

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ending
June 30, 2023



Los Angeles County, California



LOS ANGELES COUNTY BOARD OF SUPERVISORS



Hilda L. Solis
1st District



Holly J. Mitchell
2nd District



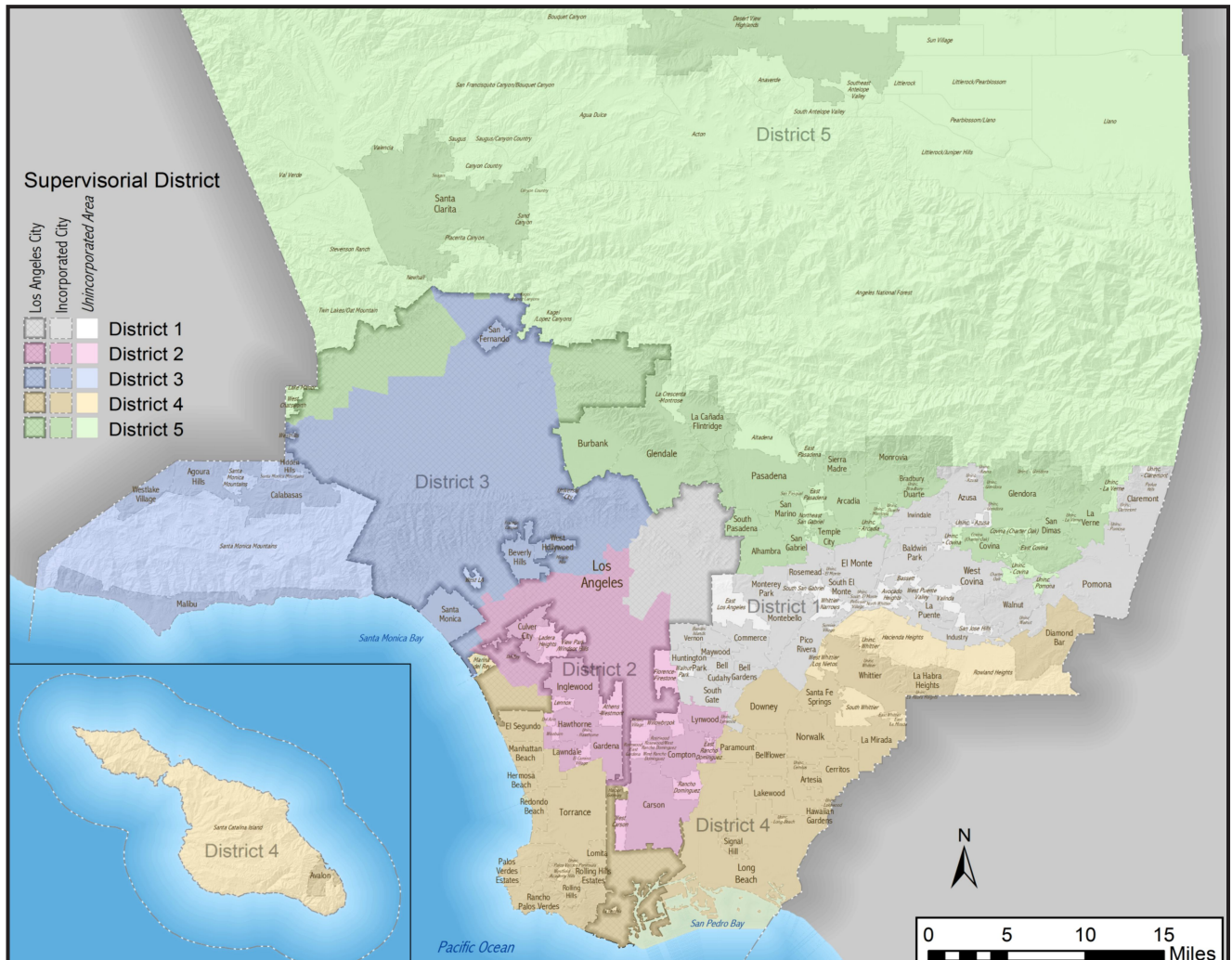
Lindsey P. Horvath
3rd District



Janice Hahn
4th District



Kathryn Barger
5th District



LOS ANGELES COUNTY DEVELOPMENT AUTHORITY
CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2023

PREPARED BY:
FINANCE AND BUDGET DIVISION

EMILIO SALAS, EXECUTIVE DIRECTOR
MATTHEW FORTINI, CHIEF FINANCIAL OFFICER



HOUSING
COMMUNITY
ECONOMIC

LACDA

Los Angeles County Development Authority

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY CALIFORNIA

TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION (Unaudited)	
Letter of Transmittal	i
Board of Supervisors.....	xvii
Principal Officials	xviii
Organizational Chart.....	xix
Certificate of Achievement for Excellence in Financial Reporting	xx
 FINANCIAL SECTION	
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	17
Statement of Activities.....	18
Fund Financial Statements:	
Balance Sheet – Governmental Funds	19
Reconciliation of Government Funds Balance Sheet to the Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	22
Statement of Net Position – Proprietary Funds.....	23
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds.....	24
Statement of Cash Flows – Proprietary Funds.....	25
Statement of Fiduciary Net Position – Fiduciary Fund.....	26
Statement of Changes in Fiduciary Net Position – Fiduciary Fund.....	27
Notes to Basic Financial Statements	28
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual:	
General Fund.....	69
Federal Housing and Community Development	70
Other Federal	71
Local Housing and Community Development	72
Low- and Moderate-Income Housing Asset Fund.....	73
Notes to Required Supplementary Information and Schedule of Funding Progress	74
Supplementary Information:	
Combining Statement of Net Position – Internal Service Funds.....	84
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds	85
Combining Statement of Cash Flows – Internal Service Funds	86

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY CALIFORNIA

TABLE OF CONTENTS

	Page
FINANCIAL SECTION, Continued	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	87
STATISTICAL SECTION (UNAUDITED)	
Net Position by Component	91
Changes in Net Position.....	92
Fund Balances of Governmental Funds	95
Changes in Fund Balances of Governmental Funds	96
Revenue by Source	98
Ratios of Outstanding Debt by Type.....	99
Ratios of General Revenue Bonds	100
Ratios of Lease Revenue Bonds.....	101
Demographic and Economic Statistics	102
Ten Largest Industries.....	103
Full-Time Equivalent Employees by Division.....	104
Operating Indicators by Function	105
Capital Assets by Function	106



December 6, 2023

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

Please find for your review the Annual Comprehensive Financial Report of the Los Angeles County Development Authority (LACDA) for the fiscal year ended June 30, 2023. This report consists of management's representations concerning the finances of the LACDA. Management assumes full responsibility for the completeness and reliability of the information contained in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the LACDA's assets from loss, theft or misuse, and to compile sufficient reliable information for the preparation of the financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the LACDA's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. All disclosures necessary to enable the knowledgeable reader to gain an understanding of the financial activities have been included.

INDEPENDENT AUDIT

The LACDA's financial statements have been audited by Berman Hopkins, Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2023, are free of material misstatement. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion on the LACDA's financial statements for the fiscal year ended June 30, 2023.

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



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Executive Director: Emilio Salas
Commissioners: Hilda L. Solis, Holly J. Mitchell, Lindsey P. Horvath, Janice Hahn, Kathryn Barger

MANAGEMENT’S DISCUSSION AND ANALYSIS (MD&A)

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

BUDGETARY CONTROL

The LACDA employs formal budgetary control to ensure that the Agency’s expenditures are within the legally appropriated amounts approved by the Los Angeles County Board of Commissioners (Board). The LACDA’s accounting system facilitates budgetary control by tracking and providing timely information on accounting transactions, including revenues and expenditures, in comparison to approved appropriations. The annual budget, adopted by the Board, provides for the general operations of the LACDA. It includes proposed expenditures and estimated revenues for the aforementioned governmental, proprietary, and fiduciary funds.

The Executive Director is authorized to transfer appropriations between divisions and programs. Any revisions that increase the total approved appropriations must be approved by the Board.

Budgets for the governmental fund types are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). The LACDA uses two (2) different accounting methods: modified and full accrual when preparing the budget.

INTERNAL CONTROL

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

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

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

PROFILE OF THE LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

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

The basic financial statements of the LACDA include the financial activities of the LACDA, and the Los Angeles County Community Development Foundation (LACDF). The LACDA has determined that the LACDF should be included in the basic financial statement as blended component unit in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39, No. 61, and No. 80.;

- The LACDA is responsible for management of the County’s Public Housing and Section 8 Housing programs.
- The LACDA’s governing board establishes policies, appoints management, and exercises budgetary control.
- The LACDF is a 501(c)(3) non-profit organization dedicated to improving the quality of life for low-income Public Housing and Section 8 program residents living in Los Angeles County. The LACDF provides scholarships, funding for students to attend conferences, and SAT preparation courses free of charge. The LACDF is a single-purpose entity and the LACDA is its sole corporate member. In addition, the services provided are only available to participants of the LACDA’s Public Housing and Section 8 programs. Therefore, the LACDF is reported as a blended component unit of the LACDA.

THE LACDA'S OPERATING PROGRAMS AND HOUSING PROGRAMS

The LACDA is responsible for the following services:

- Utilizing funding through Notice of Funding Availability (NOFA) on new construction and acquisition/rehabilitation projects that create affordable housing units for families, seniors, and people with special needs. NOFA eligible affordable 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;
- Utilizing Community Development Block Grant funds to fund community developments for one of the largest urban counties in the United States, including public infrastructure, social services, home and business rehabilitation, and comprehensive planning and design in affordable housing and community development;
- Working with the County's non-profit and for-profit development and service provider communities, the County health and human service departments, and many of the 88 cities within the County, to address housing needs for the homeless, transition age youth, and other special needs residents of the County; and
- Directing the County's Public Housing and Section 8 programs including planning, finance, preservation, and management.

Housing Assistance Programs

Housing Assistance programs receive Federal funds from the Housing and Urban Development (HUD) to provide housing subsidies, paid directly to private landlords, for over 30,000 eligible families, seniors, veterans, and persons with disabilities living in the unincorporated area of Los Angeles and 62 participating cities. The rental assistance programs include Housing Choice Voucher (HCV), Veterans Affairs Supportive Housing (VASH), Continuum of Care (CoC), Project-Based Voucher (PBV), Emergency Housing Voucher (EHV), Mainstream, Family Unification, Foster Youth to Independence (FYI), Non-Elderly Disabled (NED), and HOPWA.

Public Housing Programs

The Public Housing operates 68 affordable and public housing complexes within the County of Los Angeles with 3,229 housing units serving more than 6,500 low-income families and individuals. The housing developments have varying units as follows: Carmelitos 713 units, Harbor Hills 301 units, Nueva Maravilla 504 units, West County 487 units, North County 285 units, East County 263 units, South County 409 units, Kings Road Apartments 106 units, Lancaster Apartments 120 units, and Rental Housing Construction Program (RHCP) Santa Monica 41 units. RHCP is funded by rental income and the State of California. LACDA offers a variety of supportive programs for residents related to mental health, education, public safety, and family resources.

Community Development Block Grant (CDBG)

The LACDA's CDBG Program is the largest Urban County Program in the country. We partner with over 100 recipients that include various cities, community-based organizations (CBO), other public agencies, and County departments to utilize funds received from HUD. The CDBG program accounts for 4% of the LACDA's expenditures. The LACDA's primary role in administering the program is to ensure that funds are spent on eligible projects and that the recipients of the funds comply with HUD regulations.

Housing Development and Preservation Programs

The housing development and preservation programs are comprised of affordable housing development, First-Time Home Ownership Program, Residential Sound Insulation Program, Senior Grant Program, and Handyworker Program. The programs facilitate residential development and preservation throughout the County of Los Angeles, assisting those residents and residential property owners with limited incomes. The program works closely with non-profit and not-for-profit organizations, residents, owners, government agencies, supportive service providers, and property management companies to increase and sustain the availability of affordable and supportive housing for low- and moderate-income homeowners and residents.

ECONOMIC CONDITION AND OUTLOOK FOR THE LOS ANGELES COUNTY REGION

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

The County of Los Angeles (LA County), established on February 18, 1850, several months before California was admitted into the Union, is comprised of 88 cities and 120 unincorporated communities. LA County is part of the greater Southern California region, which also includes Orange, San Bernardino, Riverside, Ventura, and San Diego counties with a total population of about 22 million. LA County serves as home to people from over 140 countries who speak 224 identifiable languages reflecting a continued history of being rich in ethnicity and diversity. It is home to one quarter of Californians with LA County’s population at 10 million in 2023, making it the most populous county in California. If LA County were a state it would rank 11th as the most populous, just below Michigan and just above New Jersey and its economy would rank number seven (7) between Pennsylvania and Ohio. Also, if LA County were a nation, its economy would rank 21st in the world between Saudi Arabia and Poland. LA County produces over one quarter of the state’s Gross Domestic Product (GDP) making it both a proxy for and driver of many of the economic trends occurring at the state-level.

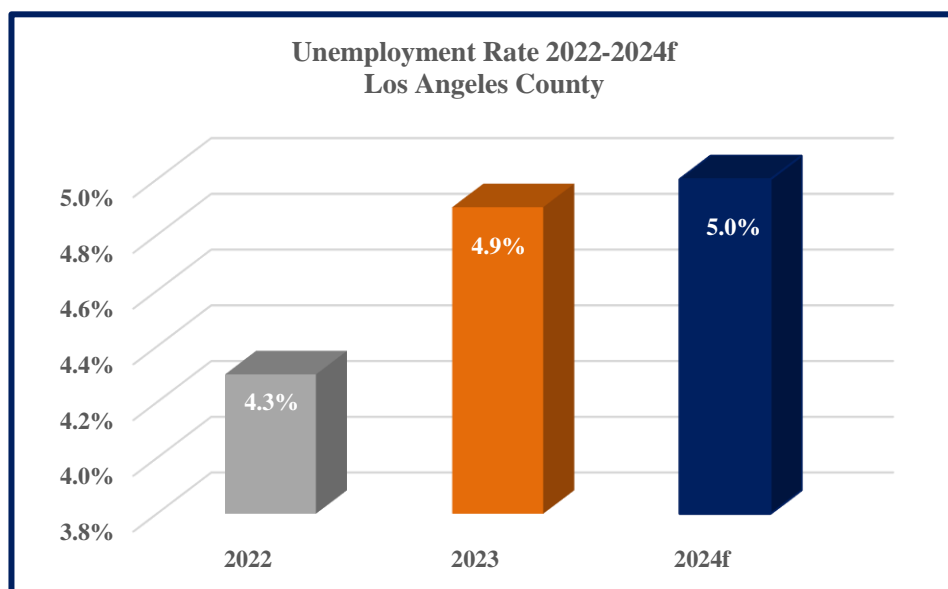
Significant Economic Data - Los Angeles County 2022-2024f

	2022	2023	2024f
Total Population	10.1M	10.0M	10.0M
Unemployment Rate	4.3%	4.9%	5.0%
Real Personal Income Growth	-6.0%	0.1%	2.3%
Permits-New Homes	22,300	21,800	24,000
Median Home Value (Single-Family Home)	\$884K	\$842K	\$867K

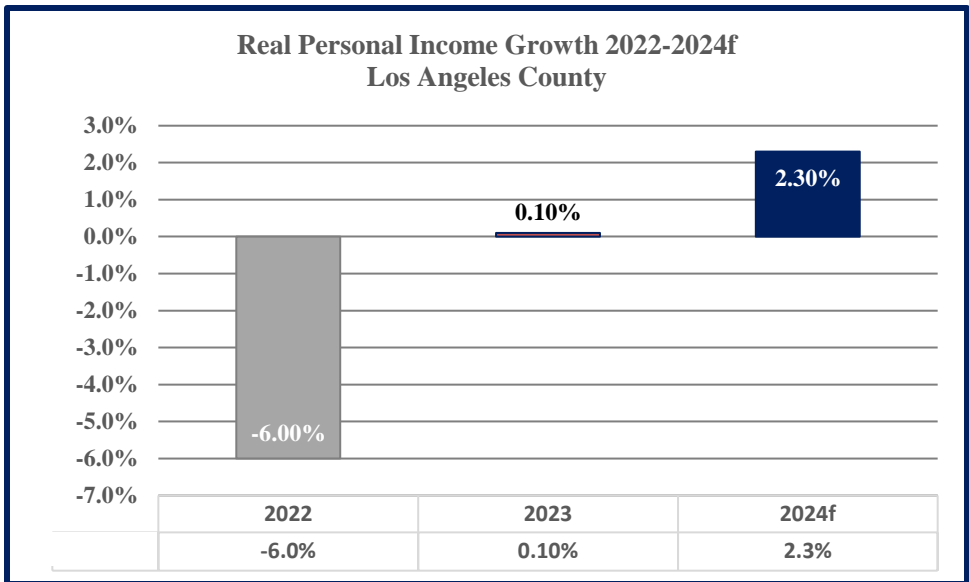
Sources: CA Department of Finance, CA Department of Transportation, CA Department of Labor, U.S. Bureau of Labor Statistics (BLS), Los Angeles Economic Development Corporation, Zillow (LAEDC)

At the close of the fiscal year, unemployment was at 4.9% (seasonally adjusted) and was above the rate of 4.3 % one (1) year ago. The State’s unemployment rate closed at 4.6%. LA County nonfarm employment increased by 104,300 or 2.3%. Gains were experienced in professional and business services (up by 9,500 jobs), trade, transportation, and utilities. The leisure and hospitality industry posted the second largest increase, adding 37,000 jobs, as reported by the State of California Employment Development Department (EDD). Some industries are experiencing year-over declines. Information led all industries that had year-over declines, dropping 14,700 jobs. Most losses were seen in the motion picture and sound recording subsector (down 15,700 jobs). Telecommunications, publishing industries, and broadcasting also had employment declines.

Labor force participation changes occurred in Post-pandemic LA County. The largest increase in labor force participation was seen by those with a disability; as remote work became more commonplace, it enabled access to a greater number of jobs for individuals with a disability, leading to an increase of 4.9% in their labor participation rate. By age, participants older than 55 has increased, while young works and prime-age workers has declined. The rate of men fell by 1.7%, while women did not see a decrease in their labor force participation. By educational accomplishment, those with a bachelor’s degree or higher were the only group to not see decreases in labor force participation. The rate of those without a high school education fell by 2.7%.

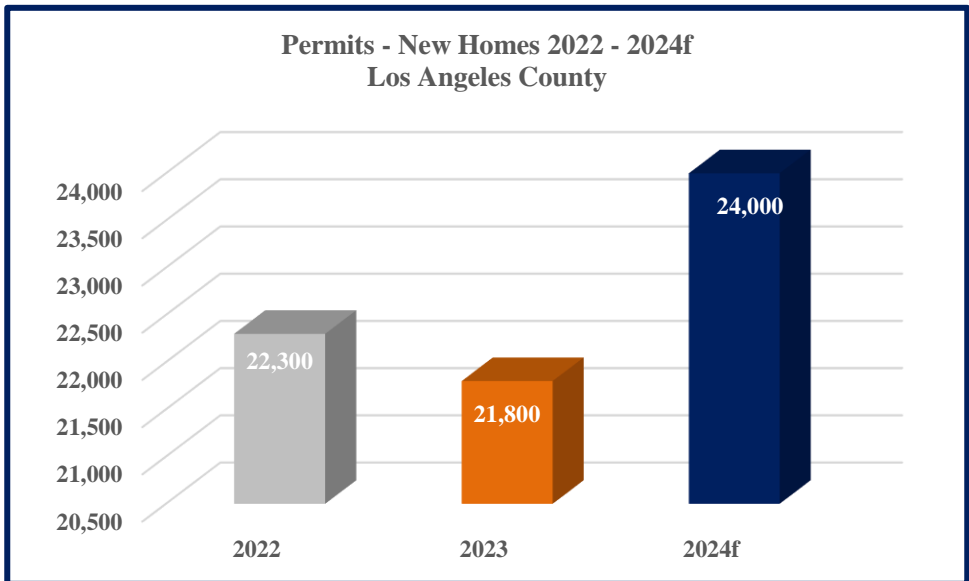


Personal income growth was slow coming out of the prior fiscal year as jobs were added back to the County’s economy. The last quarter of fiscal year 2023, saw a slight increase of 0.10% in real personal income. Over the next two (2) years, it is forecasted that job growth will be led by gains in the Educational and Health Service industry with employment in Leisure and Hospitality, Manufacturing, Trade, Transportation and Utility and Government expected to stagnate and/or decline.



California is dealing with a housing crisis, with LA County being one of the most troubled areas of the State. Compared to 18% of households in California being able to afford a median-priced single-family home, only 13% of LA County households can do so. This is because of a tremendous 22% jump in the median home price between January and August 2020, from roughly \$800,000 to \$975,000. Since that initial spike and the subsequent two (2) years spent above \$900,000, the price has fallen but remains 6% above the January 2020 figure. At the close of the fiscal year, single-family homes in LA County sold at a median price of

\$882,020 representing a 3.6% increase from the prior month (May 2023) and a 3.2% increase from June 2022. However, sales slowed by 5.6% in comparison to the same period in 2022. Norada Real Estate Investments estimates that with a 2.5 month of supply remaining for LA County, the housing market will continue to see upward pressure on home prices and is still short of what is needed for a balanced market.



Renters continued to face affordability difficulties, with 58.8% of regions units and 60.6% of City of Los Angeles units spending more than 30% of their income on housing, as reported by the Los Angeles Economic Development Corporation (LAEDC). One solution to increase affordability is to increase the supply of housing stock by building new units. In LA County the total number of units needed between 2021 and 2029 is over 812,000 with 457,000 in the City of Los Angeles. Between 2020 and 2022, 43,155 units were added across LA County, with more than 70%, or 30,219 units coming in the City of Los Angeles. This means the region needs to more

than quadruple its current rate of housing construction to meet the demand. Currently, the median rent in the more expensive neighborhood for a one (1) bedroom apartment is about \$3,300 per month compared to a one (1) bedroom apartment, in what considered affordable neighborhood, is about \$2,271 to \$2,410 per month. As the LA County Tenant Protections Resolution (formerly the LA County Eviction Moratorium), which went into effect March 4, 2020, expired March 31, 2023. The Stay Housed L.A. program was launched by the LA County Board of Supervisors and offers free legal services to tenants facing eviction. The program provides resources for county residence who experienced economic hardship amid the pandemic to get legal and other assistance to stay in their homes.

LA County continues to be America’s gateway to Asia. International trade plays an important role in the county’s economy. The Port of Los Angeles and neighboring Port of Long Beach comprise the San Pedro Bay Port Complex, which are the largest ports in the United States, as measured by container volume. During the fiscal year, the ports faced labor negotiation

strikes in July 2022 which resulted in disruptions for several West Coast ports, including Los Angeles and Long Beach. One week after business groups appealed to the Biden administration for assistance in resolving the labor dispute, the Pacific Maritime Association and the International Longshore and Warehouse Union reached an agreement. The contract was for six (6) years and covers 29 ports on the West Coast, as reported by BISNOW. A rise in both imports and exports showed the first year-over-year gain in 12 months. At the close of the fiscal year the ports have moved 828,016 Twenty-Foot Equivalent Units (TEUs), a 3% increase compared to the same period last year, and loaded imports at 433,224 TEUs, a 7% increase compared to the previous year.

The Port of Los Angeles has worn the title of “Busiest Port in North America” for more than 20 years and serves as a major hub for cruise ships. This key port for international trade makes it the nation’s number one port complex for the import of furniture, auto parts, apparel, plastics, and footwear. And the export of pet/animal feed, paper, soybeans, fabrics/raw cotton, and scrap metal. 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.

MAJOR MANAGEMENT INITIATIVES

The leadership of the County of Los Angeles recognized the need for a collaborative, sustained effort to combat and end homelessness and passed a comprehensive set of strategies which make up the County’s Homeless Initiative. The Initiative covers six (6) major areas: homeless prevention, street outreach, interim housing, permanent housing, affordable housing, and supportive services. In 2017, the Los Angeles County Board of Supervisors proposed, and voters approved, the Measure H ballot initiative. Measure H began providing revenue in July 2017 and is projected to raise \$355 million annually for an estimated total of \$3.5 billion over 10 years.

LA County is in Year Six of a 10-year effort to combat and prevent homelessness funded by Measure H, thanks to the affirmation and support of voters across LA County. Los Angeles is investing, responding, and working together and we are making a difference and the LACDA continues to be fully engaged serving as a lead, or collaborative agency as the County develops a new framework to end homelessness, consisting of five (5) pillars: Coordinate, Prevent, Connect, House, and Stabilize.

The LACDA created the Homeless Incentive Program (HIP) to remove barriers to access for voucher holders that were finding it next to impossible to use their voucher to secure a unit. HIP allows us to engage property owners to secure their rental units in exchange for a monetary incentive while qualified renters with a voucher are referred to the owner. The HIP also assists clients with funding to pay for security deposits, utility fees, move-in expenses, and a damage mitigation fund, which provides owners with a safety net to cover the costs of damages to the unit. Additionally, we leveraged our partnerships to expand this program which supports eight (8) other PHAs in the County who have replicated the HIP, with the LACDA providing oversight and technical assistance. Each client receives access to County-funded intensive case management services to help with the transition and any ongoing supportive service needs. Measure H is the primary funding source for HIP. The LACDA has administered over \$47 million in the six (6) years of Measure H. These resources helped over 8,319 individuals and families find a home through this strategy.

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

Through the Bringing Families Home Program (BFH), the LACDA and Department of Children and Family Services (DCFS), in collaboration with housing partners, successfully provided supportive services and housing to families with children. The primary focus of BFH is to provide rapid re-housing and case management services to families in the child welfare system. Despite the challenges to locate affordable housing for these high-barrier families in LA County, the continued success of the program reflects the strong partnership and shared mission to reunify families and end homelessness in the community.

The LACDA continues to provide much needed services to County residents and assistance to small businesses. This will be accomplished, in part, through the utilization of American Rescue Plan Act (ARPA) funds, which created the Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program to deliver much needed aid because of the global pandemic. A key component of SLFRF is to support an equitable recovery through immediate economic stabilization for households by

targeting the creation of new affordable units for populations that are most vulnerable to the impacts of COVID-19. As a result, the LACDA is charged with using up to \$40 million in ARPA enabled funds that will allocate funding through a competitive NOFA that targets not only impacted populations, but also focuses on geographies within the County that are most affected by the pandemic. The LACDA issued up to \$35.2 million through NOFA 28 and underwrote and/or executed loan agreements for eight (8) projects. In addition, the LACDA currently administers \$19.7 million in ARPA funds for the Childcare Providers Grant Program to provide economic relief to childcare facilities financially impacted by the COVID-19 pandemic in Los Angeles County.

The utilization of CARES Act funding, signed into law in 2020, provided funding for various programs and infused small businesses with capital to sustain operations and give rental assistance to housing tenants. The CARES Act provided the Economic Development Administration (EDA) with \$1.5 billion to support recovery efforts for communities impacted by the pandemic. These funds financed the \$38 million EDA CARES Act Recovery Assistance grant. The LACDA received a \$10.9 million grant in the prior fiscal year to capitalize and administer a Revolving Loan Fund (RLF) program that extends credit to small businesses in Los Angeles County and augments existing business recovery assistance programs to prevent job losses and closure. Utilizing these funds, the LACDA fully disbursed all of the funds in FY 2022-2023 to businesses for working capital, equipment, and inventory needs.

