COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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March 18, 2021

TO: Supervisor Hilda L. Solis, Chair
Supervisor Holly J. Mitchell
Supervisor Sheila Kuehl
Supervisor Janice Hahn
Supervisor Kathryn Barger

FROM: Arlene Barrera
Auditor-Controller

SUBJECT: **AUDIT OF THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT FOR THE YEAR ENDED JUNE 30, 2020**

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, 2020. Moss conducted the audit under the Auditor-Controller's Master Agreement for audit services.

Review Summary

Moss' report on the financial statements indicates they present fairly, in all material respects, the financial position of the governmental activities, each major fund (i.e., General Fund and Safe, Clean Water Program Measure W Fund), and the fiduciary fund/agency fund of the District as of June 30, 2020, 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 provisions of laws, 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 is required by professional standards to accumulate all known misstatements identified during the audit and communicate them to the appropriate level of the District management. Moss identified that the District did not make the correct accounting entries to record $13.6 million for completed Construction-In-Progress (CIP), which should have been recorded as infrastructure for the Fiscal Year ended June 30, 2020.

Moss' auditor's communication letter and the report on internal control are attached (Attachment II). The Department's response, included in Attachment III, indicates the Department will establish a corrective action plan to ensure the same misstatement does not occur again.

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

AB:PH: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)

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2020

Director Mark Pestrella

Public Works
LOS ANGELES COUNTY

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2020

Table of Contents

Page

INTRODUCTORY SECTION

Department of Public Works' Letter of Transmittal i
Certificate of Achievement for Excellence in Financial Reporting xii
Board of Supervisors and Contributing County Officials..... xiii
Department of Public Works' Organizational Chart xiv

FINANCIAL SECTION

Independent Auditor's Report 1

Management's Discussion and Analysis (Required
Supplementary Information) 4

Basic Financial Statements:

Government-wide Financial Statements:
Statement of Net Position..... 17
Statement of Activities..... 18

Fund Financial Statements:
Balance Sheet – Governmental Funds 19
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position..... 20
Statement of Revenues, Expenditures, and Changes in Fund
Balances – Governmental Fund..... 21
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to
the Statement of Activities..... 23
Statement of Fiduciary Assets and Liabilities 24

Notes to the Basic Financial Statements..... 25

Required Supplementary Information:
Schedule of Revenues, Expenditures, and Changes in Fund Balance
– Budget and Actual on Budgetary Basis – General Fund 46
Schedule of Revenues, Expenditures, and Changes in Fund Balance
– Budget and Actual on Budgetary Basis – Safe, Clean Water
Program Measure W Fund …….. 47

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2020

Table of Contents

Page

Notes to Required Supplementary Information……. 48

Other Supplementary Information:
Statement of Changes in Assets and Liabilities – Fiduciary Fund..... 50

Combining Safe, Clean Water Program Measure W Funds Financial Statements:
Combining Balance Sheet – Safe, Clean Water Program Measure W Funds……..…….. 52
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Safe, Clean Water Program Measure W Funds…….. 53

STATISTICAL SECTION

Net Position by Category – Last Ten Fiscal Years 54
Changes in Net Position – Last Ten Fiscal Years 55
Fund Balances, Governmental Funds – Last Ten Fiscal Years 57
Changes in Fund Balances, Governmental Funds – Last Ten Fiscal Years..... 58
Bar Chart – Governmental Funds Expenditures and Revenues – Last Ten Fiscal Years..... 59
Assessed Value and Actual Value of Taxable Property – Last Ten Fiscal Years..... 60
Direct and Overlapping Property Tax Rates for Tax Rate Area #4 – Last Ten Fiscal Years..... 61
Principal Property Taxpayers – Current Year and Nine Years Ago..... 62
Property Tax Levies and Collections – Last Ten Fiscal Years 63
Ratio of Outstanding Debt by Type – Last Ten Fiscal Years..... 64
Ratio of Net General Bonded Debt – Last Ten Fiscal Years 65
Estimated Direct and Overlapping Bonded Debt..... 66
Computation of Legal Debt Margin – Last Ten Fiscal Years 68
Pledged-Revenue Coverage – Last Ten Fiscal Years..... 69
Demographic and Economic Statistics – Last Ten Fiscal Years 70
Ten Largest Industries – Current Year and Nine Years Ago 71
Full-Time Equivalent County Employees by Function/Program – Last Ten Fiscal Years..... 72
Operating Indicators by Function/Program – Last Ten Fiscal Years 73
Capital Asset Statistics by Function/Program – Last Ten Fiscal Years ... 74

Photo Gallery ..... Appendix

Introductory Section

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

MARK PESTRELLA, Director

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IN REPLY PLEASE REFER TO FILE: FI-10

December 24, 2020

TO: Each Supervisor

FROM: Mark Pestrella
Director of Public Works

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

We are pleased to submit the Comprehensive Annual Financial Report of the Los Angeles County Flood Control District for the fiscal year ended June 30, 2020. The District is a blended component unit of the County of Los Angeles. The report contains financial statements prepared in accordance with Generally Accepted Accounting Principles (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 (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A 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 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.

The District boundaries encompass 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's current infrastructure includes 14 major dams and reservoirs, 491 miles of concrete and soft-bottom channels, 3,400 miles of underground storm drain conduits, 82,275 catch basins, 47 pump stations, 175 debris basins, 180 crib dams, 37 sediment placement sites, 27 spreading grounds, 21 low-flow diversion structures, 311 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 (NPDES) Permit. The District's responsibilities include conducting special water quality studies, water quality monitoring of the District's channel system, enforcement of an illicit connection and discharge program, and working with municipalities to implement control measures to reduce urban and stormwater runoff pollution.

ECONOMIC OVERVIEW

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 Pandemic. The assessed property tax roll grew for the ninth consecutive year and is 6.25 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 strict community oversight and independent auditing as well as 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, and stormwater education and workforce training programs.

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.

To date, the District has been awarded approximately $74 million in competitive grant funding from various grants (and facilitated many more millions regionally) as follows:

- Proposition 1 – Voters approved in November 2014, which authorized $510 million in Integrated Regional Water Management (IRWM) Funding.
    - Within the Proposition 1 IRWM Program, the District (on behalf of the Los Angeles-Ventura Funding Area) was awarded $9.8 million (based on size of Funding Area) to conduct a Disadvantaged Community (DAC) Involvement Program that includes engagement, needs assessment, and technical assistance to improve DAC participation in IRWM and prepare for potential implementation projects within DACs. Additionally, the District facilitated $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.

- Within the Proposition 1 Groundwater Grant Program, the District was awarded $7 million for the West Coast Basin Barrier Project Unit 13 to construct new injection and observation wells.

- Proposition 1E – Voters approved in November 2006, which allows the State to sell bonds for financing projects that will enhance flood protection:

  1. Santa Anita Stormwater Flood Management and Seismic Strengthening Project – $20 million
  2. Devil's Gate and Eaton Stormwater Flood Management Project – $28.4 million

- Proposition 84 (IRWM) – Voters approved in November 2006, which allowed the State to sell bonds for financing projects that will improve urban runoff and stormwater quality. In addition to facilitating tens of millions of other regional projects on behalf of the Greater Los Angeles County IRWM Region, the District received funds as follows:

  1. Big Dalton Spreading Grounds Improvement – $2.16 million
  2. Dominguez Gap Spreading Grounds West Basin Percolation Enhancements – $2 million
  3. Lopez Spreading Grounds Improvements – $1.3 million
  4. Oxford Retention Basin Multi-Use Enhancement – $1.5 million
  5. Pacoima Spreading Grounds Improvement – $4 million
  6. Walnut Creek Spreading Basin Improvement – $1.2 million
  7. West Coast Basin Barrier Unit 12 New Injection and Observation Well Projects – $1 million

- Proposition 50 (IRWM) – Voters approved in November 2002, which allowed the State to sell bonds for financing water projects including coastal protection, the CALFED Bay-Delta Program, integrated regional water management, safe drinking water, and water quality. The District received $5.6 million for the Morris Dam Water Supply Project and facilitated approximately $20 million in regional projects on behalf of the Greater Los Angeles County IRWM region.

In addition to grants, the Cities of Arcadia and Sierra Madre and the Raymond Basin Management Board are providing a total of $2 million in additional funds for the Santa Anita Stormwater Flood Management and Seismic Strengthening Project.

The Los Angeles Department of Water and Power (DWP) is providing funding for the following projects (in addition to applicable grant funds):

1. Big Tujunga Reservoir Sediment Removal Project – $10 million
2. Lopez Spreading Grounds Improvements – $2 million
3. Pacoima Reservoir Sediment Removal Project – $10 million
4. Pacoima Spreading Grounds Improvements – $15 million
5. Tujunga Spreading Grounds Enhancement Project – $44 million

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 $165 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, Santa Anita Debris Dam, and Puddingstone Dam. The Santa Anita Dam Spillway Modification Project began construction in April 2018 and is scheduled for completion in summer 2021 with a cost of $37 million. The construction of the Santa Anita Debris Dam Seismic Rehabilitation Project, at an estimated cost of $11 million, and the Santa Anita Headworks Improvements Project, at an estimated cost of $7 million, are anticipated to begin in summer 2022. The estimated cost of all current and future construction projects over the next ten years is approximately $150 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 Sierra Madre Dam Slope Protection and Basin Access Road Improvement Project, which was awarded for $4.1 million in June 2020, and the Live Oak Dam and Reservoir Inlet/Outlet Works Rehabilitation Project, which was completed in June 2020 with a cost of $2 million. An additional $60 million in 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

Action Plans. The new inundation maps provide details on areas that could be flooded if a dam were to fail. 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. Upon State approval of the new inundation maps, these maps will be incorporated into new Emergency Action Plans (EAP) for the District's 14 major dams and 19 debris dams. The estimated date for submittal of the new or updated EAPs to the State is by end of 2020.

Integrated Regional Water Management Plans – This program, initiated by 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. This collaborative effort includes the District, County, cities, water purveyors, water wholesalers, groundwater managers, environmental organizations, open space stakeholders, stormwater managers, and representatives from disadvantaged communities. Since 2006, agencies in the Los Angeles area have received over $129 million in project funding toward 71 projects.

DWR's Proposition 1 DAC component required a single Funding Area-wide proposal from each of the 12 Proposition 1 Funding Areas, one of which is the Los Angeles-Ventura Funding Area.

