

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

Financial Statements and  
Supplementary Information  
(With Independent Auditor's Reports Thereon)

For the Year Ended June 30, 2023

**COUNTY OF LOS ANGELES, CALIFORNIA  
LOCAL TRANSPORTATION FUND**  
For the Year Ended June 30, 2023

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## Independent Auditor's Report

To the Honorable Board of Supervisors  
County of Los Angeles, California

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of the Local Transportation Fund, a custodial fund of the County of Los Angeles, California (County), as of and for the year ended June 30, 2023, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the fiduciary net position of the Local Transportation Fund of the County, as of June 30, 2023, and the changes in fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 County, 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 opinion.

#### *Emphasis of Matter*

As discussed in Note 2(a), the financial statements present only the Local Transportation Fund and do not purport to, and do not, present fairly the financial position of the County, as of June 30, 2023, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

#### *Responsibilities of Management for the Financial Statements*

The County's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's 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 opinion. 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 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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 County's internal control. Accordingly, no such opinion is expressed.
- 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.

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 the management's discussion and analysis be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 financial statements, and other knowledge we obtained during our audit of the 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 Local Transportation Fund's financial statements. The Schedule of Allocations and Disbursements is presented for purposes of additional analysis and is not a required part of the 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Supplemental Schedule of Allocations and Disbursements is fairly stated, in all material respects, in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5 2024, on our consideration of the County's internal control over financial reporting as it relates to the Local Transportation Fund, 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 County's internal control over financial reporting or on compliance as it relates to the Local Transportation Fund. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance as it relates to the Local Transportation Fund.

*Macias Gini É O'Connell LAP*

Los Angeles, California  
March 5, 2024

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**COUNTY OF LOS ANGELES, CALIFORNIA**  
 Local Transportation Fund  
 Management’s Discussion and Analysis (Unaudited)  
 For the Year Ended June 30, 2023

Management’s discussion and analysis of the County of Los Angeles, California (County), Local Transportation Fund provides a narrative overview of the Local Transportation Fund’s financial activities for the year ended June 30, 2023. 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 restricted net position held for claimants and unallocated amounts increased by \$66.6 million to \$431.5 million.
- Sales taxes of \$533.9 million were received from the State of California and \$11.6 million was earned on investments.
- Transportation subsidies totaling \$466.6 million were paid to 65 different cities and jurisdictions and \$12.9 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 a custodial fund, a fiduciary type fund of the 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). Custodial funds are recorded on an accrual basis of accounting.

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. The supplemental schedule of allocations and disbursements is presented for purposes of additional analysis and is not a required part of the financial statements.

**Financial Analysis**

Statements of Fiduciary Net Position  
 (In thousands)

	<b>June 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Assets</b>		
Pooled cash and investments	\$ 365,532	\$ 288,764
Sales tax receivable	73,602	75,263
Interest receivable	3,774	800
Total Assets	442,908	364,827
<b>Liabilities</b>		
Accounts Payable	11,433	-
Total Liabilities	11,433	-
<b>Net Position</b>		
Amounts allocated to claimants	268,362	189,625
Unallocated amounts	163,113	175,202
Total net position	\$ 431,475	\$ 364,827

**COUNTY OF LOS ANGELES, CALIFORNIA**  
 Local Transportation Fund  
 Management's Discussion and Analysis (Unaudited) – (Continued)  
 For the Year Ended June 30, 2023

Total assets of the Local Transportation Fund increased by 21.4% from the prior year to \$442.9 million, due to a \$76.8 million increase in pooled cash and investments, a \$1.7 million decrease in sales taxes receivable, and a \$3.0 million increase in interest receivable. Pooled cash and investments increased as a result of significant increases in sales taxes contributing to total additions exceeding total deductions during the year.

Statements of Changes in Fiduciary Net Position  
 (In thousands)

	<b>For the Year Ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
<b>Additions:</b>		
Sales taxes	\$ 533,941	\$ 524,337
Reimbursement from claimants	606	993
Interest	11,591	1,801
Total additions	546,138	527,131
<b>Deductions:</b>		
Transportation subsidies	466,552	403,271
Administrative and planning	12,938	10,854
Total deductions	479,490	414,125
Change in net position	66,648	113,006
<b>Net position:</b>		
Beginning of year	364,827	251,821
End of year	\$ 431,475	\$ 364,827

Total additions of the Local Transportation Fund increased by 3.6% from the prior year to \$546.1 million. The primary source of additions was sales taxes and it increased by \$9.6 million. Total deductions increased by 15.8% from the prior year to \$479.5 million, due primarily to a \$63.3 million increase in transportation subsidies which was the major source of deductions.

**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, 2023

**Assets:**

Pooled cash and investments (note 3)	\$ 365,532,530
Sales taxes receivable	73,601,657
Interest receivable	3,774,089
Total Assets	<u>442,908,276</u>

**Liabilities:**

Accounts payable	<u>11,433,282</u>
Total Liabilities	<u>11,433,282</u>

**Net Position:**

Restricted:

Amounts allocated to claimants	268,362,037
Unallocated amounts	163,112,957
Total Net Position	<u>\$ 431,474,994</u>

See Accompanying Notes to Financial Statements.