Community Development Block Grant-Coronavirus (CDBG-CV) funds totaling \$5 billion was distributed nationally as part of the CARES Act to respond to the COVID-19 crisis. Working with partner agencies we developed CDBG-CV activities, which assisted residents with limited means who have been impacted by the pandemic, including rental assistance and small business assistance programs to retain employees that are low- and moderate-income. The LACDA received approximately \$32.6 million in CDBG-CV funds which were fully allocated among projects targeting small businesses, vulnerable populations, and health and safety projects. A total of \$28.7 million has been expended life to date through 06/30/2023. Federal Emergency Solutions Grant-Coronavirus (ESG-CV) totaling \$70.4 million was awarded to the LACDA under the CARES Act to prevent, prepare for, and respond to coronavirus, among individuals and families who were homeless or receiving homeless assistance and to support additional homeless assistance and homeless prevention activities to mitigate the impacts created by coronavirus. As the administrator, the LACDA allocated these funds to various agencies throughout LA County for rapid rehousing, temporary emergency shelter, homeless prevention, street outreach and homeless services. A total of \$67.5 million has been expended life to date through 06/30/2023.

Over the LACDA's 40-year history, we have been focused and resolute in our mission to *Build Better Lives and Better Neighborhoods*. We will continue to advocate for policies and funding that allow for the development of new affordable housing, preservation of existing affordable housing, supportive services for individuals and families in need, additional housing subsidies, and the programmatic flexibility to maximize their effectiveness, as well as protections for clients that allow them to find and retain affordable housing.

CERTIFICATE OF ACHIEVEMENT IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the LACDA for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the 37th consecutive year that the LACDA has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government entity must publish an easily readable and efficiently organized Annual Comprehensive 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 Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

OTHER SIGNIFICANT AWARDS FOR THE FISCAL YEAR 2022-2023

Government Finance Officers Association (GFOA) of the United States and Canada
FY 2022-23 Distinguished Budget Presentation Award

Government Finance Officers Association (GFOA) of the United States and Canada
FY 2021-22 Certificate of Excellence in Financial Reporting

Los Angeles County Quality and Productivity Commission
Productivity and Quality – Cities Small Business Grant Program

National Association of Housing and Redevelopment (NAHRO) Merit Award
Small Business Emergency Relief Program and the Los Angeles County Rent Relief Program

National Association of Housing and Redevelopment (NAHRO) Award for Excellence
Economic Development – Cities Small Business Grant Program

National Association of Housing and Redevelopment (NAHRO) Merit Award
Project Design – Orchard Arms Solar Project

National Association of Housing and Redevelopment (NAHRO) Merit Award
Project Design – Earvin “Magic” Johnson Park Phase 1A

ACCOMPLISHMENTS

Community Development Division

The Community Development Division (CDD) facilitates equitable development and community services throughout unincorporated areas of Los Angeles County through public and private partnerships. The division is comprised of two units; Construction Management (CMU) and Grants Management (GMU). CDD’s CDBG Program is the largest Urban County Program in the county, and it marked its 49th anniversary in 2023.

Community Development Division - Construction Management Unit

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

Temple City Library



The Temple City Library, located at 5939 Golden West Avenue, is a 10,000 square foot library that was enlarged to approximately 11,400 square feet. The additional upgrades will maximize the use of space for expanded programming. Upgrades will include a new community meeting room, group study room, enhanced family place and children’s reading areas, interior finishes, lighting, low voltage, HVAC (heating, ventilation, and air conditioning), energy saving measures, and furnishing. Exterior improvements include upgrades to the exiting parking lot. The project was budgeted at \$6.6 million and funded by Fifth District County Capital funds, with a contribution from Temple City. The project is projected to close out by the end of December 2023.

The San Pedro Service Center

Completed in November 2022, the San Pedro Service Center utilized \$1.7 million of County funding to provide refurbishment of an approximately 11,000 square foot community center located at 769 West Third Street in the community of San Pedro.

The scope of work consisted of interior renovations within the existing structure, including demolition of flooring, new interior and exterior paint, new LVT flooring tile, acoustical ceiling tiles, new led light fixtures, new customer service desk, Americans with Disabilities Act (ADA) upgrades, and removal of exterior patio floor paint.

In October 2021, the LACDA received Notice to Proceed on the project and began construction in December 2021, working in conjunction with Emar Studio for Public Architecture.

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 112 In-Progress Monitoring (IPM) reviews for compliance monitoring of the Community Development Block Grant (CDBG) activities funded in the fiscal year 2022-2023. This unit also conducted 7 labor compliance reviews of CDBG-funded construction projects completed during the fiscal year 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.

Community Resource Center (CRC)

The CRC serves the unincorporated community of South Whittier through events, meeting, and educational opportunities. During this reporting period the CRC continued to manage its information and referral services and homework assistance activities. Partner agencies administered their respective programs throughout the year. Facility usage/community meetings, and special community events were re-instated.

The CRC's After-School Homework Assistance Program in-person services continued throughout the school year including a Spring Break session and a six (6)-week outreach into the community and with school advisors for referrals. CRC staff coordinated community workshops on Mental Health Awareness and Wellness and a new partnership with the LA County Office of Education for "One Pill Can Kill" – Fentanyl information and awareness workshop. The CRC partner agencies including John Wesley County Hospital (JWCH) medical clinic, Chiropractic College, Rio Hondo College, Long Beach Community Action Partnership, and Legal Aid Foundation of Los Angeles returned to in-person services. Three (3) large-scale community special events including National Night Out as the facility which included safety education and a school supply distribution which had over 500 residents reconnecting with their neighbors; Holiday Food and Toy and an overwhelmingly successful Health and Wellness Fair which was attended by more than 1,500 families and their children.

The LA County Board of Supervisors (BOS) approved the transfer of the CRC to the County Department of Consumer and Business Affairs (DCBA) on June 27, 2023.

Lead Mitigation Program

The LACDA administers lead mitigation program to protect health and human safety by performing lead paint hazard remediation in order to prevent the future lead poisoning of thousands of children in the County of Los Angeles. The program receives County funding, in partnership with Los Angeles County Department of Public Health (DPH) for residential units, and funding from HUD for multi-family units. During this fiscal year, outreach activities included: Mailed approximately 30,100 mailer packets/reminder postcards to residents in targeted areas; conducted 28,000 door knocks to speak directly with residents; sent 877 mailers to property owners; held 11 stakeholder community meetings, and contracted with one agency to assist with additional outreach and enrollment activities. In addition, LACDA developed two (2) Service Area Plans that identified the outreach and enrollment strategies for two (2) focus areas throughout the County and executed a contract with the City of Pomona to conduct the outreach and enrollment portion of the program in their city. During FY 2022-2023, the program expended \$14.4 million and completed mitigation on 277 units.



Bringing Families Home Program

The LACDA provided grant administration for 18 contracts, awarded to 11 CBO's, for a total of \$26.8 million, comprised of contract development, project monitoring, monthly and quarterly reporting, and monthly partner meetings. During FY 2022-2023, the program expended \$5.3 million, provided services to 930 families, and housed 217 families with 539 children.

Coronavirus Aid, Relief, and Economic Security (CARES) Programs

As part of the CARES Act enacted March 27, 2020, the LACDA received approximately \$32.6 million in Community Development Block Grant-Coronavirus (CDBG-CV), \$70.4 million in Federal Emergency Solutions Grant-CV (ESG-CV), and \$37.2 million in State of California (State) ESG-CV funds. CDBG-CV funds were allocated based on the same formula as regular CDBG and have been fully allocated among projects targeting small businesses, vulnerable populations, and health and safety projects. ESG-CV funds were used to assist persons who are homeless. Life to date through 06/30/2023, the CDGB-CV and ESG-CV programs have expended \$131.6 million of the total \$140.2 million received, providing assistance to 358,357 low- and moderate-income persons, 19,299 homeless persons, 567 businesses, 45 public facilities, and have helped to create 255 jobs.

Coronavirus Aid, Relief, and Economic Security (CARES) Programs

As part of the CARES Act enacted March 27, 2020, the LACDA received approximately \$32.6 million in Community Development Block Grant-Coronavirus (CDBG-CV), \$70.4 million in Federal Emergency Solutions Grant-CV (ESG-CV), and \$37.2 million in State of California (State) ESG-CV funds. CDBG-CV funds were allocated based on the same formula as regular CDBG and have been fully allocated among projects targeting small businesses, vulnerable populations, and health and safety projects. ESG-CV funds were used to assist persons who are homeless. Life to date through 06/30/2023, the CDGB-CV and ESG-CV programs have expended \$131.6 million of the total \$140.2 million received, providing assistance to 19,299 homeless persons.

Housing Investment and Finance Division

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

During the reporting period HOME, Measure H, Mental Health Housing Funds, Homeless Service Center Funds, No Place Like Home, and Affordable Housing Trust funds were utilized to assist in the financing of affordable and special needs housing. A total of 1,630 units were completed and received the Certificate of Occupancy from a total expenditure of \$150.9 million.

The Homeownership Program (HOP) funded 15 deferred loans totaling \$1.4 million for buyers earning less than 80 % of the Area Median Income (AMI). The Single-Family Home Improvement Program (SFHIP), Senior Grant Program (SGP), Handy Worker program (HW), and Mobile Home program (MH) provided assistance to eligible low-income homeowners for safety related repairs. There were 16 units completed under SFHIP, 10 units completed under SGP, 65 units under the HW program, and 6 units under the MH program for total expenditures of approximately \$2.1 million.

The Residential Sound Insulation Program provided grants to sound insulate residential dwelling units from aircraft noise caused by the Los Angeles World Airports in the unincorporated area of Lennox, Del Aire, and Athens. During the fiscal year, 58 units with code-related issues were completed for approximately \$4.4 million.

Directed by the Los Angeles County Board of Supervisors, the Chief Executive Office (CEO), Treasurer and Tax Collector (TTC), the LACDA, and County Counsel to develop a process to help secure tax-defaulted properties through Chapter 8 Agreement Sales for Community Land Trusts (CLTs) to create long-term affordable housing. Further, the motion instructed the departments to establish a Pilot Community Land Trust Partnership Program, solicit partnerships with CLTs and nonprofits to utilize the process, and identify and designate funding for the Pilot Program. The CEO and the LACDA determined that the most efficient method to assist CLTs in purchasing properties is for the LACDA to administer the Pilot

Program, which includes executing grant agreements with the CLTs and completing the transfer of County funding into an escrow account for the respective CLT to acquire the property. LACDA received \$14 million for this Pilot Program, as of 6/30/23, this program has provided funding for the acquisition of four (4) properties with 16 units for conversion to affordable housing for the CLT program totaling over \$13 million.

Westhaven Apartments

Completed in October 2022, Westhaven Apartments is a housing project located in Supervisorial District 2 serving homeless and special needs households and low-income families. Westhaven (Development) is a 57-unit, new construction, supportive housing development located in the unincorporated community of Athens in the South Los Angeles region of Los Angeles County.

The Development will include 27 studio units and 29 one-bedroom units, as well as one two-bedroom unit for the onsite property manager. All leasable units are designated for unhoused or formerly unhoused individuals, of which 39 units will be set-aside as No Place Like Home (NPLH) assisted units for persons living with a severe mental illness. The LACDA awarded \$5.75 million in NPLH Program funds and all units are subsidized with Section 8 Project-Based Vouchers.



Westhaven consists of a single five-story building (four levels of wood-frame Type V construction over one level of concrete Type I construction) totaling approximately 37,600 square feet. The Development was built on an improved, but underutilized parcel in an amenity rich area. Amenities include a community room with a kitchen and computer workstations, community pantry, outdoor community space, rooftop terrace, property management offices, case management offices, laundry facilities, 35 long- and short-term bicycle parking stalls, and 36 parking spaces for residents and staff. Seven units were designed with full accessibility features for mobility and four units were designed with communication features, meeting all applicable accessibility requirements. All remaining units feature adaptable design. Mural artwork featured on the side of the building was done by LA artists at Studio Tutto.

HiFi Collective

Completed in December 2022, HiFi Collective is a housing project serving households with special needs-homeless, chronically homeless, and chronically homeless with a mental illness.

HiFi Collective (Development) is a 64-unit permanent supportive affordable housing development located in the Historic Filipino neighborhood in the City of Los Angeles. The Development's 64 units will be comprised of 63 supportive housing studio units and one (1) two-bedroom manager's unit. The Development will serve 32 homeless households and 31 homeless households with a mental illness. All 31 units restricted to homeless individuals with a mental illness will be assisted by the Department of Mental Health (DMH) and the Department of Public Health (DPH) through the LACDA's No Place Like Home (NPLH) Program. Sixty-three studio units will be reserved for individuals earning at or below 30% AMI, and all 60 affordable units will be subsidized with Section 8 Project-Based Vouchers through HACLA.



The Development is a qualifying Tier 2 project with the City’s Transit Oriented Communities Affordable Housing Incentive Program (TOC) and, therefore, there is no required vehicular parking for the residential units. The Development is providing a community room which includes service and property management offices, long-term and short-term bicycle parking, a second-floor outdoor patio, two laundry rooms, and a 6,745 square foot ground floor commercial space intended for Search to Involve Pilipino Americans (SIPA), a community nonprofit organization. The Development is providing seven mobility feature units and three communication feature units.

Adams Terrace

Adams Terrace grand opening was celebrated in February 2023. Located in the West Adams neighborhood of the City of Los Angeles, Adams Terrace (Development) consists of two sites developed into 86 units (38 studios, 46 one-bedrooms) of affordable housing for seniors and two (2) two-bedroom manager’s units. Forty-three units are reserved as supportive housing for seniors previously experiencing homelessness.

There are a total of 51 vehicular parking spaces and 90 bicycle parking spaces at-grade. Each building will provide a community room, property management and resident services offices, manager's unit, laundry rooms, and lobbies. Open space is disbursed throughout the buildings as open courtyards and rooftop terraces. Supportive services are provided in partnership with the St. Joseph Center.



Adams Terrace is specifically designed for seniors as it incorporates elements of Universal Design, and all common areas will be fully accessible. The Development has incorporated more than the code-required open space area to create a comfortable living environment and to stimulate social interaction among its residents. The Development has on-site laundry facilities to help seniors avoid traveling to a laundromat. The buildings have community rooms and well-staffed property management and resident services offices to provide essential on-site services and to facilitate a healthy and cohesive living environment among its residents. The site is located close to the city center, public transit, and a wide range of amenities relevant for seniors, such as groceries, pharmacies, retail stores, libraries, parks, social service agencies, and more. Supportive services include case management; referrals for medical, dental, and vision; behavioral health, individual counseling and group therapy; benefits, food, and transportation assistance.

The Development was awarded \$5 million (\$3 million in Mental Health Housing Program (MHHP) funds and \$2 million in Affordable Housing Trust Funds (AHTF) through the Notice of Funding Availability (NOFA) 24-A.

LAMP Lodge

The LACDA celebrated the grand opening of the LAMP Lodge in February 2023. LAMP Lodge (Development) is an 82-unit, new construction, supportive housing development located in Downtown Los Angeles. The Development includes a mix of 74 studio units, seven (7) one-bedroom units and one (1) two-bedroom property manager’s unit. All 81 rent-restricted units are reserved for households earning at or below 30% AMI, where one or more members is receiving intensive services from DHS and/or DMH.

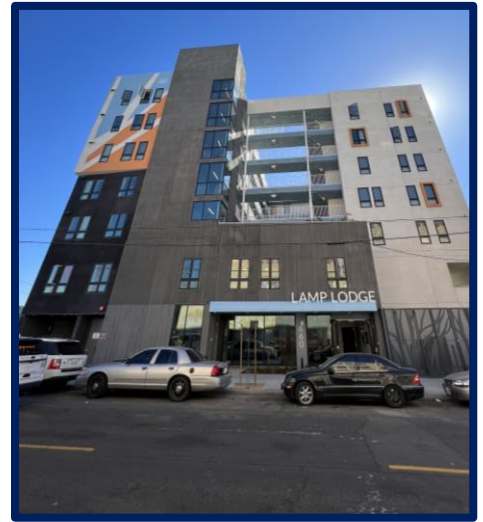
The Development consists of a single seven-story building totaling approximately 49,000 square feet. Amenities include a public lobby, open-air courtyard, edible garden, large community room with kitchen, indoor bicycle parking, laundry facilities, and property and case management offices.

The Development complies with the requirements of 2010 American with Disabilities Act Standards, California Building Code Chapters 11(A) and 11(B), and Uniform Federal Accessibility Standards. Additionally, 50% of units incorporate Universal Design.

Supportive services will be provided to all residents by The People Concern. Supportive services will include intensive case management and individualized service plans, substance abuse treatment, housing outplacement, life skills training, benefits education and advocacy, attendant care, representative payee services, end of life counseling, medication management services, transportation assistance, green education workshops, education services, organized community activities, and linkages to community-based services, including physical health care, adult day care, peer advocacy and mentoring.

The LACDA's loan consists of \$2 million in Affordable Housing Trust Funds (AHTF) and \$3 million in Mental Health Housing Program (MHHP) Funds. The 15 AHTF-assisted units are reserved for homeless households and the 19 MHHP-assisted units are reserved for homeless households where one or more members is living with mental illness.

Equa (formerly known as Avocado Heights)



Equa is a new construction. This five-story 81-unit mixed population affordable housing development located in the unincorporated Los Angeles County community of Avocado Heights celebrated its grand opening in April 2023. The development will provide 80 units for homeless households living with a mental illness and families with limited means, comprised of 40 one-bedroom units, 20 two-bedroom units, and 20 three-bedroom units. There will be one (1) three-bedroom unit for an onsite property manager. All units are earmarked for persons earning between 30% - 70% of the Area Median Income (AMI).

Equa features supportive service space, community recreation areas, property manager office space, secure bike parking, laundry facilities, a residential lobby, and open space courtyards located at the front of the building and on the second floor.

LINC (LINC Housing Corporation) ICMS will be the lead service provider for the 34 No Place Like Home units reserved for homeless households living with a mental illness. LINC Cares will be the supportive services provider for the 46 low-income families. Services to both populations will include access to case management, mental health counseling, substance abuse counseling, education, employment and training, housing outplacement, life skills, physical health care, benefits assistance, representative payee, legal assistance, peer advocacy and social activities. The LACDA provided \$5 million in No

Place Like Home funds and 45 Project-Based Vouchers.

Housing Operations Division

The LACDA has 3,229 public and affordable housing units located throughout Los Angeles County. Inventory consists of 2,962 public housing units located at 63 sites; 226 units under the Multi-Family/Section 8 New Construction Program at Kings Road in West Hollywood and Lancaster Homes in Lancaster; and 41 State Rental Housing Construction Program units in Santa Monica.

The Housing Operations Division (HOD) receives Operating Subsidies and Housing Assistance Payments contracts from U.S. Department of Housing and Urban Development (HUD). Additional revenue consists of rent receipts, County General Funds and other federal and state grants. These revenue sources are used to operate and provide modest affordable housing and to provide resident supportive services to families and seniors with limited means.

Property and Asset Management Overview



Effectively generate and utilize the resources of the LACDA to provide quality affordable housing and expand opportunities to improve the quality of life in our housing developments through the involvement of employees, residents, and community partners.

The Public Housing Program has been rated High Performer for the last 13 years by HUD for the following categories:

- REAC Score: 38/40
- Financial Score: 25/25
- Management Score: 25/25
- Capital Fund Score: 10/10
- PHAS Total Score: 98/100

Resident Opportunity Self-Sufficient Program (ROSS)

The ROSS-Service Coordinator program promotes the coordination of public and private resources for supportive services and resident empowerment activities. These services include large community events, Back 2 School Jams, holiday parties. A service Coordinator also ensures that program participants are linked to the supportive services they need to achieve self-sufficiency or remain independent.

Los Angeles County Development Foundation (CDF)

The LACDF is a 501(c)3 non-profit organization of the LACDA. The Scholarship Program awards are typically \$1,000 for students. Since 1997, the LACDF has awarded over \$393,000 in scholarships to over 373 participants, many of whom have since graduated and entered into professional fields of practice including doctors, nurses, and lawyers. During the fiscal year, 10 scholarships were awarded. Additionally, the LACDF offers College Access and Success Workshops to prepare students for college enrollment and completion. These workshops include FAFSA assistance, SAT test preparation, effective study tips, and assistance with college applications, and essays. Professionals within varying fields facilitate these workshops and are available for follow-up support. These workshops support both the student and parent in making decisions, with a special focus on navigating the transition from high school to college. The After School Fuel Nutrition and After School Science, Technology, Engineering, and Mathematics (STEM) programs brought several workshops including a Bicycle Moto Cross (BMX) demonstration and a hands-on science lab week.



Housing Assistance Division

The LACDA is the second largest Public Housing Agency in Southern California. We receive Federal funds from the U.S. Housing and Urban Development (HUD) to provide housing subsidies paid directly to private landlords, for over 29,000 eligible families, seniors, veterans, and persons with disabilities living in the unincorporated area of Los Angeles and 62 participating cities. The rental subsidy programs include Section 8 Housing Choice Voucher (HCV) Program, Veterans Affairs Supportive Housing (VASH), Continuum of Care (CoC), Moderate Rehabilitation, Project-Based Voucher (PBV), Mainstream, Family Unification and Housing Opportunities for Persons with Aids (HOPWA).

Housing Programs

Section 8 Housing Choice Voucher (HCV) Program

The Section 8 HCV Program is a Federally funded housing assistance program for families with very limited means, the elderly, and persons with disabilities. The agency administers over 26,000 vouchers.

Project-Based Voucher (PBV) Program

The PBV Program offers housing assistance that is tied directly to a unit of an approved housing site. We have provided assistance to over 1,600 individuals and families.

Continuum of Care (CoC) Program

The CoC Program is designed to promote communitywide commitment to the goal of ending homelessness. The program provides rental assistance services to quickly rehouse homeless individuals and families. During the reporting period we have administered 31 grants which assisted 1,551 homeless families with special needs.

Emergency Housing Voucher (EHV) Program

The EHV Program provides vouchers for low-income housing assistance and incentives to eligible landlords, including a on-time signing bonus of \$2,500 for each unit leased to an EHV holder. During this reporting period 1,964 vouchers have been issued.

Rapid Re-Housing for Homeless Families

The LACDA utilizes the special Administrative Funds system to provide rapid re-housing assistance for families that are homeless or at risk of homelessness. 2,861 families were provided support.

Veterans Affairs supportive Housing (VASH) Program

The VASH Program provides rental assistance vouchers, case management, and clinical services to unhoused veterans. Currently, we have leased up 55% of VASH vouchers and received a new allocation of 250 VASH vouchers.

Family Self-Sufficiency (FSS) Program

The FSS Program is a voluntary five-year plan to assist families receiving subsidized rental assistance to become financially independent. Currently, there are 332 families enrolled in the program with 28 graduates.

Housing Programs – Landlord Incentives

Homeless Incentive Program (HIP)

HIP offers monetary incentives to property owners who rent their available units to LACDA voucher holders who previously experienced homelessness. Over \$8 million of incentive payments have been provided during the fiscal year. Incentives include sign-on bonus, damage mitigate fees, security deposit, application fees, utility set-up, furniture, and rent on vacant units.

Open Doors

Open Doors provides assurances to property owners renting available units to LACDA voucher holders. Over \$9 million of incentive payments have been provided during the fiscal year. Incentives include sign-on bonus, damage mitigation fee, security deposit, and rent on vacant units.



Traffic Administration Services Program

The Traffic Administration Services (TAS) Program (formerly Traffic Violator School Monitoring) was created on April 15, 1997, when the LA County Board of Supervisors approved the Three-Party Agreement between the LACDA (then CDC/HACoLA), the Superior Court of California, and the County of Los Angeles (Court).

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

In addition, we administer the LACDA's Court-Referred Community Service Program Monitoring (CRCS), which establishes and enforces policies and procedures for Community Service Referral Agencies (CSRAs) and provides the Court and its customers with a countywide list of CRCS-approved CSRAs. Through CRCS, TAS provides well-needed independent monitoring of the CSRA industry to help improve program reliability and accountability.

During the fiscal year, we resolved 15,080 traffic citation and traffic school-related issues on behalf of the Los Angeles Superior Court and individual traffic violator schools. LACDA provided administration services at 18 Court locations. Traffic citation and traffic school related assistance was provided to 15,080 customers who contacted us via telephone, email and the LACDA/TAS website.

A total of 117,410 published copies of the Los Angeles Superior Court/TAS Traffic Violator School Location List (pursuant to Section 11205 of the California Vehicle Code) and 215,000 Traffic School Information Sheets were distributed.

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, Berman Hopkins CPAs & Associates, LLP. We wish to express our appreciation to the individuals who contributed to its preparation.