The District, on behalf of the Los Angeles-Ventura 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 Community Outreach and Needs Assessment stages. The Funding Area Needs Assessment – Community and Institutions Needs Assessment is currently in progress and is expected to be completed by summer 2021. The District is also the lead agency for subsequent Proposition 1 implementation grant funds and will be submitting a grant application in conjunction with the other Funding Area regions in 2022. Various other awards have been received as well and are summarized in the Economic Overview section.

Cooperative Projects with the U.S. Army Corps of Engineers – The District is actively working with the Corps of Engineers 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 several project studies being sponsored and/or conducted by the Corps of Engineers:

- Arroyo Seco Ecosystem Restoration Feasibility Study
- Dominguez Channel – Federal Interest Determination, Section 205 Flood Damage Reduction
- Los Angeles County Drainage Area Stormwater Management Plan Phase II
- Los Angeles County Drainage Area Dominguez Channel Feasibility Study
- Santa Clara River Watershed Feasibility Study
- Whittier Narrows Dam Water Conservation and Supply Feasibility Study Update

Federal Emergency Management Agency (FEMA)-National Levee Certification Program Compliance – The District has a program that certifies that District-owned levees meet the 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, the Rio Hondo, the San Gabriel River, and the Santa Clara River system have been certified. The District is working with the U.S. Army Corps of Engineers on analyses to help the District identify project alternatives to address flood risk for approximately 7 miles of levees along Dominguez Channel that have not been certified. The District is also working with FEMA to have the areas behind another approximately 7 miles of non-certified levees along Compton Creek and 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 water conservation 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, which include flood protection, water conservation, 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.

SCW Program – The District administers the implementation of the SCW Program. During its first year of implementation, the District processed over $2 million of tax relief, collected approximately $280 million in Special Parcel Tax revenue, and developed nine Stormwater Investment Plans across the nine different Watershed Areas as part of the Regional Program. The nine regional Stormwater Investment Plans in aggregate commit

to invest $380 million towards Programs and Multi-Benefit Projects that provide (1) a Water Quality Benefit, and (2) a Water Supply Benefit or a Community Investment Benefit, or both over the current 5-year period ($95 million during Fiscal Year 2020-21). Additional annual Stormwater Investment Plans will continue to increase this total.

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. 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 to remove 1.7 million cubic yards of sediment from the reservoir began the sediment removal phase in May 2019. As of October 1, 2020, over 778,000 cubic yards of sediment were removed. Additional construction projects planned under this program include Pacoima, Big Tujunga, Cogswell, and San Gabriel Reservoir 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 $250 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. DWP provided $10 million each for the Big Tujunga Reservoir and Pacoima Reservoir Restoration Projects.

Post-Fire Sediment Management – Three fires, Saddleridge, Tick, and Getty, burned over 14,000 structures. Los Angeles County Public Works engineers visited 500 fire area properties to investigate potential debris flow impacts and provided engineering advice on interim debris mitigation measures to property owners. A new rail and timber structure was constructed, which has allowed more sediment to be captured within the canyon and protect the community. In Fiscal Year 2019-20, in addition to 38,000 cubic yards of sediment removed from the structures in Trancas Canyon in Fiscal Year 2018-19, Public Works has removed 18,400 cubic yards of sediment. 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 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.

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 DWP to improve some of its groundwater recharge facilities. For Fiscal Year 2019-20, the District continued the construction of the Tujunga Spreading Grounds Enhancement Project, as well as the planning of various other groundwater recharges projects. Other anticipated construction projects under this program include improvements to Big Dalton, Lopez, and Pacoima Spreading Grounds; Peck Road Spreading Basins; and the Bull Creek Water Conservation Project. The estimated construction cost for those projects is $89 million. Cost-sharing agreements have been executed for the improvements at the Lopez, Pacoima, and Tujunga Spreading Grounds and the Bull Creek Water Conservation Project. The projects at Big Dalton, Dominguez, Lopez, and Pacoima Spreading Grounds and the Peck Road Spreading Basin have been chosen to receive Proposition 84 grant funds. Additionally, the District is considering acquiring land for new and expanded spreading 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 has constructed more than 311 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 $7 million to construct 11 new injection wells and one new observation well at the West Coast Basin Barrier project, and $4.2 million to construct 5 new injection wells and 2 new observation wells at the Alamitos Barrier Project. The West Coast Basin Barrier Project Unit 13 has been advertised for construction and the Alamitos Barrier Project Unit 15 is currently in the design phase.

STORMWATER AND URBAN RUNOFF QUALITY

Clean Water Act Compliance – As a discharger under the Federal Clean Water Act, the District is required to obtain coverage under a municipal stormwater NPDES 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.

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, Section 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. Budgets are generally adopted annually for the District's General Fund, SCW Program Measure W Fund, and Debt Service Fund. There was no annual budget 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 year-end.

Your Board approves all transfers of appropriations between budget units and transfers exceeding $250,000 within budget units. Your Board must also approve necessary supplemental appropriations normally financed by unanticipated revenues earned during the 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 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, 2020, in accordance with the requirements of California Government Code Section 26909. 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 (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This was the thirteenth 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 comprehensive annual financial report. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is only valid for a period of one year. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certification.

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.

LL:mc
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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 Comprehensive Annual Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morrill

Executive Director/CEO

COUNTY OF LOS ANGELES
BOARD OF SUPERVISORS
(for Period Ending June 30, 2020)

Kathryn Barger, Chairman
Fifth District

Hilda L. Solis
First District

Mark Ridley-Thomas
Second District

Sheila Kuehl
Third District

Janice Hahn
Fourth District

Celia Zavala
Executive Officer
Board of Supervisors

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Mark Pestrella
Director of Public Works

Sachi A. Hamai
Chief Executive Officer

Arlene Barrera
Auditor-Controller

Keith Knox
Interim Treasurer and Tax Collector

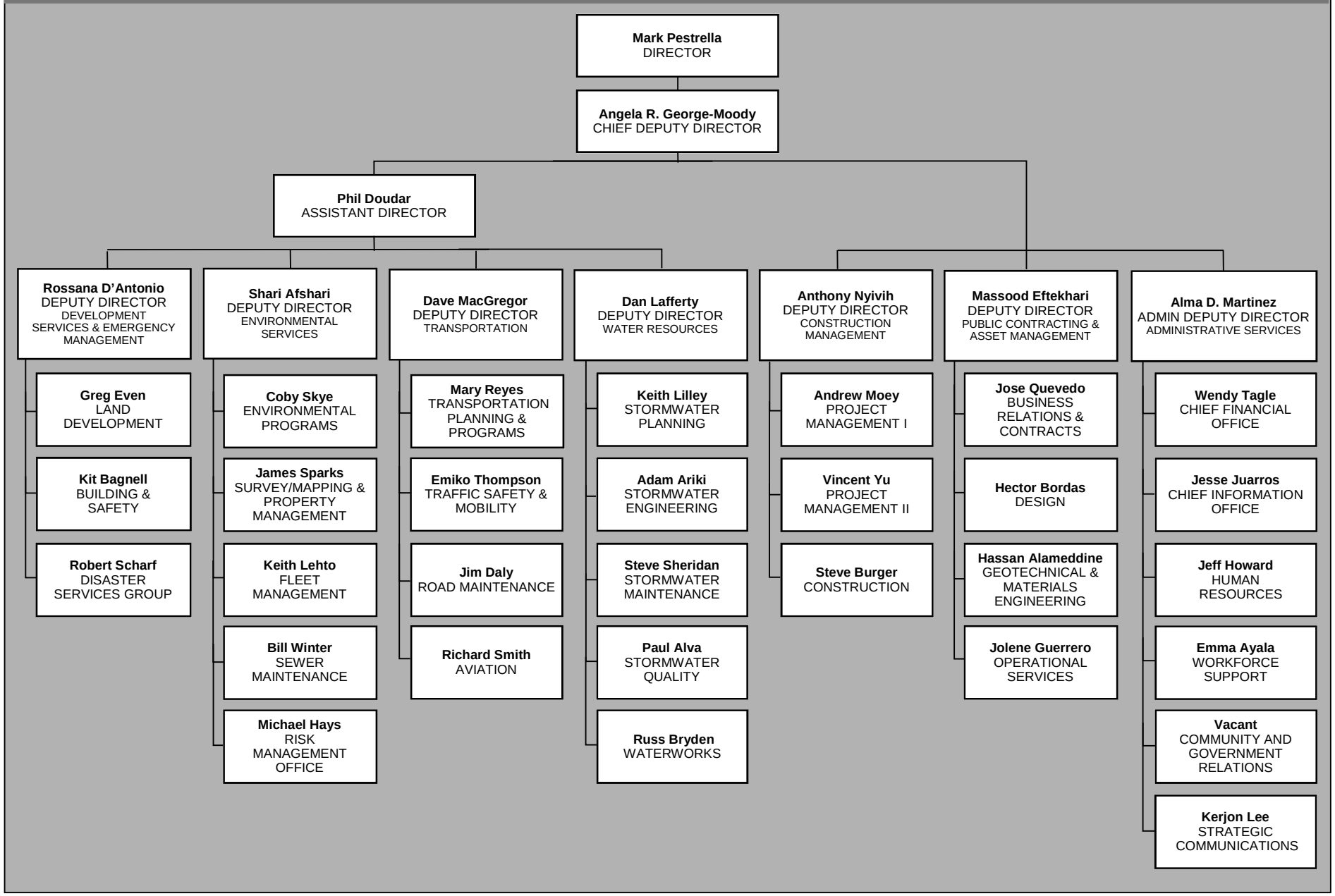
Mary C. Wickham
County Counsel

Department of Public Works

dpw.lacounty.gov

Organization Chart

Revised: 06/22/2020



Financial Section

MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors
County of Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary 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, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary fund of the District as of June 30, 2020, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual on Budgetary Basis – General Fund, and the Safe, Clean Water Program Measure W Special Revenue Fund on pages 4 through 16 and pages 46 through 47 be presented to supplement the basic financial statements. Such information, 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.

Other Information

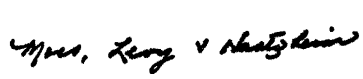
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section, the Statement of Changes in Assets and Liabilities – Fiduciary Fund, the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Safe, Clean Water Program Measure W Funds, the Statistical Section, and Photo Gallery are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The Statement of Changes in Assets and Liabilities – Fiduciary Fund and the Combining Statements of Revenues, Expenditures, and Changes in Fund Balances – Safe, Clean Water Program Measure W Funds are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statement of Changes in Assets and Liabilities – Fiduciary Fund and the Combining Statement 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.

