

**COUNTY OF LOS ANGELES, CALIFORNIA
LOCAL TRANSPORTATION FUND**

Financial Statements and
Supplementary Information
For the Year Ended June 30, 2019

(With Independent Auditor's Reports Thereon)

**COUNTY OF LOS ANGELES, CALIFORNIA
LOCAL TRANSPORTATION FUND**

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COUNTY OF LOS ANGELES, CALIFORNIA
 Local Transportation Fund
 Management's Discussion and Analysis (Unaudited)
 For the Year Ended June 30, 2019

Management's discussion and analysis of the County of Los Angeles, California, Local Transportation Fund provides a narrative overview of the Local Transportation Fund's financial activities for the year ended June 30, 2019. We encourage readers to consider this information in conjunction with the accompanying financial statements.

Financial Highlights

- During the current year, the Local Transportation Fund's collections held in trust increased by \$56.0 million to \$258.7 million.
- Sales taxes of \$437.1 million were received from the State of California and \$4.4 million was earned on investments.
- Transportation subsidies totaling \$377.8 million were paid to 70 different cities and jurisdictions and \$8.5 million was distributed for administrative and planning purposes.
- The Local Transportation Fund continues to have no short or long-term debt.


Financial Statement Overview

The Local Transportation Fund is accounted for as an agency fund, a fiduciary type fund of the County of Los Angeles (County). In its custodial capacity, the County holds the Local Transportation Fund assets in connection with its fiduciary responsibilities to other local governments, in this case, the Los Angeles County Metropolitan Transportation Authority (MTA). Agency funds do not measure the results of operations, but assets and liabilities are recorded on an accrual basis, and agency fund assets equal liabilities.

In addition to the financial statements, this report contains notes to the financial statements, which provide additional information that is essential for a full understanding of the data provided in the financial statements. Supplementary schedules of activities and allocations and disbursements are also presented for additional analysis and are not a required part of the financial statements.

Financial Analysis

Statement of Fiduciary Net Position
 (In thousands)

	June 30,	
	2019	2018
Assets		
Pooled cash and investments	\$ 198,933	\$ 151,368
Sales tax receivable	58,708	52,285
Interest receivable	1,108	955
Total Assets	\$ 258,749	\$ 204,608
Liabilities		
Accounts payable	 \$ 1,417	\$ 1,417
Collections held in trust	258,749	203,191
Total Liabilities	\$ 258,749	\$ 204,608

COUNTY OF LOS ANGELES, CALIFORNIA
Local Transportation Fund
Management's Discussion and Analysis (Unaudited) – (Continued)
For the Year Ended June 30, 2019

Total assets of the Local Transportation Fund increased by 26.5% from the prior year to \$258.7 million, due to a \$47.6 million increase in pooled cash and investments, a \$6.4 million increase in sales taxes receivable, and a \$1.5 million increase in interest receivable. Pooled cash and investments increased as a result of significant decreases in transportation subsidies to other local governments during the year.

Contacting the Local Transportation Fund's Financial Management

This financial report is designed to provide citizens and other interested parties with a general overview of the Local Transportation Fund's finances and to demonstrate accountability for the money received. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the County of Los Angeles, Department of Auditor-Controller, 500 West Temple Street, Los Angeles, California, 90012.

COUNTY OF LOS ANGELES, CALIFORNIA

Local Transportation Fund
Statement of Fiduciary Net Position
June 30, 2019

Assets:

Pool cash and investments (note 3)	\$	198,932,916
Sales taxes receivable		58,707,518
Interest receivable		1,108,397
Total assets	\$	<u>258,748,831</u>

Liabilities:

Collections held in trust (note 4)	\$	<u>258,748,831</u>
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COUNTY OF LOS ANGELES, CALIFORNIA
 Local Transportation Fund
 Statement of Changes in Fiduciary Assets and Liabilities
 Year Ended June 30, 2019