Sincerely,



EMILIO SALAS
Executive Director



MATTHEW FORTINI
Chief Financial Officer

BOARD OF SUPERVISORS

COUNTY OF LOS ANGELES



HILDA L. SOLIS
FIRST SUPERVISORIAL DISTRICT

HOLLY J. MITCHELL
SECOND SUPERVISORIAL DISTRICT

LINDSEY P. HORVATH
THIRD SUPERVISORIAL DISTRICT

JANICE HAHN
FOURTH SUPERVISORIAL DISTRICT

KATHRYN BARGER
FIFTH SUPERVISORIAL DISTRICT

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

PRINCIPAL OFFICIALS

BOARD OF COMMISSIONERS

Lindsey P. Horvath.....Chair of the Board
Hilda L. Solis..... Supervisor First District
Holly J. Mitchell.....Supervisor Second District
Janice HahnSupervisor Fourth District
Kathryn Barger.....Supervisor Fifth District

HOUSING ADVISORY COMMITTEE

Pamela Williams.....Chair of Committee
James Brooks..... Vice Chair of Committee
Mary Canoy Tenant Member
Renee Contreras Tenant Member
Zella Knight..... Tenant Member
Ruthie Myers Tenant Member
Anna Swett Tenant Member
Takao Suzuki.....Non-Tenant Member, First District
Kelli Lloyd Non-Tenant Member, Second District
Elda Mendez-Lemus..... Non-Tenant Member, Third District
Connor Lock..... Non-Tenant Member, Fourth District

OFFICERS

Emilio Salas..... Executive Director
Tracie Mann Chief of Programs
Kathy Thomas Chief of Operations

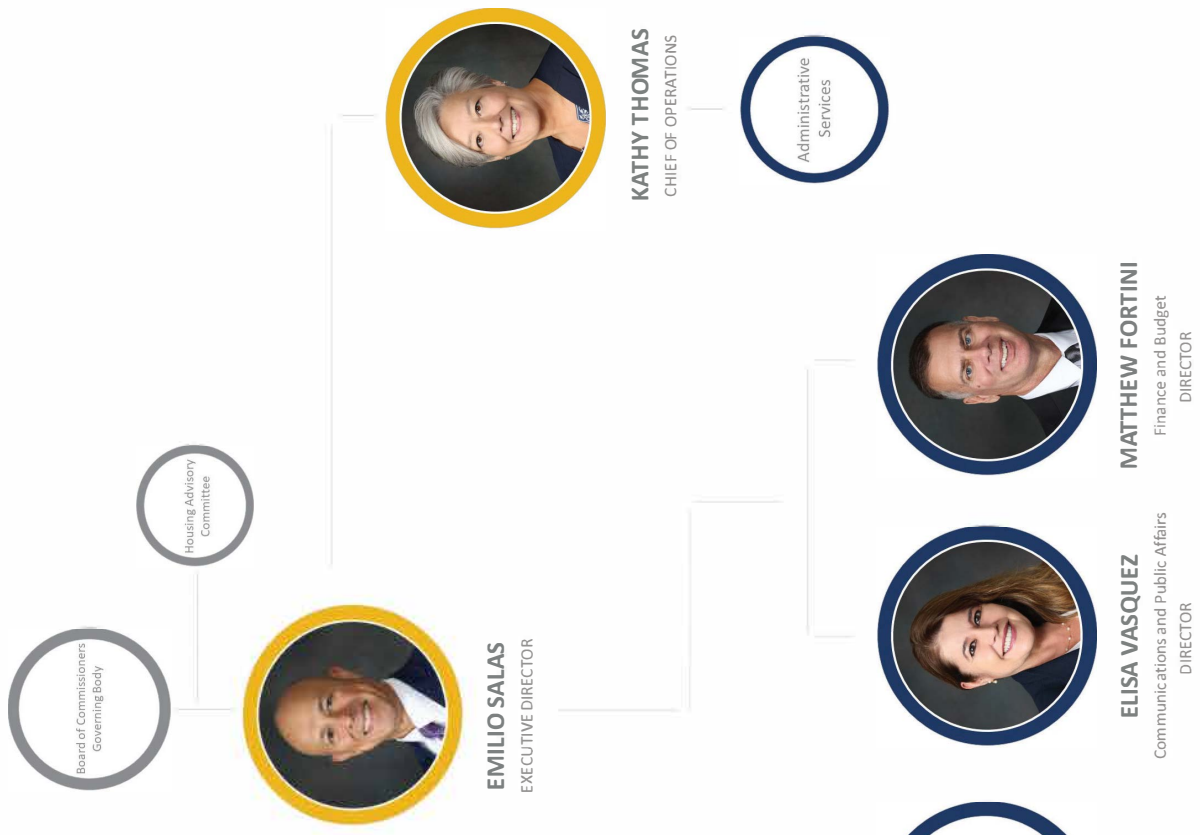
DIRECTORS

Matthew Fortini, Acting.....Housing Operations
Matthew Fortini.....Finance and Budget
Linda Jenkins..... Community Development
Medina Johnson-Jennings Housing Assistance
Lynn KatanoHousing Investment and Finance
Elisa Vásquez Communications and Public Affairs
Vacant..... Administrative Services

EXECUTIVE TEAM
The LACDA is led by a team of skilled professionals dedicated to advancing the agency's mission and goals



- Governance
- Executive Office
- Directors





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Los Angeles County Development Authority
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Los Angeles County Development Authority (the "LACDA"), a component unit of the County of Los Angeles, California, as of and for the year ended June 30, 2023, and the related notes to the basic financial statements, which collectively comprise the LACDA's basic financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the LACDA as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the LACDA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

MELBOURNE

8035 Spyglass Hill Road
Melbourne, FL 32940
321-757-2020

ORLANDO

255 South Orange Avenue, #1200
Orlando, FL 32801
407-841-8841

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis; the budgetary comparison schedules for the general fund, the Federal Housing and Community Development fund, the Other Federal fund, the Local Housing and Community Development fund, and the Low and Moderate Income Housing Asset fund; the schedule of changes in the net pension liability and related ratios; the schedule of employer contributions for pension; the schedule of changes in net other postemployment benefit (OPEB) liability and related ratios; and the schedule of employer contributions for OPEB, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the LACDA's basic financial statements as a whole. The accompanying combining and individual fund financial statements and schedules ("supplementary information") identified in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2023 on our consideration of the LACDA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the LACDA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the LACDA's internal control over financial reporting and compliance.

November 13, 2023
Melbourne, Florida

Berman Hopkins Wright & LaHam
CPAs and Associates, LLP

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Management's Discussion and Analysis Year ended June 30, 2023

This Management's Discussion and Analysis (MD&A) section of the Annual Comprehensive Financial Report provides a financial overview and analysis of the LACDA's financial activities for the fiscal year ended June 30, 2023. The areas discussed include financial highlights, government-wide financial analysis, fund financial analysis, capital assets, and debt administration. This information should be read in conjunction with the accompanying transmittal letter, basic financial statements, notes to the basic financial statements, and required supplemental information. Financial activities deemed immaterial were not analyzed.

Financial Highlights

- Total aggregated net position for LACDA as of June 30, 2023, is \$815,545,266 and includes the following:
 - \$148,371,584 in net investment in capital assets
 - \$621,977,117 in restricted net position
 - \$45,196,565 in unrestricted net position
- Compared to last fiscal year, LACDA's total net position increased by \$92,104,946. Of this increase, \$78,487,179 was attributed to governmental activities and \$13,617,767 to business-type activities.
- At the end of the fiscal year, LACDA's fund balances of all governmental funds totaled \$624,626,255, an increase of \$98,066,681 over last fiscal year. \$3,195,966 of the total fund balances is non-spendable, while \$617,695,620 is restricted, and \$3,734,669 is unassigned.
- \$3,195,966 of the total general fund balance is non-spendable, \$62,312,970 is restricted, and \$3,734,669 is unassigned.
- The LACDA's total debt increased by \$63,142,902 during the fiscal year. The increase was primarily due to an increase in the net pension liability of \$50.4 million, \$1.5 million in net other postemployment benefits liability, \$3.4 million in claims payable, \$1.5 million in subscription liability for the software arrangements and a new debt issuance of \$10.3 million Section 108 loan for the Vermont Manchester project. This was offset by the debt payment of \$2.7 million for Section 108 loans, and \$1.1 million in lease liability for the Palmdale office building lease termination.
- Total revenue is \$934,864,098, comprised of the following activities: governmental \$401,464,619 or 43% of total revenue, and business-type \$533,399,479 or 57% of total revenue.
- Total expenses are \$842,759,152, comprised of the following activities: governmental \$321,957,604 or 38% of total expenses, and business-type \$520,801,548 or 62% of total expenses. The governmental activities include general government expenses of \$1,853,603 or 0.2% of total expenses.

Overview of the Basic Financial Statements

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

The accompanying Fund Financial Statements include statements for three categories of activities: governmental, proprietary, and fiduciary. The governmental funds are prepared using the current financial resources measurement focus

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Management's Discussion and Analysis Year ended June 30, 2023

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 fiduciary fund is *not* presented in the accompanying government-wide financial statements since the resources of those funds are *not* available to support the LACDA's programs. The basis of accounting used for the fiduciary fund is similar to what is used for the proprietary funds. The reconciliations of the Fund Financial Statements to the Government-wide Financial Statements are provided to facilitate a comparison between governmental funds and governmental activities.

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

During the fiscal year, the LACDA implemented the following GASB statements: *GASB Statement No. 91, Conduit Debt Obligations*, *GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, and *GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs)*. The objective of *GASB Statement No. 96* is to improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also enhances the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The implementation of this Statement required restatement of LACDA's beginning net position for the fiscal year ended June 30, 2023. The primary objectives of *GASB Statement No. 91* are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. *GASB Statement No. 94* is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The implementation of these two GASB statements have minimal impact in the presentation of the LACDA's financial statements.

Government-wide Financial Statements

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

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

Fund Financial Statements

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

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.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Management's Discussion and Analysis Year ended June 30, 2023

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 19-21 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 the Alhambra Building.

Enterprise Funds – Enterprise funds are used to account for activities similar to those found in the private sector. The LACDA's major enterprise funds are Public Housing, Other Housing, and Section 8 program.

The basic proprietary fund statements are presented on pages 23-25 of this report.

Fiduciary fund

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

The basic fiduciary fund statements are presented on pages 26-27 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 28-65 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 LACDA's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 69-79 of this report.

Internal Service Funds are presented on pages 84-86, immediately following the required supplementary information.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Management's Discussion and Analysis Year ended June 30, 2023

Government-wide Financial Analysis

As presented earlier, the LACDA's net position at June 30, 2023, totaled \$815,545,266 with \$621,977,117 restricted, \$148,371,584 net investment in capital assets, and \$45,196,565 unrestricted. The changes in this year's net position include an increase of \$78,487,179 in governmental activities and \$13,617,767 in business-type activities.

Los Angeles County Development Authority - Net Position

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$730,605,595	\$644,644,472	\$ 61,416,566	\$ 59,718,564	\$792,022,161	\$704,363,036
Capital assets, net of accumulated depreciation/amortization	52,104,459	55,787,189	131,913,016	119,075,554	184,017,475	174,862,743
Total assets	782,710,054	700,431,661	193,329,582	178,794,118	976,039,636	879,225,779
Deferred outflows of resources related to pensions and OPEB	23,451,783	7,448,953	15,270,491	4,742,263	38,722,274	12,191,216
Long-term liabilities	98,965,597	57,244,381	28,744,177	7,322,491	127,709,774	64,566,872
Other liabilities	47,073,292	58,551,923	9,562,128	10,158,048	56,635,420	68,709,971
Total liabilities	146,038,889	115,796,304	38,306,305	17,480,539	184,345,194	133,276,843
Deferred inflows of resources related to leases, pensions and OPEB	12,465,717	23,164,280	2,405,733	15,304,643	14,871,450	38,468,923
Net investment in capital assets	18,901,383	22,973,045	129,470,201	115,816,808	148,371,584	138,789,853
Restricted	607,848,016	522,334,698	14,129,101	14,065,586	621,977,117	536,400,284
Unrestricted	20,907,832	23,612,287	24,288,733	20,868,805	45,196,565	44,481,092
Total net position	\$647,657,231	\$568,920,030	\$167,888,035	\$150,751,199	\$815,545,266	\$719,671,229

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Management's Discussion and Analysis Year ended June 30, 2023

Los Angeles County Development Authority – Changes in Net Position

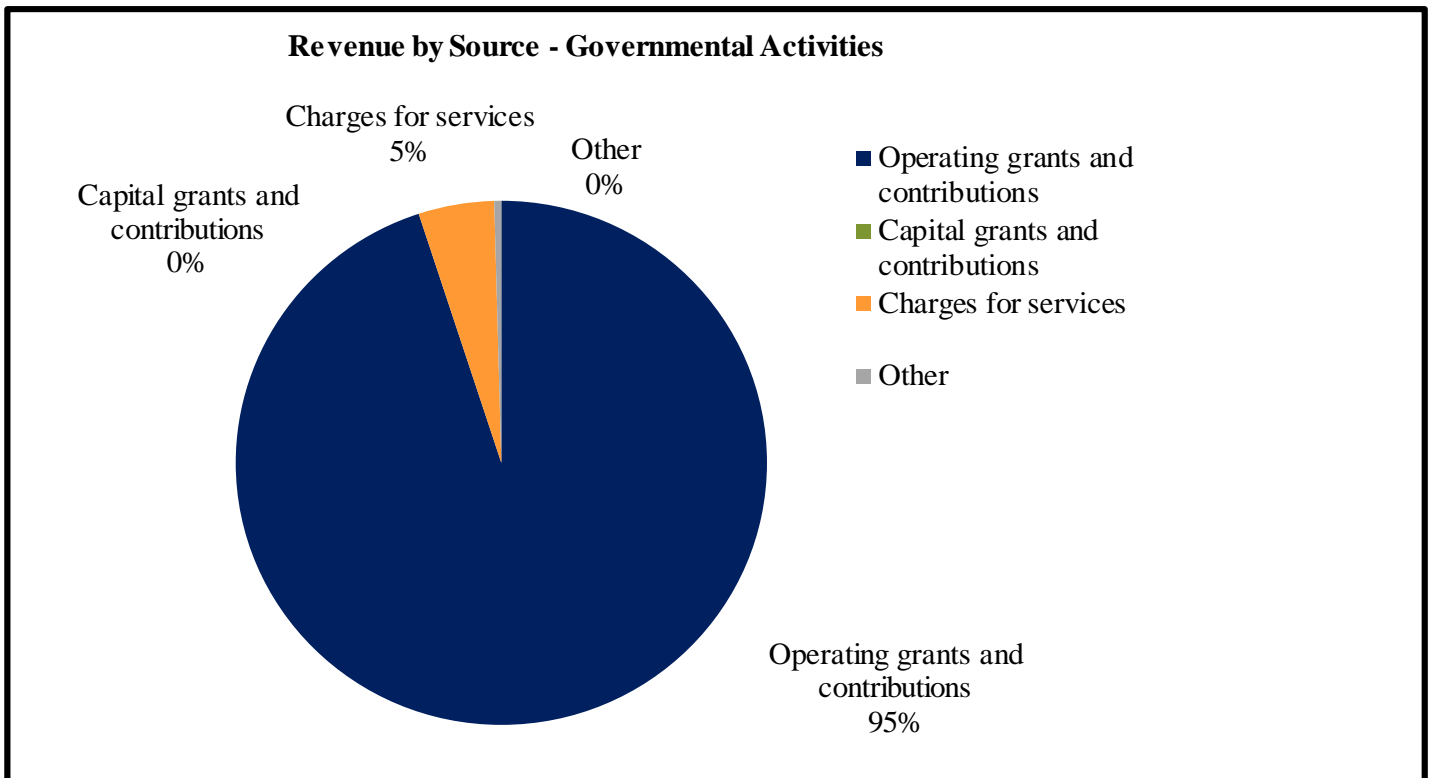
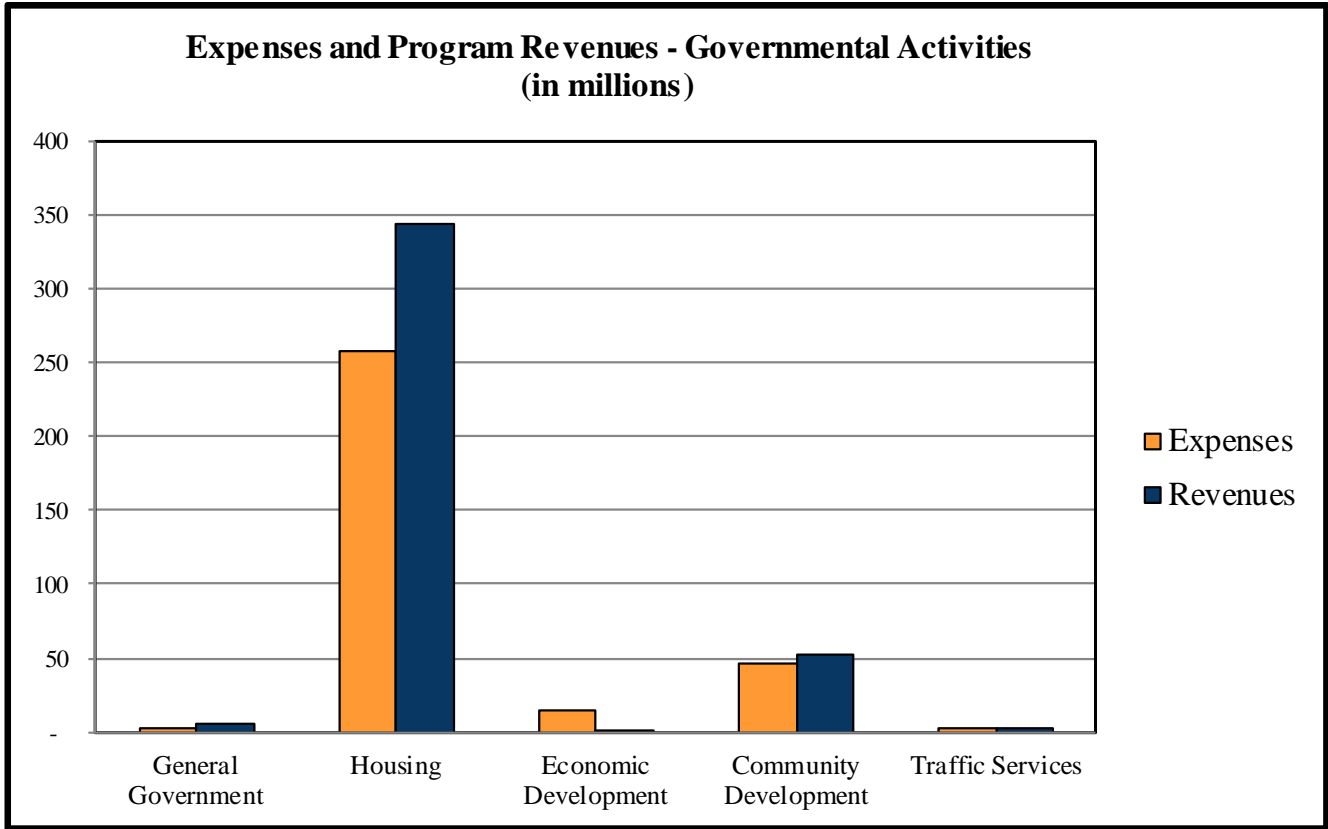
	Years ended June 30					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 18,798,179	\$ 17,147,435	\$ 16,771,443	\$ 15,994,970	\$ 35,569,622	\$ 33,142,405
Operating grants and contributions	387,201,280	409,164,900	502,862,766	423,350,541	890,064,046	832,515,441
Capital grants and contributions	-	-	13,142,147	7,962,202	13,142,147	7,962,202
General revenues:						
Investment income (loss)	(3,857,454)	(24,927,578)	362,900	1,608,670	(3,494,554)	(23,318,908)
Insurance recoveries	1,743,650	-	245,219	-	1,988,869	-
Gain (loss) on sale of property	(2,421,036)	-	15,004	-	(2,406,032)	-
Total revenues	401,464,619	401,384,757	533,399,479	448,916,383	934,864,098	850,301,140
Program expenses:						
General government	1,853,603	3,117,660	-	-	1,853,603	3,117,660
Housing	256,953,062	324,945,641	-	-	256,953,062	324,945,641
Economic development	13,394,731	12,156,257	-	-	13,394,731	12,156,257
Community development	46,961,673	60,531,276	-	-	46,961,673	60,531,276
Traffic services	2,323,602	2,330,716	-	-	2,323,602	2,330,716
Interest on long-term debt	470,933	176,725	-	-	470,933	176,725
Section 8 program	-	-	482,254,620	395,443,329	482,254,620	395,443,329
Public housing	-	-	33,344,317	30,813,539	33,344,317	30,813,539
Other housing	-	-	5,202,611	4,875,639	5,202,611	4,875,639
CDPLAC	-	-	-	1,319,131	-	1,319,131
Total expenses	321,957,604	403,258,275	520,801,548	432,451,638	842,759,152	835,709,913
Change in net position before transfers	79,507,015	(1,873,518)	12,597,931	16,464,745	92,104,946	14,591,227
Transfers	(1,019,836)	988,736	1,019,836	(988,736)	-	-
Change in net position	78,487,179	(884,782)	13,617,767	15,476,009	92,104,946	14,591,227
Net position – beginning, as restated	569,170,052	569,804,812	154,270,268	135,275,190	723,440,320	705,080,002
Net position – ending	\$ 647,657,231	\$ 568,920,030	\$ 167,888,035	\$ 150,751,199	\$ 815,545,266	\$ 719,671,229

Governmental Activities

The increase in net position of \$78,487,179 for governmental activities was attributed to the following increases: \$74 million funding from the County for the local housing and community development programs, and \$7.2 million new federal passed-through funding for the American Rescue Plan (ARP) Childcare program due to the pandemic caused by COVID-19. These increases were slightly offset by a loss of \$2.4 million related to a property transferred to the County.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Management’s Discussion and Analysis
Year ended June 30, 2023**

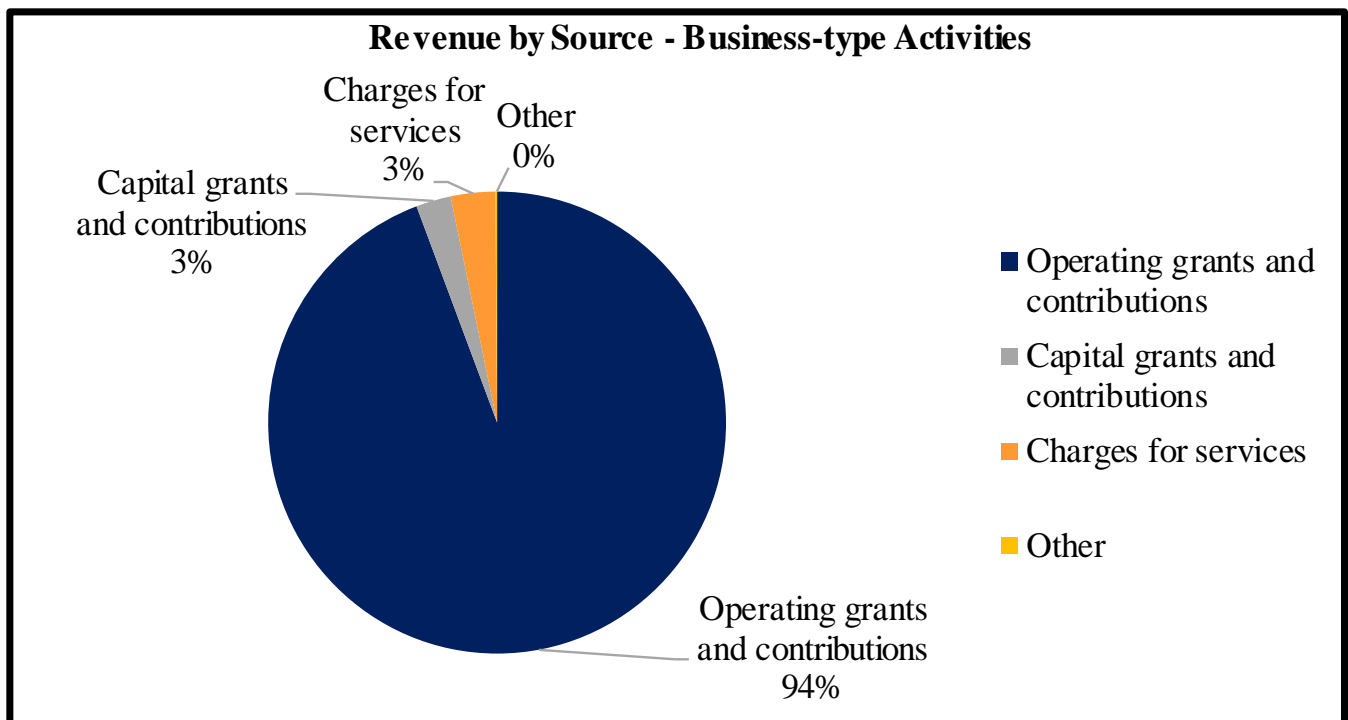
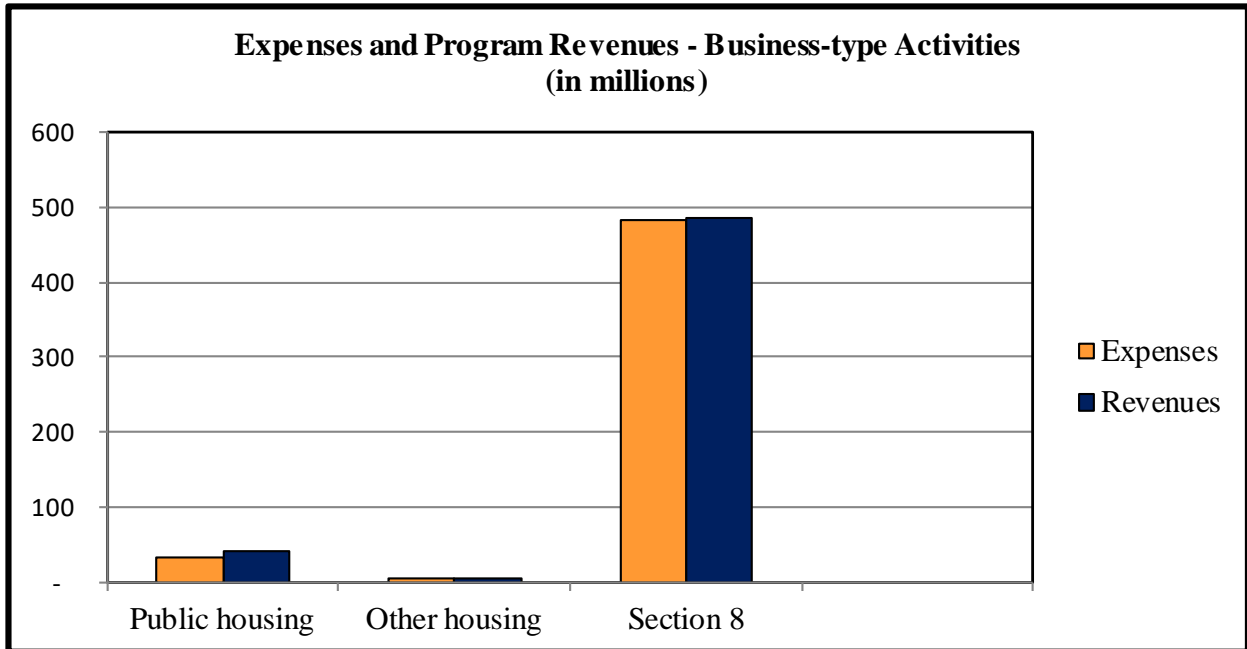


LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Management’s Discussion and Analysis
Year ended June 30, 2023**

Business-type Activities

The increase of \$13,617,767 in net position for business-type activities was mainly attributed to an increase of \$2.4 million in the Section 8 Program, \$10.4 million in Public Housing and \$0.8 million in the Other Housing Programs. The increase in Section 8 Program was due primarily to an increase in Section 8 administrative fee revenue of approximately \$2.1 million and nearly \$0.3 million in Family Self-Sufficiency (FSS) revenue. The \$10.4 million increase in Public Housing was due to additional funding from the Public Housing Capital Grants and dwelling rental revenues.



LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Management's Discussion and Analysis Year ended June 30, 2023

Fund Financial Analysis

Governmental Funds

At June 30, 2023, the LACDA's total governmental fund balance was \$624,626,255, a net increase of \$98,066,681, or 18.6% from last fiscal year. An increase of \$74 million in the Local Housing and Community Development was mainly attributed to additional funding from the County for the administration of the preservation and development of special needs and affordable housing, and an increase of \$13.2 million in Federal Housing and Community Development due to a new Section 108 loan debt issuance for the Vermont Manchester project, and a sale of childcare center property located at East Los Angeles. Another factor in the increase of fund balance was due to a \$7.2 million in new federal passed-through funding from the County for the administration of the American Rescue Plan (ARP) Childcare program to build an equitable economic recovery from the devastating economic effects caused by the COVID-19 pandemic. The remaining increase of \$3.4 million in General Fund was due to the fees earned from the Housing Assistance Voucher programs.

Proprietary Funds

The increase of \$10,423,759 in the net position of the Public Housing Program was due to increases in capital grants, dwelling rental, government subsidies, and insurance recovery. Additional funding of \$5.1 million was received from the Public Housing Capital Fund, as well as a \$1.2 million from the CDBG program for improvement of the housing sites. Dwelling rental revenue of \$15.5 million increased approximately by \$0.8 million, and government subsidies revenues increased by \$0.4 million as compared with last fiscal year. Other financial activities contributing to the increase in net position included the \$0.3 million casualty loss recovery for the WestKnoll housing site and additional of \$0.2 million in investment earnings.

