



COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 525
LOS ANGELES, CALIFORNIA 90012-3873
PHONE: (213) 974-8301 FAX: (213) 626-5427

OSCAR VALDEZ
AUDITOR-CONTROLLER

CONNIE YEE
CHIEF DEPUTY AUDITOR-CONTROLLER

ASSISTANT AUDITOR-CONTROLLERS

MAJIDA ADNAN
ROBERT G. CAMPBELL

January 24, 2024

TO: Supervisor Lindsey P. Horvath, Chair
Supervisor Hilda L. Solis
Supervisor Holly J. Mitchell
Supervisor Janice Hahn
Supervisor Kathryn Barger

FROM: Oscar Valdez
Auditor-Controller

SUBJECT: **AUDIT OF THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2023**

Background

The Los Angeles County (County) Flood Control District (District) was established in 1915 under the County Flood Control Act. The District's powers are exercised through your Board acting as the District's governing body. The duties of your Board include approving the District's budget, determining the District's tax rates, approving contracts, and determining whether to issue bonds authorized by the voters of the District.

The District's mission includes providing for the control and conservation of flood, storm, and other waste waters of the District to conserve such waters for beneficial purposes and to protect the harbors, waterways, public highways, and private property within the District from flood or stormwater damage.

Audit Scope and Objectives

We contracted with an independent Certified Public Accounting firm, Moss, Levy & Hartzheim, LLP (Moss), to audit the District's financial statements for the year ended June 30, 2023. Moss conducted the audit under the Auditor-Controller's Master Agreement for audit services.

Review Summary

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Board of Supervisors

January 24, 2024

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Moss' report on the financial statements indicates they present fairly, in all material respects, the financial position of the governmental activities, each major fund, General Fund and Safe, Clean Water Program Measure W Fund, of the District as of June 30, 2023, in accordance with accounting principles generally accepted in the United States of America (Attachment I).

As part of the audit, Moss reviewed the District's internal control over financial reporting and did not identify any deficiencies that they consider to be material weaknesses. Moss tested the District's compliance with certain legal provisions, regulations, contracts, and grant agreements. Moss noted no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. Moss' auditor's communication letter and the report on internal control are attached (Attachment II).

If you have any questions please call me, or your staff may contact Mike Pirolo at mpirolo@auditor.lacounty.gov.

OV:CY:RGC:MP:YK

Attachments

c: Fesia A. Davenport, Chief Executive Officer
Celia Zavala, Executive Officer, Board of Supervisors
Mark Pestrella, Director, Department of Public Works
Audit Committee
Countywide Communications

Los Angeles County Flood Control District

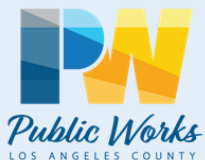
(A COMPONENT UNIT OF THE COUNTY OF LOS ANGELES, CALIFORNIA)



Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2023

Director Mark Pestrella



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT

Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2023

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Introductory Section



MARK PESTRELLA, Director

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"


900 SOUTH FREMONT AVENUE
ALHAMBRA, CALIFORNIA 91803-1331
Telephone: (626) 458-5100
<http://dpw.lacounty.gov>

ADDRESS ALL CORRESPONDENCE TO:
P.O. BOX 1460
ALHAMBRA, CALIFORNIA 91802-1460

IN REPLY PLEASE
REFER TO FILE: **FI-10**

December 27, 2023

TO: The Honorable Members of the Board of Supervisors and
Citizens of the County of Los Angeles

FROM: Mark Pestrella, PE 
Director of Public Works

ANNUAL COMPREHENSIVE FINANCIAL REPORT OF THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT

We are pleased to submit the Annual Comprehensive Financial Report of the Los Angeles County Flood Control District for the fiscal year ended June 30, 2023. The District is a blended component unit of the County of Los Angeles. The report contains financial statements prepared in accordance with GAAP for governmental entities and provides a comprehensive overview of the District's financial operations and financial position. The accuracy, completeness, and fairness of presentation of all information in this report are the responsibility of the District.

The Independent Auditor's Report is located at the front of the Financial Section of this report. Management's Discussion and Analysis immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The Management's Discussion and Analysis complements this transmittal letter and should be read in conjunction with it.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT AND ITS SERVICES

The District was established in 1915 under the Los Angeles County Flood Control Act. The District's powers are exercised through the Board of Supervisors acting as the District's governing body. The District's mission is to construct, operate, and maintain an advanced system of flood control and water conservation facilities that provide for the control and conservation of the flood, storm, and other waste waters of the District; to conserve such waters for beneficial purposes; and to protect the harbors, waterways, public highways, and private property within the District from flood and stormwater damage.

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The District's boundaries encompass approximately 2,758 square miles. The District operates and maintains one of the most complex systems of flood control and water conservation in the country. The District maintains the following infrastructure: 14 major dams and reservoirs, 491 miles of concrete and soft-bottom channels, 3,400 miles of underground storm drain conduits, 83,134 catch basins, 483 open channels, 61 pump stations, 189 debris basins, 181 crib dams, 35 sediment placement sites, 27 spreading grounds, 21 low-flow diversion structures, 313 seawater barrier injection wells, 1 constructed wetland, and 1 mitigation bank area. The District's major programs are categorized as Flood Risk Management, Ground Water Recharge, and Stormwater and Urban Runoff Quality. These programs are described as follows:

- **Flood Risk Management** – This program includes the planning, operation, maintenance, and rehabilitation of flood control facilities; emergency preparedness; storm response; floodplain management; regulatory compliance; and public education.
- **Ground Water Recharge** – This program includes the planning, operation, maintenance, and rehabilitation of water conservation facilities that recharge groundwater aquifers with storm, imported, and/or recycled water; regulatory compliance; and public education.
- **Stormwater and Urban Runoff Quality** – This program includes the compliance activities of the District as mandated under the Los Angeles County National Pollution Discharge Elimination System Permit. The District's responsibilities include conducting special water quality studies, water quality monitoring of the District's channel system, enforcement of an illicit discharge detection and elimination program, and working with municipalities to implement control measures to reduce urban and stormwater runoff pollution.

ECONOMIC OVERVIEW

High population growth and drought in the County will continue to increase demands on already limited water supplies. To address this demand, the District continues to look toward expanding water conservation programs and identifying more opportunities for stormwater capture, treatment, and recharge.

The District's revenue stream is primarily supported by benefit assessment and property taxes. The District anticipates the continuation of moderate growth as assessed property values continue to trend favorably despite a temporary setback due to the COVID-19

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Pandemic. The assessed property tax roll grew for the 11th consecutive year and is approximately 5 percent higher in the current year.

In November 2018 County voters approved Measure W, adopting the Safe, Clean Water (SCW) Program, which generates approximately \$280 million per year from a Special Parcel Tax on private property to capture, conserve, and treat stormwater to improve water quality, increase local water supply, and enhance communities. The SCW Program Special Parcel Tax funds multi-benefit projects and programs to promote water resilience and sustainability, protect coastal waters, modernize water infrastructure, ensure more livable spaces for all, and prepare our region for the effects of climate change. The SCW Program includes extensive community engagement, diverse regional governance committees, independent auditing, and multiple tax relief options to the public. Fifty percent of the SCW Program funds are allocated to the "Regional Program," which consists of projects and programs at the watershed scale to address stormwater from multiple municipalities. Forty percent of the SCW Program funds are allocated directly to municipalities as part of the "Municipal Program" for local stormwater projects and programs. Ten percent of the SCW Program funds are allocated to the "District Program" for administration, District projects and programs, stormwater education, and workforce training programs. Specific program details are provided under the Major Initiatives section.

The District continues to seek grant opportunities to offset increasing costs, as well as partnerships and collaborative efforts with agencies and organizations to leverage resources.

In Fiscal Year 2022-23, the District was awarded approximately \$18.5 million in competitive grant funding from various grants (and facilitated many more millions regionally) and is increasing its pursuit of grant funds going forward in order to maximize use of funds newly available in the Bipartisan Infrastructure Law.

In addition to grants, the Los Angeles Department of Water and Power (LADWP) and the State of California have provided funding for the following upcoming projects:

LADWP

1. Big Tujunga Reservoir Sediment Removal Project – \$10 million
2. Pacoima Reservoir Sediment Removal Project – \$10 million
3. Pacoima Spreading Grounds Improvements – \$15 million
4. Bull Creek Water Conservation Pipeline Project – \$5.8 million

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State of California

In 2000, Assembly Bill 1147 was passed, providing for the State of California to reimburse a portion of the local costs of several flood control projects, including the Los Angeles County Drainage Area Project. The District submitted claims for reimbursement of expenses associated with the Los Angeles County Drainage Area Project totaling approximately \$41 million. Following the November 26, 2019, motion by the Board of Supervisors calling for a plan to prioritize spending of reimbursement funds, the District recommended funds be applied towards the advancement of projects not yet completed and consistent with the Los Angeles River Master Plan Update. Since May 2020, the State has reimbursed the District \$39.9 million. The District also plans to appeal to the State for reimbursements originally deemed ineligible.

MAJOR INITIATIVES

FLOOD RISK MANAGEMENT

Dam Rehabilitation Program – The District is continuing this program to upgrade its dams to meet current seismic and spillway requirements. The District has spent approximately \$200 million in construction costs for the Dam Rehabilitation Program since the 1994 Northridge Earthquake. Anticipated future construction projects under this program include Sawpit Debris Dam and Santa Anita Debris Dam. The construction of the Santa Anita Debris Dam Seismic Strengthening Project, with an estimated cost of \$15 million, is anticipated to begin construction in spring 2025. The estimated cost of all current and future construction projects over the next ten years is approximately \$145 million.

Dams Inlet/Outlet Works Rehabilitation Program – As the District's dams continue to age, many of the inlet/outlet works and ancillary components, such as flood control valves used for releasing reservoir water and utility systems, are coming to the end of their useful lives and require major maintenance, repairs, or replacement. These projects include the Big Dalton and San Dimas Dams Access Improvements Project, which was awarded for \$8.9 million in June 2022 and is anticipated to be completed in December 2023. An estimated \$80 million in current and future rehabilitation/improvement projects that support reliable dam operations, facility access, and integration of new technology is planned under this program over the next ten years.

Dams Inundation Mapping and Preparation of Emergency Action Plans Program – As a result of the Oroville Dam Spillway Incident in Northern California, the State now requires all owners/operators of dams and debris dams under its jurisdiction to develop new inundation maps using modern state-of-the-art modeling and new or updated Emergency

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Action Plans. The District started this program in early 2018, and the new inundation maps were completed in June 2020 with an estimated program cost of \$1.5 million. New Emergency Action Plans for the District's major dams were completed and approved in March 2023. The estimated date for completion of new Emergency Action Plans for the District's jurisdictional debris dams is in Fall 2024.

Drainage Needs Assessment Program (DNAP) – Launched in 2020, this program helps to identify and prioritize local drainage issues for potential future project development by the District. Once a year, known drainage issues in the DNAP database (submitted by municipalities) are evaluated and ranked using established criteria, including:

- Severity and consequence of flooding
- Cost and feasibility of corrective measures
- Infrastructure equity
- Stormwater capture potential
- Opportunities for collaboration and multi-benefit solutions

The District selects the top-ranking projects to consider for further development; the number of projects selected for development each fiscal year depends on annual budget allocations and the District's other infrastructure priorities. DNAP is fully District-funded, although project development and construction could include outside funding contributions on a project-specific basis. DNAP is consistent with OurCounty, a regional sustainability plan, which is prepared by the Los Angeles County Chief Sustainability Office. Sustainability Plan Action 42 of OurCounty is to develop a plan to ensure effective, well-maintained flood risk mitigation infrastructure to communities and include a mechanism to facilitate reporting of incidents by residents/municipalities to help identify and address any chronic local flooding issues.

Integrated Regional Water Management (IRWM) – This collaborative effort, initiated by the California Department of Water Resources (DWR), brings together agencies and organizations with water resource interests to collaboratively address the water resource challenges in the County and surrounding areas. The collaborative effort includes participation from the District, County, cities, water purveyors, water wholesalers, groundwater managers, environmental organizations, open space stakeholders, stormwater managers, and representatives from disadvantaged communities.

Voters approved Proposition 1 in November 2014, which authorized \$510 million in IRWM Funding. Since 2006, agencies in the Los Angeles area have received over \$144.3 million in project funding toward 86 projects.

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DWR's Proposition 1 Disadvantaged Community Involvement Program funding opportunity required a single Funding Area-wide proposal from each of the 12 Proposition 1 Funding Areas, one of which is the Los Angeles Funding Area.

The District, on behalf of the Los Angeles Funding Area, was awarded \$9.8 million to address four primary tasks: Grant Administration, Community Outreach, Needs Assessment, and Project Development. The Funding Area is currently in the Project Development stage, which is expected to be completed by early 2024.

Additionally, the District was awarded \$15.3 million under the Proposition 1 Round 1 IRWM Implementation Grant to fund 15 new regional projects on behalf of the Greater Los Angeles County Region and in conjunction with local project sponsors. No District-led projects were included.

The District accepted \$3.9 million in grant funding from the Budget Act of 2021 Urban and Multibenefit Drought Relief Program from DWR on behalf of the Regional Water Management Groups of the Los Angeles-Ventura Funding Area, which includes the Greater Los Angeles County, Watersheds Coalition of Ventura County, Upper Santa Clara River Regions, and respective local project sponsors. A total of \$2.17 million of the grant funds was allocated to the District to fund four projects.

The District, on behalf of the Greater Los Angeles County IRWM Region, submitted an application to DWR for Proposition 1 Round 2 Implementation Grant funding for 17 regional projects from local project sponsors. After review and approval by DWR, the District was awarded \$20.3 million in disadvantaged communities and general implementation grant funding under Proposition 1 Round 2.

Cooperative Projects with the U.S. Army Corps of Engineers (USACE) – The District is actively working with USACE to advance the following priorities to improve regional flood management and water supply conservation:

- Divest Corps facilities for local control where appropriate
- Optimize Corps facilities for water conservation
- Streamline Section 408 process

In addition, the District is currently involved in the following project being conducted by USACE:

- Whittier Narrows Dam Safety Modification Project

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Federal Emergency Management Agency (FEMA)-National Levee Certification Program Compliance – The District has a program that certifies that District-owned levees meet FEMA's flood protection standards. The objective is to ensure that all levees are evaluated and certified, enabling FEMA to continue to show them as providing flood protection from a 100-year (1 percent annual chance) flood on their Flood Insurance Rate Maps. To date, approximately 110 miles of District levees along Coyote Creek, Rio Hondo, the San Gabriel River, and the Santa Clara River system have been certified. The District worked with FEMA to have the areas behind another approximately 2 miles of non-certified levees along the Santa Clara River system shown on its maps as providing some level of flood protection based on FEMA's new Levee Analysis Mapping Procedures.

Integrated Water Resource Planning – This program addresses flood protection and stormwater capture goals of the District in an integrated fashion. The goal of this program is to undertake projects that provide multiple benefits to the communities served by the District to ensure future water and climate resiliency, which include flood protection, stormwater capture and groundwater recharge, water quality, and community enhancements, such as active and passive recreational facilities. Funding for projects that go beyond the District's purview is provided through multiple partners, such as State conservancies and other local, State, and Federal agencies. The District has been using this approach to develop its projects.

Los Angeles County Water Plan – Los Angeles County Public Works developed the Los Angeles County Water Plan (CWP) to advance key water-related initiatives identified in the Los Angeles County Sustainability Plan. The CWP articulates a shared, inclusive, regional path forward to sustainably achieve safe, clean, and reliable water resources for LA County. The CWP was developed through collaboration with water agencies and engagement from various stakeholders, including environmental and environmental justice groups, tribes, and local communities. The CWP strengthens the County's capacity to increase water supply and address the threat of climate change by promoting enhanced collaboration and cooperation among local water agencies and other stakeholders, as well as more efficient planning efforts related to regional water resilience. The final CWP was adopted by the Board of Supervisors on December 5, 2023. It does not call for any projects or implementation funding at this time.

Reservoir Restoration Program – The District's 14 major dams and reservoirs are the backbone of the District's flood protection and water conservation network. The reservoirs also perform debris control due to their location in the San Gabriel Mountains, which are considered among the most erosive in the world. As a result of erosion, sediment from the tributary watersheds washes into reservoirs on a continuous basis.

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This accumulation of debris reduces the flood peak attenuation, stormwater capture for recharge, and debris control capacities of the facilities. After dozens of fires in the San Gabriel Mountains going back as far as 2008 and 2009, storm flows have increased the sediment and debris inflows into these facilities. Multiple reservoirs have lost significant storage capacity, and the accumulated sediment must be cleaned out. The Devil's Gate Reservoir Restoration Project began the sediment removal phase in May 2019, and was completed on August 10, 2021, removing 1.3 million cubic yards of sediment from the reservoir. After the completion of the Devil's Gate Reservoir Restoration Project, the reservoir will be maintained annually. This first annual maintenance was completed on October 20, 2022, and removed over 20,000 cubic yards of sediment.

In response to the 2020 Bobcat Fire, the Cogswell and San Gabriel Reservoirs Postfire Emergency Restoration Projects began in 2021. As of October 2023, over 1,800,000 cubic yards of sediment have been removed from the Cogswell Reservoir, and over 1,300,000 cubic yards of sediment have been removed from the San Gabriel Reservoir. The Santa Anita Reservoir Postfire Emergency Restoration Project began in early 2023 to remove 350,000 cubic yards of sediment. Additional construction projects planned under this program include the Pacoima and Big Tujunga Reservoirs Restoration Projects. These projects are resource-intensive and require a significant amount of planning and community outreach. The cost to remove sediment from these facilities is expected to exceed \$260 million. Regulatory requirements for compensatory mitigation will further increase this estimate. Due to the large quantity of sediment, new sediment placement locations and/or partnerships are being pursued in search of additional disposal options. LADWP provided \$10 million each for the Big Tujunga and Pacoima Reservoirs Restoration Projects. The future purchase of a gravel pit in Irwindale is being considered at a cost of \$55 million.

Post-Fire Sediment Management – Three fires, Bobcat, Lake, and Ranch 2, burned over 110 structures. Public Works engineers visited 262 fire area properties to investigate potential debris flow impacts and provided engineering advice on interim debris mitigation measures to property owners. The Bobcat Fire impacted the Cogswell, San Gabriel, and Santa Anita Reservoirs. In Fiscal Year 2020-21, two emergency contracts to remove sediment, were awarded for the Cogswell and San Gabriel Reservoirs. An additional emergency contract was issued in early 2023 for the Santa Anita Reservoir. The lack of disposal sites near the fire area resulted in increased use of local landfills. The District expects the need for cleanouts of these fire area facilities to continue as the normal recovery period for the fire event is generally five years. The District is exploring opportunities to acquire gravel pits or space in gravel pits in the County to use for sediment placement, as well as groundwater recharge. In an effort to address how

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sediment will be handled over the next two decades, Public Works, on behalf of the District, developed a Sediment Management Strategic Plan with the assistance of stakeholders throughout the region.

Post-Fire Debris Protection – In the aftermath of major fires that occur in the vicinities of neighborhoods, the District investigates the need and feasibility of installing temporary post-fire debris barriers to minimize mudflow impacts to these neighborhoods during storms. When installed, the temporary barriers remain in place, and the debris collected by these barriers is removed as needed until the burned hillsides recover, usually about five years. The District performed engineering analyses for several canyons to assess potential additional structural and non-structural measures to provide neighborhood-scale debris mitigation.

Pump Station Rehabilitation Program – The District maintains 61 pump stations of which 48 are District-owned. The District started to evaluate and rate the existing pump station component conditions due to the age of many of the pump stations. Rehabilitation and upgrades are needed to bring pumps, motors, engines, and mechanical and electrical equipment to meet current standards. The District has spent approximately \$1.6 million in costs for conditions assessment of the pump stations since December 2021. The estimated cost of all current and future repair and rehabilitation projects over the next five years is approximately \$10 million per year.

GROUND WATER RECHARGE

Additional Spreading Ground Capacity – The District operates 27 groundwater recharge facilities. These facilities allow stormwater runoff, imported water, and recycled water to be percolated into the aquifers. In the interest of improving storage and operational capacity, the District is implementing improvements to its existing groundwater recharge facilities and working with LADWP to improve some of its groundwater recharge facilities. For Fiscal Year 2021-22, the District completed the construction of the Tujunga Spreading Grounds Enhancement Project and continued the construction of a \$54 million enhancement project at Pacoima Spreading Grounds, as well as the planning of various other groundwater recharge projects. Other anticipated construction projects under this program include improvements to the Big Dalton and Peck Road Spreading Grounds and the Bull Creek Water Conservation Pipeline. The estimated construction cost for those projects is \$28 million. Cost-sharing agreements have been executed for the improvements at the Pacoima and Tujunga Spreading Grounds and the Bull Creek Water Conservation Pipeline projects. The projects at Big Dalton, Dominguez, and Pacoima Spreading Grounds have been selected to receive Proposition 84 grant funds. Additionally, the District is considering acquiring land for new and expanded spreading

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grounds. The District is in the process of evaluating water conservation potential at various locations and collaborating with cities and water agencies to cost-share on capital improvements.

Seawater Intrusion Barriers – This program consists of three separate projects designed to prevent saltwater from contaminating underground freshwater supplies. The District operates 313 recharge wells to inject advanced treated recycled and imported water into underground aquifers to form a wall of freshwater under enough pressure to keep out the seawater. In addition, the water that is injected at the seawater barriers replenishes the aquifer system. The District also utilizes more than 900 observation wells to monitor groundwater levels and chloride concentrations in coastal areas. The District received Proposition 1 grant money in the amount of \$4.2 million to construct 5 new injection wells and 2 new observation wells as part of the Alamitos Barrier Project Unit 15. Construction activities for the project began in June 2022, and were completed in June 2023.