**COUNTY OF LOS ANGELES, CALIFORNIA**  
 Local Transportation Fund  
 Statement of Changes in Fiduciary Net Position  
 For the Year Ended June 30, 2023

**Additions:**

Sales taxes	\$ 533,940,991
Reimbursement from claimants	605,810
Interest income	11,591,170
Total additions	546,137,971

**Deductions:**

Transportation subsidies	466,552,138
Administrative and planning	12,937,942
Total deductions	479,490,080
Change in Net Position	66,647,891

**Net position:**

Beginning of Year	364,827,103
End of year	\$ 431,474,994

See Accompanying Notes to Financial Statements.

**COUNTY OF LOS ANGELES, CALIFORNIA**  
Local Transportation Fund  
Notes to Financial Statements  
For the Year Ended June 30, 2023

**NOTE 1 – GENERAL**

The Local Transportation Fund (Fund), a custodial fund of the County of Los Angeles (County), was established 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 Fund are derived from ¼ cent of the general retail sales tax collected in the County by the State Board of Equalization for the period July 1, 2022 through June 30, 2023. Disbursements from the 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).

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation and Accounting**

The Local Transportation Fund is accounted for as a custodial fund of the County, a fiduciary type fund. In this custodial capacity, the County holds Fund assets in connection with its fiduciary responsibilities to other local governments.

Custodial funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Additions are recorded when earned and deductions are recorded when liability is incurred, regardless of the timing of the related cash flows.

The Fund's financial statements are intended to present the fiduciary net position and changes in fiduciary net position of only those transactions attributable to the County's Fund and are not intended to present fairly the financial position, the changes in financial position, or, where applicable, the cash flows of the County.

**Fiduciary Net Position**

The fiduciary net position reflected on the accompanying statement of fiduciary net position includes amounts received from the State Board of Equalization, but not allocated and amounts allocated for which the County is awaiting final instructions from MTA before distribution to the claimants.

**Use of Estimates**

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

**COUNTY OF LOS ANGELES, CALIFORNIA**  
Local Transportation Fund  
Notes to Financial Statements (Continued)  
For the Year Ended June 30, 2023

**NOTE 3 – POOLED CASH AND INVESTMENTS**

California Government Code Sections 53601 and 53635 authorize the County Treasurer to invest the External Investment Pool (Pool) and Specific Purpose Investment funds in obligations of the United States Treasury, federal agencies, municipalities, asset-backed securities, bankers' acceptances, commercial paper, negotiable certificates of deposit, medium-term notes, corporate notes, repurchase agreements, reverse repurchase agreements, forwards, futures, options, 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 agreements, the State of California's Local Agency Investment Fund, and supranational institutions. California Government Code Section 53534 authorizes the County Treasurer to enter into interest rate swap agreements. However, these agreements should only be used in conjunction with the sale of the bonds approved by the Board. As permitted by the California Government Code, the County Treasurer developed, and the Board adopted, an Investment Policy that further defines and restricts the limits within which the County Treasurer may invest. The investments are managed by the County Treasurer, which reports investment activity to the Board on a monthly basis. In addition, the County Treasurer's investment activity is subject to an annual investment policy review, compliance oversight, quarterly financial review, and annual financial reporting. The County Treasurer also maintains Other Specific Investments, which are invested pursuant to Section 1300.76.1, Title 28, California Code of Regulations. The County has not provided nor obtained any legally binding guarantees during the year ended June 30, 2023, to support the value of shares in the Pool.

The 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 \$365,532,530 at June 30, 2023, and represents approximately 0.7% of the total Pool. The Pool is not rated as of June 30, 2023. The weighted average to maturity of the Pool as of June 30, 2023 is 1.86 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.

**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***

To the Honorable Board of Supervisors  
County of Los Angeles, California

We have audited, 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 (*Government Auditing Standards*), the financial statements of the Local Transportation Fund, a custodial fund of the County of Los Angeles, California (County), as of and for the year ended June 30, 2023, and the related notes to the financial statements, and have issued our report thereon dated March 5, 2024. Our report includes an emphasis of matter paragraph indicating that the financial statements present only the Local Transportation Fund of the County.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the Local Transportation Fund’s financial statements, we considered the County’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 Local Transportation Fund’s financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal control as it relates to the Local Transportation Fund. Accordingly, we do not express an opinion on the effectiveness of the County’s internal control as it relates to the Local Transportation Fund.

*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.

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Local Transportation Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including applicable provisions of the Public Utilities Code (Sections 99230-99251), 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.

A handwritten signature in black ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, flowing style.

