SINGLE AUDIT REPORT
Fiscal Year Ended June 30, 2019
Los Angeles County, California
LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

CALIFORNIA

SINGLE AUDIT REPORT

JUNE 30, 2019
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INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Los Angeles County Development Authority (LACDA), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the LACDA’s basic financial statements, and have issued our report thereon dated November 19, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Brea, California
November 19, 2019
INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

We have audited the Los Angeles County Development Authority (LACDA), California’s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the LACDA’s major federal programs for the year ended June 30, 2019. The LACDA’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the LACDA’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the LACDA’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the LACDA’s compliance.

Opinion on Each Major Federal Program

In our opinion, the LACDA, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.
Report on Internal Control over Compliance

Management of the LACDA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the LACDA’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the LACDA’s internal control over compliance.

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the LACDA, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the LACDA’s basic financial statements. We issued our report thereon dated November 19, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.
To the Honorable Board of Commissioners  
Los Angeles County Development Authority  
County of Los Angeles, California

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Brea, California  
January 7, 2020 (except for our report on the Schedule of Expenditures of Federal Awards, for which the date is November 19, 2019)
### Section 8 Project-Based Cluster:

**U.S. Department of Housing and Urban Development Programs:**

- **Direct Programs:**
  - Section 8 Housing Assistance Payments Program *
    - CFDA Number: 14.195
    - Total Department of Housing and Urban Development Programs in Cluster: $2,933,862
  - Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation *
    - CFDA Number: 14.856
    - Total Department of Housing and Urban Development Programs in Cluster: $660,450

**CDBG - Entitlement Grants Cluster:**

**U.S. Department of Housing and Urban Development Programs:**

- **Direct Programs:**
  - Community Development Block Grants/Entitlement Grants
    - CFDA Number: 14.218
    - Total Department of Housing and Urban Development Programs in Cluster: $15,143,142
  - Float Loan Program
    - CFDA Number: 14.218
    - Total Department of Housing and Urban Development Programs in Cluster: $167,658
  - CDBG Revolving Loan Program
    - CFDA Number: 14.218
    - Total Department of Housing and Urban Development Programs in Cluster: $1,826,677
  - Other CDBG Loan Programs
    - CFDA Number: 14.218
    - Total Department of Housing and Urban Development Programs in Cluster: $175,000

**Housing Voucher Cluster:**

**U.S. Department of Housing and Urban Development Programs:**

- **Direct Programs:**
  - Section 8 Housing Choice Vouchers *
    - CFDA Number: 11.307
    - Total Department of Housing and Urban Development Programs in Cluster: $296,285,322

**U.S. Department of Commerce:**

- **Direct Programs:**
  - Economic Adjustment Assistance *
    - CFDA Number: 14.231
    - Total Department of Housing and Urban Development Programs in Cluster: $15,633,548

**U.S. Department of Housing and Urban Development:**

- **Direct Programs:**
  - Emergency Solutions Grant Program
    - CFDA Number: 14.231
    - Total Department of Housing and Urban Development Programs in Cluster: $2,625,934
  - Shelter Plus Care
    - CFDA Number: 14.238
    - Total Department of Housing and Urban Development Programs in Cluster: $15,711,915
  - Home Investment Partnerships Program
    - CFDA Number: 14.239
    - Total Department of Housing and Urban Development Programs in Cluster: $12,793,080
  - Community Development Block Grants Section 108 Loan Guarantees *
    - CFDA Number: 14.248
    - Total Department of Housing and Urban Development Programs in Cluster: $6,343,000
  - Community Development Block Grants Section 108 Loan Beginning Balance *
    - CFDA Number: 14.249
    - Total Department of Housing and Urban Development Programs in Cluster: $9,435,143
  - Public and Indian Housing
    - CFDA Number: 14.850
    - Total Department of Housing and Urban Development Programs in Cluster: $240,291
  - Resident Opportunity and Supportive Services--Service Coordinators
    - CFDA Number: 14.857
    - Total Department of Housing and Urban Development Programs in Cluster: $6,821,032
  - Public Housing Capital Fund
    - CFDA Number: 14.862
    - Total Department of Housing and Urban Development Programs in Cluster: $710,687
  - Family Self-Sufficiency Program
    - CFDA Number: 14.866
    - Total Department of Housing and Urban Development Programs in Cluster: $710,687
  - Passed through the State of California: Emergency Solutions Grant Program
    - CFDA Number: 14.241
    - Total Department of Housing and Urban Development Programs in Cluster: $2,048,561
  - Passed through the City of Los Angeles: Housing Opportunities for Persons with AIDS
    - CFDA Number: 14.241
    - Total Department of Housing and Urban Development Programs in Cluster: $2,048,561

**Passed through the State of California: Emergency Solutions Grant Program**

- CFDA Number: 14.231
- Total Department of Housing and Urban Development Programs in Cluster: $2,048,561

**Passed through the City of Los Angeles: Housing Opportunities for Persons with AIDS**

- CFDA Number: 14.241
- Total Department of Housing and Urban Development Programs in Cluster: $2,048,561

**U.S. Department of Transportation:**

- **Direct Programs:**
  - Airport Improvement Program
    - CFDA Number: 20.106
    - Total Department of Housing and Urban Development Programs in Cluster: $5,362,351