STORMWATER AND URBAN RUNOFF QUALITY

SCW Program – The District administers the implementation of the SCW Program. During its four years of implementation, the District processed over \$38 million of tax relief, collected approximately \$1.11 billion in Special Parcel Tax revenue, and developed annual Stormwater Investment Plans (SIPs) across the nine different Watershed Areas as part of the Regional Program. The first four approved SIPs (the most recent SIPs being approved in August 2023) include the Regional Program's currently projected budget allocation through Fiscal Year 2027-28, which, including \$624 million in leveraged funds, represents nearly \$1.4 billion (126 infrastructure projects) in investments into multi-benefit green stormwater infrastructure. This includes over \$661 million invested into projects benefitting disadvantaged communities. Additional annual SIPs will continue to increase this total.

Clean Water Act Compliance – As a discharger under the Federal Clean Water Act, the District is required to obtain coverage under a municipal stormwater National Pollution Discharge Elimination System Permit to operate its flood control system and discharge runoff into the waters of the United States. The permit requires the District to implement programs and controls, including public education, illicit connection/illicit discharge controls, good housekeeping practices, and other control measures, to minimize urban and stormwater runoff pollution from its discharges. The District also conducts water quality monitoring within its drainage system to characterize its discharges, identify pollutant sources, and assess compliance with the permit. A new permit was adopted by the Los Angeles Regional Water Quality Control Board on July 23, 2021, and became effective on September 11, 2021.

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The current State regulatory trend is to view stormwater as a valuable resource instead of as waste. The District is actively pursuing multi-benefit solutions to improve water quality while also increasing stormwater capture for local water supply augmentation and reducing reliance on imported water. The implementation of the SCW Program continues to support this effort as well.

INTERNAL AND BUDGETARY CONTROLS

Because the cost of a control should not exceed the benefits to be derived, the District is to provide reasonable rather than absolute assurance that the financial statements are free of any material misstatements.

The District has a system of internal accounting controls designed to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use and to provide reliable records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting controls should not outweigh related benefits and that the evaluation of costs and benefits requires estimates and judgments by management. All internal accounting control evaluations occur within the above framework. We believe that the District's system of internal accounting controls adequately safeguards assets and provides reasonable assurance of the proper recording of financial transactions.

In accordance with the provisions of the California Government Code, Sections 29000-29144, commonly known as the County Budget Act, District budgets are adopted on or before October 2 of each fiscal year. Expenditures are controlled at the object level for all budget units within the District, except for capital asset expenditures, which are controlled at the object class level. The legal level of budgetary control is the level of expenditures that cannot legally exceed budgeted expenditures without the approval of the Board of Supervisors. Budgets are generally adopted annually for the District's General Fund, SCW Program Measure W Fund, and Debt Service Fund. No annual budget was adopted for the Debt Service Fund for the current period.

Encumbrance accounting is utilized to ensure effective budgetary control and accountability. Unencumbered appropriations lapse at fiscal year-end, and encumbrances outstanding at the time are reported as restricted, committed, or assigned fund balance for subsequent fiscal year's expenditures.

After the original budget is adopted, the Board of Supervisors must approve all transfers of appropriations between budget units and transfers exceeding \$250,000 within

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budget units. The Board of Supervisors must also approve necessary supplemental appropriations normally financed by unanticipated revenues earned during the fiscal year.

In addition to these procedural controls, the District is subject to periodic internal control, operational, and management audits performed by the County's Auditor-Controller (A-C) to help ensure that prescribed procedures are followed and that operations are conducted in an efficient manner. The A-C also operates a fraud hotline that provides employees and citizens a way to anonymously report perceived fraudulent activities by employees, vendors, contractors, and inspectors. Allegations reported through the hotline are evaluated and investigated by the A-C or Public Works Internal Audit Group as appropriate.

OTHER INFORMATION

INDEPENDENT AUDIT

The District's basic financial statements have been audited by Moss, Levy & Hartzheim, LLP for the fiscal year ended June 30, 2023. The Independent Auditor's Report on the basic financial statements is included in the Financial Section of this report.

AWARD

The Government Finance Officers Association of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the 16th consecutive year the District achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement's requirements, and we are submitting it to the Government Finance Officers Association to determine its eligibility for the award.

The Honorable Members of the Board of Supervisors and
Citizens of the County of Los Angeles
December 27, 2023
Page 13

ACKNOWLEDGEMENTS

This report could not have been prepared without the cooperative efforts of staff from Public Works and the A-C. The District would also like to thank our independent auditors, Moss, Levy & Hartzheim, LLP, for their professional assistance.

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Attach.

cc: Chief Executive Office (Fesia A. Davenport, Chia-Ann Yen)
County Counsel
Executive Office



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Los Angeles County Flood Control District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

**COUNTY OF LOS ANGELES
BOARD OF SUPERVISORS**
(for Period Ending June 30, 2023)

Janice Hahn, Chairman
Fourth District

Hilda L. Solis
First District

Holly J. Mitchell
Second District

Lindsey P. Horvath
Third District

Kathryn Barger
Fifth District

Celia Zavala
Executive Officer
Board of Supervisors

CONTRIBUTING COUNTY OFFICIALS

Mark Pestrella
Director of Public Works

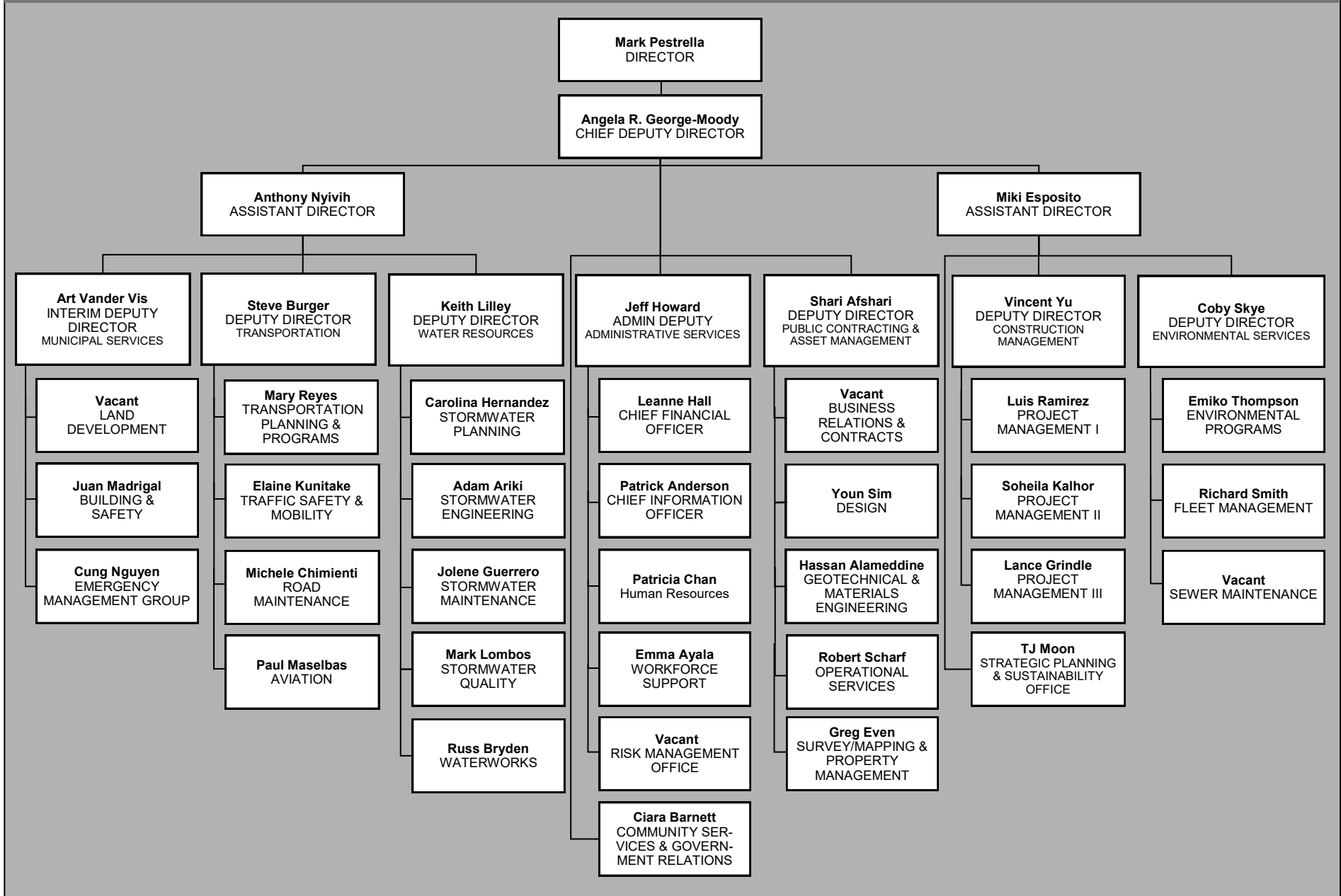
Fesia A. Davenport
Chief Executive Officer

Oscar Valdez
Auditor-Controller

Keith Knox
Treasurer and Tax Collector

Dawyn R. Harrison
County Counsel

Los Angeles County Public Works
pw.lacounty.gov
Organization Chart



Financial Section



PARTNERS

CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA
ALEXANDER C HOM, CPA
ADAM V GUISE, CPA
TRAVIS J HOLE, CPA
WILSON LAM, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
8383 WILSHIRE BLVD., SUITE 800
BEVERLY HILLS, CA 90211
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 HANNUM AVE., SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors
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 and each major fund of the Los Angeles County Flood Control District (District), a blended component unit of the County of Los Angeles, California, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District'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 respective financial position of the governmental activities and each major fund of the District as of June 30, 2023, and the respective changes in financial position for the fiscal 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 District and to meet our ethical responsibilities, in accordance with the relevant ethical requirements related 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, 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.

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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 District'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 judgment 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 District'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.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District'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 the management's discussion and analysis on pages 4 through 16, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual on Budgetary Basis – General Fund, and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual on Budgetary Basis – Safe, Clean Water Program Measure W Fund on pages 52 and 53 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 opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Combining Balance Sheet – Safe, Clean Water Program Measure W Funds, and Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Safe, Clean Water Program Measure W Funds are presented for purposes of additional analysis and are not required parts 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 financial statements. Such 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 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 Combining Balance Sheet – Safe, Clean Water Program Measure W Funds, and Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Safe, Clean Water Program Measure W Funds are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

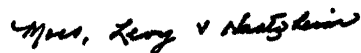
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory, statistical, and photo gallery sections 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 December 27, 2023, on our consideration of the District'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 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 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 District's internal control over financial reporting and compliance.



Moss, Levy & Hartzheim, LLP
Culver City, California
December 27, 2023

**LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Our discussion and review of the Los Angeles County Flood Control District's (District) financial performance provides a narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with information contained in the letter of transmittal and accompanying basic financial statements, notes, and supplementary information.

The District is a component of a larger governmental unit, the County of Los Angeles (County). We also encourage readers to use the Annual Comprehensive Financial Report of the County of Los Angeles to provide perspective on the government-wide and fund based statements and on how the District is a component of those statements.

FINANCIAL HIGHLIGHTS

At the end of the reporting fiscal year, the net position (total assets less total liabilities and deferred inflows of resources) of the District was \$6.7 billion.

During the fiscal year, the District's net position increased by \$86.4 million. The increase was a result of the District's governmental activities. The District has no business-type activities to report.

At the end of this fiscal year, the District's governmental funds reported combined fund balances of \$816.3 million, an increase of \$28.3 million in comparison with the prior fiscal year. The fund balance categories and amounts consisted of restricted fund balance of \$816.2 million and assigned fund balance of \$0.1 million.

The District's capital asset balance, net of accumulated depreciation, was \$5.8 billion at fiscal year-end, and increased by \$59.5 million during the fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District's basic financial statements, which are comprised of the following three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

This report also includes required and other supplementary information in addition to the basic financial statements.

**LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements provide readers with a broad overview of the District's finances in a manner similar to a private sector business.

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference representing net position. Over time, increases or decreases in the District's net position may serve as an indicator of improvement or decline of its financial health.

The Statement of Activities shows the change in the District's net position during the fiscal year. All changes in net position are reported when the underlying events giving rise to the changes take place, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will affect future cash flow. For example, property tax revenues have been recorded that have been earned but not yet collected and workers' compensation expenses that have been accrued but not yet paid.

The government-wide financial statements of the District report only one category, governmental activities, as the District has no business-type activities or discretely presented component units for which the District is financially accountable.

Governmental Activities – All of the District's basic services are included here. Property taxes and benefit assessments finance most of the District's flood control activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the District's significant funds. Funds are accounting devices used to keep track of specific funding sources and spending for particular purposes. The District has only one kind of fund:

Governmental Funds – All of the District's basic services are included in governmental funds, which focus on resource inflow and outflow and show available balances at fiscal year-end. The governmental fund statements provide a detailed short-term view that helps readers determine whether there is an increase or decrease in financial resources available for spending in the near future on the District's activities. Because this information does not encompass the additional long-term focus of the government-wide statements, we show the relationship between governmental activities and governmental funds using reconciliations on pages 20 and 23 and the notes to the basic financial statements.

The District maintains two individual governmental funds. The general fund and the Safe, Clean Water Program Measure W special revenue fund are considered to be major funds.

**LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes to the basic financial statements provide additional information, essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes begin on page 24 of this report.

REQUIRED SUPPLEMENTARY INFORMATION (RSI)

In addition to the basic financial statements and accompanying notes, this report presents required supplementary information concerning the District's budget as well as actual revenues and expenditures on a budgetary basis. The RSI is located on pages 52 through 55 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A comparative analysis of government-wide data is available and presented under the reporting model required by Governmental Accounting Standards Board (GASB) Statement No. 34. The District does not have business-type activities to report.

As noted earlier, net position can serve over time as a useful indicator of a government's financial health. In the case of the District, assets exceeded liabilities and deferred inflows of resources by \$6.7 billion at the close of the most recent fiscal year (see Table 1).

LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued

Table 1

Summary of Net Position
As of June 30, 2023, 2022, and 2021
(in thousands)

	Governmental Activities		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 970,058	\$ 949,776	\$1,000,795
Capital assets	<u>5,827,107</u>	<u>5,767,579</u>	<u>5,703,119</u>
Total assets	<u>\$6,797,165</u>	<u>\$6,717,355</u>	<u>\$6,703,914</u>
Current and other liabilities	\$ 103,587	\$ 109,049	\$ 100,358
Long-term liabilities	<u>7,440</u>	<u>7,859</u>	<u>6,428</u>
Total liabilities	<u>111,027</u>	<u>116,908</u>	<u>106,786</u>
Deferred inflows of resources	<u>\$ 34,781</u>	<u>\$ 35,483</u>	<u>-</u>
Net Position:			
Net investment in capital assets	5,823,416	5,762,575	5,703,119
Restricted net position	827,842	802,290	893,910
Unrestricted net position	<u>99</u>	<u>99</u>	<u>99</u>
Total net position	<u>6,651,357</u>	<u>6,564,964</u>	<u>6,597,128</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$6,797,165</u>	<u>\$6,717,355</u>	<u>\$6,703,914</u>

As indicated above, the District's total net position consists of the following three components:

Net Investment in Capital Assets

The District's net investment in capital assets total \$5.823 billion. This represents its investment in capital assets (e.g., land and easements, buildings and improvements, infrastructure, equipment, software, and right-to-use leased assets – net of accumulated depreciation/amortization), less any outstanding debt related to acquiring those assets. The District uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending.

Restricted Net Position

The District's restricted net position at fiscal year-end was \$827.8 million, primarily for Capital Projects and Public Protection. These restrictions are primarily due to external restrictions imposed by the County legislation and reserves.

LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued

Unrestricted Net Position

The District's unrestricted net position of \$0.1 million is available to meet the District's ongoing financial requirements.

Governmental Activities

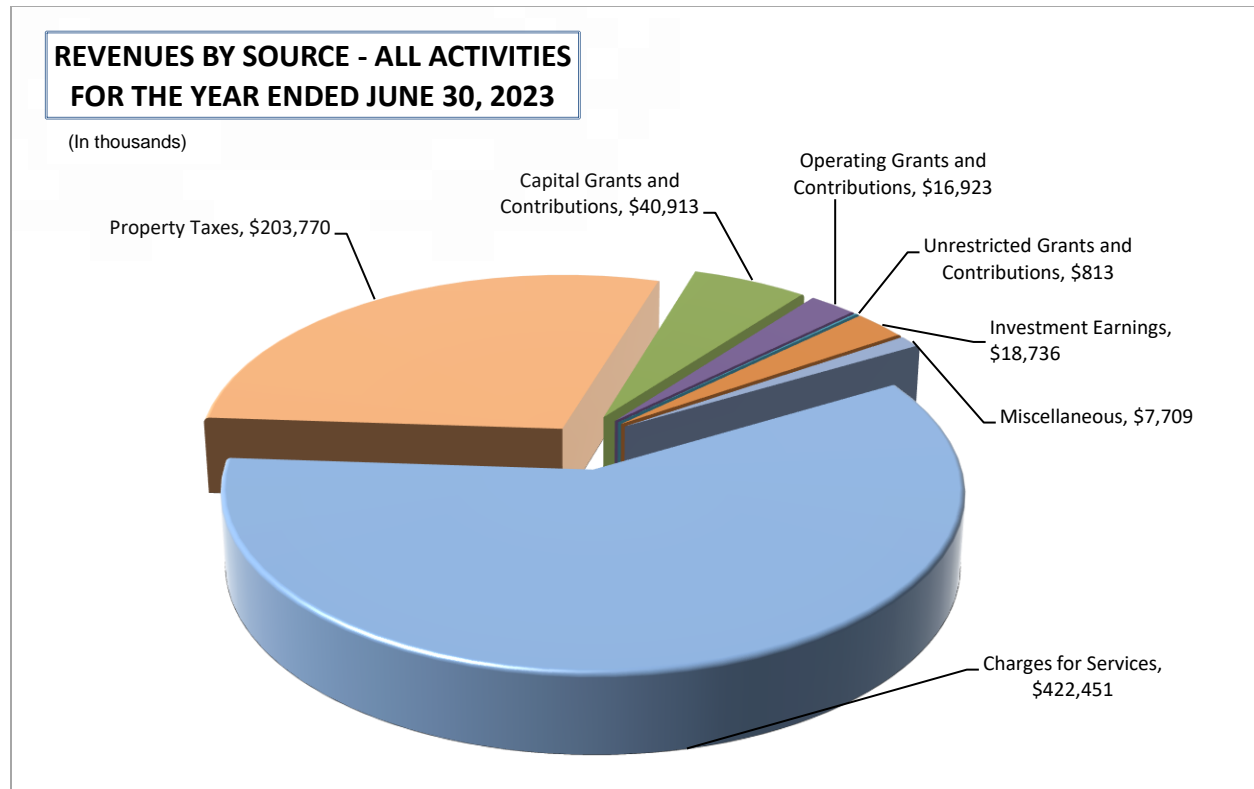
Table 2 indicates the changes in net position for the governmental activities.

Table 2

**Summary of Changes in Net Position
For the Fiscal Years Ended June 30, 2023, 2022, and 2021
(in thousands)**

	Governmental Activities		
	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenues:			
Program revenues:			
Charges for services	\$ 422,451	\$ 409,803	\$ 410,778
Operating grants and contributions	16,923	26,599	11,087
Capital grants and contributions	40,913	36,833	9,919
General revenues:			
Property taxes	203,770	189,058	184,352
Unrestricted grants and contributions	813	995	970
Investment earnings	18,736	(26,899)	(3,099)
Miscellaneous	<u>7,709</u>	<u>1,767</u>	<u>88</u>
Total revenues	<u>711,315</u>	<u>638,156</u>	<u>614,095</u>
Expenses:			
Public protection	<u>624,922</u>	<u>670,320</u>	<u>498,355</u>
Total expenses	<u>624,922</u>	<u>670,320</u>	<u>498,355</u>
Changes in net position	86,393	(32,164)	115,740
Net position – beginning	<u>6,564,964</u>	<u>6,597,128</u>	<u>6,481,388</u>
Net position – ending	<u>\$6,651,357</u>	<u>\$6,564,964</u>	<u>\$6,597,128</u>

LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued



The District's change in net position was \$118.6 million more than the previous fiscal year. Following are the major factors that contributed to the net position changes:

- Revenues from governmental activities increased by \$73.2 million (11.5%) from the previous fiscal year. The most significant changes in revenue were in the following areas:
 - Investment earnings were \$45.6 million more than the previous fiscal year due to an increase in investment fair value adjustment.
 - Property taxes were \$14.7 million (7.8%) higher than the previous fiscal year due to an increase in assessed property values.
 - Charges for services were \$12.6 million (3.1%) more than the previous fiscal year primarily due to an increase in city projects.
 - Miscellaneous were \$5.9 million (336.3%) more than the previous fiscal year due to a settlement payment of \$7.5 million as a Total Maximum Daily Load Fund Entity in the class action lawsuit.
 - Capital grants and contributions were \$4.1 million (11.1%) more than the previous fiscal year due to an increase in revenue from donated infrastructure assets.

**LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

- Operating grants and contributions were \$9.7 million (36.4%) less than the previous fiscal year due to a decrease in reimbursements from State and Federal Programs.
- Governmental activity expenses were \$45.4 million (6.8%) less than the previous fiscal year primarily due to the decrease in contributions to other governmental agencies for Safe Clean Water Regional Program.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

As noted earlier, the District uses fund accounting to ensure compliance with finance related legal requirements, tracking funding sources, and spending for defined purposes.

Types of governmental funds utilized by the District include General (commonly referred to as the Flood Fund), Special Revenue (Safe, Clean Water Program Measure W Fund), and Debt Service Funds. The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of resources available for spending. This information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2023, the District's governmental funds reported combined total fund balance of \$816.3 million, an increase of \$28.3 million in comparison with the prior fiscal year. Of the total fund balance, \$816.2 million is classified as restricted and \$0.1 million as assigned. There was no fund balance for Debt Service Fund.

