of year	$ 63,625,887	$ 63,269,425	$ 72,704,965	$ 9,435,540

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

Required Supplementary Information
Schedule of Revenues, Expenditures and
Change in Fund Balances – Budget and Actual
Federal Housing and Community Development
Year ended June 30, 2018

	Budget			Variance with final budget positive (negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	$ 40,670,289	$ 40,962,349	$ 41,898,621	$ 936,272
Charges for services	-	-	143,407	143,407
Rentals	-	-	274,550	274,550
Investment income (loss)	1,800,000	1,890,500	921,262	(969,238)
Other revenues	1,056,923	1,056,923	326,315	(730,608)
Total revenues	43,527,212	43,909,772	43,564,155	(345,617)
Expenditures:				
Current:				
Housing	10,999,800	11,954,600	11,364,017	590,583
Economic development	250,000	561,500	361,048	200,452
Community development	32,037,140	30,633,400	29,148,874	1,484,526
Debt service:				
Principal	1,136,000	1,136,000	2,660,000	(1,524,000)
Interest	240,871	100,871	702,312	(601,441)
Total expenditures	44,663,811	44,386,371	44,236,251	150,120
Excess (deficiency) of revenues over expenditures	(1,136,599)	(476,599)	(672,096)	(195,497)
Other financing sources (uses):				
Issuance of debt	1,136,600	1,136,600	511,000	(625,600)
Sale of property	-	-	141,890	141,890
Transfers in (out)	-	(260,000)	1,676	261,676
Net other financing sources (uses)	1,136,600	876,600	654,566	(222,034)
Change in fund balance	1	400,001	(17,530)	(417,531)
Fund balance at beginning of year	11,947,198	11,947,198	11,947,198	-
Fund balance at end of year	$ 11,947,199	$ 12,347,199	$ 11,929,668	$ (417,531)

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

Required Supplementary Information
Schedule of Revenues, Expenditures and
Change in Fund Balances – Budget and Actual
Other Federal
Year ended June 30, 2018

	Budget			Variance with final budget positive
	Original	Final	Actual	(negative)
Revenues:				
Intergovernmental	$ 9,442,077	$ 6,435,377	$ 2,256,698	$ (4,178,679)
Charges for services	15,000	15,000	30,098	15,098
Rentals	313,700	313,700	310,771	(2,929)
Investment income (loss)	601,800	602,800	660,467	57,667
Total revenues	10,372,577	7,366,877	3,258,034	(4,108,843)
Expenditures:				
Current:				
Housing	338,177	338,177	206,313	131,864
Economic development	1,931,938	2,151,938	1,851,728	300,210
Community development	8,448,099	5,222,399	3,731,873	1,490,526
Total expenditures	10,718,214	7,712,514	5,789,914	1,922,600
Excess (deficiency) of revenues over expenditures	(345,637)	(345,637)	(2,531,880)	(2,186,243)
Other financing sources (uses):				
Transfers in	345,640	345,640	197,600	(148,040)
Net other financing sources (uses)	345,640	345,640	197,600	(148,040)
Change in fund balance	3	3	(2,334,280)	(2,334,283)
Fund balance at beginning of year	24,529,406	24,529,406	24,529,406	-
Fund balance at end of year	$ 24,529,409	$ 24,529,409	$ 22,195,126	$ (2,334,283)

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

Required Supplementary Information
Schedule of Revenues, Expenditures and
Change in Fund Balances – Budget and Actual
Local Housing and Community Development
Year ended June 30, 2018

	Budget			Variance with final budget positive
	Original	Final	Actual	(negative)
Revenues:				
Intergovernmental	$ 28,894,421	$ 30,447,422	$108,581,983	$ 78,134,561
Charges for services	51,500	51,500	159,011	107,511
Investment income (loss)	2,593,100	2,687,800	5,100,776	2,412,976
Other revenues	2,500	2,500	2,157	(343)
Total revenues	31,541,521	33,189,222	113,843,927	80,654,705
Expenditures:				
Current:				
Housing	24,285,213	27,488,018	28,491,260	(1,003,242)
Economic development	4,482,699	2,411,699	2,096,606	315,093
Community development	323,000	629,596	165,459	464,137
Traffic services	2,450,608	2,700,608	2,198,010	502,598
Total expenditures	31,541,520	33,229,921	32,951,335	278,586
Excess (deficiency) of revenues over expenditures	1	(40,699)	80,892,592	80,933,291
Other financing sources (uses):				
Transfers in	-	40,700	2,204	(38,496)
Net other financing sources (uses)	-	40,700	2,204	(38,496)
Change in fund balance	1	1	80,894,796	80,894,795
Fund balance at beginning of year	176,836,130	176,836,130	176,836,130	-
Fund balance at end of year	$176,836,131	$176,836,131	$257,730,926	$ 80,894,795

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

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, 2018

	Budget			Variance with final budget positive
	Original	Final	Actual	(negative)
Revenues:				
Intergovernmental	$ 105,600	$ 149,000	$ 623,303	$ 474,303
Charges for services	-	-	10,466	10,466
Investment income (loss)	-	-	117,392	117,392
Other revenues	-	-	309,370	309,370
Total revenues	105,600	149,000	1,060,531	911,531
Expenditures:				
Current:				
Housing	105,600	149,000	115,618	33,382
Total expenditures	105,600	149,000	115,618	33,382
Change in fund balance	-	-	944,913	944,913
Fund balance at beginning of year	2,413,323	2,413,323	2,413,323	-
Fund balance at end of year	$ 2,413,323	$ 2,413,323	$ 3,358,236	$ 944,913

(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.