The Introductory, Statistical, and Photo Gallery sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2020, 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 24, 2020

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, 2020. 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 Comprehensive Annual 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 year, the net position (total assets less total liabilities) of the District was $6.5 billion.

During the fiscal year, the District's net position increased by $317.6 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 $745.0 million, an increase of $261.3 in comparison with the prior year. The fund balance categories and amounts consisted of restricted fund balance of $744.9 million and assigned fund balance of $0.1 million.

The District's capital asset balance, net of accumulated depreciation, was $5.7 billion at fiscal year-end, and increased by $46.6 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 two kinds of funds:

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.

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

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

Fiduciary Funds – Assets held in an agency capacity for others and unable to be used to support District activities are known as fiduciary funds. The District's agency funds are reported in this fund category using the accrual basis of accounting.

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 25 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 46 through 49 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 by $6.5 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, 2020, 2019 and 2018
(in thousands)

	Governmental Activities		
	2020	**2019**	**2018**
Current and other assets	$ 824,663	$ 576,668	$ 583,257
Capital assets	5,727,485	5,680,893	5,641,422
Total assets	$6,552,148	$6,257,561	$6,224,679
Current and other liabilities	$ 64,390	$ 84,447	$ 75,111
Long-term liabilities	6,370	9,293	8,133
Total liabilities	70,760	93,740	83,244
Net Position:			
Net investment in capital assets	5,727,485	5,680,893	5,641,422
Restricted net position	753,804	482,829	499,914
Unrestricted net position	99	99	99
Total net position	6,481,388	6,163,821	6,141,435
Total liabilities and net position	$6,552,148	$6,257,561	$6,224,679

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 $5.727 billion. This represents its investment in capital assets (e.g., land and easements, buildings and improvements, infrastructure, equipment, and software—net of accumulated depreciation), 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 year-end was $753.8 million, primarily for Capital Projects and Public Protection. These restrictions are primarily due to external restrictions imposed by State 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

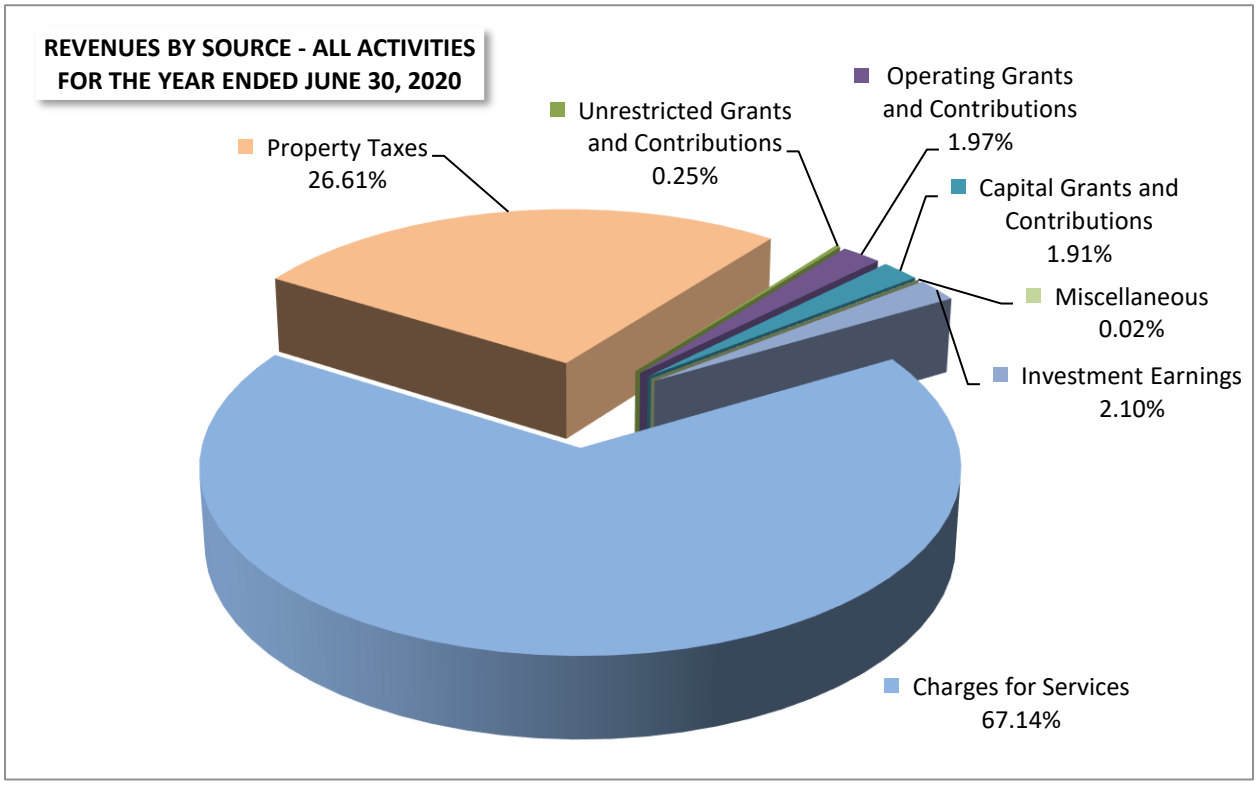
Table 2 indicates the changes in net position for the governmental activities.

Table 2

Summary of Changes in Net Position
For the Fiscal Years Ended June 30, 2020, 2019 and 2018
(in thousands)

	Governmental Activities		
	2020	**2019**	**2018**
Revenues:			
Program revenues:			
Charges for services	$ 421,180	$ 142,732	$ 111,997
Operating grants and contributions	12,384	4,641	12,048
Capital grants and contributions	11,968		
General revenues:			
Property taxes	166,939	159,666	145,222
Unrestricted grants and contributions	1,589	1,378	1,373
Investment earnings	13,170	18,782	3,679
Miscellaneous	109	309	1,447
Total revenues	627,339	327,508	275,766
Expenses:			
Public protection	309,772	305,122	269,018
Total expenses	309,772	305,122	269,018
Changes in net position	317,567	22,386	6,748
Net position – beginning	6,163,821	6,141,435	6,134,687
Net position – ending	$6,481,388	$6,163,821	$6,141,435

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



The District's change in net position was $295.2 million more than the prior fiscal year. Following are the major factors that contributed to the net position changes:

- Revenues from governmental activities increased by $299.9 million (91.6%) from the previous fiscal year. The most significant changes in revenue were in the following areas:

    - Charges for services were $278.5 million (195.1%) more than the previous year mainly due to (1) $283.1 million increase in benefit assessment from the Safe, Clean Water Program, (2) $5.0 million decrease in revenue reimbursement from the Tujunga Spreading Grounds project, and (3) $2.0 million decrease from rents & concessions, and royalties.

    - Capital grants and contributions were $12.0 million (166.9%) higher than previous fiscal year due to an increase in revenue from donated Infrastructure assets.

    - Operating grants and contributions were $7.7 million (166.9%) higher than previous fiscal year due to an increase in reimbursements from State and Federal Programs.

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

- Property taxes were $7.3 million (4.6%) higher than previous fiscal year due to an increase in assessed property values.

- Investment earnings were $5.6 million (29.9%) lower than previous fiscal year due to a decrease in investment fair value and interest earned.

- Governmental activity expenses were $4.7 million (1.5%) higher than the previous fiscal year primarily due to an increase in public protection spending.

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, 2020, the District's governmental funds reported combined total fund balance of $745.0 million, an increase of $261.3 million in comparison with the prior fiscal year. Of the total fund balance, $744.9 million is classified as restricted and $0.1 million as assigned. There was no balance for Debt Service Fund.

Revenues in the District's all governmental funds were $608.6 million, an increase of $281.5 million (86.0%) from the previous fiscal year. Charges for services, which were $408.1 million, were a major source of revenue for the governmental funds. Charges for services increased $274.6 million (205.6%) from the previous fiscal year. The increase was mainly due to the increase of benefit assessments from the new SCW program. Another significant source of revenue was property taxes, which totaled $165.2 million, an increase of $5.9 million due to higher assessed property values and property tax revenue from the dissolution of redevelopment agencies. Intergovernmental revenues were $14.0 million, an increase of $8.0 million (132.2%) mainly due to increase of State and Federal reimbursement.

Expenditures for the governmental funds totaled $347.3 million, a slight increase of 1.0% from the previous fiscal year. For the reporting year, revenues exceeded expenditures for governmental activities by $261.3 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 year, the fund balance in the General Fund decreased by 5.4 million (1.1%). At the end of the current fiscal year, the General Fund's total fund balance was $478.2 million. Of this amount, $478.1 is classified as restricted and $0.1 million as assigned.

General Fund revenues during the current year were $327.2, which were about the same as last fiscal year. General Fund expenditures during the current year were $332.7 million, a decrease of $11.1 million (3.2%) from the previous year.

Following are significant changes in General Fund revenues and expenditures:

- Revenues from taxes increased by $5.9 million, which was primarily associated with growth in assessed property values as previously discussed.

- Intergovernmental revenues increased by $8.0 million (132.2%) in FY 2019-20. The State and federal revenues increase was primarily attributable to Santa Anita Dam Modification Project and Dominguez Gap Spreading Grounds-West Basin Percolation Enhancements Project.

- General fund expenditures decreased by a total of $11.1 million, or 3.2% due to a slight increase 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 year-end fund balance of $266.8 million.

The voter-approved Safe, Clean Water Program (SCW Program) authorized the District to levy a special parcel tax upon parcels of property within the boundaries of the District at the rate of two and one-half (2.5) cents per square foot of impermeable area starting this fiscal year. Current year revenues from the SCW Program were $281.4 million. Expenditures were $14.7 million, which were associated with the costs and expenses of carrying out the SCW 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 year budgetary changes and actual results for the District's General Fund revenues and other financing sources (in thousands).

Table 3

Category	Increase (Decrease) From Original Budget	Final Budget Amount	Actual Amount (Budgetary Basis)	Variance - Positive (Negative)
Taxes	$ 2,092	$ 164,520	$ 166,745	$ 2,225
Intergovernmental revenues		3,402	13,974	10,572
Charges for services		114,120	129,056	14,936
All other revenues		19,660	17,138	(2,522)
Other sources and transfers		50	23	(27)
Changes in fund balance	10,000	62,346	64,905	2,559
Total	$ 12,092	$ 364,098	$ 391,841	$ 27,743

Changes from Amounts Originally Budgeted

During the fiscal year, the net change in the District's General Fund budget was a positive $12.1 million. The change mainly resulted from a $10.0 million increase in changes in fund balance. 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 $28 million (7.6%) more than budgeted. The variance resulted primarily from the following:

- Increase in reimbursement from state.
- Increase in benefit assessment and inspection.
- Increase in reimbursement from cities.