The increase of \$792,005 in the net position of the Other Housing Program was due mainly to an increase of \$0.4 million in government subsidies revenues and a lower cash contribution of \$0.4 million from the non-conventional housing program to the Housing Operations' Central Office Cost Center to cover its deficit.

The increase in net position of \$2,402,003 in the Section 8 Program was primarily due to the increase in administrative revenue of \$2.1 million for the Housing Choice Voucher (HCV) program combined with FSS forfeiture revenue of \$0.3 million under the FSS program.

General Fund Budgetary Highlights

The favorable variance in the intergovernmental revenues was attributed mainly to \$0.5 million in new funding received from the County for the Renovate program. Charges for services had a favorable variance of \$0.7 million was due to higher admin fees earned and higher bonds fees received. The General Fund investment loss of \$3.3 million was primarily due to the decrease in fair market value of the investment assets at year-end. The \$2.5 million contributions were mainly due to the funding from various programs to fund the Section 115 Pension Trust.

The favorable variance of \$2.2 million in general government expenditures was due primarily to construction costs no longer needed for the Antelope Valley Office, along with savings from general administrative expenses. Housing expenditures were \$2.5 million lower than the budgeted amount due to savings in salaries and general administrative costs. The variance of \$0.5 million in economic development expenditures was attributed mainly to the delay in issuance of grants. Community development expenditures were \$0.4 million lower than budgeted due to the completion or near completion of the Magic Johnson Park, Los Nietos Community Center, and the San Pedro Service Center projects, offset by increased expenditures under the Renovate program.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Management's Discussion and Analysis Year ended June 30, 2023

Capital Assets

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

Los Angeles County Development Authority - Capital Assets

(Net of accumulated depreciation/amortization)

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Land and land improvements	\$ 26,350,480	\$ 29,798,910	\$ 58,992,131	\$ 58,992,131	\$ 85,342,611	\$ 88,791,041
Construction in progress	282,608	134,315	5,896,215	5,175,991	6,178,823	5,310,306
Buildings and improvements	23,135,801	24,775,870	65,913,904	53,100,672	89,049,705	77,876,542
Right-to-use leased buildings	-	-	-	1,061,909	-	1,061,909
Equipment	114,490	133,899	855,339	744,851	969,829	878,750
Right-to-use leased equipment	68,585	151,078	-	-	68,585	151,078
Vehicles	-	2,157	-	-	-	2,157
Right-to-use leased vehicles	3,500	29,230	-	-	3,500	29,230
Furniture and fixtures	69,833	70,013	-	-	69,833	70,013
Software	589,241	691,717	-	-	589,241	691,717
Right-to-use software arrangements	1,489,921	-	255,427	-	1,745,348	-
Total	\$ 52,104,459	\$ 55,787,189	\$ 131,913,016	\$ 119,075,554	\$ 184,017,475	\$ 174,862,743

Additional information on the LACDA's capital assets can be found in Note 7 under *Notes to Basic Financial Statements* of this report.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Management's Discussion and Analysis Year ended June 30, 2023

Debt Administration

The LACDA's total long-term liabilities of \$127,709,774 as of June 30, 2023, are composed of the following:

Long-term liabilities arising from governmental activities	\$ 98,965,597
Long-term liabilities arising from business-type activities	28,744,177
	<u>\$ 127,709,774</u>

Los Angeles County Development Authority - Outstanding Debt

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Long-term liability						
Long-term debt:						
General revenue bonds	\$31,105,000	\$31,140,000	\$ -	\$ -	\$ 31,105,000	\$ 31,140,000
Unamortized premium on bonds payable	3,608,060	3,630,741	-	-	3,608,060	3,630,741
Lease liability	75,634	186,406	-	1,058,746	75,634	1,245,152
Subscription liability	1,292,092	-	242,815	-	1,534,907	-
Direct borrowing:						
Section 108 notes payable	13,446,000	5,882,000	-	-	13,446,000	5,882,000
Notes payable to CA						
State Dept	-	-	2,200,000	2,200,000	2,200,000	2,200,000
Compensated absences	1,931,969	1,847,620	1,357,846	1,466,697	3,289,815	3,314,317
Claims payable	6,914,040	3,525,540	-	-	6,914,040	3,525,540
Net pension liability	39,316,056	11,032,074	24,741,135	2,597,048	64,057,191	13,629,122
Net other postemployment benefits liability	1,276,746	-	202,381	-	1,479,127	-
Total	<u>\$98,965,597</u>	<u>\$57,244,381</u>	<u>\$28,744,177</u>	<u>\$ 7,322,491</u>	<u>\$127,709,774</u>	<u>\$ 64,566,872</u>

Additional information on LACDA's long-term debt can be found in Note 8, Note 9, Note 11, Note 12, and Note 17 under *Notes to Basic Financial Statements* of this report.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Management's Discussion and Analysis Year ended June 30, 2023

Budgetary Highlights for Next Fiscal Year 2023-2024

The total budget for LACDA is \$962.9 million for the fiscal year 2023-2024, a \$19.4 million decrease from fiscal year 2022-2023. The decrease is primarily attributed to the tapering off CARES Act and No Place Like Home (NPLH) programs. The decrease is partially offset by increases in Housing Choice Voucher (HCV) landlord payments, Affordable Housing Development activities, the Bringing Families Home (BFH) Program, Permanent Local Housing Allocation (PLHA) and the new initiative Community Care Expansion (CCE) Program which is intended for the rehabilitation of board and care facilities.

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

The following major funding sources for fiscal year 2023-2024 are detailed below:

- Housing Assistance and Public Housing primary programs are budgeted at \$642.2 million and consist of the following: \$532.3 million for Housing Assistance Voucher programs, such as HCV, Emergency Housing Vouchers, Veterans Affairs Supportive Housing Vouchers, and Continuum of Care used to administer over 30,000 rental subsidies for eligible individuals and families, seniors, veterans, and persons with disabilities living in the unincorporated area of Los Angeles County and participating cities; \$54.3 million for Public Housing (including resident services) and Modernization programs to manage and maintain 3,229 public and affordable housing units, including new and carryover projects throughout Los Angeles County to rehabilitate housing units and perform site improvements; and \$55.6 million for Rapid Rehousing and Landlord Incentive programs dedicated to serve the chronically homeless population with supportive housing programs like the Bringing Families Homes, Measure H, and Fair Housing.
- Affordable Housing and Community Development programs are budgeted at \$257.8 million and consist of the following: \$194.7 million for Housing Development programs, such as No Place Like Home, Affordable Housing Trust Funds, American Rescue Plan (ARP) Housing Development, and Los Angeles County Department of Mental Health, used to develop supportive and affordable housing for the homeless and/or mentally-ill individuals/families; \$45.2 million for Community Development programs consisting of Federal and State Emergency Solutions Grants and PLHA programs that provide homeless shelter and prevention, CDBG Program to assist County residents with limited means; \$14.2 million for Economic Development programs, such as the Economic Development Administration (EDA) program for grants, ARP program for Childcare; Cudahy, for a mixed-use project to increase job growth and affordable housing; \$3.2 million for Construction Management Services to complete Renovate business façade improvements and Magic Johnson Park construction projects; and \$0.5 million for various activities related to development programs.
- Housing Preservation programs are budgeted at \$52 million and consist of the following: \$34.2 million for Lead-Based Paint Mitigation programs to mitigate hazards in 400 residential units in the Countywide service areas; \$7.7 million for the Residential Sound Insulation Program (RSIP) to improve living conditions of 100 residents within the RSIP project area; \$8.4 million for homeownership and improvement programs; and \$1.7 million for other housing preservation programs.
- Other programs are budgeted at \$10.9 million. These remaining funds consist of the following: \$6.5 million for General Activities such as legal and Antelope Valley office building improvements; \$3.2 million to administer the Traffic Administration Services (TAS) and the Court-Referred Community Service (CRCS) programs; and the remaining \$1.2 million is used to support other program initiatives by the LACDA.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Management's Discussion and Analysis Year ended June 30, 2023

Contacting Finance and Budget

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



LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Statement of Net Position
June 30, 2023**

	Primary government		
	Governmental activities	Business-type activities	Totals
Assets			
Cash and pooled investments	\$ 634,621,336	\$ 39,365,907	\$ 673,987,243
Restricted investments	11,870,269	-	11,870,269
Accounts receivable, net	5,665,785	2,233,394	7,899,179
Due from other governments	23,248,897	22,508,110	45,757,007
Internal balances	3,042,288	(3,042,288)	-
Notes receivable, net	19,575,428	-	19,575,428
Land held for resale	10,888,421	-	10,888,421
Inventory	47,182	6,347	53,529
Lease receivable	8,914,159	345,096	9,259,255
Investment in JPA	12,731,830	-	12,731,830
Capital assets:			
Land	26,350,480	58,992,131	85,342,611
Construction in progress	282,608	5,896,215	6,178,823
Capital assets, net of accumulated depreciation/amortization	25,471,371	67,024,670	92,496,041
Total assets	<u>782,710,054</u>	<u>193,329,582</u>	<u>976,039,636</u>
Deferred Outflows of Resources			
Pension related amounts	17,403,787	12,353,259	29,757,046
Other postemployment benefits related amounts	6,047,996	2,917,232	8,965,228
Total deferred outflows of resources	<u>23,451,783</u>	<u>15,270,491</u>	<u>38,722,274</u>
Liabilities			
Accounts payable and accrued liabilities	38,719,662	3,981,413	42,701,075
Due to other governments	6,004,146	2,098,416	8,102,562
Tenant security deposits	77,014	1,148,456	1,225,470
Unearned revenue	2,272,470	2,333,843	4,606,313
Long-term liabilities:			
Due within one year:			
Long-term debt obligations	2,318,284	53,371	2,371,655
Estimated claims payable	691,404	-	691,404
Accrued compensated absences	1,738,772	1,222,061	2,960,833
Subtotal	<u>4,748,460</u>	<u>1,275,432</u>	<u>6,023,892</u>
Due in more than one year:			
Long-term debt obligations	47,208,502	2,389,444	49,597,946
Estimated claims payable	6,222,636	-	6,222,636
Accrued compensated absences	193,197	135,785	328,982
Net pension liability	39,316,056	24,741,135	64,057,191
Net other postemployment benefits liability	1,276,746	202,381	1,479,127
Long-term liabilities, net of current portion	<u>94,217,137</u>	<u>27,468,745</u>	<u>121,685,882</u>
Total liabilities	<u>146,038,889</u>	<u>38,306,305</u>	<u>184,345,194</u>
Deferred Inflows of Resources			
Lease related amounts	8,345,477	335,260	8,680,737
Pension related amounts	565,865	442,666	1,008,531
Other postemployment benefits related amounts	3,554,375	1,627,807	5,182,182
Total deferred inflows of resources	<u>12,465,717</u>	<u>2,405,733</u>	<u>14,871,450</u>
Net Position			
Net investment in capital assets	18,901,383	129,470,201	148,371,584
Restricted for:			
Pension obligations	11,870,269	-	11,870,269
Housing	546,125,380	-	546,125,380
Economic development	28,042,315	-	28,042,315
Community development	18,512,775	-	18,512,775
Traffic services	3,297,277	-	3,297,277
Housing assistance payments	-	13,744,758	13,744,758
Housing improvement projects	-	384,343	384,343
Unrestricted	20,907,832	24,288,733	45,196,565
Total net position	<u>\$ 647,657,231</u>	<u>\$ 167,888,035</u>	<u>\$ 815,545,266</u>

See accompanying notes to basic financial statements.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Statement of Activities
Year ended June 30, 2023**

	Program revenues			Net revenue (expense) and changes in net position			
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Totals
Governmental activities:							
General government	\$ 1,853,603	\$ 1,563,378	\$ 4,339,149	\$ -	\$ 4,048,924	\$ -	\$ 4,048,924
Housing	256,953,062	16,553,631	327,897,990	-	87,498,559	-	87,498,559
Economic development	13,394,731	563,266	589,447	-	(12,242,018)	-	(12,242,018)
Community development	46,961,673	117,904	52,366,911	-	5,523,142	-	5,523,142
Traffic services	2,323,602	-	2,007,783	-	(315,819)	-	(315,819)
Interest on long-term debt	470,933	-	-	-	(470,933)	-	(470,933)
Total governmental activities	321,957,604	18,798,179	387,201,280	-	84,041,855	-	84,041,855
Business-type activities:							
Public housing	33,344,317	15,553,246	13,052,054	13,142,147	-	8,403,130	8,403,130
Other housing	5,202,611	1,218,197	5,174,094	-	-	1,189,680	1,189,680
Section 8 program	482,254,620	-	484,636,618	-	-	2,381,998	2,381,998
Total business-type activities	520,801,548	16,771,443	502,862,766	13,142,147	-	11,974,808	11,974,808
Total	\$ 842,759,152	\$ 35,569,622	\$ 890,064,046	\$ 13,142,147	84,041,855	11,974,808	96,016,663
General revenues:							
Investment income (loss)					(3,857,454)	362,900	(3,494,554)
Insurance recoveries					1,743,650	245,219	1,988,869
Gain (loss) on sale of property					(2,421,036)	15,004	(2,406,032)
Transfers					(1,019,836)	1,019,836	-
Total general revenues and transfers					(5,554,676)	1,642,959	(3,911,717)
Change in net position					78,487,179	13,617,767	92,104,946
Net position – beginning, as restated					569,170,052	154,270,268	723,440,320
Net position – ending					\$ 647,657,231	\$ 167,888,035	\$ 815,545,266

See accompanying notes to basic financial statements.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY
Balance Sheet
Governmental Funds
June 30, 2023

Assets	General fund	Federal housing and community development	Other federal	Local housing and community development	Low- and moderate-income housing asset fund	Total
Cash and pooled investments	\$ 46,898,776	\$ 14,497,672	\$ 8,655,939	\$ 543,048,020	\$ 4,021,437	\$ 617,121,844
Restricted investments	11,870,269	-	-	-	-	11,870,269
Accounts receivable	5,643,185	4,253	7,870	10,075	402	5,665,785
Lease receivable	8,291,435	622,724	-	-	-	8,914,159
Due from other governments	387,601	11,933,350	1,470,139	9,457,807	-	23,248,897
Advances to other funds	3,042,288	-	-	-	-	3,042,288
Land held for resale	2,646,093	2,349,941	-	56,551	5,835,836	10,888,421
Total assets	<u>\$ 78,779,647</u>	<u>\$ 29,407,940</u>	<u>\$ 10,133,948</u>	<u>\$ 552,572,453</u>	<u>\$ 9,857,675</u>	<u>\$ 680,751,663</u>
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities:						
Accounts payable and accrued liabilities	\$ 1,664,235	\$ 10,306,572	\$ 1,450,822	\$ 23,983,777	\$ 60,876	\$ 37,466,282
Due to other governments	-	4,750,073	-	1,254,073	-	6,004,146
Tenant security deposits	77,014	-	-	-	-	77,014
Unearned revenues	53,231	-	-	2,219,239	-	2,272,470
Total liabilities	<u>1,794,480</u>	<u>15,056,645</u>	<u>1,450,822</u>	<u>27,457,089</u>	<u>60,876</u>	<u>45,819,912</u>
Deferred inflows of resources:						
Unavailable revenues	-	1,041,787	30,157	888,075	-	1,960,019
Lease related amounts	7,741,562	603,915	-	-	-	8,345,477
Total deferred inflows of resources	<u>7,741,562</u>	<u>1,645,702</u>	<u>30,157</u>	<u>888,075</u>	<u>-</u>	<u>10,305,496</u>
Fund balances:						
Nonspendable	2,646,093	-	-	-	-	2,646,093
Land held for resale	549,873	-	-	-	-	549,873
Restricted	11,870,269	-	-	-	-	11,870,269
Pension obligations	31,272,344	9,892,915	1,353,181	507,797,911	9,796,799	560,113,150
Housing	10,090,196	-	1,088,877	1,214,578	-	12,393,651
Economic development	9,080,161	2,812,678	6,210,911	11,917,523	-	30,021,273
Community development	-	-	-	3,297,277	-	3,297,277
Traffic services	3,734,669	-	-	-	-	3,734,669
Unassigned	69,243,605	12,705,593	8,652,969	524,227,289	9,796,799	624,626,255
Total fund balances	<u>\$ 78,779,647</u>	<u>\$ 29,407,940</u>	<u>\$ 10,133,948</u>	<u>\$ 552,572,453</u>	<u>\$ 9,857,675</u>	<u>\$ 680,751,663</u>
Total liabilities, deferred inflows of resources and fund balances						

See accompanying notes to basic financial statements.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position June 30, 2023

Total governmental fund balances	\$ 624,626,255
Amounts reported for governmental activities in the accompanying statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds. Those capital assets consist of:	
Capital assets, net of accumulated depreciation/amortization	18,964,730
Certain notes receivable are not considered to be current financial resources.	19,575,428
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.	5,382,552
Investment in JPA is a long-term asset which is not considered current financial resources.	12,731,830
Amounts reported as unavailable revenues do not provide current financial resources and therefore are not reported in the governmental funds.	1,960,019
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	(13,446,000)
Compensated absences	(1,322,873)
Subscription liability	(841,157)
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	(32,751,975)
Deferred outflows of resources related to pensions	12,475,650
Deferred inflows of resources related to pensions	(408,320)
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 asset 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	(1,041,669)
Deferred outflows of resources related to other postemployment benefits	4,706,350
Deferred inflows of resources related to other postemployment benefits	(2,810,934)
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.	(142,655)
Net position of governmental activities	<u>\$ 647,657,231</u>

See accompanying notes to basic financial statements.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
Year ended June 30, 2023**

	General fund	Federal housing and community development	Other federal	Local housing and community development	Low- and moderate-income housing asset fund	Total
Revenues:						
Intergovernmental	\$ 2,043,847	\$ 74,004,785	\$ 21,848,860	\$ 277,770,094	\$ 31,594	\$ 375,699,180
Charges for services	16,553,127	29,017	15,048	1,178,509	75,648	17,851,349
Rentals	785,396	161,434	-	-	-	946,830
Investment income (loss)	(3,287,983)	1,738,776	403,780	9,589,275	216,072	8,659,920
Contributions	2,488,996	83,500	-	-	-	2,572,496
Other revenues	238,781	377,691	-	1,910,254	-	2,526,726
Total revenues	18,822,164	76,395,203	22,267,688	290,448,132	323,314	408,256,501
Expenditures:						
Current:						
General government	793,943	-	-	-	-	793,943
Housing	11,588,508	39,154,140	1,125,260	199,694,559	82,641	251,645,108
Economic development	525,087	-	1,003,620	12,801,388	-	14,330,095
Community development	3,400,281	30,563,252	12,898,849	846,354	-	47,708,736
Traffic services	-	-	-	2,313,855	-	2,313,855
Capital outlay	400,523	1,270,351	-	1,014,071	-	2,684,945
Debt service:						
Principal	53,204	2,736,000	-	231,294	-	3,020,498
Interest	6,278	342,702	-	51,540	-	400,520
Total expenditures	16,767,824	74,066,445	15,027,729	216,953,061	82,641	322,897,700
Excess (deficiency) of revenues over expenditures	2,054,340	2,328,758	7,239,959	73,495,071	240,673	85,358,801
Other financing sources (uses):						
Issuance of debt	-	10,300,000	-	-	-	10,300,000
Sale of property	320,264	900,000	-	-	-	1,220,264
Subscription revenues	111,584	-	-	1,014,071	-	1,125,655
Insurance recoveries	1,743,650	-	-	-	-	1,743,650
Transfers out	(827,158)	(284,723)	(25,880)	(543,928)	-	(1,681,689)
Net other financing sources (uses)	1,348,340	10,915,277	(25,880)	470,143	-	12,707,880
Change in fund balances	3,402,680	13,244,035	7,214,079	73,965,214	240,673	98,066,681
Fund balances at beginning of year	65,840,925	(538,442)	1,438,890	450,262,075	9,556,126	526,559,574
Fund balances at end of year	\$ 69,243,605	\$ 12,705,593	\$ 8,652,969	\$ 524,227,289	\$ 9,796,799	\$ 624,626,255

See accompanying notes to basic financial statements.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year ended June 30, 2023

Net change in fund balances – total governmental funds \$ 98,066,681

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/amortization expense.

Purchase of capital assets	2,684,945
Capital asset contributions to business-type activities	(1,186,851)
Depreciation/amortization expense	(1,187,184)
Gain (loss) on sale of capital assets	(3,666,245)

Loans issued, net of collections do not have any effect on net position. (1,242,979)

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. (1,617,781)

Investment in JPA that do not provide current financial resources are not reported in the governmental funds. 427,824

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	(98,033)
Issuance of Section 108 notes payable	(10,300,000)
Issuance of subscription liability	(1,125,655)
Principal payment on Section 108 notes payable	2,736,000
Principal payment on subscription liability	284,498

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	(70,413)
Changes in net other postemployment benefits liabilities and OPEB related accounts	198,373
Changes in net pension liabilities and pension related accounts	(2,339,118)

Revenues in the statement of activities that do not provide current financial resources are not reported in the governmental funds. (3,076,883)

Change in net position of governmental activities \$ 78,487,179

See accompanying notes to basic financial statements.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Statement of Net Position
Proprietary Funds
June 30, 2023**

	Public housing	Other housing	Section 8 program	Totals	Internal service funds
Assets					
Current assets:					
Cash and pooled investments	\$ 11,039,687	\$ 6,979,912	\$ 21,346,308	\$ 39,365,907	\$ 17,499,492
Accounts receivable, net	803,645	32,741	1,397,008	2,233,394	-
Due from other governments	2,733,697	1,408,510	18,365,903	22,508,110	-
Inventory	4,346	-	2,001	6,347	47,182
Total current assets	14,581,375	8,421,163	41,111,220	64,113,758	17,546,674
Noncurrent assets:					
Lease receivable	345,096	-	-	345,096	-
Capital assets, net	123,555,054	8,102,535	255,427	131,913,016	33,139,729
Total noncurrent assets	123,900,150	8,102,535	255,427	132,258,112	33,139,729
Total assets	138,481,525	16,523,698	41,366,647	196,371,870	50,686,403
Deferred Outflows of Resources					
Pension related amounts	3,605,631	513,110	8,234,518	12,353,259	4,928,137
Other postemployment benefits related amounts	1,449,851	91,802	1,375,579	2,917,232	1,341,646
Total deferred outflows of resources	5,055,482	604,912	9,610,097	15,270,491	6,269,783
Liabilities					
Current liabilities:					
Accounts payable and accrued liabilities	2,842,549	472,589	666,275	3,981,413	1,110,725
Due to other governments	384,523	-	1,713,893	2,098,416	-
Advances from other funds	382,284	32,387	2,627,617	3,042,288	-
Tenant security deposits	1,048,871	99,585	-	1,148,456	-
Unearned revenue	202,896	15,588	2,115,359	2,333,843	-
Estimated claims payable	-	-	-	-	691,404
Accrued compensated absences	331,410	71,736	818,915	1,222,061	548,186
Long-term debt obligations - current portion	-	-	53,371	53,371	969,953
Total current liabilities	5,192,533	691,885	7,995,430	13,879,848	3,320,268
Noncurrent liabilities:					
Estimated claims payable	-	-	-	-	6,222,636
Accrued compensated absences	36,823	7,971	90,991	135,785	60,910
Long-term debt obligations	-	2,200,000	189,444	2,389,444	34,269,676
Net pension liability	7,776,290	935,574	16,029,271	24,741,135	6,564,081
Net other postemployment benefits liability	159,542	12,381	30,458	202,381	235,077
Total noncurrent liabilities	7,972,655	3,155,926	16,340,164	27,468,745	47,352,380
Total liabilities	13,165,188	3,847,811	24,335,594	41,348,593	50,672,648
Deferred Inflows of Resources					
Lease related amounts	335,260	-	-	335,260	-
Pension related amounts	135,512	17,437	289,717	442,666	157,545
Other postemployment benefits related amounts	834,186	61,172	732,449	1,627,807	743,441
Total deferred inflows of resources	1,304,958	78,609	1,022,166	2,405,733	900,986
Net Position					
Net investment in capital assets	123,555,054	5,902,535	12,612	129,470,201	777,810
Restricted for:					
Housing assistance payments	-	-	13,744,758	13,744,758	-
Housing improvement projects	384,343	-	-	384,343	-
Unrestricted	5,127,464	7,299,655	11,861,614	24,288,733	4,604,742
Total net position	\$ 129,066,861	\$ 13,202,190	\$ 25,618,984	\$ 167,888,035	\$ 5,382,552

See accompanying notes to basic financial statements.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year ended June 30, 2023

	Public housing	Other housing	Section 8 program	Totals	Internal service funds
Operating revenues:					
Government subsidies	\$ 12,858,216	\$ 4,896,287	\$ 484,148,291	\$ 501,902,794	\$ -
Charges for services	70,740	7,800	-	78,540	19,020,123
Rentals	15,482,506	1,210,397	-	16,692,903	2,055,626
Other revenue	193,838	277,807	488,327	959,972	181,478
Total operating revenues	28,605,300	6,392,291	484,636,618	519,634,209	21,257,227
Operating expenses:					
Current:					
Program administration	15,341,794	3,441,465	39,255,816	58,039,075	-
Utilities	3,327,447	245,819	173,603	3,746,869	490,801
Maintenance	7,940,873	927,260	546,381	9,414,514	1,533,486
General administration	2,561,907	151,362	1,040,399	3,753,668	19,157,923
Subgrants to county, cities, and community-based organizations	-	-	4,121,530	4,121,530	-
Housing assistance payments	44,263	1,285	436,977,657	437,023,205	-
Depreciation and amortization	4,128,033	432,606	119,046	4,679,685	2,230,741
Total operating expenses	33,344,317	5,199,797	482,234,432	520,778,546	23,412,951
Operating income (loss)	(4,739,017)	1,192,494	2,402,186	(1,144,337)	(2,155,724)
Nonoperating revenues (expenses):					
Gain on sale of property	-	-	15,004	15,004	24,945
Insurance recoveries	245,219	-	-	245,219	-
Investment income	213,400	132,212	17,288	362,900	192,780
Interest expense	-	(2,814)	(20,188)	(23,002)	(1,528,486)
Net nonoperating revenues (expenses)	458,619	129,398	12,104	600,121	(1,310,761)
Change in net position before transfers and capital grants	(4,280,398)	1,321,892	2,414,290	(544,216)	(3,466,485)
Capital grants	13,142,147	-	-	13,142,147	-
Transfers in	1,562,010	-	-	1,562,010	1,848,704
Transfers out	-	(529,887)	(12,287)	(542,174)	-
Change in net position	10,423,759	792,005	2,402,003	13,617,767	(1,617,781)
Net position at beginning of year, as restated	118,643,102	12,410,185	23,216,981	154,270,268	7,000,333
Net position at end of year	\$ 129,066,861	\$ 13,202,190	\$ 25,618,984	\$ 167,888,035	\$ 5,382,552

See accompanying notes to basic financial statements.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2023**