(2) Additional Pension Information

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

Last Ten Years *

	2018	2017	2016	2015
Total Pension Liability:				
Service Cost	$ 5,493,966	$ 4,779,725	$ 4,580,146	$ 4,703,232
Interest on total pension liability	17,075,665	16,007,563	15,070,316	14,282,452
Differences between expected and actual experience	599,428	232,779	(1,060,307)	-
Changes in assumptions	15,801,836	-	(4,135,536)	-
Benefit payments, including refunds of employee contributions	(8,205,369)	(7,743,352)	(7,719,533)	(6,607,237)
Net change in total pension liability	30,765,526	13,276,715	6,735,086	12,378,447
Total pension liability - beginning	223,774,932	210,498,217	203,763,131	191,384,684
Total pension liability - ending (a)	$ 254,540,458	$223,774,932	$210,498,217	$203,763,131
Plan Fiduciary Net Position:				
Contributions - employer	$ 3,528,385	$ 3,511,537	$ 2,285,548	$ 2,283,753
Contributions - employee	2,523,028	2,588,047	2,447,451	2,738,370
Net investment income	21,715,192	995,011	4,318,628	29,150,178
Benefit payments	(8,205,369)	(7,743,352)	(7,719,533)	(6,607,237)
Plan and plan resource movement		-	905	-
Administrative expense	(289,184)	(119,839)	(221,319)	-
Net change in plan fiduciary net position	19,272,052	(768,596)	1,111,680	27,565,064
Plan fiduciary net position - beginning	195,866,405	196,635,001	195,523,321	167,958,257
Plan fiduciary net position - ending (b)	$ 215,138,457	$195,866,405	$196,635,001	$195,523,321
Net pension liability - ending (a)-(b)	$ 39,402,001	$ 27,908,527	$ 13,863,216	$ 8,239,810
Plan fiduciary net position as a percentage of the total pension liability	84.52%	87.53%	93.41%	95.96%
Covered payroll	$ 32,304,366	$ 35,333,736	$ 33,983,636	$ 32,236,717
Net pension liability as percentage of covered payroll	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, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes)

Changes in assumption - In 2017, the accounting discount rate 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 four years are shown.

(b) Schedule of Contributions

Last Ten Years*

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

Notes to Schedule:

Valuation date	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 2017-18 were from the June 30, 2015 public agency valuations.

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

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

(3) Additional Other Postemployment Benefits (OPEB) Information

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

Last Ten Years *

	2018
Total OPEB Liability:	
Service Cost	$ 545,518
Interest on total OPEB liability	1,436,483
Differences between expected and actual experience	-
Changes in assumptions	-
Changes in benefits	-
Benefit payments, including refunds of employee contributions	(774,789)
Net change in total OPEB liability	1,207,212
Total OPEB liability - beginning	20,363,063
Total OPEB liability - ending (a)	$ 21,570,275
Plan Fiduciary Net Position:	
Contributions - employer	$ 1,241,648
Net investment income	1,781,325
Benefit payments	(774,789)
Administrative expense	(9,055)
Net change in plan fiduciary net position	2,239,129
Plan fiduciary net position - beginning	16,893,017
Plan fiduciary net position - ending (b)	$ 19,132,146
Net OPEB liability - ending (a)-(b)	$ 2,438,129
Plan fiduciary net position as a percentage of the total OPEB liability	88.70%
Covered-employee payroll	$ 35,721,075
Net OPEB liability as percentage of covered-employee payroll	6.83%

Notes to Schedule:

Changes in assumption - The discount rate was changed from 7.28% (net of administrative expense) to 7.00% for the measurement period ended June 30, 2017.

* Fiscal year 2018 was the first year of implementation, therefore only one year is shown.

(b) Schedule of Contributions

Last Ten Years*

	2018
Actuarially determined contribution	$ 1,078,833
Contributions in relation to the actuarially determined contributions	(1,078,833)
Contribution deficiency (excess)	-
Covered-employee payroll	$ 35,947,478
Contributions as a percentage of covered-employee payroll	3.00%

Notes to Schedule:

Valuation date	6/30/2017

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2017-18 were from the June 30, 2017 actuarial valuation.

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

*Fiscal year 2018 was the first year of implementation, therefore only one year is 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 Commission.

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

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

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

Alhambra Building – To account for lease payments and building maintenance for the Commissions headquarters.