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 year budgetary changes and actual results for the District's General Fund expenditures (in thousands).

Table 4

Category	Increase (Decrease) From Original Budget	Final Budget Amount	Actual Amount	Variance - Positive (Negative)
Public protection, capital outlays & transfers out	$ 10,000	$422,105	$330,339	$ 91,766
Contingencies	2,092	2,092		2,092
Total	$ 12,092	$424,197	$330,339	$ 93,858

Changes from Amounts Originally Budgeted

During the fiscal year, the net change in the District's General Fund budgeted public protection, capital outlays and transfers out was a positive $10.0 million. The variance resulted from decrease in Capital Assets-Building & Improvements and contracts being awarded.

Actual Expenditures/Other Financing Uses Compared with Final Budget Amounts

Actual expenditures and other financing uses in the District's General Fund were $91.8 million lower than budgeted. The variance primarily resulted from a decrease in Service & Supplies Contracts, Capital Assets-Infrastructure, and Capital Assets-Building & Improvements 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, 2020, the District had $5.73 billion (net of depreciation) invested in capital assets including land and easements, buildings and improvements, infrastructure, equipment, and software (see Table 5).

The District's capital assets (net of depreciation) for the reporting fiscal year increased $46.6 million (0.8%) 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 (in thousands)

	Reporting Year	Prior Year	Increase (Decrease)
Land and easements	$3,765,906	$3,753,348	$ 12,558
Buildings and improvements (B&I)	55,139	56,562	(1,423)
Infrastructure	1,673,026	1,721,413	(48,387)
Equipment	2,267	1,063	1,204
Intangible-Software	3,856	1,259	2,597
Construction-in-progress-B&I	6,847	3,943	2,904
Construction-in-progress-Infrastructure	220,444	141,618	78,826
Construction-in-progress-Software		1,687	(1,687)
Total	$5,727,485	$5,680,893	$ 46,592

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, 2020, was $227.3 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 $16.7 million in infrastructure asset additions (see Note 5) includes projects completed of $4.8 million this year under the Construction-in-Progress category, donated Infrastructure assets of $12.0 million, and deletions of $0.1 million.

The completed projects totaled $18.4 million and primarily consist of the following (asset values are prior to depreciation):

Channels

- Little Dalton Wash, Coyote Creek and Coyote Creek North Fork Channels Repairs ($2,385,033)

Pumping Plants

- Manhattan Beach Pump Station ($2,380,368)
- Anaheim Street Drain and Pump Station ($7,142,167)

Storm Drains

- Anaheim Street Drain and Pump Station ($6,540,145)

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

Debt Administration

At June 30, 2020, the District had $6,370,000 in long-term liabilities. The District's long-term liabilities decreased by approximately $2.9 million (31.5%) this fiscal year as a result of the decrease in pollution remediation and litigation liabilities. The District redeemed the remaining outstanding principal of its Capital Construction Bonds in Fiscal Year 2016-17. Specific disclosures related to long-term obligations appear in Notes 6, 8 and 12.

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
Pollution Remediation (Note 6, 8 & 12)	$ 53	$ 1,534	$ 1,481
Litigation (Note 6 & 8)	6,302	7,755	1,453
Auto & General (Note 6 & 8)	15	4	(11)
Total	$ 6,370	$ 9,293	$ 2,923

ECONOMIC CONDITIONS AND OUTLOOK

The Board of Supervisors adopted the District's 2020-2021 Budget on June 29, 2020. The Budget was adopted based on the estimated fund balances that would be available at the end of 2019-20. The Board updated the Budget on September 29, 2020, to reflect final 2019-20 fund balances and other pertinent financial information. For the District's General Fund, the 2020-2021 Budget included $121.6 million of available fund balance, which exceeded the previously estimated fund balance of $67.5 million. The additional fund balance of $54.1 million resulted primarily from the unanticipated increase in tax and grant revenues and the decrease in expenditures due to projects delayed. For the District's Measure W Fund, the 2020-2021 Budget included $268.8 million of available fund balance, which exceeded the previously estimated fund balance of $76.4 million. The additional fund balance of $192.4 million resulted primarily from delays in transfer of funds to municipalities and watershed areas programs.

The District's 2020-21 Budget continues to reflect the District's long-standing commitment to responsible and sustainable fiscal practices. The assessed property value was 6.25% higher in the current year. This reflects the ninth consecutive year of growth, which will provide additional property tax revenues to the District. However, the COVID-19 pandemic has had a negative impact to the local economy. Specifically, the State and County have elevated unemployment rates compared to the rest of the nation and are experiencing a slower recovery as a result. As such, elevated unemployment rates will likely increase demand for District services, hamper consumer spending, and negatively

affect sales tax and other locally-generated revenues. Moreover, slower than projected growth in the Consumer Price Index, combined with potential challenges in the commercial and industrial section of the real estate market, could negatively impact the assessed valuation and property taxes as more people work from home. The District also faces unfunded liabilities for retiree healthcare and addressing maintenance and capital improvement needs.

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, 2020 (in thousands)

		GOVERNMENTAL ACTIVITIES
ASSETS		
Pooled cash and investments (Notes 1 and 4)		$ 788,267
Advances to the County of Los Angeles		6,338
Taxes receivable		23,783
Interest receivable		895
Other receivables		5,379
Inventories		1
Capital assets: (Notes 1 and 5)		
Land and easements and construction-in-progress	$ 3,993,197	
Other capital assets, net of accumulated depreciation	1,734,288	
Total capital assets		5,727,485
TOTAL ASSETS		6,552,148
LIABILITIES		
Accounts payable		8,532
Advances payable (Note 1)		55,858
Noncurrent liabilities: (Notes 6, 8 and 12)		
Due within one year		560
Due in more than one year		5,810
TOTAL LIABILITIES		70,760
NET POSITION		
Net investment in capital assets		5,727,485
Restricted for:		
Capital projects		223,380
Public protection		530,424
Unrestricted		99
TOTAL NET POSITION		$ 6,481,388

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, 2020 (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	$ 309,772	$ 421,180	$ 12,384	$ 11,968	$ 135,760
Total	$ 309,772	$ 421,180	$ 12,384	$ 11,968	135,760
General revenues:					
Property taxes					166,939
Grants and contributions not restricted to special programs					1,589
Investment earnings					13,170
Miscellaneous					109
Total general revenues					181,807
Change in net position					317,567
Net position - July 1, 2019					6,163,821
Net position - June 30, 2020					$ 6,481,388

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, 2020 (in thousands)

	GENERAL	SAFE, CLEAN WATER PROGRAM MEASURE W	TOTAL GOVERNMENTAL FUNDS
ASSETS:			
Pooled cash and investments (Notes 1 and 4)	$ 524,913	$ 263,354	$ 788,267
Advances to the County of Los Angeles	6,338		6,338
Taxes receivable	9,996		9,996
Interest receivable	646	249	895
Assessments receivable	6,802	6,985	13,787
Other receivables	5,379		5,379
Inventories	1		1
TOTAL ASSETS	$ 554,075	$ 270,588	$ 824,663
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES:			
Accounts payable	$ 8,408	$ 124	$ 8,532
Advances payable (Note 1)	55,858		55,858
TOTAL LIABILITIES	64,266	124	64,390
DEFERRED INFLOWS OF RESOURCES:			
Unavailable revenue - property taxes & other revenues (Note 13)	11,575	3,696	15,271
FUND BALANCES:			
Restricted:			
Capital projects	223,380		223,380
Public protection	254,755	266,768	521,523
Assigned	99		99
TOTAL FUND BALANCES	478,234	266,768	745,002
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 554,075	$ 270,588	$ 824,663

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, 2020 (in thousands)

Fund balance of total governmental funds (page 19)		**$ 745,002**
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	**$ 3,765,906**	
Construction-in-progress	**227,291**	
Buildings and improvements - net	**55,139**	
Equipment - net	**2,267**	
Intangible Software - net	**3,856**	
Infrastructure - net	**1,673,026**	**5,727,485**
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		**15,271**
The following long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:		
Litigation/self insurance		**(6,370)**
Net position of governmental activities (page 17)		**$ 6,481,388**

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, 2020 (in thousands)

	GENERAL	SAFE, CLEAN WATER PROGRAM MEASURE W	TOTAL GOVERNMENTAL FUNDS
REVENUES:			
Taxes	$ 165,175	$ -	$ 165,175
Licenses and permits	1,372		1,372
Fines, forfeitures, and penalties	1,433		1,433
Interest	11,133	2,037	13,170
Rents and royalties	5,276		5,276
Intergovernmental revenues:			
Federal	183		183
State	12,923		12,923
Other	868		868
Charges for services	128,741	279,389	408,130
Miscellaneous	82		82
TOTAL REVENUES	327,186	281,426	608,612
EXPENDITURES:			
Current public protection:			
Services and supplies	294,670	14,658	309,328
Capital outlay	37,986		37,986
TOTAL EXPENDITURES	332,656	14,658	347,314
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,470)	266,768	261,298

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, 2020 (in thousands)

	GENERAL	SAFE, CLEAN WATER PROGRAM MEASURE W	TOTAL GOVERNMENTAL FUNDS
OTHER FINANCING SOURCES (USES):			
Sales of capital assets	$ 22	$ -	$ 22
OTHER FINANCING SOURCES (USES) - NET	22	-	22
NET CHANGE IN FUND BALANCES	(5,448)	266,768	261,320
FUND BALANCES - BEGINNING	483,682		483,682
FUND BALANCES - ENDING	$ 478,234	$ 266,768	$ 745,002

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, 2020 (in thousands)

Net change in fund balances - total governmental funds (page 22)			$ 261,320
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	$ 37,986		
Capital grants and contributions	11,968		
Capital outlay reported as Services & Supplies	79,688	$ 129,642	
Less - current year depreciation expense		(67,625)	62,017
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			(15,425)
Revenue timing differences result in more/(less) revenue in Government-wide Statements			6,732
Change in litigation/self insurance			2,923
Change in net position of governmental activities (page 18)			$ 317,567

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

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2020 (in thousands)

	AGENCY FUND
ASSETS	
Pooled cash and investments (Notes 1 and 4)	$ 1,860
TOTAL ASSETS	**$ 1,860**
LIABILITIES	
Deposits payable	$ 1,860
TOTAL LIABILITIES	**$ 1,860**

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, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The Los Angeles County Flood Control District's (District) 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 Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020. 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

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 with the exclusion of fiduciary activities.