**Total Expenditures of Federal Awards:**

- Total Department of Housing and Urban Development Programs: $59,617,113
- Total Expenditures of Federal Awards: $410,220,178

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**Notes:**

1. In determining Type A programs, this program requires that the following be considered as part of expenditures of federal awards:
   - Balance of RLF loans outstanding at the end of the fiscal year: $5,825,551
   - Cash and investment balance in the RLF at the end of the fiscal year: $8,545,597
   - Expenses paid out of RLF during the fiscal year: $1,292,400

2. Total expenditures of federal awards considered in determining Type A programs: $15,633,548

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The notes to the schedule of expenditures of federal awards are an integral part of this schedule.
Note 1: General

The accompanying schedule presents only the expenditures incurred by the Los Angeles County Development Authority (the LACDA), discretely presented component unit of the County of Los Angeles, California, that are reimbursable under federal programs of federal assistance. For the purposes of this schedule, federal awards include both federal financial assistance received directly from a federal agency, as well as federal funds received indirectly by the LACDA from a non-federal agency or other organization. Only the portion of program expenditures reimbursable with such federal funds is reported in the accompanying schedule. Program expenditures in excess of the maximum federal reimbursement authorized or the portion of the program expenditures that were funded with state, local, or other non-federal funds are excluded from the accompanying schedule.

Note 2: Basis of Accounting

The accompanying schedule is presented using the basis of accounting prescribed by the respective granting agencies. Differences between the granting-agencies’ basis of accounting and the modified-acrual basis of accounting used by the LACDA in preparing its governmental fund financial statements are as follows:

- Amounts disbursed in exchange for notes receivable are treated as expenditures under the granting-agencies’ basis of accounting.
- Notes receivable collections are treated as grant income under the granting-agencies’ basis of accounting.
- Principal payments of long-term debt are treated as a reduction of the long-term debt and are not considered to be expenditures under the granting-agencies’ basis of accounting.

Note 3: Relationship to Federal Financial Reports

Total expenditure amounts reported in the accompanying schedule of expenditures of federal awards agree with the total expenditure amounts reported in the related federal financial reports in all material respects, except for the effect of timing differences described in Note 2.

The LACDA has elected not to use the 10-percent *de minimis* indirect cost rate allowed under the Uniform Guidance.

Note 4: Relationship to the Basic Financial Statements

Federal award activities are recorded in the LACDA’s special revenue funds and enterprise funds in the basic financial statements.

Note 5: Federal Loan Programs

The loan programs relating to assistance for low-income, elderly, and handicapped persons and development projects are administered directly by the LACDA; and balances and transactions relating to these programs are included in the LACDA’s basic financial statements.
LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Note 5: Federal Loan Programs (Continued)

Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the accompanying schedule. The balance of loans outstanding at June 30, 2019, consists of:

<table>
<thead>
<tr>
<th>CFDA Number</th>
<th>Program Name</th>
<th>Balance at June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.307</td>
<td>EDA Loan Program</td>
<td>$5,825,551</td>
</tr>
<tr>
<td>14.218</td>
<td>Float Loan Program</td>
<td>126,490</td>
</tr>
<tr>
<td>14.218</td>
<td>CDBG Revolving Loan Program</td>
<td>1,676,104</td>
</tr>
<tr>
<td>14.218</td>
<td>CDBG</td>
<td>175,000</td>
</tr>
<tr>
<td>14.248</td>
<td>Section 108 Loan Program</td>
<td>2,375,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>$10,178,145</strong></td>
</tr>
</tbody>
</table>

Note 6: Public Housing Capital Fund

Public Housing Capital Fund (CFDA 14.872) expenditures by program identification were as follows:

<table>
<thead>
<tr>
<th>Program Identification Number</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>CA16P002-501-16</td>
<td>$127,682</td>
</tr>
<tr>
<td>CA16P002-501-17</td>
<td>4,029,335</td>
</tr>
<tr>
<td>CA16P002-501-18</td>
<td>2,663,852</td>
</tr>
<tr>
<td>CA16P002-501-19</td>
<td>133</td>
</tr>
<tr>
<td>**</td>
<td><strong>$6,821,002</strong></td>
</tr>
</tbody>
</table>
SECTION I - SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued: Unmodified Opinion

Internal control over financial reporting:

- Material weaknesses identified? ___Yes ___No
- Significant deficiencies identified? ___Yes ___None reported
- Noncompliance material to financial statements noted? ___Yes ___No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? ___Yes ___No
- Significant deficiencies identified? ___Yes ___None reported

Type of auditors’ report issued on compliance for major programs: Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)? ___Yes ___No

Identification of major programs:

<table>
<thead>
<tr>
<th>CFDA Number(s)</th>
<th>Name of Federal Program or Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>14.195 and 14.856</td>
<td>Section 8 Project-Based Cluster</td>
</tr>
<tr>
<td>14.871</td>
<td>Housing Voucher Cluster</td>
</tr>
<tr>
<td>11.307</td>
<td>Economic Adjustment Assistance</td>
</tr>
<tr>
<td>14.248</td>
<td>Community Development Block Grants Section 108 Loan Guarantees</td>
</tr>
</tbody>
</table>

Dollar threshold used to distinguish between type A and type B program $3,000,000

Auditee qualified as low risk auditee? ___Yes ___No
SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2018

There were no findings reported for the fiscal year ended June 30, 2018.