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

Combining Statement of Net Position
Internal Service Funds
Year ended June 30, 2018

Assets	**Construction Management**	**Central Services**	**Data Processing**
Cash and pooled investments	$ 5,611,879	$ 1,046,098	$ 1,828,145
Inventory	-	35,819	-
Prepaid costs and other assets	-	1,142	80,946
Capital assets, net	578,159	1,134,325	181,228
Total assets	6,190,038	2,217,384	2,090,319
Deferred Outflows of Resources			
Pension related amounts	2,020,413	769,442	1,515,306
Other postemployment benefits related amounts	69,156	35,659	38,577
Total deferred outflows of resources	2,089,569	805,101	1,553,883
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	189,841	74,030	279,495
Capital lease obligations	-	245,471	-
Estimated claims payable	-	-	-
Accrued compensated employee absences	57,339	71,240	99,756
Noncurrent liabilities:			
Capital lease obligations	-	734,865	-
Estimated claims payable	-	-	-
Accrued compensated employee absences	6,371	7,916	11,084
Net pension liability	3,052,692	1,147,391	2,234,564
Net other postemployment benefits liability	151,892	90,009	84,384
Total liabilities	3,458,135	2,370,922	2,709,283
Deferred Inflows of Resources			
Pension related amounts	779,831	302,374	590,229
Other postemployment benefits related amounts	29,045	17,213	16,137
Total deferred inflows of resources	808,876	319,587	606,366
Net position			
Net investment in capital assets	578,159	153,989	181,228
Unrestricted	3,434,437	177,987	147,325
Total net position	$ 4,012,596	$ 331,976	$ 328,553

Risk Management	Alhambra Building	Total
$ 4,309,147	$ 954,760	$ 13,750,029
-	-	-
-	-	35,819
248,157	152,375	482,620
-	37,064,794	38,958,506
4,557,304	38,171,929	53,226,974
175,732	-	4,480,893
3,521	3,772	150,685
179,253	3,772	4,631,578
19,559	125,612	688,537
-	667,917	913,388
454,615	-	454,615
20,704	-	249,039
-	32,888,750	33,623,615
4,091,534	-	4,091,534
2,300	-	27,671
256,561	-	6,691,208
5,626	11,251	343,162
4,850,899	33,693,530	47,082,769
67,938	-	1,740,372
1,076	2,151	65,622
69,014	2,151	1,805,994
-	3,508,127	4,421,503
(183,356)	971,893	4,548,286
$ (183,356)	$ 4,480,020	$ 8,969,789

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year ended June 30, 2018

	Construction Management	Central Services	Data Processing
Operating revenues:			
Government subsidies	$ 286,612	$ -	$ -
Charges for services	4,243,949	2,888,676	5,756,813
Rentals	-	-	-
Other revenue	-	61,217	1,405
Total operating revenues	4,530,561	2,949,893	5,758,218
Operating expenses:			
Utilities	20,494	16,190	25,791
Maintenance	168,421	451,496	908,755
General administration	5,406,342	2,226,854	4,564,355
Depreciation	-	141,637	502,983
Total operating expenses	5,595,257	2,836,177	6,001,884
Operating income (loss)	(1,064,696)	113,716	(243,666)
Nonoperating revenues (expenses):			
Investment income (loss)	177,622	14,703	18,241
Interest expense	-	(2,018)	-
Net nonoperating revenues (expenses)	177,622	12,685	18,241
Change in net position before transfers	(887,074)	126,401	(225,425)
Transfers in	-	-	416,362
Transfers out	(31,745)	(770)	-
Net transfers	(31,745)	(770)	416,362
Change in net position	(918,819)	125,631	190,937
Net position at beginning of year, as restated	4,931,415	206,345	137,616
Net position at end of year	$ 4,012,596	$ 331,976	$ 328,553

Risk Management	Alhambra Building	Total
$ -	$ -	$ 286,612
2,414,479	134,578	15,438,495
-	3,775,859	3,775,859
81	-	62,703
2,414,560	3,910,437	19,563,669
1,354	300,968	364,797
5,550	1,017,705	2,551,927
2,773,301	131,028	15,101,880
-	1,153,158	1,797,778
2,780,205	2,602,859	19,816,382
(365,645)	1,307,578	(252,713)
76,796	17,993	305,355
-	(1,771,812)	(1,773,830)
76,796	(1,753,819)	(1,468,475)
(288,849)	(446,241)	(1,721,188)
-	51,177	467,539
-	-	(32,515)
-	51,177	435,024
(288,849)	(395,064)	(1,286,164)
105,493	4,875,084	10,255,953
$ (183,356)	$ 4,480,020	$ 8,969,789

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

Combining Statement of Cash Flows
Internal Service Funds
Year ended June 30, 2018

	Construction Management	Central Services	Data Processing
Cash flows from operating activities:			
Charges for services	$ 4,243,949	$ 2,888,676	$ 5,756,813
Receipts from rentals	-	-	-
Receipts from other government	286,612	-	-
Payments to employees for services	(3,778,715)	(1,297,945)	(3,094,221)
Payments to vendors for goods and services	(1,178,384)	(1,120,739)	(1,822,541)
Other revenue	-	61,217	1,405
Net cash provided by (used in) operating activities	(426,538)	531,209	841,456
Cash flows from noncapital financing activities:			
Transfers out to other funds	(31,745)	(770)	-
Transfers in from other funds	-	-	416,362
Net cash provided by (used in) noncapital financing activities	(31,745)	(770)	416,362
Cash flows from capital-related financing activities:			
Purchase of capital assets	(578,159)	(55,692)	-
Payment of capital lease obligation	-	(221,320)	-
Payments of interest on capital leases	-	(2,018)	-
Net cash provided by (used in) capital-related financing activities	(578,159)	(279,030)	-
Cash flows from investing activities:			
Interest received	177,622	14,703	18,241
Net cash provided by (used in) investing activities	177,622	14,703	18,241
Net increase (decrease) in cash and cash equivalents	(858,820)	266,112	1,276,059
Cash and cash equivalents at beginning of year	6,470,699	779,986	552,086
Cash and cash equivalents at end of year	$ 5,611,879	$ 1,046,098	$ 1,828,145
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	$ (1,064,696)	$ 113,716	$ (243,666)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	141,637	502,983
Changes in assets and liabilities:			
Inventory	-	15,817	-
Prepaid costs and other assets	-	(1,142)	(80,946)
Deferred outflows of resources -pension	(366,237)	(155,118)	(321,464)
Deferred outflows of resources - OPEB	(69,156)	(35,659)	(38,577)
Accounts payable and accrued expenses	129,560	36,344	252,175
Compensated absences	(8,259)	7,204	15,714
Claims payable	-	-	-
Deferred inflows of resources - pension	73,188	44,974	78,742
Deferred inflows of resources - OPEB	29,045	17,213	16,137
Net pension liability	836,950	338,481	653,099
Net other postemployment benefits liability	13,067	7,742	7,259
Net adjustments	638,158	417,493	1,085,122
Net cash provided by (used in) operating activities	$ (426,538)	$ 531,209	$ 841,456
Noncash noncapital financing activities:			
Issuance of a capital lease	$ -	$ 1,172,401	$ -
Transfer of capital assets from other funds	$ -	$ -	$ -
Write-off of capital assets	$ -	$ -	$ 95,747