	Public housing	Other housing	Section 8 program	Totals	Internal service funds
Cash flows from operating activities:					
Receipts from tenants	\$ 15,014,976	\$ 1,215,188	\$ -	\$ 16,230,164	\$ -
Receipts from rentals	-	-	-	-	2,055,626
Charges for services	70,740	7,800	-	78,540	19,064,638
Payments to employees for services	(7,964,940)	(1,703,651)	(22,100,534)	(31,769,125)	(12,862,494)
Payments to vendors for goods and services	(21,653,478)	(2,917,468)	(459,206,465)	(483,777,411)	(6,285,734)
Government subsidies	13,884,053	4,812,471	477,781,840	496,478,364	-
Other revenue	193,838	284,427	488,327	966,592	181,478
Net cash provided by (used in) operating activities	(454,811)	1,698,767	(3,036,832)	(1,792,876)	2,153,514
Cash flows from noncapital financing activities:					
Payment of advances to other funds	-	(81,928)	(104,003)	(185,931)	-
Advances from other funds received	163,398	-	-	163,398	-
Transfer out to other funds	-	(579,757)	(12,287)	(592,044)	-
Transfers in from other funds	425,029	-	-	425,029	1,827,389
Net cash provided by (used in) noncapital financing activities	588,427	(661,685)	(116,290)	(189,548)	1,827,389
Cash flows from capital and related financing activities:					
Purchase and construction of capital assets	(13,221,773)	(297,798)	-	(13,519,571)	(270,326)
Payment of lease obligations	-	-	(16,089)	(16,089)	(110,772)
Payment of subscription obligations	-	-	(76,496)	(76,496)	(912,365)
Receipt of lease revenue payments	132,965	-	-	132,965	-
Payment of principal on bonds payable	-	-	-	-	(35,000)
Capital grants received	13,142,147	-	-	13,142,147	-
Proceeds from sale of capital assets	-	-	-	-	26,563
Interest paid	-	(2,814)	(20,188)	(23,002)	(1,551,167)
Net cash provided by (used in) capital and related financing activities	53,339	(300,612)	(112,773)	(360,046)	(2,853,067)
Cash flows from investing activities:					
Insurance recoveries	245,219	-	-	245,219	-
Interest received	213,400	132,212	17,288	362,900	192,780
Net cash provided by investing activities	458,619	132,212	17,288	608,119	192,780
Net increase (decrease) in cash and cash equivalents	645,574	868,682	(3,248,607)	(1,734,351)	1,320,616
Cash and cash equivalents at beginning of year	10,394,113	6,111,230	24,594,915	41,100,258	16,178,876
Cash and cash equivalents at end of year	\$ 11,039,687	\$ 6,979,912	\$ 21,346,308	\$ 39,365,907	\$ 17,499,492
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ (4,739,017)	\$ 1,192,494	\$ 2,402,186	\$ (1,144,337)	\$ (2,155,724)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	4,128,033	432,606	119,046	4,679,685	2,230,741
Changes in assets and liabilities:					
Accounts receivable	(394,154)	6,620	(461,676)	(849,210)	44,515
Due from other governments	1,102,503	(83,816)	(5,899,901)	(4,881,214)	-
Inventory	(2,385)	-	(837)	(3,222)	3,264
Prepaid costs and other assets	-	-	2,687	2,687	21,944
Deferred outflows of resources - pension	(2,495,731)	(373,890)	(5,933,238)	(8,802,859)	(3,667,173)
Deferred outflows of resources - OPEB	(882,205)	(47,695)	(795,469)	(1,725,369)	(744,341)
Net other postemployment benefits asset	1,224,016	76,263	1,074,490	2,374,769	817,173
Accounts payable and accrued expenses	(703,489)	101,797	26,565	(575,127)	199,811
Due to other governments	(76,666)	-	148,752	72,086	-
Unearned revenue	34,049	5,297	(153,626)	(114,280)	-
Tenant security deposits	21,908	(506)	-	21,402	-
Compensated absences	(32,299)	(13,381)	(63,171)	(108,851)	(13,683)
Claims payable	-	-	-	-	3,388,500
Deferred inflows of resources - lease	(129,333)	-	-	(129,333)	-
Deferred inflows of resources - pension	(3,916,068)	(446,475)	(7,636,906)	(11,999,449)	(3,863,930)
Deferred inflows of resources - OPEB	(529,350)	(44,888)	(382,484)	(956,722)	(393,771)
Net pension liability	6,775,835	881,960	14,486,292	22,144,087	6,051,111
Net other postemployment benefits liability	159,542	12,381	30,458	202,381	235,077
Net adjustments	4,284,206	506,273	(5,439,018)	(648,539)	4,309,238
Net cash provided by (used in) operating activities	\$ (454,811)	\$ 1,698,767	\$ (3,036,832)	\$ (1,792,876)	\$ 2,153,514
Noncash noncapital financing activities:					
Issuance of software arrangements	\$ -	\$ -	\$ 319,311	\$ 319,311	\$ 1,363,300
Transfer of capital assets from other funds	\$ 1,136,981	\$ 49,870	\$ -	\$ 1,186,851	\$ 21,315
Write-off of right-to-use leased building	\$ -	\$ -	\$ 1,027,654	\$ 1,027,654	\$ -
Right-to-use software arrangements restatement	\$ -	\$ -	\$ (20,907)	\$ (20,907)	\$ (120,022)

See accompanying notes to basic financial statements.

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

**Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2023**

	<u>Private-Purpose Trust Fund</u>
Assets	
Cash and cash equivalents	\$ 1,223
Total assets	<u>1,223</u>
Liabilities	
Accounts payable and accrued liabilities	<u>-</u>
Total liabilities	<u>-</u>
Net Position	
Net position held in trust	<u>\$ 1,223</u>

See accompanying notes to basic financial statements.

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

**Statement of Changes in Fiduciary Net Position
Fiduciary Fund
Year ended June 30, 2023**

	Private-Purpose Trust Fund
Additions:	
Other revenues	\$ 304
Total additions	<u>304</u>
 Change in net position	 304
Net position held in trust - beginning	<u>919</u>
Net position held in trust - ending	<u>\$ 1,223</u>

See accompanying notes to basic financial statements.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2023

(1) Summary of Significant Accounting Policies

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

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

(a) *Description of Reporting Entity*

Los Angeles County Development Authority

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

The LACDA is responsible for:

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

The LACDA has program jurisdiction in the unincorporated areas of the County, and currently works with 48 participating cities that have requested LACDA's assistance in conducting various community development block grant programs.

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

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

Blended Component Unit

Los Angeles County Community Development Foundation (CDF)

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

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

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2023

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

(b) *Implementation of New Accounting Pronouncements*

During the fiscal year ended June 30, 2023, the LACDA identified and adopted the following new Statements of the Governmental Accounting Standards Board (GASB):

GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of this Statement did not impact LACDA's financial statements for the fiscal year ended June 30, 2023.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The implementation of this Statement did not impact LACDA's financial statements for the fiscal year ended June 30, 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for governments. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The implementation of this Statement resulted in a restatement of LACDA's beginning net position balance to recognize the right-to-use subscription asset as of the beginning of the fiscal year.

(c) *Government-wide and Fund Financial Statements*

The Government-wide Financial Statements, the statement of net position and the statement of activities, report information on all the financial activities of the primary government and its component units. As a general rule, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between certain functions of the LACDA. Elimination of these charges would distort the direct costs

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2023

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.

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.

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

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

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

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

The accounts of the LACDA are organized on the basis of funds. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts, recording resources, related liabilities, obligations,

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2023

reserves, and equities segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The LACDA reports the following major funds:

Governmental Funds

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

Federal Housing and Community Development – To account for Federally-funded programs designed to provide funding for the development of vacant, substandard, or underutilized properties, programs designed for the development of viable urban communities to provide decent housing, and suitable living opportunities for persons with low and moderate income, for the purpose of creating affordable housing and for the purpose of providing financial assistance to qualified owners to rehabilitate their homes, and to provide financial assistance to first time home buyers. Funds are also used to provide various types of loans at favorable interest rates to low- and moderate-income property owners for improvements and rehabilitation, and to provide administrative services and support to these programs. Revenues are received based on an annual appropriation from HUD.

Other Federal Program – To account for Federally-funded programs designed to provide funding for RSIP which provides grants to eligible property owners to insulate residential homes and rental units from noise caused by aircraft arriving and departing the Los Angeles International Airport, to account for economic development programs designed to provide small business stabilization loans that business was impacted by COVID-19, and to provide financial assistance to licensed childcare providers due to the pandemic caused by COVID-19. This fund also accounts for projects designed to strengthen the County's economic base through the generation of added employment opportunities, the improvement and expansion of the County's industrial base, and the administrative services and support of these programs. Sources of revenue are primarily from FAA, U.S. Treasury's Coronavirus State and Local Fiscal Recovery Funds and the Economic Development Administration's CARES Act Revolving Loan Fund.

Local Housing and Community Development – To account for the homeless and the development of affordable housing programs, lead-based paint hazard remediation program, and traffic administration services. Sources of revenue are primarily from the County of Los Angeles, the State of California and from the residual receipts of the development loans.

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

Proprietary Funds

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

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

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

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2023

Internal Service Funds – To be presented in a “memo format” under the proprietary fund financial statements. However, internal service balances and activities have been combined with the governmental activities in the government-wide financial statements. These internal service funds account for charges to other funds and departments for data processing, fleet management, procurement, printing, construction management, maintenance for the Alhambra building and insurance.

Fiduciary Fund

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

(e) Budgetary Control and Accounting

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

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

(f) Cash and Investments

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

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value in accordance with the provision of GASB Statement No. 72 – *Fair Value Measurement and Application*. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date.

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

(g) Inventories

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

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2023

(h) *Land Held for Resale*

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

(i) *Capital Assets and Right-to-Use Assets*

Capital assets, which include property, furniture and fixtures, vehicle, equipment, right-to-use leased and subscription assets, and intangible assets, are reported in the applicable governmental or business-type activities columns in the accompanying government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Right-to-use leased, and subscription assets are recorded at the present value of future lease/subscription payments. Donated capital assets are recorded at the estimated acquisition value at the date of donation.

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

Capital assets are defined by the LACDA as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year, which include property, furniture and fixtures, vehicle, and equipment. The LACDA's capitalization threshold for software intangible assets is \$1 million. Upon sale or retirement of capital assets, the cost and the related accumulated depreciation or amortization, as applicable, are removed from the respective accounts and any resulting gain or loss is included in the results of operations. Specific disclosures related to capital assets appear in Note 7. Amortization for software and other intangible assets is included in the reporting of depreciation.

Right-to-use leased, and subscription assets are defined by the LACDA as assets with an initial individual cost of more than \$15,000 and an estimated useful life in excess of one year. Such assets are recorded at the present value of the lease or subscription liability, including expenses to place the asset into service. In accordance with GASB Statement Nos. 87 and 96, LACDA has reported right-to-use leased assets for buildings, equipment, and vehicles, and right-to-use subscription asset for software arrangements.

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

Building and improvements	15 to 30 years
Vehicles	5 years
Furniture and fixtures	7 years
Equipment	3 to 7 years
Software	5 to 25 years
Right-to-use leased and subscription assets	Shorter of the leased and subscription assets' useful life or the lease and subscription term

(j) *Employee Compensated Absences*

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

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2023

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

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

Unused vacation 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 of employment.

(k) Pensions

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

Deferred outflows and inflows of resources represent the effects on the net pension liability that have occurred after the liability was measured. Therefore, these will affect the net pension liability in future years. As noted in Note 11, deferred outflows and inflows of resources will be recognized as pension expense in future years; however, contributions subsequent to the measurement period will be recognized during the fiscal year ending June 30, 2024.

(l) Other Postemployment Benefits (OPEB)

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

Deferred outflows and inflows of resources represent the effects on the net OPEB liability that have occurred after the liability was measured. Therefore, these will affect the net OPEB liability in future years. As noted in Note 12, deferred outflows and inflows of resources will be recognized as OPEB expense in future years; however, contributions subsequent to the measurement period will be recognized during the fiscal year ending June 30, 2024.

(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:

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2023

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

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

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

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

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

The LACDA's current fund balance practice provides that restricted fund balance be spent first when the expenditure is incurred for which both restricted and unrestricted fund balance is available. Similarly, when expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance can be used, committed amounts are to be spent first, followed by assigned amounts and then unassigned amounts.

(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.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2023

(p) Concentration of Risk

LACDA manages the County’s housing programs, economic developments, public housing developments and Section 8 Housing Choice Voucher Programs. These programs are fully dependent on continued funding from HUD. Total grants received from HUD during the fiscal year ended June 30, 2023, amounted to approximately \$604 million, or 64% of total revenues of the LACDA during the fiscal year.

(q) Pronouncements Issued But Not Yet Adopted

The GASB has issued pronouncements that have an effective date subsequent to June 30, 2023, which may impact future financial presentations. Except as noted below, management has not determined what, if any, impact implementation of the following Statements may have on future financial statements of the LACDA:

- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans-an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*: Effective for the LACDA’s fiscal year ending June 30, 2024.
- GASB Statement No. 99, *Omnibus 2022*: Effective for the LACDA’s fiscal year ending June 30, 2024.
- GASB Statement No. 100, *Accounting Changes and Errors Corrections*: Effective for the LACDA’s fiscal year ending June 30, 2024.
- GASB Statement No. 101, *Compensated Absences*: Effective for the LACDA’s fiscal year ending June 30, 2025.

(2) Cash and Investments

Cash and investments at June 30, 2023, are classified in the accompanying financial statements as follows:

	Government-Wide Financial Statement			Total
	Governmental activities	Business-type activities	Fiduciary fund	
Cash and investments	\$ 634,621,336	\$ 39,365,907	\$ 1,223	\$ 673,988,466
Restricted investments - Section 115 Trust	11,870,269	-	-	11,870,269
Total cash and investments	<u>\$ 646,491,605</u>	<u>\$ 39,365,907</u>	<u>\$ 1,223</u>	<u>\$ 685,858,735</u>

Cash and investments at June 30, 2023, consist of the following:

Deposits with financial institutions	\$ 6,302,238
Investments	657,813,206
Cash and investments held by trustee	21,743,291
Total cash and investments	<u>\$ 685,858,735</u>

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2023

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

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

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

(b) *Investments Authorized by Debt Agreements*

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

(c) *Interest Rate Risk*

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

At June 30, 2023, the LACDA had the following investment maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1 Year	1 to 3 Years	3-5 Years
U.S., State and Local Government Obligations	\$ 346,278,898	\$ -	\$ 194,343,514	\$ 151,935,384
Money Market and Non-negotiable Certificates of Deposit	120,365,742	120,365,742	-	-
Corporate Bonds	150,859,945	-	21,414,130	129,445,815
Commercial Paper	9,859,350	9,859,350	-	-
County Investment Pool	26,561,557	26,561,557	-	-
State Investment Pool	3,887,714	3,887,714	-	-
Total investments	\$ 657,813,206	\$ 160,674,363	\$ 215,757,644	\$ 281,381,199

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2023

(d) *Credit Risk*

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

Rating Agency

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

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

The LACDA currently holds investments in a money market account, Municipal, Agency and Corporate Bonds, which are rated by an NRSRO. All other investments held by the LACDA are not rated. At the time of purchase, all bond purchases met or exceeded the LACDA's minimum rating requirement.

(e) *Custodial Credit Risk*

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk associated with investments that are uninsured, are not in the name of LACDA, or are held by counterparty or counterparty's trust department or agent but not in the LACDA's name. In the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the counterparty is then unable to deliver securities that are in the possession of another party. As of June 30, 2023, none of LACDA's deposits or investments were exposed to custodial credit risk.

(f) *Concentration of Credit Risk*

The LACDA's investment policy contains limitations on the amount that can be invested in any one issuer for bankers' acceptances, commercial paper, certificates of deposits, mutual funds and medium-term notes. At June 30, 2023, the LACDA did not have investments in any one issuer that represents 5 percent or more of the LACDA's total investments.

(g) *Fair Value Measurement*

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

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

The increase or decrease in fair value is reflected only under the General Fund in order to minimize any temporary effect of the adjustment to the other program funds reported in the government-wide statements. The fair value adjustment is automatically reversed at the beginning of the new fiscal year.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements
Year ended June 30, 2023

The LACDA has the following recurring fair value measurements as of June 30, 2023:

Investments by fair value level	Fair Value	Fair Value Measurement Using Significant Other Observable Inputs (Level 2)
Debt Securities:		
U.S., State and Local Government Obligations	\$ 346,278,898	\$ 346,278,898
Corporate Bonds	150,859,945	150,859,945
Total debt securities	497,138,843	<u>\$ 497,138,843</u>
Uncategorized:		
Money Market and Non-negotiable Certificates of Deposit	120,365,742	
Commercial Paper	9,859,350	
County Investment Pool	26,561,557	
State Investment Pool	3,887,714	
Total uncategorized	<u>160,674,363</u>	
Total investments measured at fair value	<u>\$ 657,813,206</u>	

(h) *Restricted Investments Section 115 Trust for Pension*

The LACDA established a Section 115 Pension Trust in March 2021. The investment was held by the trustee and the trust is irrevocable. As of June 30, 2023, the LACDA reported restricted investments held by the Pension Trust in the amount of \$11,870,269.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2023

(3) Due from Other Governments

At June 30, 2023, amounts due from other governments included:

	U.S. Department of Housing and Urban Development	Other governmental entities	Total
Governmental activities:			
General fund	\$ -	\$ 387,601	\$ 387,601
Federal housing and community development	10,957,168	976,182	11,933,350
Other federal grants	15,907	1,454,232	1,470,139
Local housing and community development	-	9,457,807	9,457,807
Total governmental	10,973,075	12,275,822	23,248,897
Business-type activities:			
Public housing	2,733,697	-	2,733,697
Other housing	1,200,319	208,191	1,408,510
Section 8 program	18,365,903	-	18,365,903
Total business-type	22,299,919	208,191	22,508,110
Total due from other governments	\$ 33,272,994	\$ 12,484,013	\$ 45,757,007

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

(4) Notes Receivable

The LACDA's notes receivable at June 30, 2023, 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	\$ 127,470,793
Development projects under various disposition and development agreements	1,106,443,307
Neighborhood stabilization program	16,065,892
Section 108 loan program	1,875,000
Economic development Loans	15,648,663
Other notes receivables	2,051,765
Total	1,269,555,420
Less allowance for uncollectible loans	(1,249,979,992)
Notes receivable, net	\$ 19,575,428

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

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2023

(5) Lease Receivable

The LACDA is reporting lease receivable of \$9,259,255 at June 30, 2023. For the fiscal year ended June 30, 2023, LACDA reported lease revenue of \$818,782 and interest revenue of \$218,284 related to lease payment received. These leases are summarized as follows:

Lease	Lease Receivable	Lease Revenue	Lease Interest Revenue
Carmelitos Health Center	\$ 111,621	\$ 55,791	\$ 4,259
Carmelitos Community Center	25,143	9,975	935
Harbor Hills Childcare Center	11,896	22,317	737
Nueva Maravilla Childcare Center	17,844	33,475	1,105
Centro De Ninos Childcare Center	178,592	7,775	-
Willowbrook Shopping Center	-	3,984	5,131
Ground and Improvement Lease	622,724	6,564	18,720
Centro Estrella Office Building	1,619,305	244,955	52,677
Business Technology Center	6,672,130	433,946	134,720
Total	<u>\$ 9,259,255</u>	<u>\$ 818,782</u>	<u>\$ 218,284</u>

Carmelitos Health Center Lease - On June 22, 2020, LACDA entered into a five-year lease agreement with Central Neighborhood Health Foundation for the lease of the community space limited to health center, parking lot, community center and senior complex at Carmelitos Housing Development to conduct health care services for LACDA public housing residents and the surrounding community. Based on this agreement, LACDA is receiving monthly payments through 2025. There are no renewal options included in this lease agreement.

Carmelitos Community Center Lease - On September 1, 2020, LACDA entered into a five-year lease agreement with Fairfield YMCA for the lease of the community space and outdoor areas at Carmelitos Housing Development to provide programs or services for elementary and middle school youth for the residents of this housing site. Based on this agreement, LACDA is receiving monthly payments through 2025. There are no renewal options included in this lease agreement.

Harbor Hills Lease - On January 14, 2019, LACDA entered into a five-year lease agreement with Child Development Consortium of LA Inc. for the lease of the community space limited to the childcare center and gymnasium at Harbor Hills Housing Community to facilitate daycare/childcare services for pre-school aged children. Based on this agreement, LACDA is receiving monthly payments through 2024. There are no renewal options included in this lease agreement.

Nueva Maravilla Lease - On January 3, 2019, LACDA entered into a five-year lease agreement with Child Development Consortium of Los Angeles, Inc. for the lease of community space limited to the childcare center and main hall at Nueva Maravilla Public Housing to conduct daycare/childcare services for pre-school aged children, 2-5 years old and parent workshops. Based on this agreement, LACDA is receiving monthly payments through 2024. There are no renewal options included in this lease agreement.

Centro De Ninos Lease - On June 15, 2023, LACDA entered into a two-year lease agreement with Centro De Ninos, Inc. for the lease of community space limited to the childcare center and main hall at Nueva Maravilla Public Housing to provide childcare services including enrichment activities and resources for families with enrolled participants. Based on this agreement, LCADA is receiving monthly payment through 2025. There are no renewal options included in this lease agreement.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2023

Willowbrook Shopping Center Ground Lease - On August 22, 1985, LACDA entered into a sixty-five-year ground lease agreement with Willowbrook Shopping Center Partnership, commonly known as the Willowbrook Community Shopping Center for the lease of real property for retail, commercial, office, and transportation and general public service uses. Based on this agreement, LACDA is receiving quarterly payments through 2050. However, the property was transferred to the County of Los Angeles in October 2022 along with the lease assignment and assumption. Therefore, the lease was terminated between LACDA and Willowbrook Shopping Center Partnership. The termination of this lease resulted in a net loss of \$234,158 from the removal of the lease receivable and deferred inflows net book value.

Ground and Improvement Lease - On December 31, 2016, LACDA entered into a ninety-nine-year lease agreement with Guadalupe Terrace, LLC for the lease of real property to be used for housing and the provision of services for low-income families and directly related uses. Based on this agreement, LACDA is receiving annual payments through 2115. There are no renewal options included in this lease agreement.

Centro Estrella Office Building Lease - On January 1 and on September 30, 2014, LACDA entered into a ten-year lease agreement with the Associated League of Mexican Americans (ALMA) and Department of Mental Health of the County of Los Angeles respectively for the lease of an office building to provide services to persons with mental, physical and disabilities. Based on this agreement, LACDA is receiving monthly payments through 2024. There are three additional five-year extensions renewal options.

Business Technology Center Office Building Lease – On October 1, 2022, LACDA entered into an eleven-year and eight-month lease agreement with Honeybee Robotics, LLC for the lease of a multi-tenant office building at the Business Technology Center to be used as a general office for research and development of robotic equipment and community programming for youth educational robotic classes. Based on this agreement, LACDA is receiving monthly payment through 2034. There are two additional five-year extensions renewal options.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2023

The lease receivable will be reduced as payments are received. Annual requirements to reduce lease receivable and related interest are as follows:

Fiscal year ending June 30:	Principal	Interest	Total
2024	\$ 858,482	\$ 266,172	\$ 1,124,654
2025	859,277	240,464	1,099,741
2026	749,014	216,358	965,372
2027	789,187	193,374	982,561
2028	833,218	169,108	1,002,326
2029-2033	3,764,211	503,552	4,267,763
2034-2038	807,660	102,619	910,279
2039-2043	10,904	89,096	100,000
2044-2048	12,641	87,359	100,000
2049-2053	14,654	85,346	100,000
2054-2058	16,988	83,012	100,000
2059-2063	19,694	80,306	100,000
2064-2068	22,831	77,169	100,000
2069-2073	26,467	73,533	100,000
2074-2078	30,682	69,318	100,000
2079-2083	35,569	64,431	100,000
2084-2088	41,235	58,765	100,000
2089-2093	47,802	52,198	100,000
2094-2098	55,417	44,583	100,000
2099-2103	64,242	35,758	100,000
2104-2018	74,474	25,526	100,000
2109-2113	86,337	13,663	100,000
2114-2115	38,269	1,731	40,000
	<u>\$ 9,259,255</u>	<u>\$ 2,633,441</u>	<u>\$ 11,892,696</u>

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2023

The deferred inflows of resources related to leases will be recognized as lease revenue as follows:

Fiscal year ending June 30:	<u>Amount</u>
2024	\$ 1,017,072
2025	976,752
2026	831,776
2027	830,114
2028	830,114
2029-2033	3,126,251
2034-2038	563,200
2039-2043	32,822
2044-2048	32,822
2049-2053	32,822
2054-2058	32,822
2059-2063	32,822
2064-2068	32,822
2069-2073	32,822
2074-2078	32,822
2079-2083	32,822
2084-2088	32,822
2089-2093	32,822
2094-2098	32,822
2099-2103	32,822
2104-2108	32,822
2109-2113	32,822
2114-2115	13,128
	<u>\$ 8,680,737</u>

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

The LACDA has recorded its investment interest in the SCHFA in accordance with the requirements of GASB Statement No. 61. The SCHFA was established by a Joint Powers Agreement (JPA) between the County of Los Angeles and the County of Orange for the purpose of issuing mortgage revenue bonds for the financing of single-family homes. The LACDA was assigned by the Los Angeles County Board to oversee and administer the activities of the SCHFA. As of June 30, 2023, the LACDA's investment interest in the JPA is \$12,731,830.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2023

(7) Capital Assets

Capital asset activities for the year ended June 30, 2023, are as follows:

Governmental Activities:

	Balance			Balance
	July 1, 2022	Additions	Deletions	June 30, 2023
Capital assets not being depreciated/amortized:				
Land and land improvements	\$ 29,798,910	\$ 83,500	\$(3,531,930)	\$ 26,350,480
Construction in progress	134,315	282,608	(134,315)	282,608
Total capital assets not being depreciated/amortized	29,933,225	366,108	(3,666,245)	26,633,088
Capital assets being depreciated/amortized:				
Buildings and improvements	49,788,248	253,478	-	50,041,726
Equipment	5,068,646	23,179	(329,730)	4,762,095
Right-to-use leased equipment	233,571	-	-	233,571
Vehicles	81,710	-	(16,176)	65,534
Right-to-use leased vehicles	197,215	-	(170,961)	26,254
Furniture and fixtures	1,005,697	21,315	-	1,027,012
Software	1,024,764	-	-	1,024,764
Right-to-use software arrangements, as restated	250,022	2,488,956	-	2,738,978
Total capital assets being depreciated/amortized, as restated	57,649,873	2,786,928	(516,867)	59,919,934
Less accumulated depreciation/amortization for:				
Buildings and improvements	(25,012,378)	(1,893,547)	-	(26,905,925)
Equipment	(4,934,747)	(42,588)	329,730	(4,647,605)
Right-to-use leased equipment	(82,493)	(82,493)	-	(164,986)
Vehicles	(79,553)	(539)	14,558	(65,534)
Right-to-use leased vehicles	(167,985)	(25,730)	170,961	(22,754)
Furniture and fixtures	(935,684)	(21,495)	-	(957,179)
Software	(333,047)	(102,476)	-	(435,523)
Right-to-use software arrangements	-	(1,249,057)	-	(1,249,057)
Total accumulated depreciation/amortization	(31,545,887)	(3,417,925)	515,249	(34,448,563)
Total capital assets being depreciated/amortized, net, as restated	26,103,986	(630,997)	(1,618)	25,471,371
Governmental activities capital assets, net, as restated	\$ 56,037,211	\$ (264,889)	\$(3,667,863)	\$ 52,104,459