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 categories: (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, 2020, there were no restricted assets impacted by enabling legislation.

When both restricted and unrestricted 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, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

At June 30, 2020, the District had recorded restricted net position in the Governmental Activities as follows (in thousands):

	Governmental Activities
Restricted for:	
Capital Projects	$ 223,380
Public Protection	530,424
Total Restricted	$ 753,804

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

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, 2020, 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, 2020

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, 2020 are as follows (in thousands):

	General Fund	Safe, Clean Water Program Measure W Fund	Total
Fund Balances			
Restricted for:			
Capital Projects	$ 223,380	$ -	$ 223,380
Public Protection	254,755	266,768	521,523
Total Restricted	478,135	266,768	744,903
Assigned	99		99
Total Fund Balances	$ 478,234	$ 266,768	$ 745,002

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.

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, including fiduciary funds. Separate statements for governmental and fiduciary 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

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 financial statements can be found on pages 51-53 of this report.

The District also reports on the following fund:

- Fiduciary Fund (Agency Fund)

The Agency Fund is used to account for assets held by the District in an agency capacity pending transfer or distribution to individuals, private organizations, other governmental entities, or other funds. Such funds have no equity accounts since all assets are primarily made up of deposits due to individuals or entities at some future time. The Agency Fund consists of funding for the acquisition of rights-of-way for flood control projects and deposits received from other governmental entities, private companies, and individuals, as part of an agreement, permit, contractual obligation, or other pre-payment requirement stemming from flood control construction projects or maintenance work.

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 years are

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

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 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.

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 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

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.

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 Cornonavirus Disease 2019 (COVID-19) may have late payment penalties cancelled if they were unable to pay their property taxes by the Apirl 10, 2020 deadline. The California Revenue and Taxation Code (R&TC) grants Treasurer and Tax Collector the authority to cancel payment penalties in limited circumstances. Beginning April 11, 2020, Treasurer and Tax Collector began 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

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 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, and infrastructure, are reported in the government-wide financial statements. Capital assets are recorded at historical cost if purchased, or estimated historical cost if constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement should be reported at acquisition value rather than fair value.

Capital outlays are recorded as expenditures of the General and Capital Project Funds and as assets in the government-wide financial statements to the extent the District's capitalization threshold is met. GASB 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

The County's policy is to record infrastructure costs as services and supplies expenditures in the Governmenal 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, and $25,000 for infrastructure 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 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

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-

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

wide statement of net position and governmental fund balance sheets.

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

In addition to liabilities, the financial statements will report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period 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 13 for a listing of the deferred inflows of resources the District recognized.

Advances Payable

Advances Payable of $55,858,000 as of June 30, 2020, represents deposits received from customers for future projects.

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. 89 and 95 during the fiscal year ended June 30, 2020.

Governmental Accounting Standards Board Statement No. 89

GASB 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period,*" establishes accounting requirements for interest cost incurred before the end of a construction period. Refer to Note 1 for the required note disclosure information.

2. NEW ACCOUNTING PRONOUNCEMENTS-Continued

Governmental Accounting Standards Board Statement No. 95

GASB 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance,"* provides temporary relief to governments in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statement and Implementation Guides that are scheduled to become effective for periods beginning after June 15, 2018.

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, 2020, the County's billings to the District's General Fund approximated $155,287,542, and to the Safe, Clean Water Program Measure W Fund approximated $2,195,514. 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, 2020, the expenses from the District's General Fund was $11,655,582.

The District transferred total $11,435,000 to the County's Capital Project for East Los Angeles Median Stormwater Project in this fiscal year.

The District also allocated the collected Measure W special parel tax revenue to the County for Municipal Program for the uninicorporated area programs. The allocations are recorded in the District's financial statements as expenses under "Public Protection." For the fiscal year ended June 30, 2020, the expenses from the District's Safe, Clean Water Program Measure W fund was $11,041,527.

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

The District issued certificates of participation in 1987 to acquire its headquarters building. These certificates were defeased and replaced with refunding bonds in August 1993. The 1993 refunding bonds were refunded in January 2003 (see Note 6). The District redeemed the remaining outstanding principal of $12,630,000 on September 1, 2016. The District's management has no intention of selling the headquarters building. However, in the event the headquarters were to be sold, the

3. TRANSACTIONS WITH THE COUNTY-Continued

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, 2020, County rental payments to the District totaled $1,437,023.

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, 2020, 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 $788,267,000, which represents approximately 2.32% of the total pool. The "pooled cash and investments" reported on the Statement of Fiduciary Assets and Liabilities was $1,860,000.

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 gain on the District's proportionate share of investments held in the Treasurer's Pool was $2,329,000 as of June 30, 2020. 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

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2020

4. CASH AND INVESTMENTS-Continued

common deposit and investment risks for the entire County Treasurer's Pool is presented in Note 5 to the County of Los Angeles Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2020. 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.

5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020, is as follows (in thousands):

	Balance July 1, 2019	Transfers	Additions	Deletions	Balance June 30, 2020
Governmental Activities					
Capital assets, not depreciated:					
Land and easements	$ 3,753,348	$ -	$ 12,558	$ -	$ 3,765,906
Construction-in-progress – Buildings and Improvements	3,943		2,904		6,847
Construction-in-progress – Infrastructure	141,618	(4,776)	97,274	(13,682)	220,444
Construction-in-progress – Software	1,687			(1,687)	
Subtotal	**3,900,596**	**(4,776)**	**112,736**	**(15,369)**	**3,993,197**
Capital assets, being depreciated:					
Buildings and improvements	103,147		643		103,790
Equipment	2,906		1,502	(88)	4,320
Intangible – Software	1,786		2,793		4,579
Infrastructure	3,874,594	4,776	11,968	(57)	3,891,271
Subtotal	**3,982,433**	4,776	**16,906**	**(145)**	**4,003,960**
Less accumulated depreciation:					
Buildings and improvements	46,585		2,066		48,651
Equipment	1,843		299	(89)	2,053
Intangible – Software	527		196		723
Infrastructure	2,153,181		65,064		2,218,245
Subtotal	**2,202,136**	**-**	**67,625**	**(89)**	**2,269,672**
Total capital assets, being depreciated, net	**1,780,297**	**4,776**	**(50,719)**	**(56)**	**1,734,288**
Total capital assets, net	**$ 5,680,893**	**$ -**	**$ 62,017**	**$ (15,425)**	**$ 5.727,485**

Depreciation Expense

Governmental activities:

Public protection	$ 67,625
Total depreciation expense, governmental activities	**$ 67,625**

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS-Continued
JUNE 30, 2020

5. CAPITAL ASSETS-Continued

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.

The capital asset adjustment of $129,642,000 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, 2020 (see page 23), is detailed as follows (in thousands):

Capital Asset Adjustments	
Addition of Capital Assets, not depreciated:	
Land and Easements	$ 12,558
Construction in progress - Buildings and Improvements	2,904
Construction in progress - Infrastructure	97,274
Addition of Capital Assets, being depreciated:	
Buildings and improvements	643
Equipment	1,502
Software	2,793
Infrastructure	11,968
Total Capital Assets Adjustments	$ 129,642

6. LONG-TERM OBLIGATIONS

Long-term obligations of the District Pollution Remediation Liability, Litigation Liability and Auto and General Liability (see Note 8 and 12).

Changes in Long-Term Obligations

The following is a summary of long-term obligations for the fiscal year ended June 30, 2020 (in thousands):

	Balance July 1, 2019	Claims & Change in Estimates	Deletions/ Maturities	Balance June 30, 2020	Due Within One Year
Pollution Remediation (Note 8 & 12)	$ 1,534	$ (1,481)	$ -	$ 53	$ 53
Litigation (Note 6 & 8)	7,755	(1,227)	(226)	6,302	497
Auto & General (Note 6 & 8)	4	11		15	10
Total	$ 9,293	$ (2,697)	$ (226)	$ 6,370	$ 560

7. INTERFUND TRANSACTIONS

There were no Interfund transfers during the fiscal year ended June 30, 2020.

8. RISK MANAGEMENT

The District is self-insured and has programs to address general liability. The District's properties are insured under the County's Consolidated Property Insurance Program, which has coverage of up to $800 million for all risk including earthquakes, $300 million for flood damages, and $1 million for pollution cleanup. There were no settlements related to these programs that exceeded insurance coverage in the past three years. The District bears the risk for all loss exposure in excess of insurance coverage. Liabilities for claims are reported when it is probable that a loss has been incurred and the amount of the loss, including amounts 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, 2020, the District's best estimate of these probable judgment liabilities is $6,370,000. The changes in reported liability since July 1, 2017, were as follows (in thousands):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimate	Claim Payments	Balance at Fiscal Year-End
2017-18	$ 11,571	$ (2,999)	$ (439)	$ 8,133
2018-19	$ 8,133	$ 1,704	$ (544)	$ 9,293
2019-20	$ 9,293	$ (2,697)	$ (226)	$ 6,370

9. 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.

10. 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 Board, Los Angeles Region, to the District, the unincorporated County of Los Angeles, and 84 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.

11. COMMITMENTS AND CONTINGENCIES

<u>Propositions 1E – The Disaster Preparedness and Flood Prevention Bond Act of 2006 and 84 – The Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006</u>

On November 7, 2006, voters approved infrastructure ballot measures for California State Propositions 1E and 84 which provide for the State to sell bonds to finance projects relating to enhancing flood protection and improving stormwater runoff quality. Both of these measures have potential to provide considerable funding to the District.

To date, the District has been awarded $20 million in grant funding from Proposition 1E

11. COMMITMENTS AND CONTINGENCIES-Continued

for the Santa Anita Dam Seismic Remediation and Spillway Project and $28 million for its Devil's Gate and Eaton Stormwater Flood Management Project. The District has also been awarded approximately $18 million in grant funding from Proposition 84 for several projects including Dominguez Gap Spreading Grounds – West Basin

Percolation Enhancements Project, Oxford Retention Basin Multi-Use Enhancement Project, Pacoima Spreading Grounds Improvement Project, Peck Water Conservation Improvement Project, Big Dalton Spreading Grounds Improvement Project, Lopez Spreading Grounds Improvement Project, West Coast Basin Barrier Project Injection Wells, and the Walnut Creek Spreading Basin Improvements Project.