Risk Management	Alhambra Building	Total
$ 2,414,479	$ 134,578	$ 15,438,495
-	3,775,859	3,775,859
-	-	286,612
(335,355)	(101,807)	(8,608,043)
(2,131,564)	(1,190,508)	(7,443,736)
81	-	62,703
(52,359)	2,618,122	3,511,890
-	-	(32,515)
-	9,051	425,413
-	9,051	392,898
-	-	(633,851)
-	(694,166)	(915,486)
-	(1,771,812)	(1,773,830)
-	(2,465,978)	(3,323,167)
76,796	17,993	305,355
76,796	17,993	305,355
24,437	179,188	886,976
4,284,710	775,572	12,863,053
$ 4,309,147	$ 954,760	$ 13,750,029
$ (365,645)	$ 1,307,578	$ (252,713)
-	1,153,158	1,797,778
-	-	15,817
(30,403)	74,115	(38,376)
(38,495)	-	(881,314)
(3,521)	(3,772)	(150,685)
(15,397)	83,924	486,606
953	-	15,612
309,526	-	309,526
11,686	-	208,590
1,076	2,151	65,622
77,380	-	1,905,910
481	968	29,517
313,286	1,310,544	3,764,603
$ (52,359)	$ 2,618,122	$ 3,511,890
$ -	$ -	$ 1,172,401
$ -	$ 42,126	$ 42,126
$ -	$ -	$ 95,747

LSL
CPAs AND ADVISORS

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
Community Development Commission of the
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 Community Development Commission of the County of Los Angeles, California (the Commission), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated November 19, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission'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 Commission'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 Commission's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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CPAs AND ADVISORS

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

Purpose of this Report

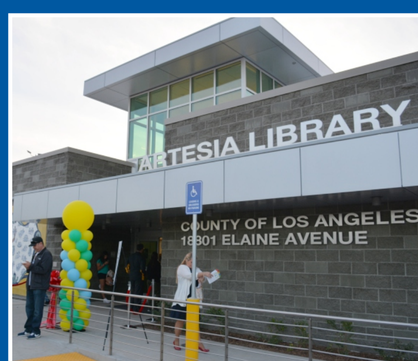
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed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

Lance, Soll & Lunghard, LLP

Brea, California
November 19, 2018

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2018



STATISTICAL SECTION

COMMUNITY DEVELOPMENT COMMISSION OF THE COUNTY OF LOS ANGELES, CALIFORNIA

STATISTICAL SECTION

This part of the Community Development Commission'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.

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

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

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.

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

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.

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities										
Net investment in capital assets	$ 33,952,068	$ 37,762,410	$ 39,061,742	$ 40,577,570	$ 42,345,130	$ 43,350,776	$ 35,489,180	$ 33,039,336	$ 33,486,651	$ 31,859,719
Restricted	347,542,030	268,310,478	279,056,059	320,848,472	274,977,329	267,100,572	208,644,642	232,231,960	2,025,582	5,443,990
Unrestricted	32,299,543	45,129,790	46,029,017	39,988,964	49,356,080	41,646,683	60,483,536	54,604,768	287,109,387	285,623,636
Total governmental activities net position	$413,793,641	$351,202,678	$364,146,818	$401,415,006	$366,678,539	$352,098,031	$304,617,358	$319,876,064	$322,621,620	$322,927,345
Business-type activities										
Net investment in capital assets	$ 95,306,977	$ 93,867,211	$ 91,312,812	$ 96,735,090	$ 95,234,083	$ 92,729,420	$ 84,809,798	$ 74,432,125	$ 67,386,812	$ 73,094,257
Restricted	4,460,906	4,423,184	3,119,103	1,094,744	6,538,377	9,733,236	15,452,287	13,910,589	10,953,342	2,974,382
Unrestricted	13,531,950	16,001,513	13,858,747	5,758,347	14,878,380	7,721,601	12,170,883	13,885,003	11,582,261	29,540,619
Total business-type activities net position	$113,299,833	$114,291,908	$108,290,662	$103,588,181	$116,650,840	$110,184,257	$112,432,968	$102,227,717	$ 89,922,415	$105,609,258
Primary government										
Net investment in capital assets	$129,259,045	$131,629,621	$130,374,554	$137,312,660	$137,579,213	$136,080,196	$120,298,978	$107,471,461	$100,873,463	$104,953,976
Restricted	352,002,936	272,733,662	282,175,162	321,943,216	281,515,706	276,833,808	224,096,929	246,142,549	12,978,924	8,418,372
Unrestricted	45,831,493	61,131,303	59,887,764	45,747,311	64,234,460	49,368,284	72,654,419	68,489,771	298,691,648	315,164,255
Total primary government net position	$527,093,474	$465,494,586	$472,437,480	$505,003,187	$483,329,379	$462,282,288	$417,050,326	$422,103,781	$412,544,035	$428,536,603