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Notes to Basic Financial Statements
Year ended June 30, 2023**

Business-type Activities:

	Balance July 1, 2022	Additions	Deletions	Transfers	Balance June 30, 2023
Capital assets not being depreciated/amortized:					
Land and land improvements	\$ 58,992,131	\$ -	\$ -	\$ -	\$ 58,992,131
Construction in progress	5,175,991	4,629,443	-	(3,909,219)	5,896,215
Total capital assets not being depreciated/amortized	64,168,122	4,629,443	-	(3,909,219)	64,888,346
Capital assets being depreciated/amortized:					
Buildings and improvements, as restated	208,354,076	9,706,790	-	3,832,880	221,893,746
Right-to-use leased buildings	1,267,440	-	(1,267,440)	-	-
Equipment	2,723,216	370,189	-	76,339	3,169,744
Vehicles	28,572	-	(28,572)	-	-
Right-to-use software arrangements, as restated	20,907	319,311	-	-	340,218
Total capital assets being depreciated/amortized	212,394,211	10,396,290	(1,296,012)	3,909,219	225,403,708
Less accumulated depreciation/amortization for:					
Buildings and improvements	(151,755,243)	(4,224,599)	-	-	(155,979,842)
Right-to-use leased buildings	(205,531)	(34,255)	239,786	-	-
Equipment	(1,978,365)	(336,040)	-	-	(2,314,405)
Vehicles	(28,572)	-	28,572	-	-
Right-to-use software arrangements	-	(84,791)	-	-	(84,791)
Total accumulated depreciation/amortization	(153,967,711)	(4,679,685)	268,358	-	(158,379,038)
Total capital assets being depreciated/amortized, net, as restated	58,426,500	5,716,605	(1,027,654)	3,909,219	67,024,670
Business-type activities capital assets, net, as restated	\$ 122,594,622	\$ 10,346,048	\$(1,027,654)	\$ -	\$ 131,913,016

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

Governmental activities:

General government	\$ 428,163
Federal housing and community development	392,065
Local housing and community development	366,956
Capital assets held by LACDA's internal service funds	2,230,741
Total depreciation/amortization expenses - governmental activities	<u>\$ 3,417,925</u>

Business-type activities:

Public housing	\$ 4,128,033
Other housing	432,606
Section 8 program	119,046
Total depreciation/amortization expenses - business-type activities	<u>\$ 4,679,685</u>

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Notes to Basic Financial Statements
Year ended June 30, 2023**

(8) Long-term Debt

Long-term debt activity for the year ended June 30, 2023, were as follows:

	Balance, July 1, 2022	Additions	Deletions	Balance, June 30, 2023	Due within one year
<u>Governmental activities:</u>					
General revenue bonds	\$ 31,140,000	\$ -	\$ (35,000)	\$ 31,105,000	675,000
Unamortized premium on bonds payable	3,630,741	-	(22,681)	3,608,060	-
Lease liability	186,406	-	(110,772)	75,634	69,962
Subscription liability	-	2,488,956	(1,196,864)	1,292,092	490,322
Direct borrowing:					
Section 108 notes payable	5,882,000	10,300,000	(2,736,000)	13,446,000	1,083,000
Total	<u>\$ 40,839,147</u>	<u>\$ 12,788,956</u>	<u>\$ (4,101,317)</u>	<u>\$ 49,526,786</u>	<u>\$ 2,318,284</u>
<u>Business-type activities:</u>					
Lease liability	\$ 1,058,746	\$ -	\$ (1,058,746)	\$ -	\$ -
Subscription liability	-	319,311	(76,496)	242,815	53,371
Direct borrowing:					
Notes payable	2,200,000	-	-	2,200,000	-
Total	<u>\$ 3,258,746</u>	<u>\$ 319,311</u>	<u>\$ (1,135,242)</u>	<u>\$ 2,442,815</u>	<u>\$ 53,371</u>

(a) 2022 LACDA General Revenue Bonds

On April 21, 2022, LACDA issued \$31,140,000 in general revenue bonds to terminate its lease agreement with CDPLAC and to fully satisfy its lease obligation of \$30,658,970. These bonds were issued with a premium of \$3,630,967 and will be amortized over the terms of the bond. The residual proceeds will be used by LACDA to fund renewable energy generation improvements, energy management systems and office renovations.

The LACDA's outstanding bonds payable related to governmental activities of \$31,105,000 contain a provision that in an event of default, the timing of repayment of outstanding amounts become immediately due if LACDA is unable to make payment.

(b) Section 108 Notes Payable

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

The LACDA's outstanding notes payable related to governmental activities of \$13,446,000 contain a provision that in an event of default, outstanding amounts become immediately due if LACDA is not able to make payment.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2023

(c) Lease Liability

Lease agreements are summarized as follows:

Describe	Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Liability	Balance June 30, 2023
Enterprise Fleet Management Services	3/1/2019	5 Years	\$ 73,060	3.50%	\$ 97,405	\$ 3,672
Toshiba Managed Print Services	7/1/2019	5 Years	62,646	4.90%	195,204	71,962
Total Lease Agreements						<u>\$ 75,634</u>

The vehicles were leased from Enterprise FM Trust for LACDA's Fleet Management Services, beginning on March 1, 2019, for a term of five years. The 3.50% interest rate is an average rate calculated from the individual lease schedule of all the leased vehicles. This lease is not renewable and LACDA will not acquire the vehicles at the end of the five years.

The printers were leased from Toshiba Business Solutions for LACDA's Managed Print Services, beginning on July 1, 2019, for a term of five years. The lease agreement did not specify any interest rate. The 4.90% interest rate is used based on the similar equipment lease of the agency. This lease is not renewable and LACDA will not acquire the printers at the end of the lease term.

(d) Subscription Liability

Subscription-based information technology arrangement (SBITA) agreements are summarized as follows:

Describe	Date	Payment Terms	Payment Amount	Interest Rate	Total Subscription Liability	Balance June 30, 2023
3DI Preservation Database	1/9/2020	6 Years	\$ 45,000	5.00%	\$ 115,599	\$ 81,698
Emphasys Housing Database and Website Services	7/1/2021	5 Years	237,834	5.00%	898,472	701,079
eSkill Pre-Employment Assessment Services	9/1/2022	5 Years	7,500	5.00%	32,471	26,595
Neogov Application Tracking System	4/13/2020	5 Years	23,782	5.00%	34,108	13,333
Data Tree Internet Based Real Estate Property Data Service	3/1/2019	5 Years	28,200	5.00%	45,005	18,452
Nan McKay Rent Comparable System	7/1/2022	5 Years	62,400	5.00%	291,739	242,815
HKA Project Tracking Software and Database	11/1/2022	5 Years	42,671	5.00%	315,207	288,297
Insight Microsoft Enterprise Server and Cloud Azure	5/23/2021	3 Years	93,000	5.00%	245,586	162,638
Total SBITA Agreements						<u>\$ 1,534,907</u>

The foregoing SBITA agreements are non-renewable upon the conclusion of each respective contract term. None of these agreements specified an explicit interest rate; therefore, a 5% interest rate is used based on the prime rate as of the beginning of the fiscal year.

Each of these SBITA agreements provides distinct functions and they are described as follows:

- The preservation database was contracted with 3DI, Inc. for rent control ordinance and creating an affordable housing preservation database to track and preserve affordable housing units within a jurisdiction that is subject to rent control regulations.
- The agreement with Emphasys Computer Solutions, Inc. facilitates access to a housing locator system. This system seeks to optimize access to affordable housing databases and market data, thereby expanding housing opportunities for the community.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2023

- The pre-employment assessment was contracted with eSkill Corporation to provide the most relevant pre-employment tests for selection of candidates which help organizations simplify and streamline their recruitment process and enhance the quality of hires.
- The application tracking system was contracted with governmentjobs.com, also known as Neogov. This software platform is designed to streamline and automate the recruitment and hiring process for LACDA. It provides a centralized system for managing job postings, receiving, and reviewing applications, evaluating candidates, scheduling interviews, and making hiring decisions.
- The internet based real estate property data services was contracted with First American Data Tree, LLC. It provides comprehensive and detailed information about real estate properties which utilizes data from various sources to compile a comprehensive report about a specific property or a group of properties.
- The rent comparable system was contracted with Nan McKay and Associates, Inc., that provides housing agencies with immediate access to comparable rental data, which simplifies the process of calculating Housing Assistance payments and creating HUD-compliant rent reasonable reports.
- The project tracking software and database was contracted with HKA Global, Inc., for the Construction Management unit to utilize the eComply software from PMWeb to manage its construction projects in ensuring the compliance prevailing wage, labor agreement, and workforce and participation management.
- The Microsoft enterprise server and cloud Azure was contracted with Insight Public Sector, Inc., a company in a partnership with Microsoft. The enterprise server helps organizations deploy and manage robust server infrastructure and enhance productivity, collaboration, data management, and communication with public sector organizations. Azure allows organizations to build, deploy, and manage applications and services on a global network of Microsoft-managed data centers. It provides scalable and flexible computing resources, storage options, data analytics, artificial intelligence capabilities.

(e) Notes Payable to Department of Housing and Community Development

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

The LACDA's outstanding notes payable related to business-type activities of \$2,200,000 contain a provision that in an event of default, outstanding amounts become immediately due if LACDA is not able to make payment and failure to perform or observe any other term or provision of this note. Per the promissory note, no payment installments are required but rather the full amount of debt be repaid by LACDA on the maturity date of 2081.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements
Year ended June 30, 2023

(f) *Annual Debt Service Requirements*

Annual debt service requirements to maturity for the general revenue bonds and the unamortized premium on bonds payable (governmental activities) are as follows:

	Principal	Interest	Unamortized Premium	Total
Fiscal year ending June 30:				
2024	\$ 675,000	\$ 1,438,225	\$ 41,697	\$ 2,154,922
2025	705,000	1,403,725	59,244	2,167,969
2026	745,000	1,367,475	77,366	2,189,841
2027	790,000	1,329,100	97,186	2,216,286
2028	835,000	1,288,475	116,321	2,239,796
2029-2033	5,435,000	5,742,875	1,050,413	12,228,288
2034-2038	9,665,000	3,819,125	1,693,363	15,177,488
2039-2043	12,255,000	1,277,500	472,470	14,004,970
	<u>\$31,105,000</u>	<u>\$17,666,500</u>	<u>\$ 3,608,060</u>	<u>\$52,379,560</u>

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

	Principal	Interest	Total
Fiscal year ending June 30:			
2024	\$ 1,083,000	\$ 484,760	\$ 1,567,760
2025	1,102,000	560,286	1,662,286
2026	1,144,000	518,919	1,662,919
2027	729,000	480,855	1,209,855
2028	757,000	446,814	1,203,814
2029-2033	3,854,000	1,695,878	5,549,878
2034-2038	3,812,000	743,552	4,555,552
2039-2040	965,000	46,551	1,011,551
	<u>\$ 13,446,000</u>	<u>\$ 4,977,615</u>	<u>\$ 18,423,615</u>

Annual debt service requirements to maturity for the lease liability obligations and related interest are as follows:

	Principal	Interest	Total
Fiscal year ending June 30:			
2024	\$ 69,962	\$ 2,099	\$ 72,061
2025	5,672	23	5,695
	<u>\$ 75,634</u>	<u>\$ 2,122</u>	<u>\$ 77,756</u>

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Notes to Basic Financial Statements
Year ended June 30, 2023**

Annual debt service requirements to maturity for the subscription liability obligations and related interest are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ending June 30:			
2024	\$ 543,693	\$ 66,689	\$ 610,382
2025	406,912	42,944	449,856
2026	426,582	22,038	448,620
2027	157,720	6,334	164,054
	<u>\$ 1,534,907</u>	<u>\$ 138,005</u>	<u>\$ 1,672,912</u>

(9) Compensated Absences

During the fiscal year end June 30, 2023, in addition to the Section 108 notes payable, general revenue bonds, lease and subscription liabilities in Note 8, net pension liability in Note 11, other postemployment benefits in Note 12, and claims payable in Note 17, LACDA has the following changes in compensated absences:

	<u>Balance, July 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance, June 30, 2023</u>	<u>Due within one year</u>
<u>Governmental activities:</u>					
Compensated absences	\$ 1,847,620	\$ 1,752,594	\$ (1,668,245)	\$ 1,931,969	\$ 1,738,772
Total	<u>\$ 1,847,620</u>	<u>\$ 1,752,594</u>	<u>\$ (1,668,245)</u>	<u>\$ 1,931,969</u>	<u>\$ 1,738,772</u>
<u>Business-type activities:</u>					
Compensated absences	\$ 1,466,697	\$ 1,273,242	\$ (1,382,093)	\$ 1,357,846	\$ 1,222,061
Total	<u>\$ 1,466,697</u>	<u>\$ 1,273,242</u>	<u>\$ (1,382,093)</u>	<u>\$ 1,357,846</u>	<u>\$ 1,222,061</u>

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

(10) Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2023, is as follows:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
Advances to/from General Fund	<u>\$ 3,042,288</u>	Public Housing Proprietary Fund	\$ 382,284
		Other Housing Proprietary Fund	32,387
		Section 8 program	<u>2,627,617</u>
			<u>\$ 3,042,288</u>

These balances are primarily to fund working capital for the housing reimbursement programs. 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

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2023

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	\$ 3,042,288
Total advances	<u>\$ 3,042,288</u>

The composition of interfund transfers for the year ended June 30, 2023, is as follows:

Funds	Transfer in	Transfer out
Governmental Funds:		
General fund	\$ -	\$ 827,158
Federal housing and community development	-	1,471,574
Other federal	-	25,880
Local housing and community development	-	543,928
Internal Service Funds:		
Central services	510,199	-
Data processing	1,210,362	-
Risk management	105,884	-
Alhambra building	22,259	-
Proprietary Funds:		
Public housing	1,562,010	-
Other housing	-	529,887
Section 8 program	-	12,287
Total	<u>\$ 3,410,714</u>	<u>\$ 3,410,714</u>

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

(11) Defined Benefit Pension Plan

(a) General information about the Pension Plan

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

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit,

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2023

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, 2023, are summarized as follows:

	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.1% to 2.4%	1.0% to 2.5%
Required employee contribution rates	7.000%	7.500%
Required employer contribution rates	8.030%	8.030%

Employees Covered – At June 30, 2023, the following employees were covered by the benefit terms of the Plan:

Inactive employees or beneficiaries currently receiving benefits	586
Inactive employees entitled to but not yet receiving benefits	848
Active employees	540
Total	<u>1,974</u>

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

(b) *Net Pension Liability*

The LACDA's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021, rolled forward to June 30, 2022, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2023

Actuarial Assumptions – The total pension liability actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-age normal cost method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	2.80%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.00% (2)
Mortality	Derived using CalPERS' Membership data for all Funds

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

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

The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

Change of Assumptions – In 2022, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The discount rate was reduced from 7.15% to 6.90%.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2023

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

Asset Class	Current Target Allocation	Real Return (a) (b)
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	-0.59%
Total	100.00%	

^(a) An expected inflation of 2.3% used for this period.

^(b) Figures are based on the 2021 Asset Liability Management study.

Subsequent Events – On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-2021. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements
Year ended June 30, 2023

(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 6/30/2021	\$ 314,001,000	\$ 300,371,878	\$ 13,629,122
Changes Recognized for the Measurement Period:			
Service Cost	6,698,420	-	6,698,420
Interest on the Total Pension Liability	22,059,245	-	22,059,245
Differences between Expected and Actual Experiences	(1,466,954)	-	(1,466,954)
Changes of Assumptions	10,194,440	-	10,194,440
Contributions from the Employer	-	6,797,229	(6,797,229)
Contributions from the Employee	-	3,061,183	(3,061,183)
Net Investment Income	-	(22,614,216)	22,614,216
Benefit Payments, including Refunds of Employee Contributions	(12,756,951)	(12,756,951)	-
Administrative Expense	-	(187,114)	187,114
Net Changes during 2021-2022	24,728,200	(25,699,869)	50,428,069
Balance at 6/30/2022	<u>\$ 338,729,200</u>	<u>\$ 274,672,009</u>	<u>\$ 64,057,191</u>

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Net pension liability	\$ 113,263,009	\$ 64,057,191	\$ 23,722,762

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

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Notes to Basic Financial Statements
Year ended June 30, 2023**

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

For the fiscal year ended June 30, 2023, LACDA recognized pension expense of \$10,795,157. At June 30, 2023, LACDA reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 8,596,075	\$ -
Difference between actual and expected experience	229,766	1,008,531
Changes in assumptions	7,008,677	-
Net Differences between projected and actual earnings on plan investments	13,922,528	-
	<u>\$ 29,757,046</u>	<u>\$ 1,008,531</u>

Deferred outflows of resources totaling \$8,596,075 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, 2024.

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:	
2024	\$ 5,226,449
2025	4,733,021
2026	1,551,529
2027	8,641,441
	<u>\$ 20,152,440</u>

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

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2023

(12) Other Postemployment Benefits (OPEB) Plan

(a) *General information about the OPEB Plan*

Plan Descriptions – In June 2011, the LACDA created a trust with the California Employers’ Retiree Benefit Trust (CERBT), a single-employer defined benefit plan, which is administered by CalPERS for the purpose of prefunding obligations for past services. In addition to the pension benefits described in Note 11, the LACDA also provides retiree health care benefits for eligible employees. The retiree health care benefits provided by the LACDA are basically a continuation of the medical plans for active employees. Eligibility for continuation of medical coverage for employees hired prior to August 3, 2010, requires retirement from the LACDA on or after age 50 with at least 10 years of continuous service with the LACDA. The LACDA will contribute 75% plus 5% for each year of service in excess of 15 years up to 100% towards the cost of coverage. Eligibility for continuation of medical coverage for employees hired on or after August 3, 2010, requires retirement from the LACDA on or after age 50 with at least 25 years of continuous service with the LACDA. Effective January 1, 2005, the LACDA will not pay more than the highest amount contributed for a current regular employee, for employee only medical insurance.

Employees Covered – As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the OPEB Plan:

Active employees	540
Inactive employees or beneficiaries currently receiving benefits	196
Inactive employees entitled to but not yet receiving benefits	<u>-</u>
Total	<u><u>736</u></u>

Contributions – The OPEB Plan and its contribution requirements are established and may be amended by the Executive Director of the LACDA. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2023, LACDA’s cash contributions were \$1,029,217 in payments to the trust and to the providers for the retiree’s insurance premium, and the estimated implied subsidy was \$317,227 resulting in total payments of \$1,346,444.

(b) *Net OPEB Liability*

The LACDA’s net OPEB liability for the Plan is measured as the total OPEB liability, less the OPEB plan’s fiduciary net position. The net OPEB liability of the Plan is measured as of June 30, 2022, using an annual actuarial valuation as of June 30, 2021 to determine the June 30, 2022 total OPEB liability. A summary of principal assumptions and methods used to determine the net OPEB liability is shown below.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2023

Actuarial Assumptions – The total OPEB liability actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Assumptions:	
Discount Rate	6.00%
Inflation	2.75%
Salary Increase	2.75% per annum, plus merit scale
Investment Rate of Return	6.00%
Mortality Rate	Derived using CalPERS' Membership data for all Funds
Pre-Retirement Turnover	Derived using CalPERS' Membership data for all Funds
Healthcare Trend Rate	6.25% HMO/6.25% PPO decreasing to 4.50% HMO/4.50% PPO

The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation effective October 2022 is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	49.00%	N/A
Global Debt Securities	23.00%	N/A
Inflation Assets	5.00%	N/A
Commodities	3.00%	N/A
Real Estate Investment Trusts (REITS)	20.00%	N/A
Total	100.00%	6.00%

Change of Assumptions – In 2022, the discount rate was reduced from 7.00% to 6.00%.

Discount Rate – The discount rate used to measure the total OPEB liability was 6.00%. The projection of cash flows used to determine the discount rate assumed that LACDA's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements
Year ended June 30, 2023

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/Asset

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

	Increase (Decrease)		
	Total OPEB Liability (Asset)	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at 6/30/2021	\$ 26,469,983	\$ 32,174,965	\$ (5,704,982)
Changes Recognized for the Measurement Period:			
Service Cost	748,243	-	748,243
Interest on the Total OPEB Liability	1,865,557	-	1,865,557
Differences between Expected and Actual Experiences	(1,539,220)	-	(1,539,220)
Changes of Assumptions	3,278,353	-	3,278,353
Contributions from the Employer	-	1,486,203	(1,486,203)
Net Investment Income	-	(4,309,230)	4,309,230
Benefit Payments, including Refunds of Employee Contributions	(1,154,345)	(1,154,345)	-
Administrative Expense	-	(8,149)	8,149
Net Changes during 2021-2022	<u>3,198,588</u>	<u>(3,985,521)</u>	<u>7,184,109</u>
Balance at 6/30/2022	<u>\$ 29,668,571</u>	<u>\$ 28,189,444</u>	<u>\$ 1,479,127</u>

Sensitivity of the Net OPEB Liability/Asset to Changes in the Discount Rate – The following presents the net OPEB liability of the LACDA, calculated using the discount rate of 6.00%, as well as what LACDA’s net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Net OPEB liability (asset)	\$ 5,430,480	\$ 1,479,127	\$ (1,799,228)

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Notes to Basic Financial Statements
Year ended June 30, 2023**

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

	1% Decrease	Current Healthcare Cost Trend Rates Rate	1% Increase
	(5.25%HMO/5.25%PPO decreasing to 3.50%HMO/3.50%PPO)	(6.25%HMO/6.25%PPO decreasing to 4.50%HMO/4.50%PPO)	(7.25%HMO/7.25%PPO decreasing to 5.50%HMO/5.50%PPO)
Net OPEB liability (asset)	\$ (2,537,561)	\$ 1,479,127	\$ 6,487,440

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, 2023, the LACDA recognized OPEB expense of \$922,991. At June 30, 2023, the LACDA reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 1,029,217	\$ -
Difference between actual and expected experience	435,448	5,182,182
Changes in assumptions	4,893,874	-
Net Differences between projected and actual earnings on OPEB plan investments	2,606,689	-
	<u>\$ 8,965,228</u>	<u>\$ 5,182,182</u>

Deferred outflows of resources totaling \$1,029,217 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, 2024.

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

Fiscal year ending June 30:	
2024	\$ 598,589
2025	562,401
2026	396,795
2027	1,403,064
2028	88,547
Thereafter	(295,567)
	<u>\$ 2,753,829</u>

(13) Deferred Compensation Plan

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

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2023

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

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

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

The following is a summary of activity of the trust for the year ended June 30, 2023:

Fund assets (at fair value), July 1, 2022	\$ 78,580,860
Deferrals of compensation	4,528,344
Earnings and increase (decrease) in fair value of investments	8,506,041
Payments to eligible participants and beneficiaries	<u>(4,148,228)</u>
Fund assets (at fair value), June 30, 2023	<u>\$ 87,467,017</u>

(14) Mortgage Revenue Bonds (Conduit debt)

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

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

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

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

(15) Federal Grant Awards

The LACDA's Grant Programs operate under a line of credit established with HUD, and other federal agencies, for its federal grant revenues. The approved line of credit amount was approximately \$519,008,983. Life-to-date, the LACDA has drawn down funds approximating \$329,076,164, against the line of credit, to cover its grant programs' activities, leaving available funds of approximately \$189,932,819 at June 30, 2023. The funds do not represent an obligation of LACDA and are available for draw-down by the LACDA to finance CDBG Float, Section 108, and

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2023

Home Loan programs, which are repaid to the LACDA; and are also utilized for activities of the LACDA's Grant Programs.

(16) Construction Commitments

The LACDA has entered into various contracts for the purchase of materials, professional and non-professional services for construction projects. At June 30, 2023, significant remaining commitments are as follows:

Project	Contract Amount	Spent-to-Date	Remaining Commitment
Century Villages at Cabrillo Phase VI	\$ 7,100,000	\$ 6,529,496	\$ 570,504
Sherman Oaks Senior Housing	5,058,085	4,544,760	513,325
Vermont Manchester	9,000,000	8,366,236	633,764
Essex Tower	7,000,000	6,361,267	638,733
Ingraham Apartments	20,000,000	19,323,683	676,317
Watts Work	3,290,000	2,600,400	689,600
Orchard Arms Solar & Roof	1,941,640	1,203,411	738,229
Francisquito Villa Unit Flooring	795,011	52,861	742,150
Washington Arts Collective	4,660,000	3,898,400	761,600
26 Point 2	6,000,000	4,925,000	1,075,000
Exide Group 31	1,313,888	157,846	1,156,042
El Monte Area X Apartments	6,750,000	5,572,816	1,177,184
Ramona Metro Point	6,640,000	5,369,000	1,271,000
Juniper Grove Apartments	13,680,000	12,262,000	1,418,000
3rd and Dangler	7,000,000	5,580,169	1,419,831
The Brine	10,570,000	9,102,403	1,467,597
803 5th Street	14,900,000	12,605,729	2,294,271
Weingart Tower 1A - 134	9,565,217	7,030,483	2,534,734
4507 Main Street	3,860,000	625,818	3,234,182
2652 Pico Apartments	11,660,000	8,410,072	3,249,928
2111 Firestone	6,120,000	2,620,000	3,500,000
11730 Ramona Blvd	5,000,000	1,391,485	3,608,515
Confianza	9,020,000	4,899,598	4,120,402
Ambrosia	12,100,000	6,986,563	5,113,437
Lincoln Ave Senior Apartments	11,250,000	5,352,231	5,897,769
West LA VA - Building 156 & 157	10,000,000	3,885,822	6,114,178
Montesquieu Manor	10,074,000	2,857,519	7,216,481
Rousseau Residences	9,942,000	2,344,024	7,597,976
	\$ 224,289,841	\$ 154,859,092	\$ 69,430,749

(17) Commitments and Contingencies

(a) General Liability and Workers' Compensation

The LACDA has been named as a defendant in various general damage and personal injury lawsuits and claims. Such claims arise primarily from injuries or damages sustained by claimants while on property owned and maintained by LACDA. The LACDA is self-insured for its general liability and workers' compensation claims up to \$500,000 per each type of claim. The LACDA has established accrued liabilities aggregating \$6,914,040 of which \$6,222,636 is considered noncurrent, for the estimated liability for payment of incurred (both reported

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Notes to Basic Financial Statements Year ended June 30, 2023

and unreported) but unpaid claims at June 30, 2023. The LACDA obtains periodic funding valuations from claims-servicing companies managing the general liability and workers' compensation programs, and adjusts the charges to the various funds or departments as required, to maintain the appropriate level of estimated claims liability. No settlements exceeded insurance coverage in the last two fiscal years ended June 30, 2023, and June 30, 2022. Management believes that the ultimate result of the pending lawsuits and claims, beyond that already accrued, if any, will not have a material adverse effect upon the LACDA's financial position.