Revenues in the District's all governmental funds were \$672.2 million, an increase of \$72.0 million (12.0%) from the previous fiscal year. The increase was primarily due to an increase in investment earnings gain of \$45.6 million, as the result of the increase in investment fair value. Property taxes were \$203.1 million, an increase of \$15.5 million (8.2%) from the previous fiscal year due to higher assessed property values and property tax revenue from the dissolution of redevelopment agencies. Charges for services of \$413.0 million were a major source of revenue for the governmental funds, an increase of \$13.5 million (3.4%) from the previous fiscal year. The increase was primarily due to the increase revenue in the Pacoima Spreading Grounds project. Intergovernmental revenues were \$17.7 million, a decrease of \$9.9 million (35.7%) from the previous fiscal year. The decrease was primarily due to the decrease in State and Federal reimbursement.

Expenditures for the governmental funds totaled \$644.2 million, a decrease of 7.5% from the previous fiscal year. For the reporting fiscal year, expenditures exceeded revenues for governmental activities by \$28.0 million.

**LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

General Fund

The General Fund is the District's principal operating fund. During the current fiscal year, the fund balance in the General Fund decreased by \$40.8 million (10.3%). At the end of the current fiscal year, the General Fund's total fund balance was \$354.2 million. Of this amount, \$354.1 million is classified as restricted and \$0.1 million as assigned.

General Fund revenues during the current fiscal year were \$387.2 million, an increase of \$55.3 million (16.7%) from the previous fiscal year. General Fund expenditures during the current fiscal year were \$428.2 million, a decrease of \$9.9 million (2.3%) from the previous fiscal year.

Following are significant changes in General Fund revenues and expenditures:

- Revenues from taxes increased by \$15.5 million (8.2%), which was primarily associated with growth in assessed property values as previously discussed.
- Investment earnings increased by \$28.2 million due to an increase in investment fair value, compared to a net loss in the previous fiscal year.
- Intergovernmental revenues decreased by \$9.9 million (35.7%) primarily due to a decrease in State Grants.
- General fund expenditures decreased by a total of \$9.9 million (2.3%) primarily due to a decrease in public protection spending.

Safe, Clean Water Program Measure W Fund

The Special Revenue Fund, namely Safe, Clean Water Program Measure W Fund, reported a fiscal year-end fund balance of \$462.0 million, an increase of \$69.0 million in comparison with the prior fiscal year.

On November 6, 2018, Los Angeles County voters passed Measure W (Safe, Clean Water Program) authorizing the County to levy a two and one-half (2.5) cent special parcel tax per square foot of impermeable area. Current fiscal year revenues from the SCW Program were \$285.1 million, which were 16.7 million (6.2%) more than the previous fiscal year. Expenditures were \$216.0 million, which decreased by \$42.5 million, or 16.5% primarily due to a significant decrease in contributions to the Municipal Program and the Regional Program.

LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued

GENERAL FUND BUDGETARY HIGHLIGHTS

Budgetary Summary – Revenues/Financing Sources

Table 3 is a summary of reporting fiscal year budgetary changes and actual results for the District's General Fund revenues and other financing sources (in thousands).

Table 3

<u>Category</u>	Increase (Decrease) From Original Budget	Final Budget Amount	Actual Amount (Budgetary Basis)	Variance - Positive (Negative)
Taxes	\$ 8,247	\$ 200,828	\$ 202,452	\$ 1,624
Intergovernmental revenues		5,553	17,736	12,183
Charges for services		133,582	133,675	93
All other revenues	5,384	19,172	32,148	12,976
Other sources and transfers		6,827	358	(6,469)
Changes in fund balance			9,855	9,855
Total	\$ 13,631	\$ 365,962	\$ 396,224	\$ 30,262

Changes from Amounts Originally Budgeted

During the fiscal year, the net change in the District's General Fund budget was a positive \$13.6 million. The change primarily resulted from the increases in property tax revenue. The District's policy is to increase the budget for certain revenues that exceed the amounts originally budgeted. The revised budget action occurs at the end of the fiscal year and is designed to demonstrate compliance with legal provisions related to the appropriation of revenues from taxes.

Actual Revenues/Financing Sources Compared with Final Budget Amounts

Actual revenues and other financing sources recognized by the District's General Fund were \$30.3 million more than budgeted. The variance resulted primarily from the following:

- Increase in revenues from Reimbursable State Revenue.
- Increase in revenues from investments.
- Increase in revenues from settlements.
- Increase in cancelled commitments.
- Decrease in Safe Clean Water funding.

**LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

Budgetary Summary - Expenditures/Other Financing Uses

Table 4 is a summary of current fiscal year budgetary changes and actual results for the District's General Fund expenditures (in thousands).

Table 4

<u>Category</u>	Increase (Decrease) From Original Budget	Final Budget Amount	Actual Amount	Variance - Positive (Negative)
Public protection, capital outlays & transfers out	\$ -	\$467,630	\$442,375	\$ 25,255
Contingencies	13,631	13,631		13,631
Total	\$ 13,631	\$481,261	\$442,375	\$ 38,886

Changes from Amounts Originally Budgeted

During the fiscal year, the net change in the District's General Fund budgeted contingencies was a positive \$13.6 million. The increase resulted from a Gann budget adjustment for property tax collection that exceeded the budgeted amount.

Actual Expenditures/Other Financing Uses Compared with Final Budget Amounts

Actual expenditures and other financing uses in the District's General Fund were \$38.9 million lower than budgeted. The variance primarily resulted from the decreases in Service & Supplies, Capital Assets – Infrastructure, and Capital Assets - Building & Improvement contracts due to changes in the District's project schedule that generally occur as a result of various circumstances delaying the award of the construction projects. Delays are expected and an inventory of projects is kept ready for replacing projects that remain in planning stages or are otherwise delayed.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the District had \$5.8 billion (net of depreciation) invested in capital assets including land and easements, buildings and improvements, infrastructure, equipment, software, and leased assets (see Table 5).

The District's capital assets (net of depreciation) for the reporting fiscal year increased by \$59.5 million (1.0%) from the prior fiscal year:

**LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

Table 5

Changes in Capital Assets, Net of Depreciation/Amortization (in thousands)

	Reporting Fiscal Year	Prior Fiscal Year	Increase (Decrease)
Land and easements	\$3,839,487	\$3,803,262	\$ 36,225
Buildings and improvements (B&I)	56,398	55,778	620
Infrastructure	1,584,199	1,632,965	(48,766)
Equipment	2,606	2,719	(113)
Intangible-Software	2,874	3,234	(360)
Construction-in-progress-B&I	18,166	19,345	(1,179)
Construction-in-progress-Infrastructure	319,845	245,377	74,468
Right-to-use leased assets – B&I	3,532	4,899	(1,367)
Total	\$5,827,107	\$5,767,579	\$ 59,528

Infrastructure costs were capitalized for projects that remained in progress at the end of the fiscal year. The value of construction-in-progress at June 30, 2023, was \$338.0 million and the value will be classified in the Construction-in-Progress category until the projects are completed. For additional information on Capital Asset activity see Note 5.

The \$10.7 million in infrastructure asset additions and transfers (see Note 5) includes projects completed this fiscal year under the Construction-in-Progress category. The completed projects totaled \$6.0 million and primarily consist of the following (asset values are prior to depreciation):

Detention/Retention Basin

- Laguna Regulating Basin Slope Repair and Access Road Improvement (\$4,044,845)

Channels

- Rubio Wash Channel Improvements (\$1,930,642)

As of June 30, 2023, the leased assets for buildings and improvements net of accumulated amortization were \$3.5 million.

Debt Administration

At June 30, 2023, the District had \$7,440,000 in long-term liabilities. The District's long-term liabilities decreased by approximately \$419,000 (5.3%) this fiscal year mainly due to the decrease in lease liabilities. Specific disclosures related to long-term obligations appear in Notes 7, 8, 9, 11, and 15.

**LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

Table 6 indicates changes in the District's long-term liabilities during the fiscal year:

Table 6
Changes in Long-Term Liabilities (in thousands)

	Current Fiscal Year	Prior Fiscal Year	(Increase) Decrease
Litigation (Notes 9 & 11)	\$ 3,588	\$ 2,800	\$ (788)
Auto & General (Notes 9 & 11)	161	55	(106)
Lease Liability (Notes 7 & 9)	3,691	5,004	1,313
Total	\$ 7,440	\$ 7,859	\$ 419

ECONOMIC CONDITIONS AND OUTLOOK

The Board of Supervisors adopted the District's 2023-24 Budget on June 26, 2023. The Budget was adopted based on the estimated fund balances that would be available at the end of 2022-23. The Board updated the Budget on October 3, 2023, to reflect final 2022-23 fund balances and other pertinent financial information. For the District's General Fund, the 2023-24 Budget included \$69.1 million of available fund balance, which is more than the previously estimated fund balance of \$16.4 million. An increase in the fund balance of \$52.7 million resulted primarily from increases in cancelled commitments, property tax revenue, interest, reimbursable state revenue, and settlements. For the District's Measure W Fund, the 2023-24 Budget included \$466.5 million of available fund balance, which exceeded the previously estimated fund balance of \$367.5 million. The additional fund balance of \$99.0 million resulted primarily from a decrease in transfer of funds to other municipalities and watershed area programs.

The District's 2023-24 Budget continues to reflect the District's long-standing commitment to responsible and sustainable fiscal practices. The assessed property value was 6.9% higher in the current fiscal year. This reflects the twelfth consecutive year of growth, which will provide additional property tax revenues to the District. We are forecasting an increase of 5.9% to the property tax assessment roll based on Consumer Price Index annual inflation adjustment of 1.9% and increases in property transfers at 3.5%. The mortgage rates surge is making it more expensive for prospective buyers to borrow, while applying downward pressure on home sales. The federal rate hikes to control inflation have yet to be effective to reach their two percent target. The potential pullback for consumer and business spending could lead to an economic slowdown or increase the risk of a recession.

The District's budget outlook continues to be influenced by the fiscal condition and outlook of the State of California. The State Legislative Analyst's Office reports that future economic conditions are particularly mixed. By some measures, the economy is booming.

**LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS-Continued**

Unemployment is at record lows and wages continue to grow at a strong pace. From other vantage points, however, the economy seems to be on less sound footing. Housing clearly is in a slump, manufacturing and trade sectors have slowed, and recently a number of regional banks have failed. Overall, the broadest measure of economic activity (inflation-adjusted gross domestic product [real GDP]) continues to grow, albeit at a below-average pace. Regardless of the mixed economic picture, it is projected that State revenues are in a downturn.

The District continues to seek funding opportunities, as well as partnerships and collaborative efforts, to leverage resources to help meet ever-increasing demands.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report was designed to provide citizens, taxpayers, customers, investors, creditors, and other stakeholders with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the District's Financial Management Branch at the Los Angeles County Public Works, 900 South Fremont Avenue, 7th Floor, Alhambra, California 91803-1331.

Basic Financial Statements

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023 (in thousands)

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Pooled cash and investments (Notes 1 and 4)	\$ 886,021
Advances to the County of Los Angeles	6,890
Taxes and assessments receivables	24,031
Interest receivable	2,124
Lease receivable (Note 7)	34,781
Other receivables	16,011
Inventories	200
Capital assets: (Notes 1, 5, and 7)	
Land and easements and construction-in-progress	\$ 4,177,498
Other capital assets, net of accumulated depreciation	1,646,077
Right-to-use leased assets - Building and Improvements - net of amortization	<u>3,532</u>
Total capital assets	5,827,107
TOTAL ASSETS	<u><u>6,797,165</u></u>
 LIABILITIES	
Accounts payable	30,822
Advances payable (Note 1)	72,765
Noncurrent liabilities: (Notes 9, 11, and 15)	
Due within one year	158
Due in more than one year	3,591
Right-to-use lease liabilities: (Notes 7 and 9)	
Due within one year	1,376
Due in more than one year	2,315
TOTAL LIABILITIES	<u>111,027</u>
DEFERRED INFLOWS OF RESOURCES (Notes 7 and 16)	<u>34,781</u>
 NET POSITION	
Net investment in capital assets	5,823,416
Restricted for:	
Capital projects	170,756
Public protection	657,086
Unrestricted	99
TOTAL NET POSITION	<u><u>\$ 6,651,357</u></u>

The notes to the basic financial statements are an integral part of this statement.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

		Program Revenue			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Public protection	\$ 624,922	\$ 422,451	\$ 16,923	\$ 40,913	\$ (144,635)
Total	\$ 624,922	\$ 422,451	\$ 16,923	\$ 40,913	(144,635)
General revenues:					
Property taxes					203,770
Grants and contributions not restricted to special programs					813
Investment earnings					18,736
Miscellaneous					7,709
Total general revenues					231,028
Change in net position					86,393
Net position - July 1, 2022					6,564,964
Net position - June 30, 2023					\$ 6,651,357

The notes to the basic financial statements are an integral part of this statement.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023 (in thousands)

	GENERAL	SAFE, CLEAN WATER PROGRAM MEASURE W	TOTAL GOVERNMENTAL FUNDS
ASSETS:			
Pooled cash and investments (Notes 1 and 4)	\$ 418,511	\$ 467,510	\$ 886,021
Advances to the County of Los Angeles	6,672	218	6,890
Taxes receivable	10,367	3,800	14,167
Interest receivable	1,037	1,087	2,124
Lease receivable (Note 7)	34,781		34,781
Assessments receivable	4,416	5,448	9,864
Other receivables	16,011		16,011
Inventories	200		200
TOTAL ASSETS	\$ 491,995	\$ 478,063	\$ 970,058
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 20,339	\$ 10,483	\$ 30,822
Advances payable (Note 1)	72,765		72,765
TOTAL LIABILITIES	93,104	10,483	103,587
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - property taxes & other revenues (Note 16)	44,659	5,539	50,198
FUND BALANCES:			
Restricted:			
Capital projects	170,756		170,756
Public protection	183,377	462,041	645,418
Assigned	99		99
TOTAL FUND BALANCES	354,232	462,041	816,273
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 491,995	\$ 478,063	\$ 970,058

The notes to the basic financial statements are an integral part of this statement.

**LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023 (in thousands)**

Fund balance of total governmental funds (page 19) \$ 816,273

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets in governmental activities are not current financial resources and therefore are not reported in governmental funds:

Land and easements	\$ 3,839,487	
Construction-in-progress	338,011	
Buildings and improvements - net	56,398	
Equipment - net	2,606	
Intangible Software - net	2,874	
Infrastructure - net	1,584,199	
Right-to-use leased capital assets - B&I - net	3,532	5,827,107

Other long-term assets are not available to pay for current-period expenditures and are deferred, or not recognized, in governmental funds:

Deferred inflows from property taxes and other revenues		15,417
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The following long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:

Lease Liabilities		(3,691)
Litigation/self insurance		(3,749)

Net position of governmental activities (page 17) \$ 6,651,357

The notes to the basic financial statements are an integral part of this statement.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

	<u>GENERAL</u>	<u>SAFE, CLEAN WATER PROGRAM MEASURE W</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES:			
Taxes	\$ 203,064	\$ -	\$ 203,064
Licenses and permits	1,670		1,670
Fines, forfeitures, and penalties	2,304	744	3,048
Investment income	13,138	5,598	18,736
Rents and royalties	5,932		5,932
Lease revenue (Note 7)	1,349		1,349
Intergovernmental revenues:			
State	17,631		17,631
Other	105		105
Charges for services	134,264	278,710	412,974
Miscellaneous	7,704	5	7,709
TOTAL REVENUES	<u>387,161</u>	<u>285,057</u>	<u>672,218</u>
EXPENDITURES:			
Current public protection:			
Services and supplies	365,660	216,025	581,685
Debt service:			
Debt service - Principal	1,313		1,313
Debt service - Interest	81		81
Capital outlay	61,146		61,146
TOTAL EXPENDITURES	<u>428,200</u>	<u>216,025</u>	<u>644,225</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(41,039)</u>	<u>69,032</u>	<u>27,993</u>

The notes to the basic financial statements are an integral part of this statement.

Continued...

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS-Continued
FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

	<u>GENERAL</u>	<u>SAFE, CLEAN WATER PROGRAM MEASURE W</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
OTHER FINANCING SOURCES (USES):			
Sales of capital assets	\$ 268	\$ -	\$ 268
OTHER FINANCING SOURCES (USES) - NET	<u>268</u>	<u>-</u>	<u>268</u>
NET CHANGE IN FUND BALANCES	(40,771)	69,032	28,261
FUND BALANCES - BEGINNING	<u>395,003</u>	<u>393,009</u>	<u>788,012</u>
FUND BALANCES - ENDING	<u>\$ 354,232</u>	<u>\$ 462,041</u>	<u>\$ 816,273</u>

The notes to the basic financial statements are an integral part of this statement.

**LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)**

Net change in fund balances - total governmental funds (page 22) \$ 28,261

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Expenditures for general capital assets, infrastructure, and other related capital asset adjustments			
Capital outlay	\$ 61,146		
Capital grants and contributions	40,913		
Capital outlay reported as Services & Supplies	<u>26,875</u>	\$ 128,934	
Less - current year depreciation expense - Capital assets	(62,975)		
current year amortization - Right-to-use assets	<u>(1,367)</u>	<u>(64,342)</u>	64,592

In the Statement of Activities, only the gain/(loss) on the sale/disposal of capital assets is reported, whereas in the governmental funds, the proceeds from the sale of capital assets increases financial resources, thus, the change in net position differs from the change in fund balance (5,064)

Revenue timing differences result in more/(less) revenue in Government-wide Statements (1,815)

The issuance of lease liabilities provide current financial resources to governmental funds, while the repayment of the principal of liabilities consumes the current financial resources of governmental funds. 1,313

Change in litigation/self insurance (894)

Change in net position of governmental activities (page 18) \$ 86,393

The notes to the basic financial statements are an integral part of this statement.

Notes to the Basic Financial Statements

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The Los Angeles County Flood Control District's mission is to carry out the objectives of the Los Angeles County Flood Control Act. Its objectives include providing for the control and conservation of flood, storm, and other waste water, as well as protecting the harbors, waterways, public highways, and properties within the District from damage from flood or storm waters. The District's powers are exercised through the County of Los Angeles Board of Supervisors (Board), which acts as the District's governing body. The duties of the Board include approving the District's budget, determining the District's tax rates, approving contracts, and determining whether to issue bonds authorized by the voters of the District.

Reporting Entity

District management has determined that the Public Works Financing Authority (PWFA) should be included in the basic financial statements of the District as a blended component unit. The PWFA is dependent upon the District for funding. The PWFA is a public agency organized pursuant to a Joint Exercise of Powers Agreement between the District and the County dated May 18, 1993. The PWFA is empowered to finance District capital assets through the issuance of bonds.

A blended component unit is an entity that, because of a close relationship with a primary government, should be blended in the basic financial statements as though it were part of the primary government. The District does not have any other component units that should be discretely presented. For additional information on PWFA, please contact the District's Financial Management Branch at the Los Angeles County Public Works, 900 South Fremont Avenue, 7th Floor, Alhambra, California 91803.

The District is included as a blended component unit of the County of Los Angeles financial reporting entity and is included in the County's Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2023. The financial resources and operations of the District are accounted for in the fund types discussed below.

Basic Financial Statements

The basic financial statements consist of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Financial reporting incorporates all GASB pronouncements.

Government-wide Financial Statements

Government-wide financial statements display information about the District as a whole. The Statement of Net Position and Statement of Activities display information about the District.

Basis of Accounting

Government-wide financial statements are presented using the economic resource measurement focus and the accrual basis of accounting. Under the economic resource measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the basic financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33.

Proceeds of long-term debt are recorded as liabilities rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of related liabilities rather than as expenditures.

Net position is classified into the following three components: (1) net investment in capital assets, (2) restricted, and (3) unrestricted. Net position is reported as restricted when its use has been constrained by externally imposed conditions. Such conditions include limitations imposed by creditors (such as through debt covenants), grantors, or laws and regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation. At June 30, 2023, there were no restricted assets impacted by enabling legislation on the General Fund, but there were restricted assets impacted by enabling legislation on the Safe, Clean Water Program Measure W Fund.

When both restricted and unrestricted components of net position are available, restricted resources are used first and then unrestricted resources are used to the extent necessary.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

At June 30, 2023, the District had recorded restricted net position in the Governmental Activities as follows (in thousands):

	Governmental Activities
Restricted for:	
Capital Projects	\$ 170,756
Public Protection	657,086
Total Restricted	\$ 827,842

Fund Financial Statements

The accounting system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operation of each fund is accounted for with a separate set of self balancing accounts comprised of its assets, liabilities, deferred inflows/outflows of resources, fund balances, revenues, and expenditures.

Fund Balance

In the fund financial statements, the governmental funds report the classification of fund balance in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The reported fund balances are categorized as nonspendable, restricted, committed, assigned, or unassigned based on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (District ordinances).

Enabling legislation authorizes the District to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the District

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of the County’s highest level of decision-making authority, the County’s Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. The underlying action that imposed the limitation needs to occur no later than the close of the fiscal year. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

As mentioned, the Board establishes, modifies, or rescinds fund balance commitments by passage of an ordinance or resolution. The District reviewed the GASB Statement No. 54 criteria and determined that an ordinance and a resolution are equally binding, and either action can establish a fund balance commitment. This is done through the adoption of the budget and subsequent amendments that occur throughout the fiscal year. Once the budget is adopted, the limitations imposed by the budget remain in place until a similar action is taken.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose. Authorization to assign fund balance rests with the County’s Board through the budget process. The Board has also delegated authority to the Chief Executive Officer and the Head of Los Angeles County Public Works for contracts and purchasing authority. The assigned fund balance at June 30, 2023, is assigned for the control and conservation of flood, storm, and other waste water, to conserve such waters for beneficial and useful purposes, and to protect the

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

harbors, waterways, public highways, and properties within the District from damage from flood or storm waters.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available.

Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

The constraints placed on fund balance for the major governmental funds at June 30, 2023 are as follows (in thousands):

	<u>General Fund</u>	Safe, Clean Water Program <u>Measure W Fund</u>	<u>Total</u>
Fund Balances			
Restricted for:			
Capital Projects	\$ 170,756	\$ -	\$ 170,756
Public Protection	<u>183,377</u>	<u>462,041</u>	<u>645,418</u>
Total Restricted	354,133	462,041	816,174
Assigned	<u>99</u>	<u> </u>	<u>99</u>
Total Fund Balances	<u>\$ 354,232</u>	<u>\$ 462,041</u>	<u>\$ 816,273</u>

Fund balances restricted for public protection are for the control and conservation of flood, storm and other waste waters, to conserve such waters for beneficial and useful purposes, and to protect the harbors, waterways, public highways and property located within the District from damage from such flood and storm waters.

Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Fund financial statements are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in the aggregate for governmental funds.

The fund financial statements provide information about the District's funds. Separate statements for governmental fund categories are presented.

The District reports the following major governmental funds:

- General Fund

The General Fund is available for any authorized purpose and is used to account for all financial resources except those required to be accounted for in another fund.

- Safe, Clean Water Program Measure W Fund

The Safe, Clean Water Program Measure W Fund is used to account for voters passed Measure W special parcel tax revenue to fund stormwater projects and programs. These projects and programs will increase Stormwater and Urban Runoff capture and reduce Stormwater and Urban Runoff pollution so as to increase water supply, improve water quality benefit, and provide community investment benefit. Each Program must be able to account for the allocations separate from other funding sources and the expenditures should be distinguishable by program or project. To support these requirements, twelve individual Safe, Clean Water Program Measure W Funds were established and reported as one fund on the financial statements as follows:

- Measure W-SCW Apportioned Assessment Revenue Fund is used to account for one hundred percent (100%) of collected Measure W special parcel tax revenue distributed to various District, Municipal, and Regional Program Funds.
- Measure W-SCW District Program Administration Fund is used to account for ten percent (10%) of the collected Measure W special parcel tax revenue allocated for the District Program. Part of the District Program is to plan, implement, and administer Projects and Programs, and to pay for the costs incurred in connection with the levy and collection of the tax and distribution of the funds.
- Measure W-SCW Municipal Program Cities Fund is used to account for forty percent (40%) of the collected Measure W special parcel tax revenue

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

allocated to municipalities, in proportion to the tax collected in each jurisdiction of the Municipal Program. The Municipal Program Cities Fund does not include the portion for the unincorporated area.

Fifty percent (50%) of the collected Measure W special parcel tax revenue is allocated to nine watershed areas to fund regional watershed-based projects and programs (Regional Program), proportional to the funds generated in each watershed area. Following are the Regional Program Funds:

- Measure W-SCW Regional Program Central Santa Monica Bay Fund
- Measure W-SCW Regional Program Lower Los Angeles River Fund
- Measure W-SCW Regional Program Lower San Gabriel River Fund
- Measure W-SCW Regional Program North Santa Monica Bay Fund
- Measure W-SCW Regional Program Rio Hondo Fund
- Measure W-SCW Regional Program Santa Clara River Fund
- Measure W-SCW Regional Program South Santa Monica Bay Fund
- Measure W-SCW Regional Program Upper Los Angeles River Fund
- Measure W-SCW Regional Program Upper San Gabriel River Fund

For additional information, the combining funds schedules can be found on pages 56 through 58 of this report.

Basis of Accounting

In the fund financial statements, governmental funds are presented using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available to finance operations during the fiscal year. Secured and unsecured property taxes and benefit assessments estimated to be collectible in future fiscal years are recorded as receivables and unearned revenue. The accrual of property tax revenues is generally limited to the extent that collection takes place within 60 days following the balance sheet date.

Interest income and charges for current services are accrued when earned and determined available. Changes in the fair value of investments are recognized as revenues at the end of each fiscal year. Federal and State grants are recorded as revenue when determined to be available, entitlement occurs, and relevant expenditures are incurred. Revenues not accrued include licenses, permits, and miscellaneous revenues. Expenses are generally recognized under the modified accrual basis of accounting when the related liability is incurred, with the exception of interest on long-term debt, which is recognized when payment is due.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

In the fund financial statements, governmental funds are presented using the current financial resource measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Noncurrent portions of long-term receivables due from governmental funds are reported on the District's balance sheet and are offset by unearned revenue. The reported fund balance (net current assets) is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

As a result of its spending measurement focus, expenditure recognition for governmental fund types excludes transactions involving noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as expenditures in the fiscal year that resources were expended rather than as fund assets. The proceeds of long-term debt are recorded as another financing source rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

Property Taxes

All jurisdictions within California derive their taxing authority from the State Constitution and various legislative provisions contained in the State Government Code and Revenue and Taxation Code. Property is assessed at full cash or market value (with some exceptions). Pursuant to such legislation, the Board levies a property tax to support general operations of the various jurisdictions (ad valorem tax). This tax is limited to one percent (1%) of full cash value of property and collections are distributed in accordance with statutory formulae. The District receives an apportionment from the property tax levy, which is a major source of District revenue.

Property taxes are levied on both real and personal property. Secured property taxes are levied in September of each year. They become a lien on real property on January 1 preceding the fiscal year for which taxes are levied. Tax payments can be made in two equal installments: the first is due November 1 and is delinquent with penalties after December 10; the second is due February 1 and is delinquent with penalties after April 10. Secured property taxes delinquent and unpaid as of June 30, are declared to be tax defaulted and subject to redemption penalties, costs, and interest. Properties with delinquent taxes, unpaid after five years, are subject to being sold at public auction, and having the proceeds used to pay the delinquent amounts. Any excess is remitted to the taxpayer, if claimed.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Unsecured personal property taxes are not a lien against real property. These taxes are due on August 1 and become delinquent on August 31, if unpaid. Unsecured property tax receivables are reduced by an amount estimated to be uncollectible, which is based on a five-year historical average collection percentage.

Property owners affected by the Coronavirus Disease 2019 (COVID-19) pandemic may have late payment penalties cancelled if they were unable to pay their Fiscal Year 2022-23 property taxes by the deadline. The California Revenue and Taxation Code (R&TC) grants the Treasurer and Tax Collector (TTC) the authority to cancel payment penalties in limited circumstances. The TTC has been accepting requests for a property tax penalty cancellation related to COVID-19.

Legislation Dissolving Redevelopment Agencies and Effect on Property Taxes

State Assembly Bill x1 26 (AB x1 26), also referred to as the “Redevelopment Dissolution Act,” was upheld by the State Supreme Court in December 2011 and redevelopment agencies were dissolved on February 1, 2012. As a result, property taxes have shifted from redevelopment agencies to local government agencies, including the District.

Benefit Assessments

The District, as authorized by the State Government Code, levies an assessment on each parcel of real property within the District, except on property owned by Federal, State, or local government agencies. The assessment, as approved by the Board, is levied in proportion to benefits received and determined on the basis of the proportionate stormwater runoff from each parcel. The purpose of benefit assessments is to cover the cost of providing flood control services, not offset by other available revenues.

Deposits and Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the accompanying financial statements reflect the fair value of investments. Changes in fair value that occur during a fiscal year are recognized as investment income reported for the fiscal year.

Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

All cash and investment balances of the District are pooled and invested by the County Treasurer and are subject to withdrawal from the pool upon demand. Each fund’s share

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

in the pool is displayed in the accompanying financial statements as pooled cash and investments. Investment income earned by the pooled investments is allocated to various funds based on a pro rata share of the fund's average cash and investment balance as provided by Government Code Section 53647.

Pooled investments are stated at fair value and are valued annually. The method used to determine the value of participants' equity withdrawn is based on the book value of the participants' percentage participation at the date of such withdrawals.

Capital Assets

Capital assets, which include land and easements, buildings and improvements, equipment, software, infrastructure, and right-to-use leased assets, are reported in the government-wide financial statements. Capital assets are recorded at historical cost if purchased, or estimated historical cost if constructed. Right-to-use leased assets are defined as leased assets with a useful life of more than one year and are recorded at the present value of future lease payments, including expenses to place the asset into service. In accordance with GASB Statement No. 87, the District has reported right-to-use leased assets for buildings and improvements. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

Capital outlays are recorded as expenditures in the governmental fund financial statements and as assets in the government-wide financial statements to the extent the District's capitalization threshold is met. GASB Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*," requires that interest incurred before the end of a construction period be recognized as an expenditure in the governmental fund financial statements, and as an expense in the period in which the cost is incurred in the government-wide financial statements. Accordingly, such interest costs are not capitalized as part of the historical cost of a capital assets.

The County's policy is to record infrastructure costs as services and supplies expenditures in the Governmental Funds and capitalize as assets in the government-wide financial statements to the extent the District's capitalization threshold is met.

The District's capitalization thresholds are \$5,000 for equipment, \$100,000 for buildings and improvements, \$1 million for software intangible assets, \$100,000 for non-software intangible assets, \$25,000 for infrastructure assets, and \$5,000 for subscription assets. Maintenance and repairs are charged to operations when incurred. Betterments and major improvements that significantly increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and the

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

related accumulated depreciation, 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 5.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	10 to 50 years
Equipment	2 to 35 years
Software	5 to 25 years
Infrastructure	15 to 100 years
Right-to-use leased assets	Shorter of the leased asset's useful life or the lease term
Subscription assets	Shorter of the asset's useful life or the agreement term

Unearned Revenue

Under the accrual basis and the modified accrual basis of accounting, revenues are recognized only when earned. Thus, the government-wide statement of net position and governmental funds defer revenue recognition for resources that have been received at fiscal year-end, but not yet earned. Assets recognized before the earning process is complete are offset by a corresponding liability as unearned revenue. Under the modified accrual basis of accounting, revenues are recognized when earned and susceptible to accrual. Revenues are considered susceptible to accrual if they are measurable and available to finance expenditures of the current period.

Thus, governmental funds also defer revenue recognition for revenues not considered available to liquidate liabilities of the current period.

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*", and GASB Statement No. 65, "*Items Previously Reported as Assets and Liabilities*", the District recognized deferred outflows of resources and/or deferred inflows of resources in the government-wide statement of net position and governmental fund balance sheets.

In addition to assets, the financial statements report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to future periods and will not be recognized as an outflow of resources (expense/expenditures) until then.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

In addition to liabilities, the financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

Previous financial reporting standards do not include guidance for reporting these financial statement elements, which are distinct from assets and liabilities. Refer to Note 16 for a listing of the deferred inflows of resources the District recognized.

Advances Payable

Advances Payable of \$72,765,000 as of June 30, 2023, represent deposits received from customers for future projects.

Lease Liability

As a lessee, a lease is defined as contractual agreement that conveys control of the right-to-use another entity's nonfinancial assets, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. The District leases a significant amount of nonfinancial assets such as buildings and parking lots. The related lease liabilities are presented in the amounts equal to the present value of lease payments, payable during the remaining lease term. A lease liability and the associated right-to-use leased assets, as discussed in Notes 5 and 7, is recognized on the government-wide Statement of Net Position.

Subscription Liability

As a lessee, a subscription is defined as a contractual agreement that conveys control of the right-to-use another entity's information technology software, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. Effective July 1, 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 96 "Subscription-Based Information Technology Arrangements (SBITA)". A SBITA is generally defined as an agreement (i.e., contract or purchase order) that conveys the right-to-use another party's (a SBITA vendor's) software asset and requires periodic payments, much like a lease agreement to the vendor. GASB Statement No. 96 requires that a government generally should recognize a right-to-use subscription asset and corresponding subscription liability. The associated right-to-use subscription asset should be recognized on the government-wide Statement of Net Position; the related subscription liabilities should be presented in the amounts equal to the present value of subscription payments, payable during the remaining subscription term. As of June 30, 2023, the District had not entered into subscription-based information technology arrangements.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of some assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results may differ from those estimates.

2. NEW ACCOUNTING PRONOUNCEMENTS

The District implemented the requirements of GASB Statements No. 91, 94, 96, and 99 during the fiscal year ended June 30, 2023.

Governmental Accounting Standards Board Statement No. 91

Statement No. 91, "Conduit Debt Obligations", provides a single method of reporting conduit debt obligations by issuer and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement is effective for reporting periods beginning after December 15, 2021. This statement did not have a material impact on the District's financial statements.

Governmental Accounting Standards Board Statement No. 94

Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements", improves 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,

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2023

2. NEW ACCOUNTING PRONOUNCEMENTS-Continued

financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The statement is effective for reporting periods beginning after June 15, 2022. This statement did not have a material impact on the District's financial statements.

Governmental Accounting Standards Board Statement No. 96

Statement No. 96, "Subscription-Based Information Technology Arrangements" provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). 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. This statement is effective for fiscal years beginning after June 15, 2022. This statement did not have a material impact on the District's financial statements.

Governmental Accounting Standards Board Statement No. 99

Statement No. 99, "Omnibus 2022", enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. GASB Statement No. 99, paragraphs 11-25 are effective for reporting periods after June 15, 2022. This statement did not have a material impact to the District's financial statements.

3. TRANSACTIONS WITH THE COUNTY

Pursuant to an agreement between the District and the County, the County is responsible for providing all necessary employees to the District for purposes of performing District functions. Costs related to these employees are billed to the District based on actual time spent providing services to the District. Supply and equipment costs are also billed based on actual usage by the District. Accordingly, the District has no supplies inventory or employee-related liabilities (e.g., pension, compensated absences, and workers' compensation). For the fiscal year ended June 30, 2023, the County's billings to the District's General Fund approximated \$177,884,286, and to the Safe, Clean Water Program Measure W Fund approximated \$6,449,125. Costs associated with shared equipment and inventory funded through the Los Angeles County Public Works' Internal Service Fund, are recorded in the District's financial statements as expenses under "Public Protection." For the fiscal year ended June 30, 2023, this expense was a credit of \$2,389,607.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2023

3. TRANSACTIONS WITH THE COUNTY-Continued

The District also allocated the collected Measure W special parcel tax revenue to the County for Municipal Program for the unincorporated area programs. The allocations are recorded in the District's financial statements as expenses under "Public Protection." For the fiscal year ended June 30, 2023, the expenses from the District's Safe, Clean Water Program Measure W fund were \$11,277,196.

On October 4, 2022, the Board approved the Stormwater Investment Plans (SIPs) for each of the nine Watershed Areas in the Safe, Clean Water (SCW) Program's Regional Program for the fiscal year 2022-23. Pursuant to the Board's actions, the District entered into the SCW Program Funds Transfer Agreements with the County. The agreements allow the District to disburse the SCW Program Contribution to Regional Program fund recipients who will carry out the projects or other activities included in the infrastructure Program and Scientific Studies Program within the SIPs. The transfers for the disbursement for County projects are recorded in the District's financial statements as expenses under "Public Protection." In this fiscal year, the District transferred \$25,250,000 from Measure W Fund to the County's Capital Projects.

The District has numerous transactions with other funds of the County to finance operations, provide services, purchase assets, and apportion property taxes.

The District's management has no intention of selling the headquarters building. However, in the event the headquarters were to be sold, the proceeds of the sale would be shared by the District and the County in proportion to each entity's share of the headquarters' cost.

On April 16, 1990, the District entered into a cost-sharing agreement with the County, relative to the Public Works headquarters building. Still in effect, the agreement provides for the County to make rental payments to the District in exchange for its occupancy of the building. Furthermore, the County agreed to pay for its proportionate share of the headquarters operating costs. For the fiscal year ended June 30, 2023, County rental payments to the District totaled \$2,210,000.

4. CASH AND INVESTMENTS

Pooled Cash and Investments

As provided for by the Government Code, some cash balances of the District are pooled and invested by the County Treasurer but are subject to withdrawal from the pool upon demand. As of June 30, 2023, the District's share of the total pooled cash and investments included in the Statement of Net Position and Balance Sheet under "Pooled cash and investments" was \$886,021,000, which represents approximately 1.70% of the total pool.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2023

4. CASH AND INVESTMENTS-Continued

Interest earned on pooled investments is deposited monthly and is based upon the average daily deposit balance during the allocation period. Investment gains and losses are proportionately shared by the entities participating in the pool as an increase or reduction in interest earnings. The net unrealized loss on the District's proportionate share of investments held in the Treasurer's Pool was \$44,953,000 as of June 30, 2023. Statutes authorize the pool to invest in obligations of the United States Treasury, federal agencies, municipalities, commercial paper rated A-1 by Standard & Poor's Global Rating Services (S&P) or P-1 by Moody's Investors Service (Moody's), bankers' acceptances, negotiable certificates of deposit, floating rate notes, repurchase agreements, and reverse repurchase agreements.

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

GASB Statement No. 3 exempts participating entities from classifying their pool investments in categories of credit risk; however, GASB Statement No. 40 requires disclosures of common deposit and investment risks related to credit risks, concentration of credit risk, interest rate risk, and foreign currency risk. Information on common deposit and investment risks for the entire County Treasurer's Pool is presented in Note 5 to the County of Los Angeles Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2023. Investments in the County's cash and investment pool, other cash and investments, and Pension and OPEB Trust Funds investments, are stated at fair value.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2023

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023, is as follows (in thousands):

	<u>Balance</u> <u>July 1, 2022</u>	<u>Transfers</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2023</u>
<u>Governmental Activities</u>					
Capital assets, not depreciated:					
Land and easements	\$ 3,803,262	\$ -	\$ 36,225	\$ -	\$ 3,839,487
Construction-in-progress – Buildings and Improvements	19,345	(3,301)	2,122		18,166
Construction-in-progress – Infrastructure	<u>245,377</u>	<u>(5,975)</u>	<u>85,503</u>	<u>(5,060)</u>	<u>319,845</u>
Subtotal	<u>4,067,984</u>	<u>(9,276)</u>	<u>123,850</u>	<u>(5,060)</u>	<u>4,177,498</u>
Capital assets, being depreciated:					
Buildings and improvements	109,365	3,301			112,666
Equipment	5,459		396	(84)	5,771
Intangible – Software	4,666				4,666
Infrastructure	3,974,785	5,975	4,688		3,985,448
Right-to-use leased assets-B&I	<u>6,266</u>	<u> </u>	<u> </u>	<u> </u>	<u>6,266</u>
Subtotal	<u>4,100,541</u>	<u>9,276</u>	<u>5,084</u>	<u>(84)</u>	<u>4,114,817</u>
Less accumulated depreciation:					
Buildings and improvements	(53,587)		(2,681)		(56,268)
Equipment	(2,740)		(505)	80	(3,165)
Intangible – Software	(1,432)		(360)		(1,792)
Infrastructure	(2,341,820)		(59,429)		(2,401,249)
Right-to-use leased assets-B&I	<u>(1,367)</u>	<u> </u>	<u>(1,367)</u>	<u> </u>	<u>(2,734)</u>
Subtotal	<u>(2,400,946)</u>	<u>-</u>	<u>(64,342)</u>	<u>80</u>	<u>(2,465,208)</u>
Total capital assets, being depreciated, net	<u>1,699,595</u>	<u>9,276</u>	<u>(59,258)</u>	<u>(4)</u>	<u>1,649,609</u>
Total capital assets, net	<u>\$ 5,767,579</u>	<u>\$ -</u>	<u>\$ 64,592</u>	<u>\$ (5,064)</u>	<u>\$ 5,827,107</u>

Depreciation Expense

Governmental activities:

Public protection	\$ 64,342
Total depreciation expense, governmental activities	<u>\$ 64,342</u>

The District records construction-in-progress–infrastructure costs as services and supplies expenditures in the General Fund and capitalizes them as assets once the infrastructure asset is completed and meets the capitalization threshold. If the capitalization threshold of \$25,000 for infrastructure assets is not met, the expenditures are deleted from construction-in-progress-infrastructure. The transfer from construction-in-progress-infrastructure to infrastructure represents assets that have been completed in the fiscal year.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2023

5. CAPITAL ASSETS-Continued

The capital asset adjustment of \$128,934,000 shown in the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities for the fiscal year ended June 30, 2023 (see page 23), is detailed as follows (in thousands):

<u>Capital Asset Adjustments</u>	
Addition of Capital Assets, not depreciated:	
Land and Easements	\$ 36,225
Construction in progress - Buildings and Improvements	2,122
Construction in progress - Infrastructure	85,503
Addition of Capital Assets, being depreciated:	
Equipment	396
Infrastructure	<u>4,688</u>
Total Capital Assets Adjustments	<u><u>\$ 128,934</u></u>

6. PUBLIC-PRIVATE AND PUBLIC-PUBLIC PARTNERSHIPS AND AVAILABILITY AGREEMENTS

GASB 94, "Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs)" (GASB 94) defines a PPP as an arrangement in which the government (the transferor) contracts with an operator 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 type of public-private or public-public partnership. 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. 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 District's analyses resulted in no identifiable PPPs or APAs.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2023

6. PUBLIC-PRIVATE AND PUBLIC-PUBLIC PARTNERSHIPS AND AVAILABILITY AGREEMENTS-Continued

GASB 94 also provides guidance on accounting treatment if the District was acting as an operator of another government's facility. The District has determined that there are no instances where the District would qualify as an operator.

7. LEASES

Lease Liabilities

The District has entered into various leases as a lessee. These leases vary in the nature, substance, terms and conditions dependent upon the asset being leased. Examples of the types of assets leased range from office space, parking, to office equipment.

Beginning with Fiscal Year 2021-22, leases presented in the financial statements and accompanying footnotes in accordance with GASB Statement No. 87, which requires that leases be categorized as either short-term (12 months or less in length, including options) or long-term. In determining the future minimum lease payments and receipts, the District includes the right to extend option terms in the non-cancelable lease term. Short-term lease financial transactions are reflected in the government-wide Statement of Activities and in the fund financial statements.