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

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

	2018	2017	2016 *	2015	2014	2013	2012
Expenses							
Governmental Activities:							
General government	$ 2,803,179	$ 2,242,060	$ 11,738,327	$ 62,456,044	$ 61,955,666	$ 39,067,640	$ 33,750,042
Housing	57,833,721	67,190,627	57,196,903	1,860,539	10,339,502	23,050,538	17,921,922
Economic development	3,454,263	2,183,750	1,477,105	861,139	798,732	967,190	3,178,990
Community development	54,250,382	49,720,611	69,478,969	27,589,454	31,641,120	25,983,235	47,599,162
Traffic services	2,205,696	2,632,595	2,862,723	-	-	-	-
Non-Hud	-	-	-	32,583,839	31,881,152	21,565,259	19,418,803
Home development	-	-	-	9,771,730	14,269,207	17,978,500	15,169,027
City contract program	-	-	-	-	-	-	1,370,613
Low and moderate income housing asset	-	-	-	4,852	33,901	-	-
Interest on long-term debt	664,950	748,466	830,052	927,516	1,037,033	1,128,683	1,713,636
Total government activities expenses	121,212,191	124,718,109	143,584,079	136,055,113	151,956,313	129,741,045	140,122,195
Business-type activities:							
Section 8 program	301,122,863	299,167,327	272,186,686	257,669,164	265,240,552	275,133,351	265,632,867
Public housing	25,294,307	25,582,030	26,039,497	25,187,671	24,364,736	24,088,705	24,147,111
Other housing	4,104,471	3,993,129	-	-	-	-	-
CDPLAC	1,768,750	1,799,675	1,827,127	6,239	-	199,557	33,346
Total business-type activities expenses	332,290,391	330,542,161	300,053,310	282,863,074	289,605,288	299,421,613	289,813,324
Total primary government expenses	$ 453,502,582	$ 455,260,270	$ 443,637,389	$ 418,918,187	$ 441,561,601	$ 429,162,658	$ 429,935,519
Program Revenues							
Governmental activities:							
Charges for services	$ 13,424,682	$ 14,489,871	$ 13,043,325	$ 40,361,927	$ 52,065,464	$ 52,789,250	$ 50,112,553
Operating grants and contributions	173,316,221	91,893,872	90,232,440	136,891,756	110,463,305	112,731,508	81,828,918
Capital grants and contributions	-	-	450,000	-	-	-	-
Total governmental activities program revenues	186,740,903	106,383,743	103,725,765	177,253,683	162,528,769	165,520,758	131,941,471
Business-type activities:							
Charges for services	13,345,797	12,875,572	12,273,564	11,833,493	11,409,987	11,157,522	10,929,425
Operating grants and contributions	314,299,590	317,757,507	287,137,215	268,062,835	279,390,066	284,173,888	284,914,679
Capital grants and contributions	3,160,718	4,147,073	3,251,292	-	-	-	-
Total business-type activities program revenues	330,806,105	334,780,152	302,662,071	279,896,328	290,800,053	295,331,410	295,844,104
Total primary government program revenues	$ 517,547,008	$ 441,163,895	$ 406,387,836	$ 457,150,011	$ 453,328,822	$ 460,852,168	$ 427,785,575
Net (expense) / revenue							
Governmental activities	65,528,712	(18,334,366)	(39,858,314)	41,198,570	10,572,456	35,779,713	(8,180,724)
Business-type activities	(1,484,286)	4,237,991	2,608,761	(2,966,746)	1,194,765	(4,090,203)	6,030,780
Total primary government net expense	$ 64,044,426	$ (14,096,375)	$ (37,249,553)	$ 38,231,824	$ 11,767,221	$ 31,689,510	$ (2,149,944)
General Revenues and Other Changes in Net Position							
Governmental activities:							
Investment income (loss)	$ (1,945,659)	$ (1,457,032)	$ 2,280,398	$ 3,228,862	$ 3,361,139	$ 2,469,953	$ 2,458,298
Gain on sale of property	141,890	-	-	6,651	16,221	313,234	871,178
Insurance recoveries	2,029,672	5,831,509	-	-	-	-	-
Extraordinary loss	-	-	-	-	-	-	(6,282,013)
Share in net income (losses) of JPA	228,367	494,774	498,057	286,404	959,556	(2,511,326)	-
Transfers	1,469,202	520,975	(188,329)	2,408,367	(328,864)	(1,841,492)	(4,125,445)
Total governmental activities	1,923,472	5,390,226	2,590,126	5,930,284	4,008,052	(1,569,631)	(7,077,982)
Business-type activities:							
Investment earnings	2,262,971	2,194,037	1,905,391	-	-	-	49,026
Gain on sale of property	-	-	-	1,062,741	5,770,539	-	-
Loss on write-off of capital assets	-	-	-	-	-	-	-
Transfers	(1,469,202)	(520,975)	188,329	(2,408,367)	328,864	1,841,492	4,125,445
Total business-type activities	793,769	1,673,062	2,093,720	(1,345,626)	6,099,403	1,841,492	4,174,471
Total primary government	$ 2,717,241	$ 7,063,288	$ 4,683,846	$ 4,584,658	$ 10,107,455	$ 271,861	$ (2,903,511)
Change in Net Position							
Governmental activities	$ 67,452,184	$ (12,944,140)	$ (37,268,188)	$ 47,128,854	$ 14,580,508	$ 34,210,082	$ (15,258,706)
Business-type activities	(690,517)	5,911,053	4,702,481	(4,312,372)	7,294,168	(2,248,711)	10,205,251
Total primary government	$ 66,761,667	$ (7,033,087)	$ (32,565,707)	$ 42,816,482	$ 21,874,676	$ 31,961,371	$ (5,053,455)