Assets:	<u>July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2019</u>
Pool cash and investments	\$ 151,367,728	\$ 435,301,604	\$ 387,736,417	\$ 198,932,916
Sales taxes receivable	52,284,824	58,707,518	52,284,824	58,707,518
Interest receivable	955,249	1,108,398	955,249	1,108,397
Total assets	<u>\$ 204,607,801</u>	<u>\$ 495,117,518</u>	<u>\$ 440,976,491</u>	<u>\$ 258,748,831</u>

Liabilities:

Account payable	\$ 1,416,766	\$ -	\$ 1,416,766	\$ -
Collections held in trust	203,191,035	495,117,518	439,559,725	258,748,831
Total liabilities	<u>\$ 204,607,801</u>	<u>\$ 495,117,518</u>	<u>\$ 440,976,491</u>	<u>\$ 258,748,831</u>

See Accompanying Notes to Financial Statements.

COUNTY OF LOS ANGELES, CALIFORNIA

Local Transportation Fund

Notes to Financial Statements

For the Year Ended June 30, 2019

(1) General

The Local Transportation Fund, an agency fund of the County of Los Angeles (County), was created in accordance with the provisions of the Transportation Development Act (the Act) as administered by the Department of Transportation, Division of Rail and Mass Transportation of the State of California. In accordance with provisions of the Act, sales tax distributions to the Local Transportation Fund are derived from ¼ cents of the general retail sales tax collected in the County by the State Board of Equalization for the period July 1, 2018 through June 30, 2019. Disbursements from the Local Transportation Fund are made by the County upon receipt of written allocation and disbursement instructions issued in accordance with the Act's provisions by the Los Angeles County Metropolitan Transportation Authority (MTA).

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Local Transportation Fund is accounted for as an agency fund of the County, a fiduciary type fund. In this custodial capacity, the County holds Local Transportation Fund assets in connection with its fiduciary responsibilities to other local governments. Under this basis of accounting, agency fund assets equal liabilities. The fund liability is incurred once the Auditor-Controller receives the disbursement authorization from MTA. Reimbursement of funds disbursed to claimants is recognized when the related fund liability is incurred.


(b) Measurement Focus

Fiduciary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Agency funds do not measure results of operations, but assets and liabilities are measured on the accrual basis. As such, assets and liabilities are recorded when incurred, regardless of the timing of cash flows.

(c) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires that management make estimates and assumptions that may affect certain reported assets and liabilities. Actual results could differ from those estimates.

(3) Pooled Cash and Investments

The cash and investments are managed by the County Treasurer who reports on a monthly basis to  Board of Supervisors. In addition, Treasury investment activity is subject to an annual investment policy review, compliance oversight, quarterly financial reviews, and annual financial reporting.



The County's Investment Policy and the California Government Code permit investments including obligations of the United States Treasury, federal agencies, State and local agencies, municipalities, asset-backed securities, bankers' acceptances, commercial paper rated A-1 by Standard & Poor's Global Ratings Services or P-1 by Moody's Investors Service and F-1 by Fitch, negotiable certificates of deposits, medium-term notes, corporate notes, repurchase agreements, reverse repurchase agreements, time deposits, shares of beneficial interest of a Joint Powers Authority that invests in authorized securities, shares of beneficial interest issued by diversified management companies known as money market mutual funds registered with the Securities and Exchange Commission, securities lending agreement and the State of California's Local Agency Investment Fund, interest Pooled Cash and Investments rate swaps, and supranational institutions.

COUNTY OF LOS ANGELES, CALIFORNIA

Local Transportation Fund

Notes to Financial Statements (Continued)

For the Year Ended June 30, 2019

(3) Pooled Cash and Investments

The Local Transportation Fund's share of the County Treasury's total pooled cash and investments is included in the accompanying statement of fiduciary net position under "Pooled Cash and Investments," which totaled \$198,932,916 at June 30, 2019, and represents approximately 0.6% of the total County Treasury pool. The County Treasury pool is not rated as of June 30, 2019. The weighted average to maturity of the County Treasury pool as of June 30, 2019 is 1.50 years. Additional information regarding the interest rate, credit, concentration of credit risks and fair value hierarchy of the County's cash and investments pool can be found in the notes to the County's basic financial statements.