The lease liabilities are presented in the amounts equal to the present value of lease payments, payable during the remaining lease terms.

The present values of the lease payments were calculated using discount rate of 1.83% for the term of the lease agreements. The lease terms for the agreements cover remaining periods of three years as of June 30, 2023.

The following is a schedule of future minimum lease payments for lease liabilities as of June 30, 2023 (in thousands):

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2024	\$ 1,376	\$ 56
2025	1,444	30
2026	871	5
Total	\$ 3,691	\$ 91

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2023

7. LEASES-Continued

Rent expenses related to leases for Governmental Activities were \$1,448,000 for the fiscal year ended June 30, 2023. Variable payments not previously included in the measurement of the lease liability were \$1,394,000 for the fiscal year ended June 30, 2023.

The following is a schedule of right-to-use leased assets at June 30, 2023 (in thousands).

		Governmental Activities
Leased buildings and improvements	\$	6,266
Leased asset accumulated amortization		(2,734)
Total	\$	3,532

Lease Receivables

As the lessor, the District has entered into a number of long-term leases, which include parking lots and ingress or egress in connection with various commercial centers. The District leases cover remaining periods ranging from 13 to 68 years and are accounted for in the General Fund.

The District recognized a lease receivable and a corresponding deferred inflow of resources based on the payment provisions of the contracts in the government-wide Statement of Net Position.

The lease receivable was measured at the present value of lease payments expected to be received during the lease term. The present values of the lease payments were calculated using discount rate of 1.83% for the term of the lease agreements. The deferred inflow of resources was measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that relate to future periods. The amount of lease revenue and interest revenue are reflected as program revenues under "Charges for Services" on the Statement of Activities.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2023

7. LEASES-Continued

The carrying value of the capital assets associated with the District properties is not determinable. The following is a schedule of future minimum lease payment receipts on noncancelable leases project area as of June 30, 2023 (in thousands):

Fiscal Year Ending June 30	Governmental Activities	
	Principal	Interest
2024	\$ 726	\$ 634
2025	749	621
2026	763	607
2027	777	593
2028	799	579
2029-2033	4,281	2,668
2034-2038	4,664	2,257
2039-2043	5,035	1,816
2044-2048	4,692	1,353
2049-2053	4,260	962
2054-2058	2,419	623
2059-2063	1,354	445
2064-2068	665	361
2069-2073	729	297
2074-2078	798	227
2079-2083	875	151
2084-2088	959	67
2089-2090	236	3
Total	<u>\$ 34,781</u>	<u>\$ 14,264</u>

The following is a schedule of lease payment income for leases for the fiscal year ended June 30, 2023 (in thousands):

	Governmental Activities
Minimum lease payments	\$ 702
Variable lease payments	2,496
Total	<u>\$ 3,198</u>

The minimum lease income is a fixed amount based on the lease agreements. The variable lease income is a percentage of revenue above a certain base for the asset development leases or a calculated percentage of the gross revenue less the minimum rent payment for the other leases.

The interest revenue received for leases of District-owned property for the fiscal year ended June 30, 2023 is \$647,000.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2023

8. SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Beginning with FY 2022-2023, SBITAs are presented in the financial statements and accompanying footnotes in accordance with GASB 96. GASB 96 requires that SBITAs be categorized as either short-term (12 months or less in length, including options) or long-term. In determining the future minimum subscription payments, the District will include the right to extend option terms in the non-cancelable contract term if it is reasonably certain that the option will be exercised. Variable payments based on a per seat subscription or based on transaction volumes are not included in the measurement of the subscription liability. Short-Term contract financial transactions are reflected in the government-wide Statement of Activities and in the fund financial statements.

The District had not entered into any Subscription-Based Information Technology Arrangements as of June 30, 2023.

9. LONG-TERM OBLIGATIONS

Long-term obligations of the District consist of Pollution Remediation Liability, Litigation Liability, Auto and General Liability, and Lease Liability (see Notes 7, 11, and 15).

Changes in Long-Term Obligations

The following is a summary of long-term obligations for the fiscal year ended June 30, 2023 (in thousands):

	<u>Balance</u> <u>July 1, 2022</u>	<u>Claims &</u> <u>Change in</u> <u>Estimates</u>	<u>Deletions/</u> <u>Maturities</u>	<u>Balance</u> <u>June 30, 2023</u>	<u>Due Within</u> <u>One Year</u>
Pollution Remediation (Notes 11 & 15)	\$ -	\$ -	\$ -	\$ -	\$ -
Litigation (Notes 9 & 11)	2,800	861	(73)	3,588	
Auto & General (Notes 9 & 11)	55	106		161	158
Lease Liability (Note 7)	<u>5,004</u>	<u> </u>	<u>(1,313)</u>	<u>3,691</u>	<u>1,376</u>
Total	<u>\$ 7,859</u>	<u>\$ 967</u>	<u>\$ (1,386)</u>	<u>\$ 7,440</u>	<u>\$ 1,534</u>

10. INTERFUND TRANSACTIONS

There were no interfund transfers during the fiscal year ended June 30, 2023.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2023

11. RISK MANAGEMENT

The District is self-insured and has excess insurance commercial coverage over \$20 million Self-Insurance retention to address general liability. The District's properties are insured under the County's Consolidated Property Insurance Program, which has coverage up to \$750 million for all risks excluding earthquake damages, and pollution cleanup is fully covered if resulting from a covered cause of loss. The District is covered under the County Parametric Earthquake Insurance for the earthquake damages. There were no settlements related to these programs that exceeded insurance coverage in the last three years. The District bears the risk for all loss exposure in excess of insurance coverage. Claims expenditures and liabilities are reported when it is probable that a loss has been incurred and the amount of that loss, including those incurred but not reported, can be reasonably estimated. The District utilizes actuarial studies, historical data, and individual claim reviews to estimate these liabilities.

As of June 30, 2023, the District's best estimate of these probable judgment liabilities is \$3,749,000. The changes in reported liability since July 1, 2020, were as follows (in thousands):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimate	Claim Payments	Balance at Fiscal Year-End
2020-21	\$ 6,370	\$ 548	\$ (490)	\$ 6,428
2021-22	\$ 6,428	\$ (2,877)	\$ (696)	\$ 2,855
2022-23	\$ 2,855	\$ 967	\$ (73)	\$ 3,749

12. PROPOSITION 218

In November 1996, voters approved the "Right to Vote on Taxes Act" (Proposition 218), which limits the District's ability to levy additional property-related benefit assessments without owner approval. In September 1998, the Board approved ordinance amendments to bring the County's general purpose taxes into conformance with Proposition 218. The District's existing benefit assessments are exempt under Proposition 218. However, any future increases to property-related benefit assessments may be subject to property owner approval.

13. FEDERAL CLEAN WATER ACT

The Federal Clean Water Act continues to have a significant impact on the District. As a discharger under the Clean Water Act, the District is required to obtain coverage under a permit to operate its flood control system and discharge runoff into the waters of the United States. The Los Angeles County Municipal Separate Storm Sewer System NPDES Permit, or MS4 Permit, is issued by the Regional Water Quality Control

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2023

13. FEDERAL CLEAN WATER ACT-Continued

Board, Los Angeles Region, to the District, the unincorporated County of Los Angeles, and 85 of the 88 cities within the County.

As a permittee, the District is required to implement a stormwater program to address urban and stormwater runoff pollution from its discharges and meet increasingly stringent water quality standards. The program includes the following major elements:

- Institutional and engineered control measures to improve water quality,
- Water quality monitoring within its drainage system to characterize discharges and assess compliance with the permit, and
- Scientific studies to better understand pollutant sources.

Since 2000, the Regional Board and United States Environmental Protection Agency established over 30 Total Maximum Daily Load (TMDL) regulations in Los Angeles County. TMDLs are very expensive to implement and are required by the Clean Water Act when existing pollution control programs are insufficient to attain water quality standards. Specifically, a TMDL establishes the amount of a pollutant that a water body can receive while meeting water quality standards, and allocates that amount to various sources including municipal dischargers.

Current California regulatory trend is to view stormwater as a valuable resource instead of as waste. The District is actively pursuing multi-benefit solutions to improve water quality while also increasing stormwater capture for local water supply augmentation and reduce reliance on imported water.

14. COMMITMENTS AND CONTINGENCIES

Budget Act of 2021 – Urban & Multi-benefit Drought Relief Grant Program

The Budget Act of 2021 (Stats. 2021, ch. 240, § 80) allocated \$300 million to California Department of Water Resources to deliver grants for interim and immediate drought relief to urban communities and for multi-benefit projects. The grants intend to provide water to communities that face the loss or contamination of their water supplies, address immediate impacts on human health and safety, and protect fish and wildlife resources. On June 20, 2022, the Los Angeles Funding Area was awarded \$5.0 million to fund projects in the Greater Los Angeles County area and Ventura County. A total of \$2.17 million of the grant funds is allocated to the District to fund 4 projects.

Proposition 1 – The Water Quality, Supply, and Infrastructure Improvement Act of 2014

On November 4, 2014, voters authorized \$510 million in Integrated Regional Water Management (IRWM) Funding. To date, the District (on behalf of the Greater Los Angeles County, Upper Santa Clara River, and Watersheds Coalition of Ventura County

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2023

14. COMMITMENTS AND CONTINGENCIES-Continued

IRWM Regions, representing the LA-Ventura Funding Area) has been awarded \$9.8 million (based on size of the Funding Area) to conduct a Disadvantaged Community Involvement Program (DACIP) that includes engagement, needs assessment, and technical assistance to improve DACIP participation in IRWM and prepare for potential implementation projects within DACs. On December 6, 2019, the District (on behalf of the Greater Los Angeles County IRWM Leadership Committee) submitted a proposal for additional grant funding under the Proposition 1 Round 1 IRWM Implementation Grant. The District was ultimately awarded \$15.3 million on October 5, 2020 to fund 15 projects throughout the Greater Los Angeles area. The projects include the Sativa Los Angeles County Water Quality Improvement Project that will install an oxidation-filtration treatment system to remove manganese from well water to meet the demands of approximately 6,800 residents. On February 1, 2023, the District submitted a second proposal for an additional \$20.3 million to fund 17 new projects under the Proposition 1 Round 2 IRWM Implementation Grant, which was awarded by the Department of Water Resources on May 18, 2023.

15. POLLUTION REMEDIATION

The District implemented GASB Statement No. 49 in the fiscal year ended June 30, 2009. GASB Statement No. 49 establishes accounting and reporting guidelines for the recognition and measurement of pollution remediation obligations (liabilities). The District is involved in several remediation actions to clean up pollution sites within its boundaries. These matters generally coincide with the District's ownership of land, buildings and infrastructure assets. In some cases, regulatory agencies (e.g., California Regional Water Quality Control Board) notify the District of the need for remedial action.

However, the District also conducts its own environmental monitoring to identify pollution sites and matters requiring further investigation and possible remediation. Once the District is aware of a condition, it begins monitoring, assessment, testing and/or cleanup activities, and recognizes pollution remediation obligations when estimates can reasonably be determined.

Previously identified types of pollution include leaking underground storage tanks, and contamination of water, groundwater and soil. Remediation efforts include remediation and feasibility studies, source identification studies, site testing, sampling and analysis, groundwater cleanup, and removal of underground storage tanks.

As of June 30, 2023, the District has no estimated pollution remediation obligations. In subsequent periods, the District will adjust estimated obligations when new information indicates such changes are required. At this time, the District has determined there are no estimated recoveries that would increase obligations.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2023

16. DEFERRED INFLOWS OF RESOURCES

Under the modified accrual basis of accounting, earning revenues during the current period is not sufficient for revenue recognition in the current period. Revenue must also be susceptible to accrual (i.e., measurable and available to finance expenditures of the current period). Governmental funds report revenue not susceptible to accrual as deferred inflows of resources. The District reported property tax revenues to be collected beyond the 60 day accrual period, and other long-term receivables that are expected to be collected beyond the 12 month accrual period.

Deferred inflows of resources balances in the governmental funds balance sheet as of June 30, 2023 are described as follows:

Governmental Funds Balance Sheet (in thousands):

	General Fund	Safe, Clean Water Program Measure W	Total
Deferred inflows of resources			
Property tax revenues	\$ 9,878	\$ 5,539	\$ 15,417
Leases	34,781		34,781
Total governmental funds deferred inflows of resources	\$ 44,659	\$ 5,539	\$ 50,198

17. OTHER COMMITMENTS

Encumbrances

The District uses “encumbrances” to control expenditure commitments for the fiscal year. Encumbrances represent commitments related to executory contracts not yet performed and purchase orders not yet filled. Commitments for such expenditure of monies are encumbered to reserve applicable appropriations. Depending on the source(s) of funding, encumbrances are reported as part of restricted, committed or assigned fund balance on the governmental funds balance sheet. As of June 30, 2023, the encumbrance balances for the governmental funds (in thousands) are reported as below:

	Restricted	Committed	Assigned	Total
General Fund	\$ 150,600	\$ -	\$ -	\$ 150,600
Safe, Clean Water Program Measure W Fund	21,293			21,293
Total Encumbrances	\$ 171,893	\$ -	\$ -	\$ 171,893

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2023

18. LEGAL DEBT LIMIT

The Government Code of the State of California provides for a legal debt limit based on the County's gross assessed valuation of taxable property. The District's long term debt did not exceed the District's legal debt margin of \$23,891,089,000 for the fiscal year ended June 30, 2023.

19. CORONAVIRUS DISEASE 2019 (COVID-19)

On March 13, 2020, a presidential emergency was declared for all states, tribes, territories, and the District of Columbia due to the ongoing Coronavirus Disease 2019 (COVID-19) pandemic. The declaration made federal disaster assistance available; through the Coronavirus Aid, Relief, and Economic Security (CARES) Act to the County and to the State of California to supplement the County's local recovery efforts. To assist in the efforts to respond to COVID-19, the District received fiscal stimulus in federal funds as described below. In FY 2022-23, the District spent all of the remaining federal and State CARES Act funds and no advances payable were recorded.

Federal Emergency Management Agency

The District submitted the claim to the Federal Emergency Management Agency (FEMA) for the expedited projects to respond to COVID-19. The project was for the District's Emergency Operations Center and related emergency services/activities. The District submitted the \$193,000 reimbursement claim in this fiscal year. For FY 2022-23, the District recorded no revenue on the fund and government-wide financial statements.

American Rescue Plan Act of 2021

The American Rescue Plan (ARP) Act of 2021 Coronavirus State and Local Government Fiscal Recovery Funds (Fiscal Recovery Funds) continues many of the programs started by the CARES Act (2020) and Consolidated Appropriations Act (2021) by adding new phases, new allocations, and new guidance to address issues related to the continuation of the COVID-19 pandemic. The ARP also creates a variety of new programs to address continuing pandemic-related crises, and fund recovery efforts as the United States begins to emerge from the COVID-19 pandemic. The ARP was passed by Congress on March 10, 2021 and signed into law on March 11, 2021.

The Fiscal Recovery Funds may be used for the following: 1) to respond to the public health emergency or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality; 2) to respond to workers performing essential work during the COVID-19 public health emergency by providing premium pay to eligible

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2023

19. CORONAVIRUS DISEASE 2019 (COVID-19)-Continued

workers; 3) to provide government services to the extent of the reduction in revenue due to the COVID-19 public health emergency relative to revenues collected in the most recent full fiscal year prior to the emergency; and 4) to make necessary investments in water, sewer, or broadband infrastructure.

There is uncertainty on the timing of the revenue recognition since these ARP funds are subject to be returned to the U. S. Department of Treasury. The ARP funds must be obligated between March 3, 2021 and December 31, 2024, and expended to cover such obligations by December 31, 2026. For FY 2022-23, the District recorded no revenue on the fund and government-wide financial statements.

Required Supplementary Information

REQUIRED SUPPLEMENTARY INFORMATION
LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL ON BUDGETARY BASIS
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

	GENERAL FUND			
	ORIGINAL	FINAL	ACTUAL ON	VARIANCE
	BUDGET	BUDGET	BUDGETARY	FROM
		BASIS	FINAL	BUDGET
			POSITIVE	(NEGATIVE)
REVENUES:				
Taxes	\$ 192,581	\$ 200,828	\$ 202,452	\$ 1,624
Licenses, permits, and franchises	1,546	1,546	1,670	124
Fines, forfeitures, and penalties	1,023	1,023	2,305	1,282
Revenue from use of money and property:				
Investment income	2,788	8,172	13,189	5,017
Rents and concessions	7,920	7,920	6,665	(1,255)
Royalties	428	428	616	188
Intergovernmental revenues:				
State	1,344	1,344	17,631	16,287
Other	4,209	4,209	105	(4,104)
Charges for services	133,582	133,582	133,675	93
Miscellaneous	83	83	7,703	7,620
TOTAL REVENUES	345,504	359,135	386,011	26,876
EXPENDITURES:				
Current - Public protection:				
Services and supplies	369,464	399,483	396,945	2,538
Other charges	5,231	7,068	1,359	5,709
Capital assets	1,243	1,387	899	488
Capital outlay	89,711	55,411	43,172	12,239
TOTAL EXPENDITURES	465,649	463,349	442,375	20,974
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(120,145)	(104,214)	(56,364)	47,850
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	97	97	268	171
Transfers in	6,730	6,730	90	(6,640)
Transfers out	(1,981)	(4,281)		4,281
Appropriation for contingencies		(13,631)		13,631
Changes in fund balance			9,855	9,855
OTHER FINANCING SOURCES (USES)-NET	4,846	(11,085)	10,213	21,298
NET CHANGE IN FUND BALANCE	(115,299)	(115,299)	(46,151)	69,148
FUND BALANCE, JULY 1, 2022	115,299	115,299	115,299	
FUND BALANCE, JUNE 30, 2023	\$ -	\$ -	\$ 69,148	\$ 69,148

Notes:

- (1) See accompanying notes to required supplementary information.
- (2) The Budget report is shown on the basis of the District being part of the County.

REQUIRED SUPPLEMENTARY INFORMATION
LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL ON BUDGETARY BASIS
SAFE, CLEAN WATER PROGRAM MEASURE W FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

	SAFE, CLEAN WATER PROGRAM MEASURE W			
	ORIGINAL	FINAL	ACTUAL ON	VARIANCE
	BUDGET	BUDGET	BUDGETARY	FROM
			BASIS	FINAL
				BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES:				
Fines, forfeitures, and penalties	\$ 406	\$ 406	\$ 744	\$ 338
Revenue from use of money and property:				
Investment income	1,677	1,677	12,587	10,910
Charges for services	281,300	281,300	278,412	(2,888)
Miscellaneous			3	3
TOTAL REVENUES	283,383	283,383	291,746	8,363
EXPENDITURES:				
Current - Public protection:				
Services and supplies	49,767	49,758	24,603	25,155
Other charges	530,577	530,577	165,514	365,063
Capital outlay	45,000	45,000		45,000
TOTAL EXPENDITURES	625,344	625,335	190,117	435,218
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(341,961)	(341,952)	101,629	443,581
OTHER FINANCING SOURCES (USES):				
Transfers in	275,444	275,444	267,627	(7,817)
Transfers out	(334,832)	(334,841)	(304,157)	30,684
Changes in fund balance			41	41
OTHER FINANCING SOURCES (USES)-NET	(59,388)	(59,397)	(36,489)	22,908
NET CHANGE IN FUND BALANCE	(401,349)	(401,349)	65,140	466,489
FUND BALANCE, JULY 1, 2022	401,349	401,349	401,349	
FUND BALANCE, JUNE 30, 2023	\$ -	\$ -	\$ 466,489	\$ 466,489

Notes:

- (1) See accompanying notes to required supplementary information.
- (2) The Budget report is shown on the basis of the District being part of the County.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023

1. BUDGETARY DATA

In accordance with the provisions of Section 29000-29144 of the State's Government Code, commonly known as the County Budget Act, District budgets are adopted on or before October 2 of each year. Budgets are adopted for the General Fund, Safe, Clean Water Program Measure W Fund, and the Debt Service Fund on a basis of accounting which is different from generally accepted accounting principles (GAAP). There was no annual Budget adopted for the Debt Service Fund for the current period. Note 2 describes the differences between the budgetary basis of accounting and GAAP. A reconciling schedule is also presented for the General Fund and Safe, Clean Water Program Measure W Fund.

The District budget is organized by budget unit and by expenditure object. Budget units are established at the discretion of the Board. Each individual fund constitutes a budget unit. Expenditures are controlled at the object level for all District budgets, except for capital asset expenditures, which are controlled on the sub-object level. Expenditures did not exceed the related appropriations within any fund as of June 30, 2023. The District is a blended component unit of the County of Los Angeles (County). The County prepares a separate budgetary document, the County Budget, which demonstrates legal compliance with budgetary control. The District's budget reports (see pages 52 and 53) are presented on the basis of the District being part of the County.

Transfers of appropriations between budget units must be approved by the Board. Supplemental appropriations financed by unanticipated revenue during the fiscal year must also be approved by the Board. Transfer of appropriation between objects of expenditure within the same budget unit must be approved by the Board or the Chief Executive Office, depending upon the amount transferred. The original and final budget amounts are reported in the District's Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual on Budgetary Basis for the General Fund and the Safe, Clean Water Program Measure W Fund. Any excess of budgeted expenditures and other financing uses over revenue and other financing sources is financed by beginning available fund balance as provided for in the County Budget Act.

2. RECONCILIATION BETWEEN BUDGETARY BASIS AND U.S. GAAP

The District's Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual on Budgetary Basis for the General Fund and Measure W Fund have been prepared on the budgetary basis of accounting which is different from U.S. GAAP. The major areas of difference are as follows:

- Under the budgetary basis, designations are recorded as other financing uses at

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-Continued
JUNE 30, 2023

2. RECONCILIATION BETWEEN BUDGETARY BASIS AND U.S. GAAP-Continued

the time they are established. Although designations are not legal commitments, the District recognizes them as uses of budgetary fund balance. Designations subsequently cancelled or otherwise made available for appropriation are recorded as other financing sources.