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

2011	2010	2009
$ 27,409,003	$ 34,738,820	$ 28,267,990
21,642,041	20,046,537	12,226,332
4,369,578	4,992,290	4,231,988
66,279,236	48,546,512	40,086,845
-	-	-
22,378,428	32,673,948	20,577,345
15,510,466	12,744,071	25,316,537
9,664,619	8,561,264	8,820,472
-	-	-
2,144,840	2,356,651	2,502,107
169,398,211	164,660,093	142,029,616
253,038,711	256,763,993	239,325,562
30,954,258	27,403,880	28,652,181
-	-	-
2,342	-	-
283,995,311	284,167,873	267,977,743
$ 453,393,522	$ 448,827,966	$ 410,007,359
$ 32,859,729	$ 44,722,521	$ 27,391,838
132,364,762	115,932,210	171,011,774
-	-	-
165,224,491	160,654,731	198,403,612
11,095,540	11,261,409	11,776,714
285,228,767	266,766,058	232,840,576
-	-	-
296,324,307	278,027,467	244,617,290
$ 461,548,798	$ 438,682,198	$ 443,020,902
(4,173,720)	(4,005,362)	56,373,996
12,328,996	(6,140,406)	(23,360,453)
$ 8,155,276	$ (10,145,768)	$ 33,013,543
$ 1,559,429	$ 1,886,073	$ 3,388,889
735	4,020	9,151
-	-	-
-	-	-
-	-	-
(132,000)	(947,710)	(2,980,134)
1,428,164	942,383	417,906
(155,694)	-	-
-	-	-
-	(10,494,147)	-
132,000	947,710	2,980,134
(23,694)	(9,546,437)	2,980,134
$ 1,404,470	$ (8,604,054)	$ 3,398,040
$ (2,745,556)	$ (3,062,979)	$ 56,791,902
12,305,302	(15,686,843)	(20,380,319)
$ 9,559,746	$ (18,749,822)	$ 36,411,583

COMMUNITY DEVELOPMENT COMMISSION

We Build Better Lives & Better Neighborhoods

COUNTY OF LOS ANGELES

HOUSING AUTHORITY

We Build Better Lives & Better Neighborhoods

COUNTY OF LOS ANGELES

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2018	2017	2016	2015	2014	2013	2012	2011	2010 *	2009 *
General fund										
Reserved	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,853,746	$ 6,082,092
Unreserved	-	-	-	-	-	-	-	-	100,584,644	82,086,748
Nonspendable	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	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	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	$ 72,704,965	$ 83,181,269	$ 88,438,507	$193,359,073	$149,285,609	$155,974,831	$137,148,747	$114,739,554	$106,438,390	$ 88,168,840
All other governmental funds										
Reserved	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 28,986,229	$ 31,415,013
Unreserved	-	-	-	-	-	-	-	-	148,485,830	165,398,174
Nonspendable	287	140	301	16,038,523	16,796,908	17,616,286	18,634,231	25,697,880	-	-
Restricted	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	$295,213,956	$215,726,057	$222,379,815	$157,123,914	$156,134,772	$140,275,505	$128,598,956	$165,961,247	$177,472,059	$196,813,187

* Fund balances for fiscal years 2010 and 2009 are reported prior to the adoption of *GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.*

