

SINGLE AUDIT REPORT

Fiscal Year Ended
June 30, 2021



LACDA

Los Angeles County Development Authority

Los Angeles County, California



LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

JUNE 30, 2021

SINGLE AUDIT REPORT

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JUNE 30, 2021

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SINGLE AUDIT REPORT

JUNE 30, 2021

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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), a component unit of the County of Los Angeles, California, as of and for the year ended June 30, 2021, 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 17, 2021.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 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





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

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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lance, Solt & Luyhard, LLP

Brea, California
November 17, 2021



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

Opinion on Each Major Federal Program

We have audited the Los Angeles County Development Authority (the LACDA)'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, 2021. 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.

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, 2021.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the LACDA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the LACDA's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the LACDA's government programs.



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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above, whether due to fraud or error, and express an opinion on the LACDA's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the LACDA's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 LACDA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the LACDA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the LACDA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify



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

any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, 2021, and the related notes to the financial statements, which collectively comprise the LACDA's basic financial statements. We issued our report thereon dated November 17, 2021, 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.

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.

Lance, Solt & Lingham, LLP

Brea, California
November 17, 2021

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed-Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
<i>Economic Development Cluster:</i>				
Department of Commerce Direct Programs:				
COVID-19--Economic Adjustment Assistance	11.307	N/A	\$ -	\$ 6,891,299
Total Department of Commerce Programs			-	6,891,299
Total Economic Development Cluster			-	6,891,299
<i>Section 8 Project-Based Cluster:</i>				
Department of Housing and Urban Development Direct Programs:				
Section 8 Housing Assistance Payments Program	14.195	N/A	-	3,064,398
COVID-19--Section 8 Housing Assistance Payments Program	14.195	N/A	-	58,680
Subtotal - CFDA 14.195			-	3,123,078
Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	14.856	N/A	-	319,411
Total Department of Housing and Urban Development Programs			-	3,442,489
Total Section 8 Project-Based Cluster			-	3,442,489
<i>CDBG - Entitlement Grants Cluster:</i>				
Department of Housing and Urban Development Direct Programs:				
Community Development Block Grants/Entitlement Grants	14.218	N/A	14,363,035	18,541,311
COVID-19--Community Development Block Grants/Entitlement Grants	14.218	N/A	12,766,564	14,061,014
Float Loan Program	14.218	N/A	-	90,733
CDBG Revolving Loan Program	14.218	N/A	-	2,454,185
Other CDBG Loans	14.218	N/A	-	175,000
Subtotal - CFDA 14.218			27,129,599	35,322,243
Total Department of Housing and Urban Development Programs			27,129,599	35,322,243
Total CDBG - Entitlement Grants Cluster			27,129,599	35,322,243
<i>Housing Voucher Cluster:</i>				
Department of Housing and Urban Development Direct Programs:				
Section 8 Housing Choice Vouchers	14.871	N/A	-	358,756,094
COVID-19--Section 8 Housing Choice Vouchers	14.871	N/A	-	11,598,107
Subtotal - CFDA 14.871			-	370,354,201
Mainstream Vouchers Program (MV)	14.879	N/A	-	278,256
Total Department of Housing and Urban Development Programs			-	370,632,457
Total Housing Voucher Cluster			-	370,632,457
<i>Other Direct Programs:</i>				
Department of Housing and Urban Development:				
Emergency Solutions Grant Program * ¹	14.231	N/A	1,597,416	1,654,402
COVID-19--Emergency Solutions Grant Program * ¹	14.231	N/A	4,199,941	4,276,303
Subtotal - CFDA 14.231			5,797,357	5,930,705
Public and Indian Housing *	14.850	N/A	-	10,342,081
COVID-19--Public and Indian Housing *	14.850	N/A	-	1,272,014
Subtotal - CFDA 14.850			-	11,614,095
Shelter Plus Care *	14.238	N/A	-	23,423,147
Home Investment Partnerships Program	14.239	N/A	-	4,919,176
Community Development Block Grants - Section 108 Loan Beginning Balance	14.248	N/A	-	2,250,000
Resident Opportunity and Supportive Services - Service Coordinators	14.870	N/A	-	243,183
Public Housing Capital Fund *	14.872	N/A	-	5,937,993
Jobs-Plus Pilot Initiative	14.895	N/A	-	104,727
Family Self-Sufficiency Program	14.896	N/A	-	606,204
Total Department of Housing and Urban Development Programs			5,797,357	55,029,230
Department of Transportation:				
Airport Improvement Program	20.106	N/A	-	1,321,590
Total Department of Transportation			-	1,321,590
Total Other Direct Programs			5,797,357	56,350,820