Los Angeles, California  
March 5, 2024

**COUNTY OF LOS ANGELES, CALIFORNIA**  
**Local Transportation Fund**  
**Supplemental Schedule of Allocations and Disbursements**  
**For the Year Ended June 30, 2022**

Claimant	Total Allocations	Disbursements				Total Current Year Disbursements	Total Current Year Reserves	Total Current Year Reimbursements
		Administrative and Planning	Article 3	Article 4	Article 8A			
Arcadia	\$ 1,126,228	\$ -	\$ 95,136	\$ 1,031,092	\$ -	\$ 1,126,228	\$ -	\$ -
Avalon	10,000		10,000			10,000	-	-
Azusa	66,341		66,341			66,341	-	-
Baldwin Park	135,963		135,963			135,963	-	-
Bell	34,198		34,198			34,198	-	-
Bellflower	56,000		56,000			56,000	-	-
Bell Gardens	39,765		39,765			39,765	-	-
Bradbury	5,000		5,000			5,000	-	-
Calabasas	7,455		7,455			7,455	-	-
Carson	36,045		36,045			36,045	-	-
Commerce	474,679		12,051	462,628		474,679	-	-
Compton	92,049		92,049			92,049	-	-
Cudahy	31,633		31,633			31,633	-	-
Culver City Muni Bus Lines	7,910,346		37,479	7,872,867		7,910,346	-	-
Diamond	38,689		38,689			38,689	-	-
El Monte	35,111		35,111			35,111	-	-
El Segundo	15,692		15,692			15,692	-	-
Foothill Transit	35,517,430			35,517,430		35,517,430	-	-
Gardena	7,101,530		78,112	7,023,418		7,101,530	-	-
Glendale	298,908		298,908			298,908	-	-
Glendora	55,993		55,993			55,993	-	-
Lakewood	134,061		134,061			134,061	-	-
Lancaster	7,221,513		201,185		7,020,328	7,221,513	-	-
Lomita	20,621		20,621			20,621	-	-
Long Beach	25,332,242		650,000	24,682,242		25,332,242	-	-
L. A. City Treasurer	4,123,542		4,123,542			4,123,542	-	-
LACMTA	306,555,454	8,945,692		297,609,762		306,555,454	-	-
LACO - ACCTG	123,000	123,000				123,000	-	-
LA Canada Flintridge	19,000		19,000			19,000	-	-
LA County Public Works	7,981,208		435,396		7,545,812	7,981,208	-	-
Hawaiian Gardens	13,628		13,628			13,628	-	-
Hawthorne	66,000		66,000			66,000	-	-
Hermosa Beach	10,000		10,000			10,000	-	-
Inglewood	201,175		201,175			201,175	-	-
Irwindale	5,000		5,000			5,000	-	-
LA Mirada	1,072,581		45,788	1,026,793		1,072,581	-	-
LA Puente	110,000		110,000			110,000	-	-
Malibu	25,000		25,000			25,000	-	-
Montebello	11,724,734		46,968	11,677,766		11,724,734	-	-
Monrovia	54,120		54,120			54,120	-	-
Monterey Park	9,750		9,750			9,750	-	-
Norwalk	4,619,742		228,676	4,391,066		4,619,742	-	-

**COUNTY OF LOS ANGELES, CALIFORNIA**  
**Local Transportation Fund**  
**Supplemental Schedule of Allocations and Disbursements**  
**For the Year Ended June 30, 2023**

Claimant	Total Allocations	Disbursements				Total Current Year Disbursements	Total Current Year Reserves	Total Current Year Reimbursements
		Administrative and Planning	Article 3	Article 4	Article 8A			
Palmdale	8,658,196				8,658,196	8,658,196	-	-
Paramount	51,971		51,971			51,971	-	-
Pasadena	175,235		175,235			175,235	-	-
Pico Rivera	45,259		45,259			45,259	-	-
Pomona	100,076		99,712			99,712	-	364
Rancho Palos Verdes	29,106		29,106			29,106	-	-
Redondo Beach	1,028,033			1,028,033		1,028,033	-	-
Rolling Hills	5,000		5,000			5,000	-	-
Rolling Hills Estates	13,552		13,552			13,552	-	-
Rosemead	50,996		50,996			50,996	-	-
San Dimas	54,250		54,250			54,250	-	-
San Gabriel	34,830		34,830			34,830	-	-
San Fernando	3,292		3,292			3,292	-	-
San Marino	19,000		19,000			19,000	-	-
Santa Clarita	5,851,006		512,033		4,733,527	5,245,560	-	605,446
Santa Fe Springs	66,269		66,269			66,269	-	-
Santa Monica's Big Blue Bus	28,042,534			28,042,534		28,042,534	-	-
SCAG	3,869,250	3,869,250				3,869,250	-	-
Signal Hills	17,531		17,531			17,531	-	-
Temple City	48,850		48,850			48,850	-	-
Torrance	9,135,072			9,135,072		9,135,072	-	-
West Covina	75,945		75,945			75,945	-	-
West Hollywood	50,747		50,747			50,747	-	-
Westlake Village	13,736		13,736			13,736	-	-
Whittier	144,727		144,727			144,727	-	-
<b>Total</b>	<b>\$ 480,095,890</b>	<b>\$ 12,937,942</b>	<b>\$ 9,093,572</b>	<b>\$ 429,500,703</b>	<b>\$ 27,957,863</b>	<b>\$ 479,490,080</b>	<b>\$ -</b>	<b>\$ 605,810</b>