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2018	2017	2016 *	2015	2014
Revenues					
Intergovernmental	$165,044,218	$ 88,522,197	$ 78,290,291	$160,773,296	$142,344,461
Charges for services	12,535,930	13,577,853	12,155,144	11,663,736	10,962,724
Incremental property taxes	-	-	-	-	-
Rentals	888,752	912,019	888,181	766,857	730,292
Investment income (loss)	5,218,408	4,031,862	9,411,503	7,092,213	9,303,907
Contributions	-	-	1,138,000	-	-
Other revenues	1,588,470	1,562,252	6,076,571	2,905,715	996,294
Total revenues	185,275,778	108,606,183	107,959,690	183,201,817	164,337,678
Expenditures					
Program administration	-	-	-	37,842,664	30,000,755
Loan program costs	-	-	-	27,613,982	35,605,872
Subgrants to county, cities, and community based organizations	-	-	-	36,282,346	39,084,011
Housing assistance payments	-	-	-	44,279	141,992
General government	2,645,496	2,094,517	14,917,438	-	-
Housing	54,494,494	67,532,459	56,757,839	-	-
Economic development	4,309,382	2,806,389	2,146,702	-	-
Community development	52,664,125	48,640,072	67,169,442	-	-
Traffic services	2,198,010	2,641,087	2,856,830	-	-
Capital outlay:					
Capital	307,104	366,772	460,545	-	583,968
Noncapital	-	-	-	34,744,387	45,742,917
Debt service:					
Principal	2,660,000	2,581,000	2,507,000	3,488,000	2,739,000
Interest	702,312	784,046	858,559	981,008	1,074,813
Total expenditures	119,980,923	127,446,342	147,674,355	140,996,666	154,973,328
Excess of revenues over (under) expenditures	65,294,855	(18,840,159)	(39,714,665)	42,205,151	9,364,350
Other financing sources (uses)					
Issuance of debt	511,000	672,000	50,000	-	-
Insurance recoveries	2,029,672	5,831,509	-	-	-
Sale of property	141,890	-	-	-	-
Extraordinary loss	-	-	-	-	-
Transfers in	1,034,178	475,093	21,835	6,865,072	4,463,104
Transfers out	-	(49,439)	(21,835)	(4,007,617)	(4,657,409)
Total other financing sources (uses)	3,716,740	6,929,163	50,000	2,857,455	(194,305)
Net change in fund balances	$ 69,011,595	$ (11,910,996)	$ (39,664,665)	$ 45,062,606	$ 9,170,045
Debt service as a percentage of noncapital expenditures	2.9%	2.7%	2.3%	3.3%	2.5%

* During the year ended June 30, 2016, the Commission 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	2010	2009
$152,390,956	$109,566,551	$133,980,240	$130,141,713	$167,048,567
11,446,082	-	-	-	-
-	242,470	3,897,173	4,294,148	4,134,784
664,851	678,568	920,783	1,002,035	1,217,891
6,340,953	7,198,009	6,703,716	7,577,445	10,701,133
-	-	-	-	-
4,418,190	33,835,003	24,534,370	22,844,161	22,533,837
175,261,032	151,520,601	170,036,282	165,859,502	205,636,212
30,163,897	39,857,204	41,272,819	38,327,594	39,721,955
52,301,929	38,418,630	42,859,938	47,298,114	38,543,622
23,926,848	46,533,929	67,179,746	47,785,766	43,120,286
172,774	988,608	8,301,016	7,587,896	7,848,364
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
2,594,996	3,785,338	649,270	205,766	10,779,902
24,037,282	11,463,648	13,003,816	19,636,135	8,716,283
2,661,000	16,160,000	3,563,000	2,736,510	2,919,213
1,163,857	2,081,656	2,250,506	2,405,589	2,402,093
137,022,583	159,289,013	179,080,111	165,983,370	154,051,718
38,238,449	(7,768,412)	(9,043,829)	(123,868)	51,584,494
-	3,216,000	6,001,000	-	10,123
-	-	-	-	-
-	-	-	-	-
-	(6,282,013)	-	-	-
11,324,509	4,090,051	6,509,128	5,695,022	3,886,048
(19,060,325)	(8,208,724)	(6,675,947)	(6,642,732)	(6,903,451)
(7,735,816)	(7,184,686)	5,834,181	(947,710)	(3,007,280)
$ 30,502,633	$ (14,953,098)	$ (3,209,648)	$ (1,071,578)	$ 48,577,214
2.9%	12.9%	3.4%	3.2%	3.6%

Revenue by Source

The Community Development Commission does not have a revenue category that can be categorized as "own source". A majority of revenues earned by the Commission is received through funding from the Housing and Urban Development (HUD) of the federal government with other funding received from state and county governments.

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities		Business-Type Activities					
Fiscal Year	Section 108 Notes Payable	Capital Leases	Lease Revenue Bonds	Multi-Family Housing Revenue Bonds	California State Department of Housing Notes Payable	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
2009	$ 43,733,000	$ -	$ -	$ 705,000	$ 2,974,382	$ 47,412,382	0.012%	$ 4.54
2010	41,295,000	42,594	-	350,000	2,980,165	44,667,759	0.011%	4.26
2011	43,733,000	164,634	43,710,000	-	2,985,948	90,593,582	0.021%	9.13
2012	30,789,000	133,316	43,710,000	-	2,991,731	77,624,047	0.018%	7.83
2013	28,128,000	2,568,898	37,210,000	-	2,997,514	70,904,412	0.016%	7.12
2014	25,389,000	1,919,525	36,640,000	-	2,011,097	65,959,622	0.014%	6.54
2015	21,901,000	1,270,977	36,050,000	-	2,013,911	61,235,888	0.012%	6.05
2016	19,444,000	611,243	35,440,000	-	2,016,725	57,511,968	0.011%	5.61
2017	17,535,000	29,255	34,805,000	-	2,200,000	54,569,255	0.009%	5.30
2018	15,386,000	980,336	34,140,000	-	2,200,000	52,706,336	0.009%	5.10

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

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

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

	Business-type activities		
Fiscal Year	**Multi-Family Housing Revenue Bonds**	**Percentage of Charges for services***	**Per Capita****
2009	$ 705,000	6%	0.07
2010	350,000	3%	0.03
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
2015	-	-	-
2016	-	-	-
2017	-	-	-
2018	-	-	-