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 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) submited a proposal for additional grant funding under the Round 1 IRWM Implementation Grant.

12. 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

12. POLLUTION REMEDIATION-Continued

and feasibility studies, source identification studies, site testing, sampling and analysis, groundwater cleanup, and removal of underground storage tanks.

As of June 30, 2020, the District's estimated pollution remediation obligations total $52,641. These obligations were all associated with the District's government-wide activities. The estimated liabilities were determined by project managers, based on historical cost information for projects of similar sizes, types and complexity, measured at current value. 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.

13. 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 of $15,271,000. These were previously reported as deferred revenues.

14. OTHER COMMITMENTS

Encumbrances

The district uses "encumbrances" to control expenditure commitments for the 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, 2020, the encumbrance balances for the governmental funds (in thousands) are reported as below:

	Restricted	Committed	Assigned	Total
General Fund	$ 142,862	$ -	$ -	$ 142,862
Safe, Clean Water Program Measure W Fund	1,005			1,005
Total Encumbrances	$ 143,867	$ -	$ -	$ 143,867

15. 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 $20,319,248,000 for the fiscal year ended June 30, 2020.

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, 2020 (in thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Taxes	$ 162,428	$ 164,520	$ 166,745	$ 2,225
Licenses, permits and franchises	1,094	1,094	1,372	278
Fines, forfeitures, and penalties	801	801	1,433	632
Revenue from use of money and property:				
Investment income	10,397	10,397	8,976	(1,421)
Rents and concessions	6,582	6,582	4,835	(1,747)
Royalties	760	760	440	(320)
Intergovernmental revenues:				
Federal			183	183
State	2,555	2,555	12,923	10,368
Other	847	847	868	21
Charges for services	114,120	114,120	129,056	14,936
Miscellaneous	26	26	82	56
TOTAL REVENUES	299,610	301,702	326,913	25,211
EXPENDITURES:				
Current - Public protection:				
Services and supplies	318,753	314,804	275,785	39,019
Other charges	8,283	8,283	3,140	5,143
Capital assets	1,153	1,153	638	515
Capital outlay	60,670	68,670	27,614	41,056
TOTAL EXPENDITURES	388,859	392,910	307,177	85,733
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(89,249)	(91,208)	19,736	110,944
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	50	50	23	(27)
Transfers out	(23,246)	(29,195)	(23,162)	6,033
Appropriation for contingencies	-	(2,092)		2,092
Changes in fund balance	52,346	62,346	64,905	2,559
OTHER FINANCING SOURCES (USES)-NET	29,150	31,109	41,766	10,657
NET CHANGE IN FUND BALANCE	(60,099)	(60,099)	61,502	121,601
FUND BALANCE, JULY 1, 2019	60,099	60,099	60,099	
FUND BALANCE, JUNE 30, 2020	$ -	$ -	$ 121,601	$ 121,601

See accompanying notes to 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
SAFE, CLEAN WATER PROGRAM MEASURE W FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020 (in thousands)

	SAFE, CLEAN WATER PROGRAM MEASURE W			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Revenue from use of money and property:				
Investment income	1,710	1,710	1,297	(413)
Charges for services	285,291	285,291	283,085	(2,206)
TOTAL REVENUES	287,001	287,001	284,382	(2,619)
EXPENDITURES:				
Current - Public protection:				
Services and supplies	28,814	28,814	4,540	24,274
Other charges	246,785	246,785		246,785
TOTAL EXPENDITURES	275,599	275,599	4,540	271,059
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	11,402	11,402	279,842	268,440
OTHER FINANCING SOURCES (USES):				
Transfers in	273,889	273,889	265,057	(8,832)
Transfers out	(285,291)	(285,291)	(276,099)	9,192
OTHER FINANCING SOURCES (USES)-NET	(11,402)	(11,402)	(11,042)	360
NET CHANGE IN FUND BALANCE	-	-	268,800	268,800
FUND BALANCE, JULY 1, 2019				
FUND BALANCE, JUNE 30, 2020	$ -	$ -	$ 268,800	$ 268,800

See accompanying notes to required supplementary information.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

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). For the fiscal year ended June 30, 2020, the District's Capital Project Funds were closed. 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, 2020. 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.

Transfers of appropriations between budget units must be approved by the Board. Supplemental appropriations financed by unanticipated revenue during the 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. 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 the time they are established. Although designations are not legal commitments, the District recognizes them as uses of budgetary fund balance. Designations

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-Continued

subsequently cancelled or otherwise made available for appropriation are recorded as other financing sources.

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

- 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 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, 2020 (in thousands):

	General Fund	Safe, Clean Water Program Measure W Fund
Fund Balance – Budgetary Basis (pages 46 & 47)	$ 121,601	$ 268,800
Reserves and Designations	366,254	1,005
Subtotal	487,855	269,805
Adjustments:		
Change in Accounts Payable Accruals	(4,406)	(81)
Change in Revenue Accruals	(5,215)	(2,956)
Fund Balance – U.S. GAAP Basis (page 22)	$ 478,234	$ 266,768

Other Supplementary Information

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020 (in thousands)

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
AGENCY FUND				
ASSETS				
Pooled cash and investments	$ 16,030	$ 2,335	$ (16,505)	$ 1,860
TOTAL ASSETS	**$ 16,030**	**$ 2,335**	**$ (16,505)**	**$ 1,860**
LIABILITIES				
Deposits payable	$ (16,030)	$ (2,335)	$ 16,505	$ (1,860)
TOTAL LIABILITIES	**$ (16,030)**	**$ (2,335)**	**$ 16,505**	**$ (1,860)**

Combining Safe, Clean Water Program Measure W Funds Financial Statements

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
SPECIAL REVENUE 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:

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, 2020 (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 (Notes 1 and 4)	$ 32	$ 99,699	$ 25,155	$ 17,255	$ 12,449	$ 16,337	$ 1,773	$ 11,332	$ 5,777	$ 17,613	$ 37,465	$ 18,467	$ 263,354
Interest receivable	(3)	(31)	326	(5)	(4)	(5)	(1)	(4)	(2)	(5)	(11)	(6)	249
Assessments receivable	6,985	-	-	-	-	-	-	-	-	-	-	-	6,985
TOTAL ASSETS	$ 7,014	$ 99,668	$ 25,481	$ 17,250	$ 12,445	$ 16,332	$ 1,772	$ 11,328	$ 5,775	$ 17,608	$ 37,454	$ 18,461	270,588
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES													
LIABILITIES:													
Accounts payable	$ -	$ -	$ 124	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 124
TOTAL LIABILITIES	-	-	124	-	-	-	-	-	-	-	-	-	124
DEFERRED INFLOWS OF RESOURCES:													
Unavailable revenue - property taxes & other revenues (Note 13)	3,696	-	-	-	-	-	-	-	-	-	-	-	3,696
FUND BALANCES:													
Restricted:													
Public protection	3,318	99,668	25,357	17,250	12,445	16,332	1,772	11,328	5,775	17,608	37,454	18,461	266,768
TOTAL FUND BALANCES	3,318	99,668	25,357	17,250	12,445	16,332	1,772	11,328	5,775	17,608	37,454	18,461	266,768
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 7,014	$ 99,668	$ 25,481	$ 17,250	$ 12,445	$ 16,332	$ 1,772	$ 11,328	$ 5,775	$ 17,608	$ 37,454	$ 18,461	$ 270,588

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
SAFE, CLEAN WATER PROGRAM MEASURE W FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020 (in thousands)

	Measure W -SCW Apportioned Assessment Revenue	Measure W -SCW Municipal Program Cities	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 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:													
Interest	$ 28	$ 270	$ 1,363	$ 46	$ 34	$ 44	$ 5	$ 31	$ 16	$ 48	$ 102	$ 50	$ 2,037
Charges for services	279,389	-	-	-	-	-	-	-	-	-	-	-	279,389
TOTAL REVENUES	279,417	270	1,363	46	34	44	5	31	16	48	102	50	281,426
EXPENDITURES:													
Current public protection:													
Services and supplies	11,042	-	3,616	-	-	-	-	-	-	-	-	-	14,658
TOTAL EXPENDITURES	11,042	-	3,616	-	-	-	-	-	-	-	-	-	14,658
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	268,375	270	(2,253)	46	34	44	5	31	16	48	102	50	266,768
OTHER FINANCING SOURCES (USES):													
Transfers in	-	99,398	27,610	17,204	12,411	16,288	1,767	11,297	5,759	17,560	37,352	18,411	265,057
Transfers out	(265,057)	-	-	-	-	-	-	-	-	-	-	-	(265,057)
OTHER FINANCING SOURCES (USES) - NET	(265,057)	99,398	27,610	17,204	12,411	16,288	1,767	11,297	5,759	17,560	37,352	18,411	-
NET CHANGE IN FUND BALANCES	3,318	99,668	25,357	17,250	12,445	16,332	1,772	11,328	5,775	17,608	37,454	18,461	266,768
FUND BALANCES - BEGINNING	-	-	-	-	-	-	-	-	-	-	-	-	-
FUND BALANCES - ENDING	$ 3,318	$ 99,668	$ 25,357	$ 17,250	$ 12,445	$ 16,332	$ 1,772	$ 11,328	$ 5,775	$ 17,608	$ 37,454	$ 18,461	$ 266,768

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 comprehensive annual 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.

CONTENTS PAGE

FINANCIAL TRENDS 54
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 60
These schedules contain trend information to help the reader assess the District's most significant local revenue source, which is property taxes.

DEBT CAPACITY 64
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 70
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 72
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 comprehensive annual 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)

	(1) 2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Governmental activities (2)										
Net investment in capital assets (5)	$ 5,793,007	$ 5,795,397	$ 5,769,841	$ 5,730,254	$ 5,702,905	$ 5,664,725	$ 5,671,044	$ 5,641,422	$ 5,680,893	$ 5,727,485
Restricted (3)	142,703	183,593	229,821	292,658	370,757	417,649	463,544	499,914	482,829	753,804
Unrestricted (4)	99	99	99	99	99	99	99	99	99	99
Total governmental activities net position	5,935,809	5,979,089	5,999,761	6,023,011	6,073,761	6,082,473	6,134,687	6,141,435	6,163,821	6,481,388
Primary government										
Net investment in capital assets (5)	5,793,007	5,795,397	5,769,841	5,730,254	5,702,905	5,664,725	5,671,044	5,641,422	5,680,893	5,727,485
Restricted (3)	142,703	183,593	229,821	292,658	370,757	417,649	463,544	499,914	482,829	753,804
Unrestricted (4)	99	99	99	99	99	99	99	99	99	99
Total primary government net position	$ 5,935,809	$ 5,979,089	$ 5,999,761	$ 6,023,011	$ 6,073,761	$ 6,082,473	$ 6,134,687	$ 6,141,435	$ 6,163,821	$ 6,481,388

Notes:

(1) Fiscal Year 2010-11 and subsequent years reflect retroactive reporting of capital assets in accordance with GASB Statement No. 34.
(2) This schedule reports on one category, governmental activities, as the District has no business-type activities to be reported.
(3) Asset restrictions are primarily due to external restrictions imposed by State legislation and bond covenants.
(4) Fiscal Year 2010-11 and subsequent years reflect a change to restricted and unrestricted net position as a result of implementing GASB Statement No. 54 and the closer scrutiny that followed.
(5) The County adopted GASB Statement No. 63 in FY 2012-13. For FY 2010-11 through 2011-12, the amounts were reported as Invested in capital assets, net of related debt (deficit).
Net assets were also renamed as net position.