During the fiscal years 2023 and 2022, the changes in the self-insurance liability were as follows:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 3,525,540	\$ 3,525,540
Additions	7,250,541	3,005,204
Payments	<u>(3,862,041)</u>	<u>(3,005,204)</u>
Ending balance	<u>\$ 6,914,040</u>	<u>\$ 3,525,540</u>

(b) Grants and Other

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

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

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

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

(19) Restatements of Net Position and Fund Balance

(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. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* and the recognition of a prior year capital asset acquisition. The two accounting activities resulted a total increase in the beginning balance of net position by \$3,769,091, comprised of \$270,929 for the SBITAs reporting implementation and \$3,498,162 for the prior year capital asset acquisition.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Notes to Basic Financial Statements
Year ended June 30, 2023**

	Net Position, beginning of year, as originally reported	Restatements	Net Position, beginning of year, as reported on the Statement of Activities
Governmental activities	\$ 568,920,030	\$ 250,022	\$ 569,170,052
Business-type activities	150,751,199	3,519,069	154,270,268
Net Position	<u>\$ 719,671,229</u>	<u>\$ 3,769,091</u>	<u>\$ 723,440,320</u>

(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. 96, *Subscription-Based Information Technology Arrangements (SBITAs)* and the recognition of a prior year capital asset acquisition:

	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	\$ 115,237,574	\$ 3,405,528	\$ 118,643,102
Other housing	12,317,551	92,634	12,410,185
Section 8 program	23,196,074	20,907	23,216,981
Net Position, Proprietary Funds	<u>\$ 150,751,199</u>	<u>\$ 3,519,069</u>	<u>\$ 154,270,268</u>
Internal service funds	<u>\$ 6,880,311</u>	<u>\$ 120,022</u>	<u>\$ 7,000,333</u>

(20) Subsequent Events

The LACDA has evaluated events subsequent to June 30, 2023, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through November 13, 2023, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require additional disclosure in the financial statements.



REQUIRED SUPPLEMENTARY INFORMATION



LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Required Supplementary Information
Schedule of Revenues, Expenditures, and
Change in Fund Balances – Budget and Actual
General Fund
Year ended June 30, 2023**

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 12,399,393	\$ 1,528,921	\$ 2,043,847	\$ 514,926
Charges for services	13,610,133	15,832,717	16,553,127	720,410
Rentals	489,062	639,062	785,396	146,334
Investment income (loss)	3,302,351	1,997,451	(3,287,983)	(5,285,434)
Contributions	-	-	2,488,996	2,488,996
Other revenues	232,016	232,016	238,781	6,765
Total revenues	<u>30,032,955</u>	<u>20,230,167</u>	<u>18,822,164</u>	<u>(1,408,003)</u>
Expenditures:				
Current:				
General government	4,013,915	2,963,019	793,943	2,169,076
Housing	15,742,540	14,136,042	11,588,508	2,547,534
Economic development	8,872,562	1,040,362	525,087	515,275
Community development	3,677,531	3,764,343	3,400,281	364,062
Capital outlay	422,000	422,000	400,523	21,477
Debt service:				
Principal	-	62,000	53,204	8,796
Interest	-	8,000	6,278	1,722
Total expenditures	<u>32,728,548</u>	<u>22,395,766</u>	<u>16,767,824</u>	<u>5,627,942</u>
Excess (deficiency) of revenues over expenditures	<u>(2,695,593)</u>	<u>(2,165,599)</u>	<u>2,054,340</u>	<u>4,219,939</u>
Other financing sources (uses):				
Sales of property	-	-	320,264	320,264
Insurance recoveries	-	-	1,743,650	1,743,650
Subscription revenues	-	-	111,584	111,584
Transfers in (out)	2,695,596	2,165,596	(827,158)	(2,992,754)
Net other financing sources (uses)	<u>2,695,596</u>	<u>2,165,596</u>	<u>1,348,340</u>	<u>(817,256)</u>
Change in fund balance	3	(3)	3,402,680	3,402,683
Fund balance at beginning of year	<u>65,840,925</u>	<u>65,840,925</u>	<u>65,840,925</u>	<u>-</u>
Fund balance at end of year	<u>\$ 65,840,928</u>	<u>\$ 65,840,922</u>	<u>\$ 69,243,605</u>	<u>\$ 3,402,683</u>

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Required Supplementary Information
Schedule of Revenues, Expenditures, and
Change in Fund Balances – Budget and Actual
Federal Housing and Community Development
Year ended June 30, 2023**

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 77,715,182	\$ 74,684,232	\$ 74,004,785	\$ (679,447)
Charges for services	-	-	29,017	29,017
Rentals	-	-	161,434	161,434
Investment income	-	-	1,738,776	1,738,776
Contributions	-	-	83,500	83,500
Other revenues	-	-	377,691	377,691
Total revenues	<u>77,715,182</u>	<u>74,684,232</u>	<u>76,395,203</u>	<u>1,710,971</u>
Expenditures:				
Current:				
Housing	30,877,296	44,180,201	39,154,140	5,026,061
Community development	42,956,508	36,035,802	30,563,252	5,472,550
Capital outlay	1,280,000	1,280,000	1,270,351	9,649
Debt service:				
Principal	1,941,000	2,841,000	2,736,000	105,000
Interest	647,230	647,230	342,702	304,528
Total expenditures	<u>77,702,034</u>	<u>84,984,233</u>	<u>74,066,445</u>	<u>10,917,788</u>
Excess (deficiency) of revenues over expenditures	<u>13,148</u>	<u>(10,300,001)</u>	<u>2,328,758</u>	<u>12,628,759</u>
Other financing sources (uses):				
Issuance of debt	-	10,300,000	10,300,000	-
Sale of property	-	-	900,000	900,000
Transfers out	-	-	(284,723)	(284,723)
Net other financing sources (uses)	<u>-</u>	<u>10,300,000</u>	<u>10,915,277</u>	<u>615,277</u>
Change in fund balance	13,148	(1)	13,244,035	13,244,036
Fund balance at beginning of year	<u>(538,442)</u>	<u>(538,442)</u>	<u>(538,442)</u>	<u>-</u>
Fund balance at end of year	<u>\$ (525,294)</u>	<u>\$ (538,443)</u>	<u>\$ 12,705,593</u>	<u>\$ 13,244,036</u>

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Required Supplementary Information
Schedule of Revenues, Expenditures, and
Change in Fund Balances – Budget and Actual
Other Federal
Year ended June 30, 2023**

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 42,842,670	\$ 38,775,770	\$ 21,848,860	\$ (16,926,910)
Charges for services	-	-	15,048	15,048
Investment income	-	165,000	403,780	238,780
Total revenues	<u>42,842,670</u>	<u>38,940,770</u>	<u>22,267,688</u>	<u>(16,673,082)</u>
Expenditures:				
Current:				
Housing	8,248,567	4,491,670	1,125,260	3,366,410
Economic development	950,000	1,115,000	1,003,620	111,380
Community development	<u>33,644,103</u>	<u>33,334,100</u>	<u>12,898,849</u>	<u>20,435,251</u>
Total expenditures	<u>42,842,670</u>	<u>38,940,770</u>	<u>15,027,729</u>	<u>23,913,041</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>7,239,959</u>	<u>7,239,959</u>
Other financing sources (uses):				
Transfers out	<u>-</u>	<u>-</u>	<u>(25,880)</u>	<u>(25,880)</u>
Net other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(25,880)</u>	<u>(25,880)</u>
Change in fund balance	-	-	7,214,079	7,214,079
Fund balance at beginning of year	<u>1,438,890</u>	<u>1,438,890</u>	<u>1,438,890</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,438,890</u>	<u>\$ 1,438,890</u>	<u>\$ 8,652,969</u>	<u>\$ 7,214,079</u>

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Required Supplementary Information
Schedule of Revenues, Expenditures, and
Change in Fund Balances – Budget and Actual
Local Housing and Community Development
Year ended June 30, 2023**

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 295,460,507	\$ 309,885,857	\$ 277,770,094	\$ (32,115,763)
Charges for services	236,100	236,100	1,178,509	942,409
Investment income	5,144,300	5,285,300	9,589,275	4,303,975
Other revenues	12,700	-	1,910,254	1,910,254
Total revenues	<u>300,853,607</u>	<u>315,407,257</u>	<u>290,448,132</u>	<u>(24,959,125)</u>
Expenditures:				
Current:				
Housing	295,997,333	296,856,524	199,694,559	97,161,965
Economic development	13,150	13,108,350	12,801,388	306,962
Community development	917,261	1,353,259	846,354	506,905
Traffic services	2,919,029	2,919,026	2,313,855	605,171
Capital outlay	1,020,000	1,020,000	1,014,071	5,929
Debt service:				
Principal	-	150,000	231,294	(81,294)
Interest	-	-	51,540	(51,540)
Total expenditures	<u>300,866,773</u>	<u>315,407,159</u>	<u>216,953,061</u>	<u>98,454,098</u>
Excess (deficiency) of revenues over expenditures	<u>(13,166)</u>	<u>98</u>	<u>73,495,071</u>	<u>73,494,973</u>
Other financing sources (uses):				
Subscription revenues	-	-	1,014,071	1,014,071
Transfers out	-	(100)	(543,928)	(543,828)
Net other financing sources (uses)	<u>-</u>	<u>(100)</u>	<u>470,143</u>	<u>470,243</u>
Change in fund balance	(13,166)	(2)	73,965,214	73,965,216
Fund balance at beginning of year	<u>450,262,075</u>	<u>450,262,075</u>	<u>450,262,075</u>	<u>-</u>
Fund balance at end of year	<u>\$ 450,248,909</u>	<u>\$ 450,262,073</u>	<u>\$ 524,227,289</u>	<u>\$ 73,965,216</u>

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Required Supplementary Information
 Schedule of Revenues, Expenditures, and
 Change in Fund Balances – Budget and Actual
 Low- and Moderate-Income Housing Asset Fund
 Year ended June 30, 2023**

	Budget		Actual	Variance with final budget positive (negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 250,100	\$ 250,100	\$ 31,594	\$ (218,506)
Charges for services	-	-	75,648	75,648
Investment income	-	-	216,072	216,072
Total revenues	<u>250,100</u>	<u>250,100</u>	<u>323,314</u>	<u>73,214</u>
Expenditures:				
Current:				
Housing	250,101	250,100	82,641	167,459
Total expenditures	<u>250,101</u>	<u>250,100</u>	<u>82,641</u>	<u>167,459</u>
Change in fund balance	(1)	-	240,673	240,673
Fund balance at beginning of year	<u>9,556,126</u>	<u>9,556,126</u>	<u>9,556,126</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 9,556,125</u></u>	<u><u>\$ 9,556,126</u></u>	<u><u>\$ 9,796,799</u></u>	<u><u>\$ 240,673</u></u>

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

Year ended June 30, 2023

(1) Budget

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

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
Year ended June 30, 2023

(2) **Additional Pension Information**

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

Last Ten Years *

Measurement Date of June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:									
Service Cost	\$ 6,698,420	\$ 5,745,188	\$ 5,686,125	\$ 5,193,567	\$ 5,373,884	\$ 5,493,966	\$ 4,779,725	\$ 4,580,146	\$ 4,703,232
Interest on total pension liability	22,059,245	21,174,641	20,115,695	18,950,485	17,754,300	17,075,665	16,007,563	15,070,316	14,282,452
Differences between expected and actual experience	(1,466,954)	804,178	2,492,999	3,343,450	(1,368,676)	599,428	232,779	(1,060,307)	-
Changes in assumptions	10,194,440	-	-	-	(2,851,868)	15,801,836	-	(4,135,536)	-
Benefit payments, including refunds of employee contributions	(12,756,951)	(12,390,125)	(11,260,063)	(9,913,298)	(9,389,940)	(8,205,369)	(7,743,352)	(7,719,533)	(6,607,237)
Net change in total pension liability	24,728,200	15,333,882	17,034,756	17,574,204	9,517,700	30,765,526	13,276,715	6,735,086	12,378,447
Total pension liability - beginning	314,001,000	298,667,118	281,632,362	264,058,158	254,540,458	223,774,932	210,498,217	203,763,131	191,384,684
Total pension liability - ending (a)	\$ 338,729,200	\$ 314,001,000	\$ 298,667,118	\$ 281,632,362	\$ 264,058,158	\$ 254,540,458	\$ 223,774,932	\$ 210,498,217	\$ 203,763,131
Plan Fiduciary Net Position:									
Contributions - employer	\$ 6,797,229	\$ 5,615,368	\$ 4,816,329	\$ 4,161,151	\$ 3,611,401	\$ 3,528,385	\$ 3,511,537	\$ 2,285,548	\$ 2,283,753
Contributions - employee	3,061,183	2,867,296	2,839,782	2,682,042	2,619,662	2,523,028	2,588,047	2,447,451	2,738,370
Net investment income	(22,614,216)	55,785,141	12,036,510	14,904,211	17,970,975	21,715,192	995,011	4,318,628	29,150,178
Benefit payments	(12,756,951)	(12,390,125)	(11,260,063)	(9,913,298)	(9,389,940)	(8,205,369)	(7,743,352)	(7,719,533)	(6,607,237)
Plan and plan resource movement	-	-	-	-	(531)	905	-	905	-
Administrative expense	(187,114)	(248,479)	(339,257)	(163,404)	(335,245)	(289,184)	(119,839)	(221,319)	-
Other miscellaneous income (expense)	-	-	-	531	(636,636)	-	-	-	-
Net change in plan fiduciary net position	(25,699,869)	51,629,201	8,093,301	11,671,233	13,839,686	19,272,052	(768,596)	1,111,680	27,565,064
Plan fiduciary net position - beginning	300,371,878	248,742,677	240,649,376	228,978,143	215,138,457	195,866,405	196,635,001	195,523,321	167,958,257
Plan fiduciary net position - ending (b)	\$ 274,672,009	\$ 300,371,878	\$ 248,742,677	\$ 240,649,376	\$ 228,978,143	\$ 215,138,457	\$ 195,866,405	\$ 196,635,001	\$ 195,523,321
Net pension liability - ending (a)-(b)	\$ 64,057,191	\$ 13,629,122	\$ 49,924,441	\$ 40,982,986	\$ 35,080,015	\$ 39,402,001	\$ 27,908,527	\$ 13,863,216	\$ 8,239,810
Plan fiduciary net position as a percentage of the total pension liability	81.09%	95.66%	83.28%	85.45%	86.72%	84.52%	87.53%	93.41%	95.96%
Covered payroll	\$ 41,630,948	\$ 39,594,678	\$ 39,241,716	\$ 35,817,702	\$ 37,035,726	\$ 37,056,290	\$ 35,779,057	\$ 34,043,007	\$ 33,527,459
Net pension liability as percentage of covered payroll	153.87%	34.42%	127.22%	114.42%	94.72%	106.33%	78.00%	40.72%	24.58%

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION

Year ended June 30, 2023

Notes to Schedule :

Benefit changes - The figures above generally include any liability impact that may have resulted from voluntary benefit changes that occurred on or before the Measurement Date. However, offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes) that occurred after the valuation date are not included in the figures above, unless the liability impact is deemed to be material by the plan actuary.

Changes in assumption - Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates 2017 through 2021, 7.65% for measurement dates 2015 through 2016, and 7.50% for measurement date 2014.

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

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**REQUIRED SUPPLEMENTARY INFORMATION
Year ended June 30, 2023**

(b) Schedule of Contributions

	Last Ten Years*									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	
Actuarially determined contributions	\$ 8,596,075	\$ 6,799,052	\$ 5,613,483	\$ 4,815,740	\$ 4,161,355	\$ 2,488,319	\$ 3,528,363	\$ 3,511,596	\$ 2,282,387	
Contributions in relation to the actuarially determined contributions	(8,596,075)	(6,799,052)	(5,613,483)	(4,815,740)	(4,161,355)	(2,488,319)	(3,528,363)	(3,511,596)	(2,282,387)	
Contributions deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered payroll	\$ 45,019,154	\$ 41,630,948	\$ 39,594,678	\$ 39,241,716	\$ 35,817,702	\$ 37,035,726	\$ 37,056,290	\$ 35,779,057	\$ 34,043,007	
Contributions as a percentage of covered payroll	19.09%	16.33%	14.18%	12.27%	11.62%	6.72%	9.52%	9.81%	6.70%	

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2022-23 were from the June 30, 2020 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 20-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 20-year amortization period for gains and losses.
Inflation	2.30% compounded annually
Salary increases	Varies by Entry age and Service
Payroll Growth	2.75% compounded annually
Investment rate of return	7.00% compounded annually (net of expenses)
Retirement age	The probabilities of retirement are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019.
Mortality	The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

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

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
Year ended June 30, 2023

(3) Additional Other Postemployment Benefits (OPEB) Information

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

	Last Ten Years *					
Measurement Date of June 30,	2022	2021	2020	2019	2018	2017
Total OPEB Liability:						
Service Cost	\$ 748,243	\$ 868,462	\$ 909,559	\$ 601,214	\$ 583,703	\$ 545,518
Interest on total OPEB liability	1,865,557	1,939,265	2,005,552	1,599,935	1,519,491	1,436,483
Differences between expected and actual experience	(1,539,220)	(2,589,121)	(2,700,336)	783,804	-	-
Changes in assumptions	3,278,353	543	-	3,562,843	-	-
Benefit payments, including refunds of employee contributions	(1,154,345)	(1,149,538)	(1,092,688)	(1,049,052)	(893,928)	(774,789)
Net change in total OPEB liability	3,198,588	(930,389)	(877,913)	5,498,744	1,209,266	1,207,212
Total OPEB liability - beginning	26,469,983	27,400,372	28,278,285	22,779,541	21,570,275	20,363,063
Total OPEB liability - ending (a)	\$ 29,668,571	\$ 26,469,983	\$ 27,400,372	\$ 28,278,285	\$ 22,779,541	\$ 21,570,275
Plan Fiduciary Net Position:						
Contributions - employer	\$ 1,486,203	\$ 1,868,358	\$ 2,651,321	\$ 1,100,201	\$ 1,281,968	\$ 1,241,648
Net investment income	(4,309,230)	6,783,499	789,365	1,291,178	1,522,386	1,781,325
Benefit payments	(1,154,345)	(1,149,538)	(1,092,688)	(1,049,052)	(893,928)	(774,789)
Administrative expense	(8,149)	(9,339)	(10,915)	(4,497)	(10,195)	(9,055)
Other expense	-	-	-	-	(25,305)	-
Net change in plan fiduciary net position	(3,985,521)	7,492,980	2,337,083	1,337,830	1,874,926	2,239,129
Plan fiduciary net position - beginning	32,174,965	24,681,985	22,344,902	21,007,072	19,132,146	16,893,017
Plan fiduciary net position - ending (b)	\$ 28,189,444	\$ 32,174,965	\$ 24,681,985	\$ 22,344,902	\$ 21,007,072	\$ 19,132,146
Net OPEB liability (asset) - ending (a)-(b)	\$ 1,479,127	\$ (5,704,982)	\$ 2,718,387	\$ 5,933,383	\$ 1,772,469	\$ 2,438,129

Plan fiduciary net position as a percentage of the total OPEB liability	95.01%	121.55%	90.08%	79.02%	92.22%	88.70%
Covered-employee payroll	\$ 43,635,535	\$ 42,467,674	\$ 40,783,023	\$ 39,691,507	\$ 35,947,478	\$ 35,721,075
Net OPEB liability (asset) as percentage of covered-employee payroll	3.39%	-13.43%	6.67%	14.95%	4.93%	6.83%

Notes to Schedule:

Changes in assumption - In 2022, the discounted rate was reduced from 7.00% to 6.00%, In 2018 - 2021, there were no changes in the discount rate. In 2017, the discount rate was reduced from 7.28% (net of administrative expense) to 7.00%.

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

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**REQUIRED SUPPLEMENTARY INFORMATION
Year ended June 30, 2023**

(b) Schedule of Contributions

	Last Ten Years*					
	2023	2022	2021	2020	2019	2018
Actuarially determined contributions	\$ 1,029,217	\$ 1,203,253	\$ 1,575,146	\$ 2,348,739	\$ 863,366	\$ 1,078,833
Contributions in relation to the actuarially determined contributions	(1,029,217)	(1,203,253)	(1,575,146)	(2,348,739)	(863,366)	(1,078,833)
Contributions deficiency (excess)	-	-	-	-	-	-
Covered-employee payroll	\$ 39,434,873	\$ 43,635,535	\$ 42,467,674	\$ 40,783,023	\$ 39,691,507	\$ 35,947,478
Contributions as a percentage of covered-employee payroll	2.61%	2.76%	3.71%	5.76%	2.18%	3.00%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2022-23 were from the June 30, 2021 actuarial valuation.

Actuarial Cost Method	Entry age normal
Amortization method / Period	Level percent of payroll over a closed rolling 16-year period
Asset valuation method	Market value
Inflation	2.75%
Payroll Growth	2.75% per annum, plus merit scale
Investment rate of return	6.00%
Healthcare cost trend rates	6.25% initial, 0.25% per year to ultimate rate of 4.50%
Retirement age	The probabilities of retirement are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019.
Mortality	Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

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



SUPPLEMENTARY INFORMATION



INTERNAL SERVICE FUNDS

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

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

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

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

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

Alhambra Building – To account for the general revenue bonds and building maintenance for the LACDA's headquarters.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Combining Statement of Net Position
Internal Service Funds
June 30, 2023**

Assets	Construction Management	Central Services	Data Processing	Risk Management	Alhambra Building	Total
Cash and pooled investments	\$ 4,071,625	\$ 1,024,416	\$ 1,600,544	\$ 4,521,287	\$ 6,281,620	\$ 17,499,492
Inventory	-	47,182	-	-	-	47,182
Capital assets, net	895,280	22,430	386,669	-	31,835,350	33,139,729
Total assets	4,966,905	1,094,028	1,987,213	4,521,287	38,116,970	50,686,403
Deferred Outflows of Resources						
Pension related amounts	2,386,317	644,501	1,766,689	130,630	-	4,928,137
Other postemployment benefits related amounts	574,779	321,128	358,931	45,428	41,380	1,341,646
Total deferred outflows of resources	2,961,096	965,629	2,125,620	176,058	41,380	6,269,783
Liabilities						
Current liabilities:						
Accounts payable and accrued liabilities	143,128	61,248	268,652	36,752	600,945	1,110,725
Long-term debt obligations - current portion	62,353	3,672	228,928	-	675,000	969,953
Estimated claims payable	-	-	-	691,404	-	691,404
Accrued compensated absences	238,118	101,389	184,042	16,601	8,036	548,186
Noncurrent liabilities:						
Long-term debt obligations	225,944	-	5,672	-	34,038,060	34,269,676
Estimated claims payable	-	-	-	6,222,636	-	6,222,636
Accrued compensated absences	26,458	11,265	20,449	1,845	893	60,910
Net pension liability	4,297,378	639,023	1,519,842	107,838	-	6,564,081
Net other postemployment benefits liability	89,643	76,295	47,359	12,755	9,025	235,077
Total liabilities	5,083,022	892,892	2,274,944	7,089,831	35,331,959	50,672,648
Deferred Inflows of Resources						
Pension related amounts	75,685	22,984	54,602	4,274	-	157,545
Other postemployment benefits related amounts	325,655	180,274	194,468	19,935	23,109	743,441
Total deferred inflows of resources	401,340	203,258	249,070	24,209	23,109	900,986
Net Position						
Net investment in capital assets	606,983	18,758	152,069	-	-	777,810
Unrestricted	1,836,656	944,749	1,436,750	(2,416,695)	2,803,282	4,604,742
Total net position	\$ 2,443,639	\$ 963,507	\$ 1,588,819	\$ (2,416,695)	\$ 2,803,282	\$ 5,382,552

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
Year ended June 30, 2023

	Construction Management	Central Services	Data Processing	Risk Management	Alhambra Building	Total
Operating revenues:						
Charges for services	\$ 6,759,214	\$ 2,893,810	\$ 6,656,721	\$ 1,410,306	\$ 1,300,072	\$ 19,020,123
Rentals	-	-	-	-	2,055,626	2,055,626
Other revenue	-	66,017	937	114,524	-	181,478
Total operating revenues	6,759,214	2,959,827	6,657,658	1,524,830	3,355,698	21,257,227
Operating expenses:						
Utilities	27,337	22,079	35,141	1,860	404,384	490,801
Maintenance	153,208	544,351	378,587	4,120	453,220	1,533,486
General administration	6,129,112	2,318,077	5,348,740	4,895,963	466,031	19,157,923
Depreciation and amortization	115,775	50,299	1,003,817	-	1,060,850	2,230,741
Total operating expenses	6,425,432	2,934,806	6,766,285	4,901,943	2,384,485	23,412,951
Operating income (loss)	333,782	25,021	(108,627)	(3,377,113)	971,213	(2,155,724)
Nonoperating revenues (expenses):						
Gain on sale of property	-	24,945	-	-	-	24,945
Investment income	76,970	-	-	-	115,810	192,780
Interest expense	(15,760)	(924)	(58,858)	-	(1,452,944)	(1,528,486)
Net nonoperating revenues (expenses)	61,210	24,021	(58,858)	-	(1,337,134)	(1,310,761)
Change in net position before transfers	394,992	49,042	(167,485)	(3,377,113)	(365,921)	(3,466,485)
Transfers in	-	510,199	1,210,362	105,884	22,259	1,848,704
Net transfers	-	510,199	1,210,362	105,884	22,259	1,848,704
Change in net position	394,992	559,241	1,042,877	(3,271,229)	(343,662)	(1,617,781)
Net position at beginning of year, as restated	2,048,647	404,266	545,942	854,534	3,146,944	7,000,333
Net position at end of year	\$ 2,443,639	\$ 963,507	\$ 1,588,819	\$ (2,416,695)	\$ 2,803,282	\$ 5,382,552

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Combining Statement of Cash Flows
Internal Service Funds**

Year ended June 30, 2023

	Construction Management	Central Services	Data Processing	Risk Management	Alhambra Building	Total
Cash flows from operating activities:						
Charges for services	\$ 6,759,214	\$ 2,938,325	\$ 6,656,721	\$ 1,410,306	\$ 1,300,072	\$ 19,064,638
Receipts from rentals	-	-	-	-	2,055,626	2,055,626
Payments to employees for services	(5,320,887)	(2,037,755)	(4,969,790)	(447,390)	(86,672)	(12,862,494)
Payments to vendors for goods and services	(856,061)	(1,327,056)	(2,010,223)	(1,145,713)	(946,681)	(6,285,734)
Other revenue	-	66,017	937	114,524	-	181,478
Net cash provided by operating activities	<u>582,266</u>	<u>(360,469)</u>	<u>(322,355)</u>	<u>(68,273)</u>	<u>2,322,345</u>	<u>2,153,514</u>
Cash flows from noncapital financing activities:						
Transfers in from other funds	-	510,199	1,210,362	105,884	944	1,827,389
Net cash used in noncapital financing activities	-	<u>510,199</u>	<u>1,210,362</u>	<u>105,884</u>	<u>944</u>	<u>1,827,389</u>
Cash flows from capital and related financing activities:						
Purchase of capital assets	-	(23,179)	-	-	(247,147)	(270,326)
Payment of lease obligations	-	(42,522)	(68,250)	-	-	(110,772)
Payment of subscription obligations	(26,910)	-	(885,455)	-	-	(912,365)
Payment of principal on bonds payable	-	-	-	-	(35,000)	(35,000)
Proceeds from sale of capital assets	-	26,563	-	-	-	26,563
Interest paid	(15,760)	(924)	(58,858)	-	(1,475,625)	(1,551,167)
Net cash used in capital and related financing activities	<u>(42,670)</u>	<u>(40,062)</u>	<u>(1,012,563)</u>	-	<u>(1,757,772)</u>	<u>(2,853,067)</u>
Cash flows from investing activities:						
Interest received	76,970	-	-	-	115,810	192,780
Net cash provided by investing activities	<u>76,970</u>	-	-	-	<u>115,810</u>	<u>192,780</u>
Net increase (decrease) in cash and cash equivalents	616,566	109,668	(124,556)	37,611	681,327	1,320,616
Cash and cash equivalents at beginning of year	3,455,059	914,748	1,725,100	4,483,676	5,600,293	16,178,876
Cash and cash equivalents at end of year	<u>\$ 4,071,625</u>	<u>\$ 1,024,416</u>	<u>\$ 1,600,544</u>	<u>\$ 4,521,287</u>	<u>\$ 6,281,620</u>	<u>\$ 17,499,492</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 333,782	\$ 25,021	\$ (108,627)	\$ (3,377,113)	\$ 971,213	\$ (2,155,724)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization	115,775	50,299	1,003,817	-	1,060,850	2,230,741
Changes in assets and liabilities:						
Accounts receivable	-	44,515	-	-	-	44,515
Inventory	-	3,264	-	-	-	3,264
Prepaid costs and other assets	-	-	-	21,944	-	21,944
Deferred outflows of resources - pension	(1,780,597)	(460,279)	(1,330,995)	(95,302)	-	(3,667,173)
Deferred outflows of resources - OPEB	(320,645)	(169,897)	(200,846)	(30,198)	(22,755)	(744,341)
Net other postemployment benefits asset	370,206	183,903	216,113	23,247	23,704	817,173
Accounts payable and accrued expenses	1,792	2,244	(100,884)	5,523	291,136	199,811
Compensated absences	10,107	(4,836)	(18,549)	(1,347)	942	(13,683)
Claims payable	-	-	-	3,388,500	-	3,388,500
Deferred inflows of resources - pension	(1,848,316)	(652,961)	(1,245,672)	(116,981)	-	(3,863,930)
Deferred inflows of resources - OPEB	(173,889)	(97,060)	(103,913)	(7,139)	(11,770)	(393,771)
Net pension liability	3,784,408	639,023	1,519,842	107,838	-	6,051,111
Net other postemployment benefits liability	89,643	76,295	47,359	12,755	9,025	235,077
Net adjustments	<u>248,484</u>	<u>(385,490)</u>	<u>(213,728)</u>	<u>3,308,840</u>	<u>1,351,132</u>	<u>4,309,238</u>
Net cash provided by operating activities	<u>\$ 582,266</u>	<u>\$ (360,469)</u>	<u>\$ (322,355)</u>	<u>\$ (68,273)</u>	<u>\$ 2,322,345</u>	<u>\$ 2,153,514</u>
Noncash noncapital financing activities:						
Issuance of software arrangements	\$ 315,207	\$ -	\$ 1,048,093	\$ -	\$ -	\$ 1,363,300
Transfer of capital assets from other funds	\$ -	\$ -	\$ -	\$ -	\$ 21,315	\$ 21,315
Right-to-use software arrangements restatement	\$ -	\$ -	\$ (120,022)	\$ -	\$ -	\$ (120,022)



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

Board of Commissioners
Los Angeles County
Development Authority
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Los Angeles County Development Authority (the “LACDA”), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the LACDA’s basic financial statements, and have issued our report thereon dated November 13, 2023.