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed-Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
Other Pass-Through Programs:				
Department of Housing and Urban Development pass-through the State of California:				
Emergency Solutions Grant Program * ¹	14.231	80-748-7608	1,389,142	1,398,531
COVID-19--Emergency Solutions Grant Program * ¹	14.231	80-748-7608	4,008,704	4,055,490
Subtotal - CFDA 14.231			5,397,846	5,454,021
City of Los Angeles:				
Housing Opportunities for Persons with AIDS	14.241	06-992-8349	-	523,804
Total Department of Housing and Urban Development Programs			5,397,846	5,977,825
Department of the Treasury pass-through the County of Los Angeles:				
COVID-19--Coronavirus Relief Fund *	21.019	17-015-0440	65,797,197	126,215,996
COVID-19--Emergency Rental Assistance Program	21.023	17-015-0440	-	311,787
Total Department of the Treasury Programs			65,797,197	126,527,783
Total Other Pass-Through Programs			71,195,043	132,505,608
Total Expenditures of Federal Awards			\$ 104,121,999	\$ 605,144,916

CORONAVIRUS EMERGENCY ACTS FUNDING RECONCILIATION

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Passed-Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
Department of Commerce:			
Economic Adjustment Assistance	11.307	\$ -	\$ 6,891,299
Subtotal - Department of Commerce		-	6,891,299
Department of Housing and Urban Development:			
Section 8 Housing Assistance Payments Program	14.195	-	58,680
Community Development Block Grants/Entitlement Grants	14.218	12,766,564	14,061,014
Section 8 Housing Choice Vouchers	14.871	-	11,598,107
Emergency Solutions Grant Program *	14.231	8,208,645	8,331,793
Public and Indian Housing *	14.850	-	1,272,014
Subtotal - Department of Housing and Urban Development		20,975,209	35,321,608
Department of the Treasury pass-through the County of Los Angeles:			
Coronavirus Relief Fund *	21.019	65,797,197	126,215,996
Emergency Rental Assistance Program	21.023	-	311,787
Subtotal - Department of the Treasury		65,797,197	126,527,783
Total Coronavirus Emergency Acts Funding		\$ 86,772,406	\$ 168,740,690

* Major Program

¹ In determining Type A Programs, the Emergency Solutions Grants Program total expenditures is calculated as follows:

1. Total direct awards	\$ 5,930,705
2. Total pass-through awards received from the State of California	5,454,021
Total expenditures of federal awards in consideration for determining Type A Programs	<u>\$ 11,384,726</u>

² There was no federal awards expended in the form of noncash assistance and insurance in effect during the year.

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Note 1: General

The accompanying schedule presents only the expenditures incurred by the Los Angeles County Development Authority (the "LACDA"), a 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-accrual 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, 2021**

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, 2021, consists of:

Assistance Listing Number	Program Name	Balance at June 30, 2021
11.307	EDA Loan Program	\$ 6,557,000
14.218	Float Loan Program	1,633,022
14.218	CDBG Revolving Loan Program	2,844,496
14.218	Other CDBG Loans	175,000
14.248	Section 108 Loan Program	2,125,000
		<u>\$ 13,334,518</u>

Note 6: Public Housing Capital Fund

Public Housing Capital Fund (Assistance Listing Number 14.872) expenditures by program identification were as follows:

Program Identification Number	Amount
CA16P002-501-18	\$ 23,894
CA16L002-501-19	240,381
CA16P002-501-19	3,879,084
CA16P002-501-20	1,794,634
	<u>\$ 5,937,993</u>

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
14.231	Emergency Solutions Grant Program
14.238	Shelter Plus Care
14.850	Public and Indian Housing
14.872	Public Housing Capital Fund
21.019	Coronavirus Relief Fund

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

Auditee qualified as low risk auditee? Yes No

LOS ANGELES COUNTY DEVELOPMENT AUTHORITY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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, 2020**

No matters were reported.



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Commissioners: Hilda L. Solis, Holly J. Mitchell, Sheila Kuehl, Janice Hahn, Kathryn Barger



Emilio Salas, Executive Director

Los Angeles County Development Authority

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