- Under the budgetary basis, encumbrances and other reserves are also recorded as other financing uses when established. For encumbrances, this occurs at the time contracts and/or purchase agreements are entered into. Under the U.S. GAAP basis, these obligations are only recognized when goods are received or services are rendered. Other reserves are also recognized as other financing uses to indicate that certain assets are not available for appropriation. Cancellations of encumbrances and other fund balance reserves are recorded as other financing sources for budgetary purposes.
- Under the budgetary basis, property tax revenues are recognized to the extent that they are collectible within one year after fiscal year-end. Under the U.S. GAAP basis, property tax revenues are recognized only to the extent that they are collectible within 60 days.
- Under the U.S. GAAP basis, investment income includes the effect of changes in the fair value of investment. Under the budgetary basis, investment income is recognized prior to the effect of such fair value changes.

The amounts presented for the governmental fund statements are based on the modified accrual basis of accounting and differ from the amounts presented on the budgetary basis of accounting. The following schedule is a reconciliation of the budgetary U.S. GAAP basis fund balances as of June 30, 2023 (in thousands):

	<u>General Fund</u>	Safe, Clean Water Program <u>Measure W Fund</u>	<u>Total</u>
Fund Balance – Budgetary Basis (pages 52 & 53)	\$ 69,148	\$ 466,489	\$535,637
Reserves and Designations	<u>321,567</u>	<u>21,293</u>	<u>342,860</u>
Subtotal	390,715	487,782	878,497
Adjustments:			
Change in Accounts Payable Accruals	(9,965)	(604)	(10,569)
Change in Revenue Accruals	<u>(26,518)</u>	<u>(25,137)</u>	<u>(51,655)</u>
Fund Balance – U.S. GAAP Basis (page 22)	<u>\$ 354,232</u>	<u>\$ 462,041</u>	<u>\$816,273</u>

Combining Safe, Clean Water Program Measure W Funds Schedules

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
SPECIAL REVENUE FUND
SAFE, CLEAN WATER PROGRAM MEASURE W FUND
JUNE 30, 2023

The Safe, Clean Water Program Measure W Fund is used to account for voters passed Measure W special parcel tax revenue to fund stormwater projects and programs. These projects and programs will increase Stormwater and Urban Runoff capture and reduce Stormwater and Urban Runoff pollution so as to increase water supply, improve water quality benefit, and provide community investment benefit. Each Program must be able to account for the allocations separate from other funding sources and the expenditures should be distinguishable by program or project. To support these requirements, twelve individual Safe, Clean Water Program Measure W Funds were established and reported as one fund on the financial schedules as follows:

1. Measure W-SCW Apportioned Assessment Revenue Fund is used to account for one hundred percent (100%) of collected Measure W special parcel tax revenue distributed to various District, Municipal, and Regional Program Funds.
2. Measure W-SCW District Program Administration Fund is used to account for ten percent (10%) of the collected Measure W special parcel tax revenue allocated for the District Program. Part of the District Program is to plan, implement, and administer Projects and Programs, and to pay for the costs incurred in connection with the levy and collection of the tax and distribution of the funds.
3. Measure W-SCW Municipal Program Cities Fund is used to account for forty percent (40%) of the collected Measure W special parcel tax revenue allocated to municipalities, in proportion to the tax collected in each jurisdiction of the Municipal Program. The Municipal Program Cities Fund does not include the portion for the unincorporated area.

Fifty percent (50%) of the collected Measure W special parcel tax revenue is allocated to nine watershed areas to fund regional watershed-based projects and programs (Regional Program), proportional to the funds generated in each watershed area. Following are the Regional Program Funds:

4. Measure W-SCW Regional Program Central Santa Monica Bay Fund
5. Measure W-SCW Regional Program Lower Los Angeles River Fund
6. Measure W-SCW Regional Program Lower San Gabriel River Fund
7. Measure W-SCW Regional Program North Santa Monica Bay Fund
8. Measure W-SCW Regional Program Rio Hondo Fund
9. Measure W-SCW Regional Program Santa Clara River Fund
10. Measure W-SCW Regional Program South Santa Monica Bay Fund
11. Measure W-SCW Regional Program Upper Los Angeles River Fund
12. Measure W-SCW Regional Program Upper San Gabriel River Fund

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
COMBINING BALANCE SHEET
SAFE, CLEAN WATER PROGRAM MEASURE W FUNDS
JUNE 30, 2023 (in thousands)

	Measure W -SCW Apportioned Assessment Revenue	Measure W -SCW Municipal Program Cities	Measure W -SCW District Program Administration	Measure W -SCW Regional Program Central Santa Monica Bay	Measure W -SCW Regional Program Lower Los Angeles River	Measure W -SCW Regional Program Lower San Gabriel River	Measure W -SCW Regional Program North Santa Monica Bay	Measure W -SCW Regional Program Rio Hondo	Measure W -SCW Regional Program Santa Clara River	Measure W -SCW Regional Program South Santa Monica Bay	Measure W -SCW Regional Program Upper Los Angeles River	Measure W -SCW Regional Program Upper San Gabriel River	Total Safe, Clean Water Program Measure W Funds
ASSETS:													
Pooled cash and investments	\$ -	\$ 107,636	\$ 94,626	\$ 29,874	\$ 22,626	\$ 40,998	\$ 6,580	\$ 27,010	\$ 16,653	\$ 22,813	\$ 58,764	\$ 39,930	\$ 467,510
Advances to the County of Los Angeles	-	-	218	-	-	-	-	-	-	-	-	-	218
Taxes receivable	3,800	-	-	-	-	-	-	-	-	-	-	-	3,800
Interest receivable	-	(463)	2,690	(128)	(97)	(177)	(28)	(116)	(72)	(98)	(252)	(172)	1,087
Assessments receivable	5,448	-	-	-	-	-	-	-	-	-	-	-	5,448
TOTAL ASSETS	\$ 9,248	\$ 107,173	\$ 97,534	\$ 29,746	\$ 22,529	\$ 40,821	\$ 6,552	\$ 26,894	\$ 16,581	\$ 22,715	\$ 58,512	\$ 39,758	478,063
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES													
LIABILITIES:													
Accounts payable	\$ -	\$ -	\$ 700	\$ 693	\$ 16	\$ 18	\$ 8	\$ 16	\$ 17	\$ 330	\$ 531	\$ 8,154	\$ 10,483
TOTAL LIABILITIES	-	-	700	693	16	18	8	16	17	330	531	8,154	10,483
DEFERRED INFLOWS OF RESOURCES:													
Unavailable revenue - property taxes & other revenues	5,539	-	-	-	-	-	-	-	-	-	-	-	5,539
FUND BALANCES:													
Restricted:													
Public protection	3,709	107,173	96,834	29,053	22,513	40,803	6,544	26,878	16,564	22,385	57,981	31,604	462,041
TOTAL FUND BALANCES	3,709	107,173	96,834	29,053	22,513	40,803	6,544	26,878	16,564	22,385	57,981	31,604	462,041
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 9,248	\$ 107,173	\$ 97,534	\$ 29,746	\$ 22,529	\$ 40,821	\$ 6,552	\$ 26,894	\$ 16,581	\$ 22,715	\$ 58,512	\$ 39,758	\$ 478,063

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SAFE, CLEAN WATER PROGRAM MEASURE W FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023 (in thousands)

	Measure W -SCW Appportioned Assessment Revenue	Measure W -SCW Municipal Program Cities	Measure W -SCW District Program Administration	Measure W -SCW Regional Program Central Santa Monica Bay	Measure W -SCW Regional Program Lower Los Angeles River	Measure W -SCW Regional Program Lower San Gabriel River	Measure W -SCW Regional Program North Santa Monica Bay	Measure W -SCW Regional Program Rio Hondo	Measure W -SCW Regional Program Santa Clara River	Measure W -SCW Regional Program South Santa Monica Bay	Measure W -SCW Regional Program Upper Los Angeles River	Measure W -SCW Regional Program Upper San Gabriel River	Total Safe, Clean Water Program Measure W Funds
REVENUES:													
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures, and penalties	744	-	-	-	-	-	-	-	-	-	-	-	744
Interest	-	(755)	10,776	(414)	(524)	(782)	(116)	(619)	(336)	14	(860)	(786)	5,598
Charges for services	278,710	-	-	-	-	-	-	-	-	-	-	-	278,710
Miscellaneous	-	-	5	-	-	-	-	-	-	-	-	-	5
TOTAL REVENUES	279,454	(755)	10,781	(414)	(524)	(782)	(116)	(619)	(336)	14	(860)	(786)	285,057
EXPENDITURES:													
Current public protection:													
Services and supplies	-	115,214	10,128	13,568	4,226	5,141	241	1,546	713	22,476	27,542	15,230	216,025
TOTAL EXPENDITURES	-	115,214	10,128	13,568	4,226	5,141	241	1,546	713	22,476	27,542	15,230	216,025
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	279,454	(115,969)	653	(13,982)	(4,750)	(5,923)	(357)	(2,165)	(1,049)	(22,462)	(28,402)	(16,016)	69,032
OTHER FINANCING SOURCES (USES):													
Transfers in	-	111,562	27,890	17,279	12,594	16,413	1,836	11,476	5,862	17,123	38,222	18,648	278,905
Transfers out	(278,905)	-	-	-	-	-	-	-	-	-	-	-	(278,905)
OTHER FINANCING SOURCES (USES) - NET	(278,905)	111,562	27,890	17,279	12,594	16,413	1,836	11,476	5,862	17,123	38,222	18,648	-
NET CHANGE IN FUND BALANCES	549	(4,407)	28,543	3,297	7,844	10,490	1,479	9,311	4,813	(5,339)	9,820	2,632	69,032
FUND BALANCES - BEGINNING	3,156	111,585	68,291	25,757	14,669	30,314	5,063	17,566	11,750	27,726	48,160	28,972	393,009
FUND BALANCES - ENDING	\$ 3,705	\$ 107,178	\$ 96,834	\$ 29,054	\$ 22,513	\$ 40,804	\$ 6,542	\$ 26,877	\$ 16,563	\$ 22,387	\$ 57,980	\$ 31,604	\$ 462,041

Statistical Section

STATISTICAL SECTION

The information presented in this section is not covered by the Independent Auditor’s Report, but is presented as supplemental data for the benefit of the reader of the annual comprehensive financial report. The objective of this statistical section information is to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to better understand and assess the District’s overall financial health.

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These schedules contain trend information to help the reader understand how the District’s financial performance and well-being have changed over time.	
REVENUE CAPACITY	65
These schedules contain trend information to help the reader assess the District’s most significant local revenue source, which is property taxes.	
DEBT CAPACITY.....	69
These schedules present information to help the reader to assess the District’s ability to cover current levels of outstanding debt and the District’s ability to issue additional debt in the future.	
DEMOGRAPHIC AND ECONOMIC INFORMATION.....	75
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place.	
OPERATING INFORMATION.....	77
These schedules contain service and infrastructure data to help the reader understand how the information in the District’s financial report relates to the services the District provides and the activities it conducts.	

Sources: Unless otherwise noted, the information in these schedules derives from the annual comprehensive financial reports for the applicable year.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NET POSITION BY CATEGORY (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)
(accrual basis of accounting)

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Governmental activities ⁽¹⁾										
Net investment in capital assets	\$ 5,730,254	\$ 5,702,905	\$ 5,664,725	\$ 5,671,044	\$ 5,641,422	\$ 5,680,893	\$ 5,727,485	\$ 5,703,119	\$ 5,762,575	\$ 5,823,416
Restricted ⁽²⁾	292,658	370,757	417,649	463,544	499,914	482,829	753,804	893,910	802,290	827,842
Unrestricted	99	99	99	99	99	99	99	99	99	99
Total governmental activities net position	<u>6,023,011</u>	<u>6,073,761</u>	<u>6,082,473</u>	<u>6,134,687</u>	<u>6,141,435</u>	<u>6,163,821</u>	<u>6,481,388</u>	<u>6,597,128</u>	<u>6,564,964</u>	<u>6,651,357</u>
Primary government										
Net investment in capital assets	5,730,254	5,702,905	5,664,725	5,671,044	5,641,422	5,680,893	5,727,485	5,703,119	\$ 5,762,575	\$ 5,823,416
Restricted ⁽²⁾	292,658	370,757	417,649	463,544	499,914	482,829	753,804	893,910	802,290	827,842
Unrestricted	99	99	99	99	99	99	99	99	99	99
Total primary government net position	<u>\$ 6,023,011</u>	<u>\$ 6,073,761</u>	<u>\$ 6,082,473</u>	<u>\$ 6,134,687</u>	<u>\$ 6,141,435</u>	<u>\$ 6,163,821</u>	<u>\$ 6,481,388</u>	<u>\$ 6,597,128</u>	<u>\$ 6,564,964</u>	<u>\$ 6,651,357</u>

Notes:

- (1) This schedule reports on one category, governmental activities, as the District has no business-type activities to be reported.
(2) Asset restrictions are primarily due to external restrictions imposed by State legislation and bond covenants.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
CHANGES IN NET POSITION (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)
(accrual basis of accounting)

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Expenses										
Governmental activities ⁽¹⁾										
Public protection	\$ 230,581	\$ 212,461	\$ 260,841	\$ 245,401	\$ 269,018	\$ 305,122	\$ 309,772	\$ 498,355	\$ 670,320	\$ 624,922
Interest on long-term debt	770	678	580	94						
Total governmental activities expenses	<u>231,351</u>	<u>213,139</u>	<u>261,421</u>	<u>245,495</u>	<u>269,018</u>	<u>305,122</u>	<u>309,772</u>	<u>498,355</u>	<u>670,320</u>	<u>624,922</u>
Total primary government expenses	<u>231,351</u>	<u>213,139</u>	<u>261,421</u>	<u>245,495</u>	<u>269,018</u>	<u>305,122</u>	<u>309,772</u>	<u>498,355</u>	<u>670,320</u>	<u>624,922</u>
Program Revenues										
Governmental activities										
Charges for services										
Benefit Assessments ⁽²⁾	109,597	108,474	107,690	108,431	109,930	112,318	395,542	393,354	394,240	392,883
Other charges for services	16,956	19,802	18,008	38,030	2,067	30,414	25,638	17,424	15,563	29,568
Subtotal governmental activities charges for services	<u>126,553</u>	<u>128,276</u>	<u>125,698</u>	<u>146,461</u>	<u>111,997</u>	<u>142,732</u>	<u>421,180</u>	<u>410,778</u>	<u>409,803</u>	<u>422,451</u>
Operating grants and contributions	4,528	3,897	2,935	5,006	12,048	4,641	12,384	11,087	26,599	16,923
Capital grants and contributions							11,968	9,919	36,833	40,913
Total governmental activities program revenue	<u>131,081</u>	<u>132,173</u>	<u>128,633</u>	<u>151,467</u>	<u>124,045</u>	<u>147,373</u>	<u>445,532</u>	<u>431,784</u>	<u>473,235</u>	<u>480,287</u>
Total primary government revenues	<u>131,081</u>	<u>132,173</u>	<u>128,633</u>	<u>151,467</u>	<u>124,045</u>	<u>147,373</u>	<u>445,532</u>	<u>431,784</u>	<u>473,235</u>	<u>480,287</u>
Net (expense)/revenue:										
Government activities	<u>(100,270)</u>	<u>(80,966)</u>	<u>(132,788)</u>	<u>(94,028)</u>	<u>(144,973)</u>	<u>(157,749)</u>	135,760	(66,571)	(197,085)	(144,635)
Total primary government net expenses	<u>\$ (100,270)</u>	<u>\$ (80,966)</u>	<u>\$ (132,788)</u>	<u>\$ (94,028)</u>	<u>\$ (144,973)</u>	<u>\$ (157,749)</u>	<u>\$ 135,760</u>	<u>\$ (66,571)</u>	<u>\$ (197,085)</u>	<u>\$ (144,635)</u>

Continued...

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
CHANGES IN NET POSITION (UNAUDITED) - Continued
LAST TEN FISCAL YEARS (in thousands)
(accrual basis of accounting)

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
General Revenues and Other Changes in Net Position										
Governmental activities ⁽¹⁾										
Property taxes	\$ 115,613	\$ 125,131	\$ 129,302	\$ 139,405	\$ 145,222	\$ 159,666	\$ 166,939	\$ 184,352	\$ 189,058	\$ 203,770
Unrestricted grants and contributions	2,534	2,585	1,738	2,510	1,373	1,378	1,589	970	995	813
Investment earnings	2,371	3,508	4,465	1,687	3,679	18,782	13,170	(3,099)	(26,899)	18,736
Miscellaneous	3,002	492	5,995	2,640	1,447	309	109	88	1,767	7,709
Subtotal governmental activities	123,520	131,716	141,500	146,242	151,721	180,135	181,807	182,311	164,921	231,028
Total primary government	123,520	131,716	141,500	146,242	151,721	180,135	181,807	182,311	164,921	231,028
Changes in Net Position ⁽²⁾										
Governmental activities	23,250	50,750	8,712	52,214	6,748	22,386	317,567	115,740	(32,164)	86,393
Total primary government	\$ 23,250	\$ 50,750	\$ 8,712	\$ 52,214	\$ 6,748	\$ 22,386	\$ 317,567	\$ 115,740	\$ (32,164)	\$ 86,393

Notes:

- (1) This schedule reports on one category, governmental activities, as the District has no business-type activities to be reported.
- (2) Beginning Fiscal Year 2019-20, the voter-approved Safe, Clean Water Program generates approximately \$280 million per year from a special parcel tax. The revenues provide funding for projects and programs to increase water supply, improve water quality benefit, and provide community investment benefit.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)
(modified accrual basis of accounting)

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
General Fund										
Restricted										
Capital projects	\$ 104,963	\$ 212,938	\$ 337,890	\$ 341,751	\$ 341,751	\$ 285,726	\$ 223,380	\$ 223,380	\$ 170,756	\$ 170,756
Public protection	198,721	159,260	82,406	125,501	158,119	197,857	254,755	269,854	224,148	183,377
Assigned	99	99	99	99	99	99	99	99	99	99
Subtotal General Fund	<u>303,783</u>	<u>372,297</u>	<u>420,395</u>	<u>467,351</u>	<u>499,969</u>	<u>483,682</u>	<u>478,234</u>	<u>493,333</u>	<u>395,003</u>	<u>354,232</u>
All Other Governmental Funds										
Restricted ⁽¹⁾										
Safe, Clean Water Program Measure W Fund							266,768	390,936	393,009	462,041
Subtotal all other government funds							<u>266,768</u>	<u>390,936</u>	<u>393,009</u>	<u>462,041</u>
Total governmental fund balance	<u>\$ 303,783</u>	<u>\$ 372,297</u>	<u>\$ 420,395</u>	<u>\$ 467,351</u>	<u>\$ 499,969</u>	<u>\$ 483,682</u>	<u>\$ 745,002</u>	<u>\$ 884,269</u>	<u>\$ 788,012</u>	<u>\$ 816,273</u>

Note:

(1) Beginning Fiscal Year 2019-20, the voter-approved Safe, Clean Water Program generates approximately \$280 million per year from a special parcel tax. The revenues provide funding for projects and programs to increase water supply, improve water quality, and provide community investment benefits.