Report on Internal Control over Financial Reporting

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

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

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

MELBOURNE

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321-757-2020

ORLANDO

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Orlando, FL 32801
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Report on Compliance and Other Matters

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

Purpose of This Report

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

November 13, 2023
Melbourne, Florida

Berman Hopkins Wright & Latham
CPAs and Associates, LLP



STATISTICAL SECTION

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

STATISTICAL SECTION

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

FINANCIAL TRENDS..... 91

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

REVENUE CAPACITY 98

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

DEBT CAPACITY..... 99

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

DEMOGRAPHIC AND ECONOMIC INFORMATION 102

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

OPERATING INFORMATION..... 104

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



LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental activities										
Net investment in capital assets	\$ 18,901,383	\$ 22,973,045	\$ 26,295,814	\$ 28,056,834	\$ 29,812,460	\$ 33,952,068	\$ 37,762,410	\$ 39,061,742	\$ 40,577,570	\$ 42,345,130
Restricted	607,848,016	522,334,698	507,675,114	587,497,637	458,315,771	347,542,030	268,310,478	279,056,059	320,848,472	274,977,329
Unrestricted	20,907,832	23,612,287	35,511,461	42,820,525	40,727,205	32,299,543	45,129,790	46,029,017	39,988,964	49,356,080
Total governmental activities net position	\$ 647,657,231	\$ 568,920,030	\$ 569,482,389	\$ 658,374,996	\$ 528,855,436	\$ 413,793,641	\$ 351,202,678	\$ 364,146,818	\$ 401,415,006	\$ 366,678,539
Business-type activities										
Net investment in capital assets	\$ 129,470,201	\$ 115,816,808	\$ 110,556,407	\$ 104,716,447	\$ 100,923,037	\$ 95,306,977	\$ 93,867,211	\$ 91,312,812	\$ 96,735,090	\$ 95,234,083
Restricted	14,129,101	14,065,586	7,020,432	1,720,363	5,719,780	4,460,906	4,423,184	3,119,103	1,094,744	6,538,377
Unrestricted	24,288,733	20,868,805	17,686,164	5,118,694	10,368,296	13,531,950	16,001,513	13,858,747	5,758,347	14,878,380
Total business-type activities net position	\$ 167,888,035	\$ 150,751,199	\$ 135,263,003	\$ 111,555,504	\$ 117,011,113	\$ 113,299,833	\$ 114,291,908	\$ 108,290,662	\$ 103,588,181	\$ 116,650,840
Primary government										
Net investment in capital assets	\$ 148,371,584	\$ 138,789,853	\$ 136,852,221	\$ 132,773,281	\$ 130,735,497	\$ 129,259,045	\$ 131,629,621	\$ 130,374,554	\$ 137,312,660	\$ 137,579,213
Restricted	621,977,117	536,400,284	514,695,546	589,218,000	464,035,551	352,002,936	272,733,662	282,175,162	321,943,216	281,515,706
Unrestricted	45,196,565	44,481,092	53,197,625	47,939,219	51,095,501	45,831,493	61,131,303	59,887,764	45,747,311	64,234,460
Total primary government net position	\$ 815,545,266	\$ 719,671,229	\$ 704,745,392	\$ 769,930,500	\$ 645,866,549	\$ 527,093,474	\$ 465,494,586	\$ 472,437,480	\$ 505,003,187	\$ 483,329,379

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

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

	2023	2022	2021	2020	2019
Expenses					
Governmental Activities:					
General government	\$ 1,853,603	\$ 3,117,660	\$ 567,904	\$ 2,291,048	\$ 2,187,542
Housing	256,953,062	324,945,641	379,160,360	162,860,678	112,292,273
Economic development	13,394,731	12,156,257	96,318,013	5,133,365	4,500,735
Community development	46,961,673	60,531,276	56,802,273	76,560,540	61,309,030
Traffic services	2,323,602	2,330,716	2,326,319	2,416,089	2,362,136
Non-HUD	-	-	-	-	-
Home development	-	-	-	-	-
Low- and moderate-income housing asset	-	-	-	-	-
Interest on long-term debt	470,933	176,725	216,773	249,782	555,017
Total government activities expenses	321,957,604	403,258,275	535,391,642	249,511,502	183,206,733
Business-type activities:					
Section 8 program	482,254,620	395,443,329	376,943,905	363,117,764	314,731,935
Public housing	33,344,317	30,813,539	30,882,171	31,513,140	25,192,440
Other housing	5,202,611	4,875,639	4,991,203	4,869,765	4,864,480
CDPLAC	-	1,319,131	1,658,792	1,707,021	1,738,252
Total business-type activities expenses	520,801,548	432,451,638	414,476,071	401,207,690	346,527,107
Total primary government expenses	\$ 842,759,152	\$ 835,709,913	\$ 949,867,713	\$ 650,719,192	\$ 529,733,840
Program Revenues					
Governmental activities:					
Charges for services	\$ 18,798,179	\$ 17,147,435	\$ 16,339,245	\$ 14,899,757	\$ 13,927,765
Operating grants and contributions	387,201,280	409,164,900	435,161,783	354,926,429	275,283,870
Capital grants and contributions	-	-	-	-	-
Total governmental activities program revenues	405,999,459	426,312,335	451,501,028	369,826,186	289,211,635
Business-type activities:					
Charges for services	16,771,443	15,994,970	15,054,746	14,768,427	14,167,900
Operating grants and contributions	502,862,766	423,350,541	413,571,049	374,410,041	329,460,096
Capital grants and contributions	13,142,147	7,962,202	4,284,800	4,545,291	5,911,481
Total business-type activities program revenues	532,776,356	447,307,713	432,910,595	393,723,759	349,539,477
Total primary government program revenues	\$ 938,775,815	\$ 873,620,048	\$ 884,411,623	\$ 763,549,945	\$ 638,751,112
Net (expense) / revenue					
Governmental activities	84,041,855	23,054,060	(83,890,614)	120,314,684	106,004,902
Business-type activities	11,974,808	14,856,075	18,434,524	(7,483,931)	3,012,370
Total primary government net expense	\$ 96,016,663	\$ 37,910,135	\$ (65,456,090)	\$ 112,830,753	\$ 109,017,272
General Revenues and Other Changes in Net Position					
Governmental activities:					
Investment income (loss)	\$ (3,857,454)	\$ (24,927,578)	\$ (1,619,551)	\$ 6,221,356	\$ 5,492,450
Gain (loss) on sale of property	(2,421,036)	-	8,043	1,283,413	51,347
Insurance recoveries	1,743,650	-	-	-	1,500,000
Share in net income (losses) of JPA	-	-	-	335,623	378,778
Transfers	(1,019,836)	988,736	(3,390,485)	1,364,484	1,634,318
Total governmental activities	(5,554,676)	(23,938,842)	(5,001,993)	9,204,876	9,056,893
Business-type activities:					
Investment earnings	362,900	1,608,670	1,882,490	2,138,542	2,333,228
Gain on sale of property	15,004	-	-	-	-
Insurance recoveries	245,219	-	-	1,254,264	-
Transfers	1,019,836	(988,736)	3,390,485	(1,364,484)	(1,634,318)
Total business-type activities	1,642,959	619,934	5,272,975	2,028,322	698,910
Total primary government	\$ (3,911,717)	\$ (23,318,908)	\$ 270,982	\$ 11,233,198	\$ 9,755,803
Change in Net Position					
Governmental activities	\$ 78,487,179	\$ (884,782)	\$ (88,892,607)	\$ 129,519,560	\$ 115,061,795
Business-type activities	13,617,767	15,476,009	23,707,499	(5,455,609)	3,711,280
Total primary government	\$ 92,104,946	\$ 14,591,227	\$ (65,185,108)	\$ 124,063,951	\$ 118,773,075

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

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

	2018	2017	2016 *	2015	2014
Expenses					
Governmental Activities:					
General government	\$ 2,803,179	\$ 2,242,060	\$ 11,738,327	\$ 62,456,044	\$ 61,955,666
Housing	57,833,721	67,190,627	57,196,903	1,860,539	10,339,502
Economic development	3,454,263	2,183,750	1,477,105	861,139	798,732
Community development	54,250,382	49,720,611	69,478,969	27,589,454	31,641,120
Traffic services	2,205,696	2,632,595	2,862,723	-	-
Non-HUD	-	-	-	32,583,839	31,881,152
Home development	-	-	-	9,771,730	14,269,207
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
Total governmental activities expenses	121,212,191	124,718,109	143,584,079	136,055,113	151,956,313
Business-type activities:					
Section 8 program	301,122,863	299,167,327	272,186,686	257,669,164	265,240,552
Public housing	25,294,307	25,582,030	26,039,497	25,187,671	24,364,736
Other housing	4,104,471	3,993,129	-	-	-
CDPLAC	1,768,750	1,799,675	1,827,127	6,239	-
Total business-type activities expenses	332,290,391	330,542,161	300,053,310	282,863,074	289,605,288
Total primary government expenses	\$ 453,502,582	\$ 455,260,270	\$ 443,637,389	\$ 418,918,187	\$ 441,561,601
Program Revenues					
Governmental activities:					
Charges for services	\$ 13,424,682	\$ 14,489,871	\$ 13,043,325	\$ 40,361,927	\$ 52,065,464
Operating grants and contributions	173,316,221	91,893,872	90,232,440	136,891,756	110,463,305
Capital grants and contributions	-	-	450,000	-	-
Total governmental activities program revenues	186,740,903	106,383,743	103,725,765	177,253,683	162,528,769
Business-type activities:					
Charges for services	13,345,797	12,875,572	12,273,564	11,833,493	11,409,987
Operating grants and contributions	314,299,590	317,757,507	287,137,215	268,062,835	279,390,066
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
Total primary government program revenues	\$ 517,547,008	\$ 441,163,895	\$ 406,387,836	\$ 457,150,011	\$ 453,328,822
Net (expense) / revenue					
Governmental activities	65,528,712	(18,334,366)	(39,858,314)	41,198,570	10,572,456
Business-type activities	(1,484,286)	4,237,991	2,608,761	(2,966,746)	1,194,765
Total primary government net expense	\$ 64,044,426	\$ (14,096,375)	\$ (37,249,553)	\$ 38,231,824	\$ 11,767,221
General Revenues and Other Changes in Net Position					
Governmental activities:					
Investment income (loss)	\$ (1,945,659)	\$ (1,457,032)	\$ 2,280,398	\$ 3,228,862	\$ 3,361,139
Gain on sale of property	141,890	-	-	6,651	16,221
Insurance recoveries	2,029,672	5,831,509	-	-	-
Share in net income (losses) of JPA	228,367	494,774	498,057	286,404	959,556
Transfers	1,469,202	520,975	(188,329)	2,408,367	(328,864)
Total governmental activities	1,923,472	5,390,226	2,590,126	5,930,284	4,008,052
Business-type activities:					
Investment earnings	2,262,971	2,194,037	1,905,391	-	-
Gain on sale of property	-	-	-	1,062,741	5,770,539
Insurance recoveries	-	-	-	-	-
Transfers	(1,469,202)	(520,975)	188,329	(2,408,367)	328,864
Total business-type activities	793,769	1,673,062	2,093,720	(1,345,626)	6,099,403
Total primary government	\$ 2,717,241	\$ 7,063,288	\$ 4,683,846	\$ 4,584,658	\$ 10,107,455
Change in Net Position					
Governmental activities	\$ 67,452,184	\$ (12,944,140)	\$ (37,268,188)	\$ 47,128,854	\$ 14,580,508
Business-type activities	(690,517)	5,911,053	4,702,481	(4,312,372)	7,294,168
Total primary government	\$ 66,761,667	\$ (7,033,087)	\$ (32,565,707)	\$ 42,816,482	\$ 21,874,676

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



LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General fund										
Nonspendable	\$ 3,195,966	\$ 3,536,173	\$ 3,330,608	\$ 3,408,137	\$ 3,488,870	\$ 3,387,904	\$ 3,340,321	\$ 3,182,883	\$ 11,121,811	\$ 12,949,160
Restricted	62,312,970	56,040,705	63,862,210	62,743,730	79,117,573	52,328,361	52,584,561	56,381,862	138,771,585	92,855,488
Unassigned	3,734,669	6,264,047	25,067,911	29,126,053	22,131,514	16,988,700	27,256,387	28,873,762	43,465,677	43,480,961
Total general fund	\$ 69,243,605	\$ 65,840,925	\$ 92,260,729	\$ 95,277,920	\$ 104,737,957	\$ 72,704,965	\$ 83,181,269	\$ 88,438,507	\$ 193,359,073	\$ 149,285,609
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 25,909	\$ 287	\$ 140	\$ 301	\$ 16,038,523	\$ 16,796,908
Restricted	555,382,650	461,257,091	427,878,071	524,753,907	379,198,198	295,213,669	215,725,917	222,674,197	141,085,391	139,337,864
Unassigned	-	(538,442)	(419,123)	-	-	-	-	(294,683)	-	-
Total all other governmental funds	\$ 555,382,650	\$ 460,718,649	\$ 427,458,948	\$ 524,753,907	\$ 379,224,107	\$ 295,213,956	\$ 215,726,057	\$ 222,379,815	\$ 157,123,914	\$ 156,134,772

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

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

	2023	2022	2021	2020	2019
Revenues					
Intergovernmental	\$ 375,699,180	\$ 413,651,811	\$ 417,077,843	\$ 343,402,394	\$ 266,430,555
Charges for services	17,851,349	16,248,159	15,451,338	14,046,168	13,001,370
Rentals	946,830	899,276	887,907	853,589	926,395
Investment income (loss)	8,659,920	(16,888,911)	6,008,030	18,734,877	16,002,336
Contributions	2,572,496	-	7,222,820	165,516	4,697,836
Other revenues	2,526,726	696,004	2,012,222	3,995,118	1,417,877
Total revenues	408,256,501	414,606,339	448,660,160	381,197,662	302,476,369
Expenditures					
Program administration	-	-	-	-	-
Loan program costs	-	-	-	-	-
Subgrants to county, cities, and community based organizations	-	-	-	-	-
Housing assistance payments	-	-	-	-	-
General government	793,943	2,961,334	258,928	994,311	1,990,079
Housing	251,645,108	330,118,626	375,567,273	160,543,207	113,092,750
Economic development	14,330,095	14,130,641	103,356,409	7,243,648	5,968,153
Community development	47,708,736	59,113,718	62,279,653	75,804,218	60,000,659
Traffic services	2,313,855	2,330,248	2,309,773	2,404,760	2,353,795
Capital outlay:					
Capital	2,684,945	-	8,824	-	-
Noncapital	-	-	-	-	-
Debt service:					
Principal	3,020,498	1,570,000	1,568,000	1,564,000	7,922,000
Interest	400,520	193,457	232,965	236,708	733,494
Total expenditures	322,897,700	410,418,024	545,581,825	248,790,852	192,060,930
Excess of revenues over (under) expenditures	85,358,801	4,188,315	(96,921,665)	132,406,810	110,415,439
Other financing sources (uses)					
Issuance of debt	10,300,000	-	-	-	3,120,000
Insurance recoveries	1,743,650	-	-	421,794	-
Sale of property	1,220,264	-	-	1,755,449	739,740
Subscription revenues	1,125,655	-	-	-	-
Transfers in	-	3,009,103	-	1,549,301	1,990,437
Transfers out	(1,681,689)	(797,874)	(3,390,485)	(63,591)	(222,473)
Total other financing sources (uses)	12,707,880	2,211,229	(3,390,485)	3,662,953	5,627,704
Net change in fund balances	\$ 98,066,681	\$ 6,399,544	\$ (100,312,150)	\$ 136,069,763	\$ 116,043,143
Debt service as a percentage of noncapital expenditures	1.1%	0.4%	0.3%	0.7%	4.5%

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**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
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	-	-	-	-
Subscription revenues	-	-	-	-	-
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	2.8%	2.6%	2.3%	3.2%	2.5%

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

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Revenue by Source

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

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

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

Fiscal Year	Governmental Activities										Business-Type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	Unamortized					Section 108					Lease Revenue Bonds	Lease Liability	Subscription Liability	California State Department of Housing Notes Payable			
	General Revenue Bonds	Premium Payable	Bonds Payable	Notes Payable	Lease Liability	Subscription Liability	Lease Revenue Bonds	Lease Liability	Subscription Liability								
2014	\$ -	\$ -	\$25,389,000	\$1,919,525	\$ -	\$ -	\$ 36,640,000	\$ -	\$ -	\$ -	\$ 2,011,097	\$ 65,959,622	0.014%	6.54			
2015	-	-	21,901,000	1,270,977	-	-	36,050,000	-	-	-	2,013,911	61,235,888	0.012%	6.05			
2016	-	-	19,444,000	611,243	-	-	35,440,000	-	-	-	2,016,725	57,511,968	0.011%	5.61			
2017	-	-	17,535,000	29,255	-	-	34,805,000	-	-	-	2,200,000	54,569,255	0.009%	5.30			
2018	-	-	15,386,000	980,336	-	-	34,140,000	-	-	-	2,200,000	52,706,336	0.009%	5.10			
2019	-	-	10,584,000	738,475	-	-	33,440,000	-	-	-	2,200,000	46,962,475	0.007%	4.52			
2020	-	-	9,020,000	612,673	-	-	32,705,000	-	-	-	2,200,000	44,537,673	0.006%	4.32			
2021	-	-	7,452,000	414,261	-	-	31,930,000	-	-	-	2,200,000	41,996,261	0.006%	4.09			
2022	31,140,000	3,630,741	5,882,000	186,406	-	-	-	1,058,746	-	-	2,200,000	44,097,893	0.006%	4.27			
2023	31,105,000	3,608,060	13,446,000	75,634	1,292,092	-	-	-	242,815	-	2,200,000	51,969,601	0.006%	5.24			

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

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Ratios of General Revenue Bonds Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Percentage of Charges for services*	Per Capita**
	General Revenue Bonds ***	Unamortized Premium on Bonds Payable		
2022	\$ 31,140,000	\$ 3,630,741	N/A	3.01
2023	31,105,000	3,608,060	N/A	3.14

* See changes in Net Position

**See demographics for Los Angeles County

***Bonds issued in fiscal year 2022

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**Ratios of Lease Revenue Bonds
Last Ten Fiscal Years**

Fiscal Year	Business-type activities		Percentage of Charges for services*	Per Capita**
	Lease Revenue Bonds			
2014	\$	36,640,000	N/A	3.64
2015		36,050,000	N/A	3.56
2016		35,440,000	N/A	3.46
2017		34,805,000	N/A	3.38
2018		34,140,000	N/A	3.30
2019		33,440,000	N/A	3.22
2020		32,705,000	N/A	3.17
2021		31,930,000	N/A	3.11
2022		-	N/A	0.00
2023		-	N/A	0.00

* See changes in Net Position

**See demographics for Los Angeles County

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Los Angeles County					Southern California				
	Population (000)	Household (000)	Unemployment rate (%)	Total Personal income (in millions)	New Homes Permitted	Population (000)	Household (000)	Unemployment rate (%)	Total Personal income (in millions)	New Homes Permitted
2014	10,079	3,279	8.2%	470,200	18,841	21,672	7,001	6.9%	1,004,000	46,808
2015	10,124	3,293	7.3%	506,400	22,892	21,833	7,041	5.8%	1,078,800	54,911
2016	10,254	3,308	6.2%	545,100	19,936	22,153	7,077	4.9%	1,136,900	53,444
2017	10,300	3,323	5.0%	587,755	18,803	22,341	7,109	4.9%	1,196,912	53,732
2018	10,332	3,339	4.9%	619,400	17,795	22,374	7,157	4.9%	1,278,800	51,856
2019	10,384	3,355	4.9%	652,200	17,235	22,523	7,203	5.0%	1,346,000	49,718
2020	10,301	3,369	16.1%	687,000	22,930	22,492	7,253	11.2%	1,422,900	56,779
2021	10,279	3,379	8.8%	685,000	22,841	22,424	7,248	7.4%	1,397,700	53,077
2022	10,331	3,398	7.6%	728,000	21,223	22,320	7,332	5.2%	1,499,800	56,529
2023	9,913	3,423	5.2%	836,000	21,805	21,826	7,381	4.1%	1,696,600	57,344

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

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

Industry	June 30, 2023			June 30, 2014		
	Number of Employees	Rank	Percentage of Total	Number of Employees	Rank	Percentage of Total
Educational & Health Services	916,300	1	19.74%	712,300	2	17.00%
Trade, Transportation and Utilities	839,700	2	18.09%	796,600	1	19.01%
Professional & Business Services	677,100	3	14.60%	587,800	3	14.03%
Government	583,200	4	12.56%	564,500	4	13.47%
Leisure & Hospitality	554,300	5	11.94%	469,500	5	11.20%
Manufacturing	320,000	6	6.89%	373,500	6	8.91%
Information	220,600	7	4.75%	195,300	8	4.67%
Financial Activities	215,700	8	4.65%	211,300	7	5.04%
Other Services	158,000	9	3.40%	152,100	9	3.63%
Construction	150,100	10	3.23%	119,000	10	2.84%
Ten largest industries	4,635,000		99.85%	4,181,900		99.80%
All other industries	6,900		0.15%	8,500		0.20%
Total industries	4,641,900		100.00%	4,190,400		100.00%

* LACDA is a special district agency and does not have the type of demographic and economic information required for this section. As an alternative, we are providing County of Los Angeles' ten largest industries by employment based on the most recent information available.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

Full-Time Equivalent Employees by Division

Last Ten Fiscal Years

<u>Division</u>	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Administration & Internal Services	94	93	89	89	91	96	96	96	94	93
Housing Operations & Capital Fund	118	117	123	128	133	133	136	130	129	131
Housing Assistance	303	219	204	217	211	209	200	188	181	183
Housing Investment & Finance	60	58	60	59	49	43	43	42	45	46
Community Development	86	92	89	90	74	76	74	82	79	79
Special Programs	27	23	23	27	22	22	32	35	35	36
Total	688	602	588	610	580	579	581	573	563	568

Sources: LACDA's FY2023-2024 Annual Budget

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

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

<u>Function</u>	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Section 8 Program										
Authorized Units	25,961	25,726	25,261	25,114	24,832	24,324	24,086	23,812	23,518	23,232
Units under contract	23,317	22,965	23,243	23,326	22,747	22,639	23,704	23,528	22,948	22,861
Public Housing										
Households	2,898	2,923	2,912	2,924	2,926	2,919	2,915	2,918	2,918	2,917
Tenants	6,168	6,356	6,482	6,521	6,601	6,516	6,528	6,410	6,521	6,533
Housing Development										
Homes Built	1,005	537	802	291	373	412	457	270	657	369
Homes Rehabilitated	155	218	105	162	272	306	333	657	486	677
Home Ownership Loans	15	34	24	52	57	44	64	33	41	70
Economic Development										
Business Loans Funded	2	22	390	98	4	5	4	4	4	8
Commercial Storefronts Renovated*	-	5	5	17	10	27	27	19	8	24
Community Development										
Program Reviews	369	369	551	251	201	221	253	275	300	336
Single Audits	34	34	21	18	24	27	26	42	42	30
Community meetings	3	1	1	1	1	1	7	2	5	5

Sources: LACDA's various divisions

* This function has moved to the County of Los Angeles in FY2022.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

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

<u>Function</u>	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public Housing										
Apartment Units	3,148	3,174	3,162	3,179	3,182	3,174	3,151	3,049	3,036	3,157

Sources: LACDA's Housing Operations Division

Emilio Salas, Executive Director

Los Angeles County Development Authority

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