(4) Collections Held in Trust

Collections held in trust can be separated to represent amounts which have been allocated to the various eligible cities and transportation agencies in accordance with the allocation and disbursement instructions, but which have not yet been claimed by the entity or disbursed by the Local Transportation Fund. Amounts reserved for disbursements to eligible cities and local agencies for capital reserves or other disbursement under Article 4 of the Transportation Development Act as of June 30, 2019 are described below:

Collections Held in Trust for Capital Reserves	\$ 155,241,147
Other Article 4 Disbursements Held in Trust	103,507,684
Total Collections Held in Trust	<u>\$ 258,748,831</u>

COUNTY OF LOS ANGELES, CALIFORNIA
Local Transportation Fund
Supplemental Schedule of Receipts and Disbursements
For the Year Ended June 30, 2019

Schedule I

Receipts:

Sales tax revenue	\$ 437,078,759
Reimbursement from claimants	353,673
Interest	4,445,014
Total additions	<u>441,877,446</u>

Disbursements:

Transportation subsidies	377,819,651
Administrative and planning	8,500,000
Total deductions	<u>386,319,651</u>
Excess of additions over deductions	<u><u>\$ 55,557,795</u></u>

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COUNTY OF LOS ANGELES, CALIFORNIA
 Local Transportation Fund
 Supplemental Schedule of Allocations and Disbursements (Continued)
 For the Year Ended June 30, 2019

Schedule II

Claimant	Total Allocations	Disbursements					Total Disbursements	Total Reserves	Total Reimbursements
		Administrative Planning	Article 3	Article 4	Article 8A				
Agoura Hills	\$ 14,259	\$ -	\$ 14,259	\$ -	\$ -	\$ 14,259	\$ -	\$ -	
Alhambra	135,305	-	76,382	-	-	76,382	58,923	-	
Arcadia Transit	453,810	-	76,594	343,383	-	419,977	-	33,833	
Artesia	10,968	-	10,968	-	-	10,968	-	-	
Avalon	148,677	-	-	-	148,677	148,677	-	-	
Azusa	49,783	-	16,044	-	-	16,044	33,739	-	
Baldwin Park	68,847	-	68,847	-	-	68,847	-	-	
Bell	64,479	-	64,479	-	-	64,479	-	-	
Bell Gardens	29,037	-	8,400	-	-	8,400	20,637	-	
Bellflower	105,069	-	105,069	-	-	105,069	-	-	
Bradbury	35,000	-	30,000	-	-	30,000	5,000	-	
Burbank	206,522	-	150,000	-	-	150,000	56,522	-	
Calabasas	47,186	-	47,186	-	-	47,186	-	-	
Carson	146,499	-	83,000	-	-	83,000	63,499	-	
Cerritos	33,927	-	-	-	-	-	33,927	-	
Claremont	379,217	-	64,600	314,617	-	379,217	-	-	
Commerce	445,988	-	8,869	437,119	-	445,988	-	-	
Covina	18,672	-	18,672	-	-	18,672	-	-	
Culver City, City of	27,193	-	27,193	-	-	27,193	-	-	
Culver City Muni Bus Lines	5,453,279	-	-	4,273,279	-	4,273,279	1,180,000	-	
Diamond Bar	62,320	-	23,631	-	-	23,631	38,689	-	
Downey	70,000	-	70,000	-	-	70,000	-	-	
Duarte	14,947	-	14,947	-	-	14,947	-	-	
El Monte	128,286	-	50,831	-	-	50,831	77,455	-	
El Segundo	44,256	-	44,256	-	-	44,256	-	-	
Foothill Transit	25,099,082	-	-	25,099,082	-	25,099,082	-	-	
Gardena	5,579,764	-	39,590	5,499,008	-	5,538,598	41,166	-	
Glendale	127,780	-	127,780	-	-	127,780	-	-	
Hawaiian Gardens	10,584	-	10,584	-	-	10,584	-	-	
Hawthorne	59,424	-	59,424	-	-	59,424	-	-	
Hidden Hills	25,000	-	25,000	-	-	25,000	-	-	
Los Angeles County Auditor-Controller	98,000	98,000	-	-	-	98,000	-	-	
La Puente	27,432	-	-	-	-	-	27,432	-	
Los Angeles County MTA	304,319,398	5,266,760	-	235,687,526	-	240,954,286	63,365,112	-	
Lakewood	53,738	-	53,738	-	-	53,738	-	-	
Lancaster	17,792,291	-	66,862	-	14,844,486	14,911,348	2,880,943	-	
Lomita	13,843	-	-	-	-	-	13,843	-	
Long Beach/City of	325,430	-	325,430	-	-	325,430	-	-	
Long Beach Public Transportation	23,725,942	-	-	23,725,942	-	23,725,942	-	-	
L. A. City Treasurer	3,806,532	-	700,000	-	-	700,000	3,106,532	-	
Public Works, Los Angeles County	6,798,846	-	1,340,402	-	4,378,886	5,719,288	1,079,558	-	
Lynwood	27,464	-	26,339	-	-	26,339	-	1,125	