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

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Expenses										
Governmental activities [1]										
General government										
Public protection	$ 201,156	$ 199,282	$ 232,787	$ 230,581	$ 212,461	$ 260,841	$ 245,401	$ 269,018	$ 305,122	$ 309,772
Contribution to Los Angeles County	1,159	1,018								
Interest on long-term debt	3,006	2,210	1,376	770	678	580	94			
Total governmental activities expenses	205,321	202,510	234,163	231,351	213,139	261,421	245,495	269,018	305,122	309,772
Total primary government expenses	205,321	202,510	234,163	231,351	213,139	261,421	245,495	269,018	305,122	309,772
Program Revenues										
Governmental activities										
Charges for services										
Benefit Assessments	109,430	109,666	109,631	109,597	108,474	107,690	108,431	109,930	112,318	395,542
Other charges for services	13,641	18,006	18,124	16,956	19,802	18,008	38,030	2,067	30,414	25,638
Subtotal governmental activities charges for services	123,071	127,672	127,755	126,553	128,276	125,698	146,461	111,997	142,732	421,180
Operating grants and contributions	4,929	4,439	4,372	4,528	3,897	2,935	5,006	12,048	4,641	12,384
Capital grants and contributions										11,968
Total governmental activities program revenue	128,000	132,111	132,127	131,081	132,173	128,633	151,467	124,045	147,373	445,532
Total primary government revenues	128,000	132,111	132,127	131,081	132,173	128,633	151,467	124,045	147,373	445,532
Net (expense)/revenue:										
Government activities	(77,321)	(70,399)	(102,036)	(100,270)	(80,966)	(132,788)	(94,028)	(144,973)	(157,749)	135,760
Total primary government net expenses	$ (77,321)	$ (70,399)	$ (102,036)	$ (100,270)	$ (80,966)	$ (132,788)	$ (94,028)	$ (144,973)	$ (157,749)	$ 135,760

Continued…

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

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
General Revenues and Other Changes in Net Position										
Governmental activities [1]										
Property taxes	$ 96,214	$ 100,991	$ 112,118	$ 115,613	$ 125,131	$ 129,302	$ 139,405	$ 145,222	$ 159,666	$ 166,939
Unrestricted grants and contributions	7,205	6,362	5,176	2,534	2,585	1,738	2,510	1,373	1,378	1,589
Investment earnings	1,008	1,911	513	2,371	3,508	4,465	1,687	3,679	18,782	13,170
Miscellaneous	2,652	4,415	4,901	3,002	492	5,995	2,640	1,447	309	109
Subtotal governmental activities	107,079	113,679	122,708	123,520	131,716	141,500	146,242	151,721	180,135	181,807
Total primary government	107,079	113,679	122,708	123,520	131,716	141,500	146,242	151,721	180,135	181,807
Changes in Net Position [2]										
Governmental activities	29,758	43,280	20,672	23,250	50,750	8,712	52,214	6,748	22,386	317,567
Total primary government	$ 29,758	$ 43,280	$ 20,672	$ 23,250	$ 50,750	$ 8,712	$ 52,214	$ 6,748	$ 22,386	$ 317,567

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 includes the voter-approved Safe, Clean Water Program which generates approximately $280 million per year from a Special Parcel Tax to capture, conserve, and treat stormwater to imporve water quality, increase water supply, and enhance communities.

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED) (1)
LAST TEN FISCAL YEARS (in thousands)
(modified accrual basis of accounting)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
General Fund										
Reserved for:										
Encumbrances	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Special purposes										
Unreserved, designated for:										
Flood control projects										
Unreserved, undesignated, reported in:										
General Fund										
Restricted										
Capital projects	65,314	91,270	125,426	104,963	212,938	337,890	341,751	341,751	285,726	223,380
Public protection	85,964	101,761	115,359	198,721	159,260	82,406	125,501	158,119	197,857	254,755
Assigned		99	99	99	99	99	99	99	99	99
Subtotal General Fund	151,278	193,130	240,884	303,783	372,297	420,395	467,351	499,969	483,682	478,234
All Other Governmental Funds (2)										
Reserved for:										
Debt service										
Unreserved, undesignated, reported in:										
Capital projects funds										
Restricted (3)	344									266,768
Committed	99									
Subtotal all other government funds	443									266,768
Total governmental fund balance	$ 151,721	$ 193,130	$ 240,884	$ 303,783	$ 372,297	$ 420,395	$ 467,351	$ 499,969	$ 483,682	$ 745,002

Notes:
(1) The County implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned and unassigned. The governmental funds are reported in the new required format beginning FY 2010-11.
(2) "All Other Governmental Funds" consist of the Debt Service Funds, Capital Projects Funds, and Safe, Clean Water Program Measure W Funds.
(3) Beginning Fiscal Year 2019-20 includes the voter-approved Safe, Clean Water Program which generates approximately $280 million per year from a Special Parcel Tax to capture, conserve, and treat stormwater to imporve water quality, increase water supply, and enhance communities.

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

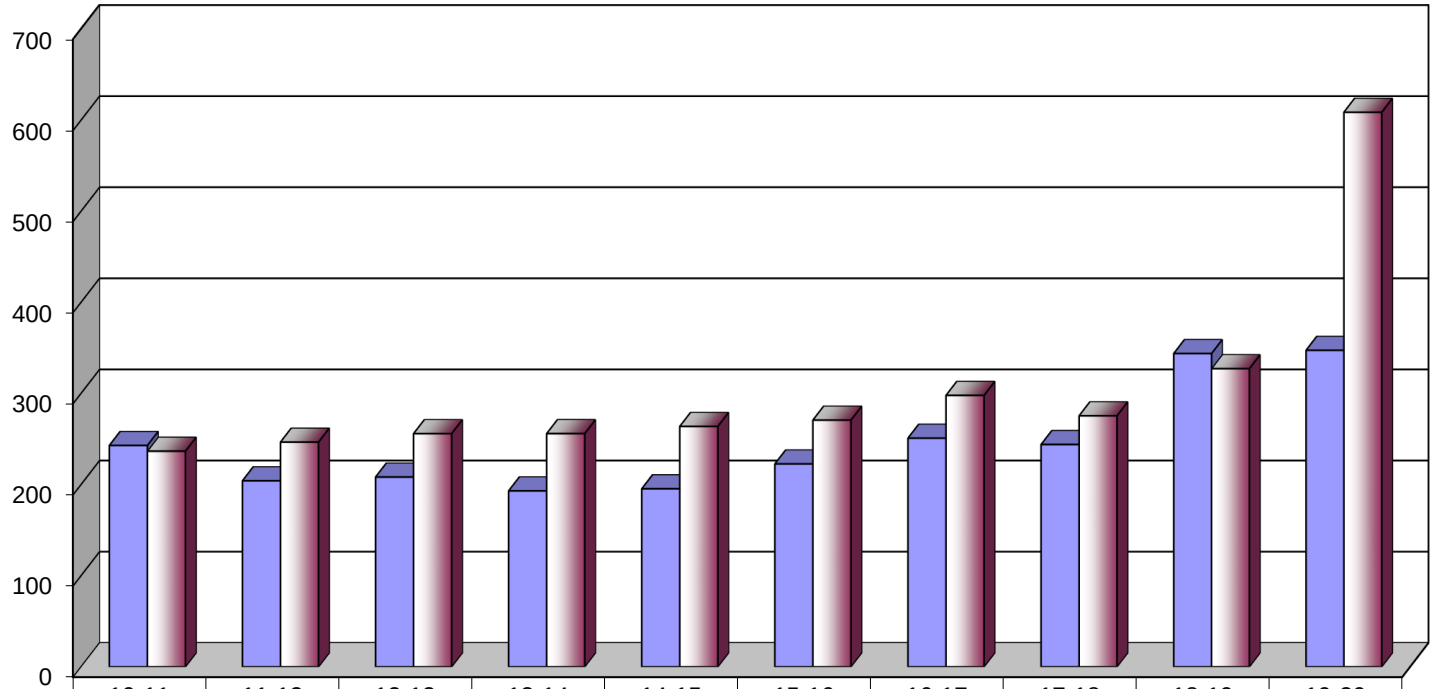
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Revenues (by source)										
Taxes	$ 97,232	$ 101,735	$ 112,453	$ 116,408	$ 124,862	$ 129,698	$ 139,246	$ 144,823	$ 159,234	$ 165,175
Licenses, permits, and franchises	595	705	769	788	848	1,124	1,167	1,042	1,168	1,372
Fines, forfeitures, and penalties	1,824	1,500	1,696	1,412	1,024	940	951	849	803	1,433
Revenues from use of money and property										
Interest	1,008	1,911	513	2,371	3,508	4,465	1,687	3,679	18,782	13,170
Rents and royalties	7,175	8,719	8,196	9,346	10,914	9,191	15,353	6,155	7,277	5,276
Intergovernmental revenues:										
Federal	3,642	769	1,421	281	925	815		6,987	86	183
State	2,125	4,502	3,770	5,013	3,762	2,894	5,771	5,812	5,286	12,923
Other	6,366	5,529	4,356	1,768	1,796	964	1,745	622	646	868
Charges for services (1)	113,999	116,758	117,399	115,560	115,431	114,575	129,155	104,036	133,555	408,130
Miscellaneous	2,620	4,383	5,252	2,924	684	5,979	2,798	1,452	309	82
Total Revenues	236,586	246,511	255,825	255,871	263,754	270,645	297,873	275,457	327,146	608,612
Expenditures (by function)										
Current:										
Public protection	210,730	179,223	178,227	178,202	179,212	199,832	214,947	229,139	308,110	309,328
Debt Services										
Principal	15,815	16,600	17,425	2,290	2,375	2,475	12,630			
Interest	3,267	2,484	1,663	801	709	614	265			
Capital outlay	13,051	5,798	10,884	11,766	13,051	19,670	23,155	14,857	35,632	37,986
Total Expenditures	242,863	204,105	208,199	193,059	195,347	222,591	250,997	243,996	343,742	347,314
Excess of Revenues over (under) Expenditures	(6,277)	42,406	47,626	62,812	68,407	48,054	46,876	31,461	(16,596)	261,298
Other Financing Sources (Uses)										
Sales of capital assets	70	21	128	87	107	44	80	1,157	309	22
Transfers in from County of Los Angeles	40									
Transfers in	19,069	19,093	19,088	3,091	3,084	3,089	12,895			
Transfers out	(19,069)	(19,093)	(19,088)	(3,091)	(3,084)	(3,089)	(12,895)			
Proceeds of long-term debt										
Contribution to Los Angeles County	(1,159)	(1,018)								
Total other financing sources (uses)	(1,049)	(997)	128	87	107	44	80	1,157	309	22
Net Change in fund balances	$ (7,326)	$ 41,409	$ 47,754	$ 62,899	$ 68,514	$ 48,098	$ 46,956	$ 32,618	$ (16,287)	$ 261,320
Debt service as a percentage of noncapital expenditures (2)	12.75%	12.63%	10.61%	1.87%	1.99%	1.66%	6.96%	0.00%	0.00%	0.00%