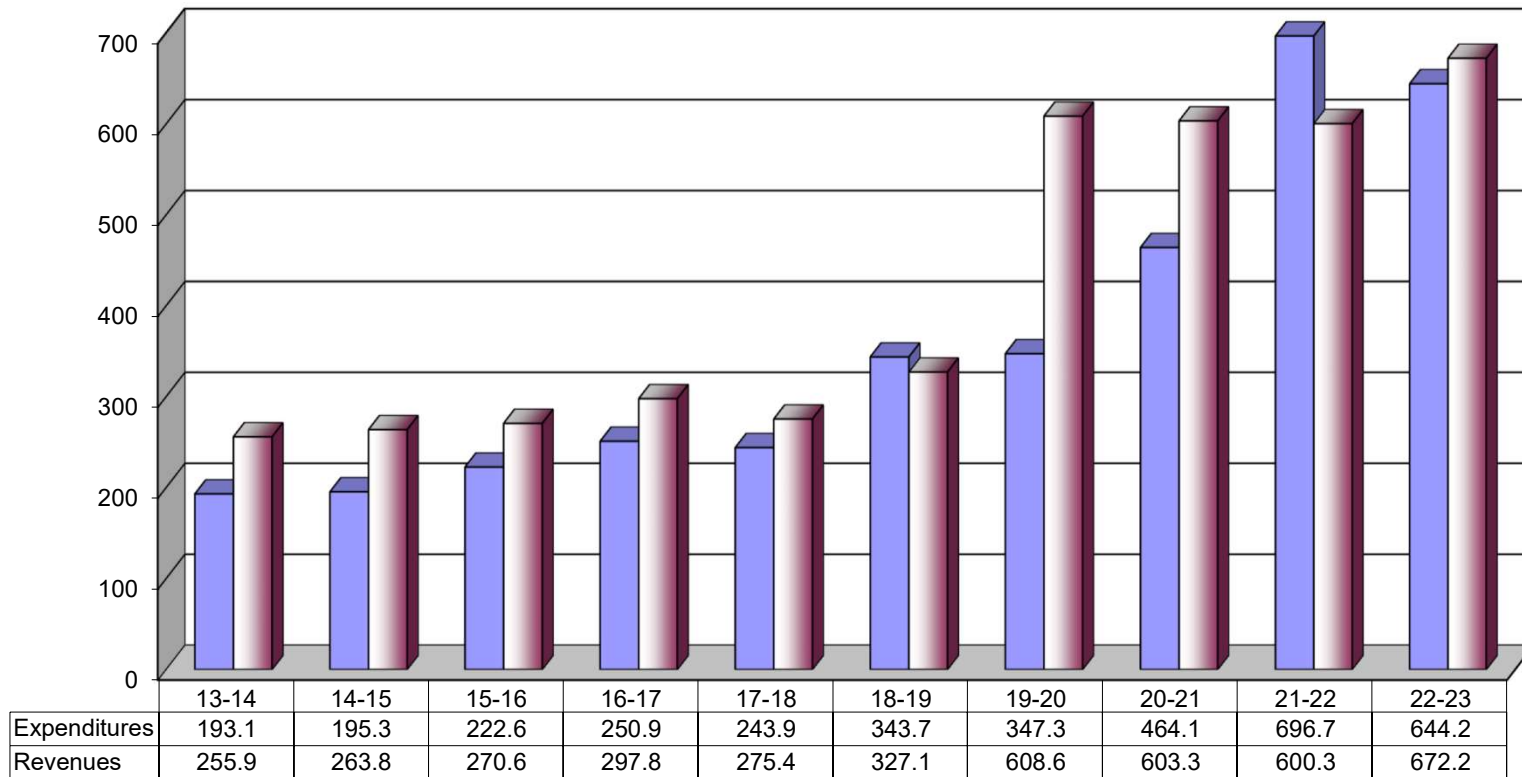
LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)
(modified accrual basis of accounting)

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Revenues (by source)										
Taxes	\$ 116,408	\$ 124,862	\$ 129,698	\$ 139,246	\$ 144,823	\$ 159,234	\$ 165,175	\$ 182,391	\$ 187,588	\$ 203,064
Licenses, permits, and franchises	788	848	1,124	1,167	1,042	1,168	1,372	1,454	1,473	1,670
Fines, forfeitures, and penalties	1,412	1,024	940	951	849	803	1,433	1,428	1,768	3,048
Revenues from use of money and property										
Interest	2,371	3,508	4,465	1,687	3,679	18,782	13,170	(3,099)	(26,898)	18,736
Rents and royalties	9,346	10,914	9,191	15,353	6,155	7,277	5,276	6,671	6,122	5,932
Lease revenue ⁽¹⁾									1,349	1,349
Intergovernmental revenues:										
Federal	281	925	815		6,987	86	183	55	42	
State	5,013	3,762	2,894	5,771	5,812	5,286	12,923	11,743	27,270	17,631
Other	1,768	1,796	964	1,745	622	646	868	258	283	105
Charges for services ⁽²⁾	115,560	115,431	114,575	129,155	104,036	133,555	408,130	402,289	399,494	412,974
Miscellaneous	2,924	684	5,979	2,798	1,452	309	82	81	1,767	7,709
Total Revenues	255,871	263,754	270,645	297,873	275,457	327,146	608,612	603,271	600,258	672,218
Expenditures (by function)										
Current:										
Public protection	178,202	179,212	199,832	214,947	229,139	308,110	309,328	433,833	629,881	581,685
Debt Service										
Principal	2,290	2,375	2,475	12,630					1,262	1,313
Interest	801	709	614	265					94	81
Capital outlay	11,766	13,051	19,670	23,155	14,857	35,632	37,986	30,275	65,464	61,146
Total Expenditures	193,059	195,347	222,591	250,997	243,996	343,742	347,314	464,108	696,701	644,225
Excess of Revenues over (under) Expenditures	62,812	68,407	48,054	46,876	31,461	(16,596)	261,298	139,163	(96,443)	27,993
Other Financing Sources (Uses)										
Sales of capital assets	87	107	44	80	1,157	309	22	104	186	268
Transfers in	3,091	3,084	3,089	12,895					7,770	
Transfers out	(3,091)	(3,084)	(3,089)	(12,895)					(7,770)	
Total other financing sources (uses)	87	107	44	80	1,157	309	22	104	186	268
Net Change in fund balances	\$ 62,899	\$ 68,514	\$ 48,098	\$ 46,956	\$ 32,618	\$ (16,287)	\$ 261,320	\$ 139,267	\$ (96,257)	\$ 28,261
Debt service as a percentage of noncapital expenditures ⁽³⁾	1.87%	1.99%	1.66%	6.96%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Notes:

- (1) The County adopted GASB 87 in FY 2021-22 and prior year amounts were not restated.
- (2) Beginning Fiscal Year 2019-20, the voter-approved Safe, Clean Water Program generates approximately \$280 million per year from a special parcel tax. The revenues provide funding for projects and programs to increase water supply, improve water quality benefit, and provide community investment benefit.
- (3) The debt service calculations make use of the capital outlay expenditure balances as presented on the Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT Governmental Funds Expenditures and Revenues Last 10 Fiscal Years



In Millions of Dollars



LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY (UNAUDITED) ^{(1), (2)}
LAST TEN FISCAL YEARS (in thousands)

Fiscal Year	Secured ⁽³⁾	Unsecured ⁽⁴⁾	Unitary ⁽⁵⁾	Exempt ⁽⁶⁾	Total Taxable Assessed Value	Total Direct Tax Rate
2013 - 2014 ⁽⁷⁾	\$ 1,134,707,829	\$ 49,662,548	\$ 13,989,870	\$ (53,103,768)	\$ 1,145,256,479	1.00000%
2014 - 2015	1,197,665,178	50,777,030	14,325,069	(54,911,046)	1,207,856,231	1.00000%
2015 - 2016	1,270,136,487	52,284,478	15,846,612	(55,760,332)	1,282,507,245	1.00000%
2016 - 2017	1,337,673,405	54,868,734	17,308,742	(55,392,206)	1,354,458,675	1.00000%
2017 - 2018	1,417,559,668	57,596,412	17,864,439	(57,634,568)	1,435,385,951	1.00000%
2018 - 2019	1,509,708,740	61,244,751	18,739,669	(59,810,665)	1,529,882,495	1.00000%
2019 - 2020	1,603,606,366	64,264,989	19,711,509	(62,042,993)	1,625,539,871	1.00000%
2020 - 2021	1,700,279,275	67,016,870	22,196,582	(65,354,344)	1,724,138,383	1.00000%
2021 - 2022	1,768,808,097	64,760,577	20,939,324	(68,705,270)	1,785,802,728	1.00000%
2022 - 2023	1,883,665,843	69,700,622	23,971,146	(66,050,527)	1,911,287,084	1.00000%

Notes:

- (1) This schedule represents the entire County of Los Angeles. The Flood Control District is a component of the County of Los Angeles and covers most of the County area.
- (2) Due to the 1978 passage of the property tax initiative Proposition 13 (Prop. 13), the County does not track the estimated actual value of all County properties. Under Prop. 13 property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the CPI on property not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel. As a result, similar properties can have substantially different assessed values based on the date of purchase. Additionally, Prop. 13 limits the property tax rate to 1% of assessed value plus the rate necessary to fund local voter-approved bonds and special assessments.
- (3) Secured property is generally real property and is defined as land, mines, minerals, timber, and improvements such as buildings, structures, crops, trees, and vines.
- (4) Unsecured property is generally personal property including machinery, equipment, office tools, and supplies.
- (5) Unitary properties are railroads, utilities and pipelines crossing the County and are assessed by the State Board of Equalization and the County Assessor. Effective FY 2012-13, Unitary pipelines previously reported under Secured, are now reported under Unitary.
- (6) Exempt properties include numerous full and partial exclusions/exemptions provided by the State Constitution and the legislature that relieve certain taxpayers from the burden of paying property taxes.
- (7) Effective FY 2012-13, secured property does not include the Unitary pipelines assessed by the County Assessor.

Source:

Auditor-Controller, County of Los Angeles Taxpayers' Guide.

**LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES FOR TAX RATE AREA #4 (UNAUDITED)
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>County Direct Rates</u>		<u>Overlapping Rates</u> ^{(2) (3) (5)}				<u>Total Rates</u>
	<u>Los Angeles General</u> ⁽⁴⁾	<u>Los Angeles County Detention Facilities</u> ⁽¹⁾	<u>Flood Control Districts</u> ⁽¹⁾	<u>Los Angeles City Tax District No. 1</u>	<u>School Districts</u>	<u>Metropolitan Water District</u>	
2013 - 2014	1.00000	0.00000	0.00000	0.029754	0.190980	0.003500	1.224234
2014 - 2015	1.00000	0.00000	0.00000	0.028096	0.187055	0.003500	1.218651
2015 - 2016	1.00000	0.00000	0.00000	0.023030	0.165464	0.003500	1.191994
2016 - 2017	1.00000	0.00000	0.00000	0.021297	0.167052	0.003500	1.191849
2017 - 2018	1.00000	0.00000	0.00000	0.021345	0.168182	0.003500	1.193027
2018 - 2019	1.00000	0.00000	0.00000	0.023107	0.169439	0.003500	1.196046
2019 - 2020	1.00000	0.00000	0.00000	0.018084	0.152695	0.003500	1.174279
2020 - 2021	1.00000	0.00000	0.00000	0.016538	0.180091	0.003500	1.200129
2021 - 2022	1.00000	0.00000	0.00000	0.014721	0.156987	0.003500	1.175208
2022 - 2023	1.00000	0.00000	0.00000	0.016066	0.145954	0.003500	1.165520

Notes:

- (1) The Secured Tax Rate and Ratios Report no longer includes the Detention Facilities and Flood Control Districts rates, as these bonds have matured.
- (2) The tax rate for Tax Rate Area #4, which applies to most property within the City of Los Angeles, is used to illustrate the breakdown of a tax rate within the County.
- (3) The County is divided into 12,870 tax rate areas which are unique combinations of various jurisdictions servicing a specific geographic area.
- (4) Article XIII A (Proposition 13) limits the maximum ad valorem tax rate to 1% of "full cash value" except for indebtedness approved by the voters prior to July 1, 1978. All other rates are calculated per \$100 of assessed value.
- (5) An exception to the 1% limit was provided by Proposition 46 which was approved in June 1986 re-establishing authority of local governments to issue general obligation bonds for certain purposes.

Source:

Secured Tax Rate and Ratios Report from the County of Los Angeles Auditor-Controller, Tax Division.

**LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
PRINCIPAL PROPERTY TAXPAYERS (UNAUDITED) ⁽¹⁾
CURRENT YEAR AND NINE YEARS AGO
JUNE 30, 2023 AND JUNE 30, 2014 (in thousands)**

<u>Taxpayer</u>	2023			2014		
	Net Assessed Secured Property		Percentage of Total Net Assessed	Net Assessed Secured Property		Percentage of Total Net Assessed
	Value	Rank	Value ⁽²⁾	Value	Rank	Value ⁽²⁾
Southern California Edison Co.	\$ 10,741,921	1	0.58%	\$ 6,155,576	1	0.56%
Maguire Properties	3,785,405	2	0.20%			
Douglas Emmett Residential	3,729,650	3	0.20%	3,387,738	2	0.31%
Southern California Gas Company	3,508,790	4	0.19%	1,575,086	8	0.14%
Tishman Speyer / Archstone Smith / ASN	2,910,765	5	0.16%	1,756,347	5	0.16%
Pincay RE LLC Lessor	2,827,029	6	0.15%			
EQR / ERP Limited	2,818,167	7	0.15%	1,755,098	6	0.16%
Universal Studios LLC	2,604,461	8	0.14%			
Chevron USA Inc.	2,534,168	9	0.14%	1,887,648	4	0.17%
Tesoro Refining and Marketing Co.	2,346,973	10	0.13%			
Participants in Long Beach Unit				1,914,118	3	0.17%
AT&T/Pacific Bell Telephone Co.				1,732,482	7	0.16%
Verizon/MCI Communications Serv. Inc.				1,532,981	9	0.14%
Exxon / Mobil Corporation				1,513,281	10	0.14%
Total	\$ 37,807,329		2.04%	\$ 23,210,355		2.11%

Notes:

- (1) This schedule represents the entire County of Los Angeles. The Flood Control District is a component of the County of Los Angeles and covers most of the County area.
- (2) See schedule "Assessed Value and Actual Value of Taxable Property." Total assessed value, \$1,850,181,438 as of June 30, 2023 is based on Secured \$1,883,665,843 plus Unitary \$23,971,146 less exemptions of \$57,455,551. Total assessed value, \$1,099,733,556 as of June 30, 2014 is based on Secured \$1,134,707,828 plus Unitary \$13,989,870 less exemptions of \$48,964,142. (in thousands)

Source:

County of Los Angeles Treasurer and Tax Collector.

**LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED) ⁽¹⁾
LAST TEN FISCAL YEARS (in thousands)**

<u>Fiscal Year</u>	<u>Taxes Levied</u>	<u>Collections Within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years ⁽²⁾</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2013 - 2014	\$ 13,673,951	\$ 13,452,687	98.4%	\$ 212,265	\$ 13,664,952	99.9%
2014 - 2015	14,394,534	14,167,462	98.4%	196,787	14,364,249	99.8%
2015 - 2016	14,906,832	14,704,346	98.6%	193,069	14,897,415	99.9%
2016 - 2017	15,750,769	15,563,458	98.8%	187,311	15,750,769	100.0%
2017 - 2018	16,910,307	16,685,415	98.7%	205,959	16,891,374	99.9%
2018 - 2019	17,927,929	17,682,677	98.6%	232,299	17,914,976	99.9%
2019 - 2020	19,059,924	18,611,655	97.6%	359,208	18,970,863	99.5%
2020 - 2021	20,140,282	19,772,767	98.2%	281,086	20,053,853	99.6%
2021 - 2022	20,660,286	20,320,487	98.4%	194,373	20,514,860	99.3%
2022 - 2023	21,801,277	21,459,549	98.4%	(3)	21,459,549	98.4%

Notes:

- (1) The Flood Control District is a component of the County of Los Angeles and covers most of the County area.
- (2) Reflects property taxes levied in prior years, but collected in the current year.
- (3) No amounts are shown in FY 2022-23 because the property taxes levied will be collected in the following fiscal year.

Source:

Auditor-Controller-Accounting Division-Property Tax Section

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
RATIO OF OUTSTANDING DEBT BY TYPE (UNAUDITED) ⁽¹⁾
LAST TEN FISCAL YEARS (in thousands, except per capita)

Governmental Activities

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Accreted Interest</u>	<u>Unamortized</u>			<u>Leases ⁽⁴⁾</u>	<u>Total Primary Government ⁽²⁾</u>	<u>Percentage of Assessed Value ⁽³⁾</u>	<u>Per Capita ⁽³⁾</u>	<u>Percentage of Personal Income ⁽³⁾</u>
				<u>Unamortized Bond Premiums</u>	<u>Loss on Advance Debt Refund</u>	<u>Pension Bonds Payable</u>					
2013 - 2014	\$ -	\$ 17,480	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,480	0.0015%	\$ 1.73	0.0044%
2014 - 2015		15,105						15,105	0.0012%	1.49	0.0030%
2015 - 2016		12,630						12,630	0.0002%	1.23	0.0005%
2016 - 2017											
2017 - 2018											
2018 - 2019											
2019 - 2020											
2020 - 2021											
2021 - 2022							5,004	5,004	0.0003%	0.51	0.0007%
2022 - 2023							3,691	3,691	0.0002%	0.38	0.0005%

Notes:

- (1) This schedule reports on one category, governmental activities, as the District has no business-type activities to be reported.
- (2) The District redeemed the remaining outstanding principal of its Capital Construction Bonds on September 1, 2016.
- (3) See "Demographic and Economic Statistics" table for population and personal income, and "Assessed Value and Actual Value of Taxable Property" table for assessed value.
- (4) The District adopted Statement No. GASB 87 in FY 2021-2022.

Source:

Los Angeles County Flood Control District Financial Statements from Fiscal Year 2013-14 to Fiscal Year 2022-23.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
RATIO OF NET GENERAL BONDED DEBT (UNAUDITED) ⁽¹⁾
LAST TEN FISCAL YEARS (in thousands except ratio and per capita)

Fiscal Year	Population ⁽²⁾	Assessed Value ⁽²⁾	General Bonded Debt ⁽³⁾	Ratio of General Bonded Debt to Assessed Value	General Bonded Debt per Capita
2013-14	10,069	\$ 1,145,256,479		0.000000	0.000000
2014-15	10,192	1,207,856,231		0.000000	0.000000
2015-16	10,240	1,282,507,245		0.000000	0.000000
2016-17	10,278	1,354,458,675		0.000000	0.000000
2017-18	10,106	1,435,385,951		0.000000	0.000000
2018-19	10,184	1,529,882,495		0.000000	0.000000
2019-20	10,136	1,625,539,871		0.000000	0.000000
2020-21	9,931	1,724,138,383		0.000000	0.000000
2021-22	9,835 ⁽⁴⁾	1,785,802,728		0.000000	0.000000
2022-23	9,761 ⁽⁵⁾	1,911,287,084		0.000000	0.000000

Notes:

- (1) This information represents the entire County of Los Angeles. The Flood Control District is a component of the County of Los Angeles and covers most of the County area.
- (2) See "Demographic and Economic Statistics" table for population and "Assessed Value and Actual Value of Taxable Property" table for assessed value.
- (3) There has been no long-term general bonded debt outstanding for the ten fiscal years presented here.
- (4) Amount revised from prior year.
- (5) Amount is an estimate as of January 2023.

Source:

Los Angeles Almanac's website: www.laalmanac.com/population

COUNTY OF LOS ANGELES
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED)
JUNE 30, 2023

2022-23 Net Assessed Valuation		\$	1,911,287,084,413
Redevelopment Incremental Valuation			265,897,086,477
Full Cash Value (2022-23)			1,645,389,997,936 ⁽¹⁾
Population - (2023)			9,761,000 ⁽²⁾

		Percent Applicable	Debt June 30, 2023
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District		48.496	\$ 9,318,506
Los Angeles Community College District		100	4,500,730,000
Other Community College Districts		Various ⁽³⁾	4,692,515,290
Arcadia Unified School District		100	247,660,000
Beverly Hills Unified School District		100	644,388,210
Glendale Unified School District		100	335,745,563
Long Beach Unified School District		100	1,779,754,702
Los Angeles Unified School District		100	10,704,725,000
Pasadena Unified School District		100	313,070,000
Pomona Unified School District		100	459,351,706
Redondo Beach Unified School District		100	204,951,837
Santa Monica-Malibu Unified School District		100	879,077,688
Torrance Unified School District		100	428,706,950
Other Unified School Districts		Various ⁽³⁾	4,845,490,076
High School and School Districts		Various ⁽³⁾	2,524,570,818
City of Los Angeles		100	1,039,680,000
City of Industry		100	15,870,000
Other Cities		100	39,013,432
Community Facilities Districts		100	751,173,692
Landscaping and Lighting Assessment Districts		100	24,215,000
1915 Act and Benefit Assessment Bonds - Estimate		100	82,261,171
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 34,522,269,641
Less: Los Angeles Unified School District economically defeased general obligation bonds			(299,476,436)
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT:			\$ 34,222,793,205

DIRECT GENERAL FUND DEBT:

Los Angeles County General Fund Obligations		100	\$ 4,151,529,000 ⁽⁴⁾
Subtotal Direct General Fund Debt			\$ 4,151,529,000

OVERLAPPING GENERAL FUND DEBT:

Los Angeles County Office of Education Certificates of Participation		100	\$ 3,403,487
Community College District General Fund Obligations		Various ⁽⁵⁾	298,335,941
Baldwin Park Unified School District General Fund Obligations		100	28,095,000
Compton Unified School District Certificates of Participation		100	24,500,000
Los Angeles Unified School District Certificates of Participation		100	97,870,000
Paramount Unified School District General Fund Obligations		100	19,472,000
Other Unified School District General Fund Obligations		Various ⁽⁵⁾	183,476,479
High School and Elementary School District General Fund Obligations		Various ⁽⁵⁾	153,124,447
City of Beverly Hills General Fund Obligations		100	73,020,000

Continued...

COUNTY OF LOS ANGELES
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED) - Continued
JUNE 30, 2023

City of Los Angeles General Fund	100	1,291,521,414
City of Long Beach General Fund Obligations	100	142,210,000
City of Pasadena General Fund Obligations	100	378,038,265
City of Pasadena Pension Obligation Bonds	100	130,525,000
Other Cities' General Fund Obligations	100	4,289,782,348
Los Angeles County Sanitation Districts Financing Authority	100	7,644,933
Subtotal Overlapping General Fund Debt		\$ 7,121,019,314
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 11,272,548,314
Less: Cities supported bonds		(439,171,614)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$ 10,833,376,700
OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCIES)		\$ 1,833,983,334
GROSS COMBINED TOTAL DEBT		\$ 47,628,801,289 ⁽⁶⁾
NET COMBINED TOTAL DEBT		\$ 46,890,153,239
TOTAL GROSS DIRECT DEBT		\$ 4,151,529,000
TOTAL NET DIRECT DEBT		\$ 4,151,529,000
TOTAL GROSS OVERLAPPING DEBT		\$ 43,477,272,289
TOTAL NET OVERLAPPING DEBT		\$ 42,738,624,239
 <u>RATIOS TO 2021-22 NET ASSESSED VALUATION</u>		
Total Overlapping Tax and Assessment Debt		1.81%
 <u>RATIOS TO FULL CASH VALUE</u>		
Gross Combined Direct Debt (\$4,151,529,000)		0.25%
Net Combined Direct Debt (\$4,151,529,000)		0.25%
Gross Combined Total Debt		2.89%
Net Combined Total Debt		2.85%
 <u>RATIOS TO REDEVELOPMENT INCREMENTAL VALUATION</u>		
Total Overlapping Tax Increment Debt		0.69%

Notes:

- (1) This balance is reduced by homeowners exemptions of \$6,781,602,089.
- (2) Yearly estimates from the Los Angeles Almanac.
- (3) All 100%, or almost 100%, except for Antelope Valley Joint Union High School and Community College District, Fullerton Union High School District, Las Virgenes Joint Unified School District, North Orange County Joint Community College District, and the schools and special districts included in them.
- (4) Includes Certificates of Participation and Bonds, Notes, Loans and Other Debt, Leases, and Financed Purchase.
- (5) All 100%, or almost 100%, except for Fullerton Union High School District, Las Virgenes Joint Unified School District, Snowline Joint Unified School District, Victor Valley Joint Community College District, and the schools and special districts included in them.
- (6) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded lease obligations.
Except for Los Angeles Unified School District Qualified Zone Academy Bonds (QZABs) are included based on principal due at maturity.