COUNTY OF LOS ANGELES, CALIFORNIA
 Local Transportation Fund
 Supplemental Schedule of Allocations and Disbursements (Continued)
 For the Year Ended June 30, 2019

Schedule II

Claimant	Total Allocations	Disbursements					Total Disbursements	Total Reserves	Total Reimbursements
		Administrative Planning	Article 3	Article 4	Article 8A				
Malibu	\$ 33,736	\$ -	\$ 33,736	\$ -	\$ -	\$ 33,736	\$ -	\$ -	
Manhattan Beach	24,066	-	24,066	-	-	24,066	-	-	
Montebello	9,437,608	-	84,112	9,353,496	-	9,437,608	-	-	
Monterey park	8,557	-	8,557	-	-	8,557	-	-	
Norwalk	3,288,784	-	100,000	3,188,784	-	3,288,784	-	-	
Palmdale	6,441,436	-	99,081	-	6,342,355	6,441,436	-	-	
Palos Verdes Estates	63,365	-	54,090	-	-	54,090	9,275	-	
Paramount	37,915	-	37,915	-	-	37,915	-	-	
Pasadena	125,441	-	125,441	-	-	125,441	-	-	
Pico Rivera	12,792	-	12,792	-	-	12,792	-	-	
Pomona	145,412	-	145,412	-	-	145,412	-	-	
Rancho Palos Verdes	29,078	-	-	-	-	-	29,078	-	
Redondo Beach	750,604	-	3,000	747,604	-	750,604	-	-	
Rosemead	37,278	-	-	-	-	-	37,278	-	
San Dimas	25,000	-	25,000	-	-	25,000	-	-	
San Fernando	33,221	-	16,611	-	-	16,611	16,610	-	
San Gabriel	132,848	-	105,917	-	-	105,917	26,931	-	
San Marino	17,862	-	8,720	-	-	8,720	9,142	-	
Santa Clarita	11,532,126	-	247,606	-	2,298,528	2,546,134	8,667,277	318,715	
Santa Monica Bus Lines	73,164	-	73,164	-	-	73,164	-	-	
Santa Monica's Big Blue Bus	35,391,162	-	-	29,391,162	-	29,391,162	6,000,000	-	
So California Assoc of Governments	3,135,240	3,135,240	-	-	-	3,135,240	-	-	
Sierra Madre	7,289	-	7,289	-	-	7,289	-	-	
Signal Hill	20,709	-	12,826	-	-	12,826	7,883	-	
South El Monte	14,154	-	-	-	-	-	14,154	-	
South Gate	128,787	-	128,787	-	-	128,787	-	-	
Torrance	6,475,302	-	-	6,375,596	-	6,375,596	99,706	-	
Vernon	5,000	-	5,000	-	-	5,000	-	-	
Walnut	20,698	-	20,698	-	-	20,698	-	-	
West Covina	140,925	-	140,925	-	-	140,925	-	-	
West Hollywood	24,333	-	-	-	-	-	24,333	-	
Total	\$ 473,697,968	\$ 8,500,000	\$ 5,370,121	\$ 344,436,598	\$ 28,012,932	\$ 386,319,651	\$ 87,024,644	\$ 353,673	