** See changes in Net Position*
** *See demographics for Los Angeles County*

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

Ratios of Lease Revenue Bonds
Last Ten Fiscal Years

	Business-type activities			
Fiscal Year		Lease Revenue Bonds***	Percentage of Charges for services*	Per Capita**
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

** See changes in Net Position*
***See demographics for Los Angeles County*
****Bonds issued in fiscal year 2011*

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

Demographic and Economic Statistics
Last Ten Fiscal Years

	Los Angeles County					Southern California				
Fiscal Year	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
2009	10,432	3,234	11.7%	$ 392,000	5,653	21,850	6,862	10.7%	$ 824,753	17,932
2010	10,483	3,239	12.3%	405,000	7,468	21,974	6,881	11.7%	852,696	20,899
2011	9,920	3,245	12.2%	427,000	10,362	21,221	6,899	11.0%	910,425	26,302
2012	9,912	3,254	11.5%	442,800	11,715	21,341	6,927	10.0%	934,000	31,058
2013	9,961	3,267	9.6%	443,200	16,850	21,458	6,968	8.2%	941,300	46,149
2014	10,079	3,279	8.2%	470,200	18,841	21,672	7,001	6.9%	1,004,000	46,808
2015	10,124	3,293	7.3%	506,400	22,892	21,833	7,041	5.8%	1,078,800	54,911
2016	10,254	3,308	6.2%	545,100	19,936	22,153	7,077	4.9%	1,136,900	53,444
2017	10,300	3,323	5.0%	587,755	18,803	22,341	7,109	4.9%	1,196,912	53,732
2018	10,332	3,339	4.9%	619,400	17,795	22,374	7,157	4.9%	1,278,800	51,856

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

Ten Largest Industries*
Current Year and Nine Years Ago

	June 30, 2018			June 30, 2009		
Industry	**Number of Employees**	**Rank**	**Percentage of Total**	**Number of Employees**	**Rank**	**Percentage of Total**
Trade, Transportation and Utilities	828,400	1	16.93%	738,500	1	17.02%
Educational & Health Services	804,800	2	16.45%	666,700	2	15.37%
Professional & Business Services	629,100	3	12.86%	515,400	4	11.88%
Government	594,400	4	12.15%	612,700	3	14.12%
Leisure & Hospitality	552,200	5	11.29%	390,700	6	9.01%
Manufacturing	350,400	6	7.16%	397,300	5	9.16%
Financial Activities	222,200	7	4.54%	218,400	7	5.03%
Information	211,900	8	4.33%	192,100	8	4.43%
Other Services	155,300	9	3.17%	139,700	9	3.22%
Construction	144,300	10	2.95%	117,600	10	2.71%
Ten largest industries	4,493,000		91.83%	3,989,100		91.95%
All other industries	399,900		8.17%	349,200		8.05%
Total industries	4,892,900		100.00%	4,338,300		100.00%

* The Community Development Commission 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.

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

Full-Time Equivalent Employees by Division
Last Ten Fiscal Years

Division	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government	118	128	131	129	129	105	124	125	129	142
Housing Management	133	136	130	129	131	132	108	116	109	103
Assisted Housing	209	200	188	181	183	190	170	177	179	150
Economic and Housing Development	56	53	52	52	53	53	64	69	71	67
Community Development	34	34	37	36	37	37	42	43	42	41
Construction Management	29	30	35	36	35	34	34	32	32	31
Total	579	581	573	563	568	551	542	562	562	534

Sources: The Commission's Executive Office of Budget

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

Operating Indicators by Function
Last Ten Fiscal Years

Function	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Section 8 Program										
Authorized Units	24,324	24,086	23,812	23,518	23,232	22,928	21,969	21,027	20,980	20,932
Units under contract	22,639	23,704	23,528	22,948	22,861	22,890	21,710	20,387	21,046	20,296
Public Housing										
Housing Projects	40	40	40	40	40	40	40	40	40	40
Tenants	6,516	6,528	6,410	6,521	6,533	6,365	7,080	6,325	6,372	6,186
Housing Development										
Homes Built	412	457	270	657	369	459	622	230	235	462
Homes Rehabilitated	306	333	657	486	677	428	743	748	632	641
Home Ownership Loans	44	64	33	41	70	56	79	152	104	83
Economic Development										
Business Loans Funded	5	4	4	4	8	6	6	7	4	9
Commercial Storefronts Renovated	27	27	19	8	24	15	11	6	10	26
Community Development										
Program Reviews	221	253	275	300	336	336	270	268	290	359
Single Audits	27	26	42	42	30	51	51	53	48	61
Community meetings	1	7	2	5	5	5	5	5	5	5

Sources: The Commission's various divisions

COMMUNITY DEVELOPMENT COMMISSION
OF THE COUNTY OF LOS ANGELES, CALIFORNIA

Capital Assets by Function
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Function										
Public Housing										
Apartment Units	3,174	3,151	3,049	3,036	3,157	3,143	3,175	3,170	3,105	3,072

Sources: The Commission's Housing Management Division

Community Development Commission/
Housing Authority
of the County of Los Angeles

35 Years

A HISTORY OF
DELIVERY AND
DEDICATION
1982 - 2017

COMMUNITY DEVELOPMENT

ECONOMIC DEVELOPMENT

AFFORDABLE DEVELOPMENT

HOUSING DEVELOPMENT

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Monique King-Viehland, Executive Director

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