Source:

California Municipal Statistics - for general information purposes only.

**LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
COMPUTATION OF LEGAL DEBT MARGIN (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)**

<u>Fiscal Year</u>	<u>Assessed</u>	<u>Legal</u>	<u>Total Net</u>	<u>Legal</u>	<u>Legal Debt</u>	COMPUTATION OF LEGAL DEBT MARGIN	
	<u>Value</u> ⁽¹⁾	<u>Debt Limit</u> ⁽²⁾	<u>Applicable</u>	<u>Debt Margin</u> ⁽³⁾	<u>Margin/</u>	June 30, 2023	
			<u>Debt</u>		<u>Debt Limit</u>		
2013 - 2014	\$ 1,145,256,479	\$ 14,315,706		\$ 14,315,706	100.00%	Assessed valuation (net taxable)	\$ 1,911,287,084
2014 - 2015	1,207,856,231	15,098,203		15,098,203	100.00%	Applicable percentage in computing capacity	1.25%
2015 - 2016	1,282,507,245	16,031,341		16,031,341	100.00%	Total debt limit	\$ 23,891,089
2016 - 2017	1,354,458,675	16,930,733		16,930,733	100.00%	Less: Total net applicable debt	-
2017 - 2018	1,435,385,951	17,942,324		17,942,324	100.00%	Legal debt margin, June 30, 2023	\$ 23,891,089
2018 - 2019	1,529,882,495	19,123,531		19,123,531	100.00%		
2019 - 2020	1,625,539,871	20,319,248		20,319,248	100.00%		
2020 - 2021	1,724,138,383	21,551,730		21,551,730	100.00%		
2021 - 2022	1,785,802,728	22,322,534		22,322,534	100.00%		
2022 - 2023	1,911,287,084	23,891,089		23,891,089	100.00%		

Notes:

- (1) Assessed Value does not include tax exempt property. Property value data can be found in the "Assessed Value and Actual Value of Taxable Property" schedule. This information above represents the entire County of Los Angeles. The Flood Control District is a component of the County of Los Angeles and covers most of the County area.
- (2) The Legal Debt Limit is 1.25% of assessed value.
- (3) The Legal Debt Margin is the Flood Control District's available borrowing authority under state finance statutes and is calculated by subtracting the debt applicable the Legal Debt Limit.

Source:

County of Los Angeles Auditor-Controller.

**LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
PLEGGED-REVENUE COVERAGE (UNAUDITED)
LAST TEN FISCAL YEARS (in thousands)**

Revenue Bonds

<u>Fiscal Year</u>	<u>Revenue Collected</u>	<u>Debt Service</u> ⁽¹⁾		<u>Total Debt Service</u>	<u>Coverage</u>
		<u>Principal</u>	<u>Interest</u>		
2013 - 2014	\$ 115,560	\$ 17,480	\$ 3,763	\$ 21,243	5.44
2014 - 2015	115,431	15,105	3,054	18,159	6.36
2015 - 2016	114,575	12,630	256	12,886	8.89
2016 - 2017	129,155				
2017 - 2018	104,036				
2018 - 2019	133,555				
2019 - 2020	408,130				
2020 - 2021	402,289				
2021 - 2022	399,494				
2022 - 2023	412,974				

Note:

(1) The District redeemed the remaining outstanding principal of its Capital Construction Bonds on September 1, 2016.

**LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS (UNAUDITED) ⁽¹⁾
LAST TEN FISCAL YEARS (in thousands)**

Year	Population County of Los Angeles *	Personal Income *	Per Capita Personal Income ⁽²⁾	School Enrollment ^{(3) **}	Unemployment Rate *
2014	10,069	\$ 487,900,000	\$ 48,456	1,553	8.2%
2015	10,192	521,900,000	51,207	1,539	6.9%
2016	10,240	557,382,000	54,432	1,523	5.1%
2017	10,278	585,515,000	56,968	1,511	4.6%
2018	10,106	628,809,000	62,221	1,493	4.6%
2019	10,184	658,900,000	64,700	1,464	4.5%
2020	10,136	708,700,000	69,919	1,437	13.6%
2021	9,931	728,400,000	73,346	1,390	9.6%
2022	9,835 ⁽⁴⁾	722,300,000 ⁽⁴⁾	73,442 ⁽⁴⁾	1,337	4.9% ⁽⁴⁾
2023	9,761 ⁽⁵⁾	743,300,000 ⁽⁶⁾	76,150	1,314	6.4% ⁽⁷⁾

Notes:

- (1) This schedule represents the entire County of Los Angeles. The Flood Control District is a component of the County of Los Angeles and covers most of the County area.
- (2) Amounts shown are in actual dollars (not thousands).
- (3) Public school enrollment.
- (4) Amounts were revised from prior year to report actual amounts.
- (5) Amount is an estimate as of January 2023.
- (6) Amount is a projection as of October 2023.
- (7) Amount is a projection as of February 2023.

Sources:

- * Los Angeles Economic Development Corporation Economic Forecast's website: www.laedc.org.
Los Angeles Almanac's website: www.laalmanac.com/population.
UCLA Anderson Los Angeles County Quarterly Forecast.
- ** California Department of Education's website: www.cde.ca.gov.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
TEN LARGEST INDUSTRIES (UNAUDITED) ^{(1), (2)}
CURRENT YEAR AND NINE YEARS AGO

	JUNE 30, 2023			JUNE 30, 2014		
	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total</u>
<u>Industry</u>						
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	14.59%	587,800	3	14.03%
Government	583,200	4	12.57%	564,500	4	13.47%
Leisure & Hospitality	554,300	5	11.94%	469,500	5	11.21%
Manufacturing	320,000	6	6.89%	373,500	6	8.91%
Information	220,600	8	4.75%	195,300	8	4.66%
Financial Activities	215,700	7	4.65%	211,300	7	5.04%
Construction	158,000	9	3.40%	152,100	9	3.63%
Other Services	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%

Notes:

- (1) This schedule is based on the entire County of Los Angeles. The Flood Control District is a component of the County of Los Angeles and covers most of the county areas.
- (2) We are presenting employment by industry because we have been unable to obtain employment numbers for individual employers.

Source:

State of California Employment Development Department's website: www.labormarketinfo.edd.ca.gov.

COUNTY OF LOS ANGELES
FULL-TIME EQUIVALENT COUNTY EMPLOYEES BY FUNCTION / PROGRAM (UNAUDITED)
LAST TEN FISCAL YEARS

<u>Function/Program</u> ^{(1), (2)}	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
General Government	10,528	10,571	10,764	10,902	11,093	11,378	11,399	11,109	10,903	11,126
Public Protection ⁽³⁾	33,556	33,537	33,664	33,694	32,877	32,850	32,920	32,295	31,210	30,304
Health and Sanitation	26,431	27,144	27,703	28,639	30,351	31,457	32,122	32,266	31,513	30,936
Public Assistance	20,346	20,808	21,376	21,913	21,963	22,015	22,023	22,684	22,851	22,400
Education	1,442	1,432	1,475	1,496	1,467	1,480	1,502	1,414	1,253	1,076
Recreation and Cultural Services	2,853	2,839	2,898	2,931	2,991	2,996	2,895	2,212	2,474	2,546
Total	<u>95,156</u>	<u>96,331</u>	<u>97,880</u>	<u>99,575</u>	<u>100,742</u>	<u>102,176</u>	<u>102,861</u>	<u>101,980</u>	<u>100,204</u>	<u>98,388</u>

Notes:

- (1) Full time equivalent count is calculated by dividing the total number of person-months paid by 12. Full time equivalent employees include all employees on the County's payroll system.
- (2) Specific data for Public Ways and Facilities is not available.
- (3) This schedule represents the entire County of Los Angeles. The Flood Control District is a component of the County of Los Angeles and covers most of the County area. Full time equivalent County employees in the Flood Control District are reflected under the Public Protection Function/Program.

Source:

Employee Count study performed by the Auditor-Controller - Accounting Division.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
OPERATING INDICATORS BY FUNCTION / PROGRAM (UNAUDITED)
LAST TEN FISCAL YEARS

<u>Function/Program</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Public Protection										
Flood Control										
Operation and maintenance costs per mile of storm drain maintained	\$ 2,395	\$ 3,017	\$ 3,645	\$ 3,670	\$ 3,670	\$ 5,033	\$ 4,400	\$ 4,145	\$ 4,495	\$ 5,085
Operation and maintenance costs per mile of channel maintained	67,635	72,015	79,604	88,571	93,815	103,519	132,212	104,916	125,038	112,777
Operation and maintenance costs per thousand cubic yards of debris basin capacity	1,595 ⁽¹⁾	1,546 ⁽¹⁾	1,457	1,872	2,180	2,452	2,460	1,649	2,123	2,524
Operation and maintenance costs per acre-foot of dam capacity	144 ⁽¹⁾	148 ⁽¹⁾	179	194	188	363	321	460	600	958

Note:

(1) Excludes cost for sediment removal.

Sources:

FYs 2013-14 through 2022-23 provided by Los Angeles County Public Works, Stormwater Maintenance Division.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM (UNAUDITED)
LAST TEN FISCAL YEARS

Function/Program	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Public Protection										
Linear Feet of Channel	2,975,226	2,975,576	2,975,944	2,976,734	2,976,845	3,036,734	3,037,452	3,037,452	3,037,452	3,037,856
Linear Feet of Storm Drain	15,644,408	15,674,670	15,675,530	15,720,645	15,744,920	15,751,873	15,808,722	15,821,788	15,846,135	15,860,578
CDS Units	67	67	67	71	71	71	73	73	74	76
Debris Basins	142	142	142	145	146	146	146	146	149	151
Debris Retaining Inlets	311	312	312	317	319	319	331	332	335	336
Detention/ Retention Basins	25	25	25	26	26	26	27	28	28	28
Crib Dams	234	234	234	234	234	234	234	234	234	234
Barriers	17	17	17	24	24	24	24	24	24	24
Pumping Plants	48	48	48	48	48	49	50	50	51	51
Spreading Grounds	27	28	28	28	28	28	28	29	29	29
Dams	14	14	14	14	14	14	14	14	14	14
Stream Gauging Stations	60	60	60	60	60	60	60	60	60	60
Wells				23	23	23	23	23	23	23
Inlets					6	8	41	52	57	65
Outlets					4	6	31	32	32	32
Catch Basins	80,392	80,392	80,396	80,396	80,396	80,396	80,396	80,396	80,396	80,396

Sources:

"Flood Network" for FY 2013-14 through FY 2022-23 provided by Los Angeles County Public Works, Fiscal Division, Expenditure Management Section, Property Unit.

Photo Gallery

Los Angeles County Flood Control District Fiscal Year 2022 – 2023 Photo Gallery



Gates Canyon Stormwater Improvements Project

The Gates Canyon Stormwater Improvements Project is located in the unincorporated area of Calabasas, CA. The Project will capture, store and treat for irrigation, and infiltrate urban runoff and stormwater from 105 acres of residential land from the neighboring area.

The use of this water will help offset other water demand as well as improve downstream waterbodies such as Las Virgenes Creek and Malibu Creek. Total cost of the project is \$12,700,000. The economic impact of the project is estimated to exceed over \$30,000,000.



Project Plan

The Project will divert stormwater and urban runoff into infiltration wells and underground storage and water treatment system for landscape irrigation reuse. The Project will also include above ground park improvements, including educational signage.

The Project will also improve the water quality of Las Virgenes Creek and Malibu Creek, increase local water supply through the use of an alternate source of water for irrigation, and provide community enhancement and educational and outreach opportunities.

Gates Canyon Stormwater Improvements Project – Continued

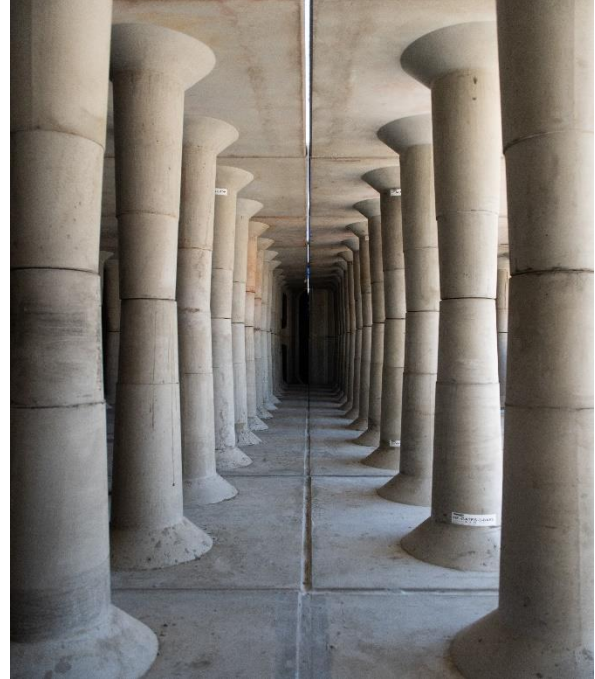


Before Construction



During Construction

Gates Canyon Stormwater Improvements Project – Continued



After Construction

Sustainable Water Infrastructure Project

Sustainable Water Infrastructure Project (SWIP), a first-of-its-kind water recycling facility that adds a drought resilient water supply to the City of Santa Monica. The project will provide up to 1,600 acre-feet per year of purified water. SWIP will improve water quality in the Santa Monica Bay by diverting stormwater and urban runoff away from the ocean. The project includes upgrades to the Santa Monica Urban Runoff Recycling Facility, known as SMURRF, making it the first project in the State of California where treated stormwater is directly injected into the groundwater basin to recharge local groundwater supplies. Additionally, it includes both a new 1.5-million-gallon stormwater harvesting tank and a new 1 million gallon per day advanced water treatment facility. The project has three elements that will work seamlessly together to convert stormwater and wastewater into purified water that will be used for irrigation, dual-plumbed buildings, and to recharge the local groundwater basin and increases local water supplies.



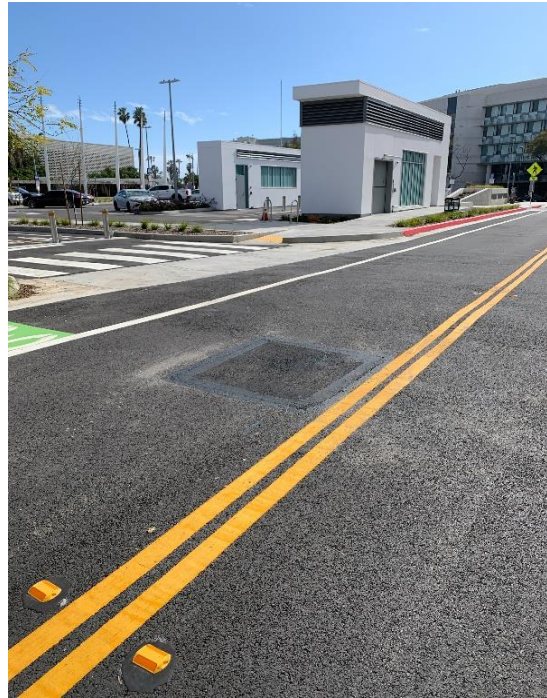
Before Construction

Sustainable Water Infrastructure Project – Continued



During Construction

Sustainable Water Infrastructure Project – Continued



After Construction

Ballona Creek Trash Interceptor Pilot Project

The Ballona Creek Trash Interceptor is a fully automated, solar-powered trash collection device designed to capture floating plastic, trash, and litter before they reach the ocean. It is the first scalable 100% solar-powered solution to prevent plastic from entering our ocean.



Los Angeles County Public Works has developed a pilot project to test this innovative technology. This pilot project includes the deployment of The Interceptor at the mouth of Ballona Creek in Marina del Rey, the construction of six moorings on the north and south jetties of the channel, the installation of a river monitoring system to characterize waterborne trash, and educational signage. Ballona Creek will remain fully accessible, except during rain events.

Since its launch in October 2022, the Interceptor has prevented more than 85 tons of trash and debris from reaching Santa Monica Bay and local beaches.

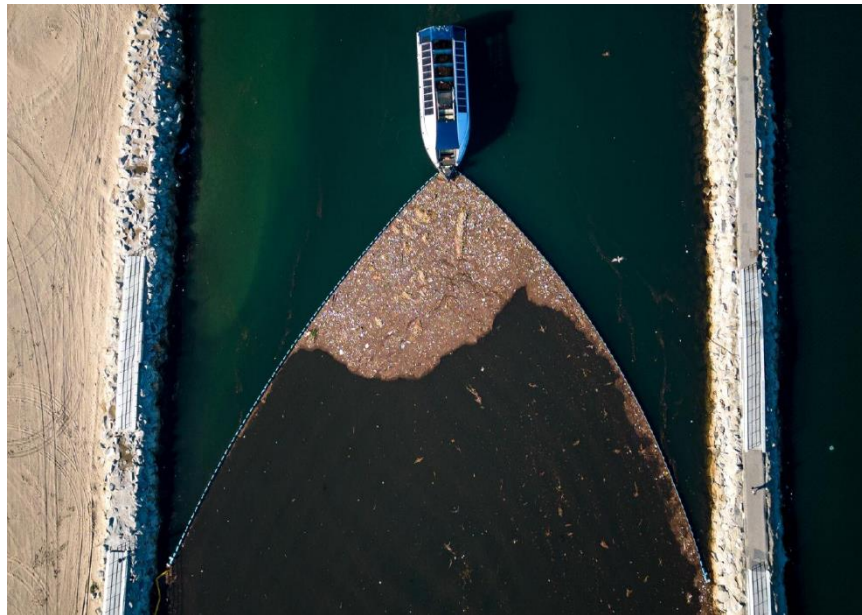
Ballona Creek Trash Interceptor Pilot Project – Continued



Aerial View



Ballona Creek Trash Interceptor Pilot Project – Continued



Trash removal

Ballona Creek Trash Interceptor Pilot Project – Continued



Before



After

Ladera Park Stormwater Improvements Project

Ladera Park Stormwater Improvements project will divert stormwater and urban runoff for groundwater infiltration and landscape irrigation reuse. The project will also include above ground park improvements, including a demonstration garden, drought tolerant landscaping, low impact-development features, and educational signage. The project features include new drainage infrastructure to capture and treat stormwater. More than half a million gallons of stormwater will be converted annually to irrigate the park and infiltrate approximately 25 million gallons into underground wells below Ladera Park. The project will improve the water quality of the Ballona Creek, offset potable water use, and provide community enhancement and education and outreach opportunities.



Ladera Park Stormwater Improvements Project – Continued



Before Construction



During Construction

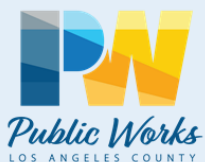


After Construction

Los Angeles County Flood Control District



Tom A. Tidemanson Building Public Works Headquarters



**LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT**

**AUDITOR'S COMMUNICATION LETTER,
INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*,
CURRENT YEAR RECOMMENDATIONS, AND
STATUS OF PRIOR YEAR RECOMMENDATIONS**

June 30, 2023

LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT
June 30, 2023

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PARTNERS

CRAIG A. HARTZHEIM, CPA
HADLEY Y. HUI, CPA
ALEXANDER C HOM, CPA
ADAM V GUISE, CPA
TRAVIS J HOLE, CPA
WILSON LAM, CPA

COMMERCIAL ACCOUNTING & TAX SERVICES
8383 WILSHIRE BLVD., SUITE 800
BEVERLY HILLS, CA 90211
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

GOVERNMENTAL AUDIT SERVICES
5800 HANNUM AVE., SUITE E
CULVER CITY, CA 90230
TEL: 310.670.2745
FAX: 310.670.1689
www.mlhcpas.com

December 27, 2023

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

We have audited the financial statements of the governmental activities and each major fund of the Los Angeles County Flood Control District (District), a component unit of the County of Los Angeles, California, as of and for the fiscal year ended June 30, 2023. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated September 1, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 of the notes to the basic financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into by the District during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the lease receivable, claims liability, and the estimated historical costs and useful lives of capital assets. Management's estimate of the lease receivable is based on terms of the lease contracts and Management's estimate of option renewals, Management's estimate of the claims liability is based on estimates from the District's legal department, while the estimated historical costs and useful lives of capital assets are based on historical data and industry guidelines. We evaluated the key factors and assumptions used to develop the estimates above in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements if any. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 27, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each fiscal year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual on the Budgetary Basis – General Fund and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual on the Budgetary Basis - Safe, Clean Water Program Measure W Special Revenue Fund, which are required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Combining Balance Sheet, and Schedules of Revenues, Expenditures, and Changes in Fund Balances – Safe, Clean Water Program Measure W Funds, which accompany the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the Introductory, Statistical, or Photo Gallery Sections, which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Restriction on Use

This information is intended solely for the use of the County of Los Angeles Board of Supervisors and management of the Los Angeles County Flood Control District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



MOSS, LEVY & HARTZHEIM, LLP
Culver City, CA



PARTNERS

CRAIG A. HARTZHEIM, CPA
HADLEY Y. HUI, CPA
ALEXANDER C HOM, CPA
ADAM V GUISE, CPA
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**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 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 and each major fund of the Los Angeles County Flood Control District (District), a component unit of the County of Los Angeles, California, as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 27, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 District'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.



Moss, Levy & Hartzheim, LLP
Culver City, California
December 27, 2023

CURRENT YEAR RECOMMENDATIONS

No findings noted in the current fiscal year.

STATUS OF PRIOR YEAR RECOMMENDATIONS

No findings noted in the prior fiscal year.