Notes:

(1) Beginning Fiscal Year 2019-20 includes the voter-approved Safe, Clean Water Program which generates approximately $280 million per year from a Special Parcel Tax to capture, conserve, and treat stormwater to imporve water quality, increase water supply, and enhance communities.

(2) 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



	10-11	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19	19-20
Expenditures	242.9	204.1	208.2	193.1	195.3	222.6	250.9	243.9	343.7	347.3
Revenues	236.6	246.5	255.8	255.9	263.8	270.6	297.8	275.4	327.1	608.6

In Millions of Dollars

Expenditures Revenues

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
2010 - 2011	$ 1,040,789,623	$ 49,744,044	$ 12,120,596	$ (47,184,173)	$ 1,055,470,090	1.00000%
2011 - 2012	1,058,615,951	48,214,334	12,950,932	(49,248,993)	1,070,532,224	1.00000%
2012 - 2013 [(7)]	1,082,301,717	49,215,524	13,244,954	(50,875,260)	1,093,886,935	1.00000%
2013 - 2014	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%

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

	County Direct Rates	Overlapping Rates (2) (3) (5)					Total Rates
Fiscal Year	Los Angeles General (4)	Los Angeles County Detention Facilities (1)	Flood Control Districts (1)	Los Angeles City Tax District No. 1	School Districts	Metropolitan Water District	
2010 - 2011	1.00000	0.000000	0.000000	0.038895	0.227264	0.003700	1.269859
2011 - 2012	1.00000	0.000000	0.000000	0.038666	0.203483	0.003700	1.245849
2012 - 2013	1.00000	0.000000	0.000000	0.037694	0.224356	0.003500	1.265550
2013 - 2014	1.00000	0.000000	0.000000	0.029754	0.190980	0.003500	1.224234
2014 - 2015	1.00000	0.000000	0.000000	0.028096	0.187055	0.003500	1.218651
2015 - 2016	1.00000	0.000000	0.000000	0.023030	0.165464	0.003500	1.191994
2016 - 2017	1.00000	0.000000	0.000000	0.021297	0.167052	0.003500	1.191849
2017 - 2018	1.00000	0.000000	0.000000	0.021345	0.168182	0.003500	1.193027
2018 - 2019	1.00000	0.000000	0.000000	0.023107	0.169439	0.003500	1.196046
2019 - 2020	1.00000	0.000000	0.000000	0.018084	0.152695	0.003500	1.174279

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 12,723 tax rate areas which are unique combinations of various jurisdictions servicing a specific geographic area.
(4) Article XIIIA (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, 2020 AND JUNE 30, 2011 (in thousands)

	2020			2011		
Taxpayer	**Net Assessed Secured Property Value**	**Rank**	**Percentage of Total Net Assessed Value (2)**	**Net Assessed Secured Property Value**	**Rank**	**Percentage of Total Net Assessed Value (2)**
Southern California Edison Co.	$ 9,233,950	1	0.59%	$ 4,573,638	1	0.45%
Douglas Emmett Residential	3,877,273	2	0.25%	3,310,574	2	0.33%
Maguire Properties	3,698,038	3	0.24%	2,543,077	4	0.25%
Southern California Gas Co.	2,994,078	4	0.19%	1,558,240	10	0.15%
Tishman Speyer / Archstone Smith /ASN	2,788,125	5	0.18%			
Chevron USA Inc. / Texaco	2,667,639	6	0.17%	2,127,436	5	0.21%
EQR / ERP Limited	2,619,871	7	0.17%			
Pincay RE LLC Lessor	2,513,432	8	0.16%			
Universal Studios, LLC	2,294,129	9	0.15%			
Tesoro Refining and Marketing Co.	2,210,638	10	0.14%			
BP West Coast / Arco Terminal Services				2,798,203	3	0.28%
Trizechahn Colony Square GP LLC				1,858,932	6	0.18%
Exxon Mobil Corporation				1,722,277	7	0.17%
AT&T / Pacific Bell Telephone Co.				1,718,650	8	0.17%
Verizon / MCI Communications Services				1,655,076	9	0.16%
Total	**$ 34,897,173**		**2.24%**	**$ 23,866,103**		**2.35%**

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, $1,561,274,882 as of June 30, 2020 is based on Secured $1,603,606,366 plus Unitary $19,711,509 less exemptions of $62,042,993. Total assessed value, $1,005,726,046 as of June 30, 2011 is based on Secured $1,040,789,623 plus Unitary $12,120,596 less exemptions of $47,184,173. (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)

		Collections Within the Fiscal Year of the Levy		Collections in Subsequent Years [2]	Total Collections to Date	
Fiscal Year	Taxes Levied	Amount	Percentage of Levy		Amount	Percentage of Levy
2010 - 2011	$ 12,651,611	$ 12,344,040	97.6%	$ 307,571	$ 12,651,611	100.0%
2011 - 2012	12,822,884	12,556,003	97.9%	266,881	12,822,884	100.0%
2012 - 2013	13,286,464	13,044,463	98.2%	223,372	13,267,835	99.9%
2013 - 2014	13,673,951	13,452,687	98.4%	205,401	13,658,088	99.9%
2014 - 2015	14,394,534	14,167,462	98.4%	184,810	14,352,272	99.7%
2015 - 2016	14,906,832	14,704,346	98.6%	174,374	14,878,720	99.8%
2016 - 2017	15,750,769	15,563,458	98.8%	168,132	15,731,590	99.9%
2017 - 2018	16,910,307	16,685,415	98.7%	156,245	16,841,660	99.6%
2018 - 2019	17,927,929	17,682,677	98.6%	147,988	17,830,665	99.5%
2019 - 2020	19,059,924	18,611,655	97.6%	[3]	18,611,655	97.6%

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 2019-20 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

Fiscal Year	General Obligation Bonds	Revenue Bonds	Accreted Interest	Unamortized Bond Premiums	Unamortized Loss on Advance Debt Refund	Pension Bonds Payable	Capital Leases	Total Primary Government (2)	Percentage of Assessed Value (3)	Per Capita (3)	Percentage of Personal Income (3)
2010 - 2011	$ -	$ 53,795	$ -	$ -	$ -	$ -	$ -	$ 53,795	0.005%	$ 5.46	0.013%
2011 - 2012	-	37,195	-	-	-	-	-	37,195	0.003%	3.75	0.009%
2012 - 2013	-	19,770	-	-	-	-	-	19,770	0.002%	1.97	0.004%
2013 - 2014	-	17,480	-	-	-	-	-	17,480	0.002%	1.73	0.004%
2014 - 2015	-	15,105	-	-	-	-	-	15,105	0.001%	1.49	0.003%
2015 - 2016	-	12,630	-	-	-	-	-	12,630	0.001%	1.23	0.002%
2016 - 2017	-	-	-	-	-	-	-	-	0.000%	-	0.000%
2017 - 2018	-	-	-	-	-	-	-	-	0.000%	-	0.000%
2018 - 2019	-	-	-	-	-	-	-	-	0.000%	-	0.000%
2019 - 2020	-	-	-	-	-	-	-	-	0.000%	-	0.000%

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.

Source:
Los Angeles County Flood Control District Financial Statements from Fiscal Year 2010-11 to Fiscal Year 2019-20.

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

Fiscal Year	Population [1], [2]	Assessed Value [1], [2]	General Bonded Debt [3]	Ratio of General Bonded Debt to Assessed Value	General Bonded Debt per Capita
2010-11	9,858	$ 1,055,470,090		0.000000	0.000000
2011-12	9,912	1,070,532,224		0.000000	0.000000
2012-13	10,019	1,093,886,935		0.000000	0.000000
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	10,173 [4]	1,625,539,871 [4]		0.000000	0.000000

Notes:

(1) See "Demographic and Economic Statistics" table for population and "Assessed Value and Actual Value of Taxable Property" table for assessed value.
(2) 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.
(3) There has been no long-term general bonded debt outstanding for the ten fiscal years presented here.
(4) Amount is a projection as of February 2020.

Source:

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

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED)
JUNE 30, 2020

2019-20 Net Assessed Valuation		$ 1,625,539,871,274	
Redevelopment Incremental Valuation		221,201,325,408	
Full Cash Value (2019-20)		1,404,338,545,866	(1)
Population - (2020)		10,173,000	(2)
	Percent Applicable	**Debt June 30, 2020**	
OVERLAPPING TAX AND ASSESSMENT DEBT:			
Metropolitan Water District	48.64	$ 18,142,720	
Los Angeles Community College District	100	4,234,460,000	
Other Community College Districts	Various (3)	3,996,653,630	
Arcadia Unified School District	100	217,495,890	
Beverly Hills Unified School District	100	502,185,006	
Glendale Unified School District	100	280,774,986	
Long Beach Unified School District	100	1,473,970,702	
Los Angeles Unified School District	100	10,624,010,000	
Pasadena Unified School District	100	286,685,000	
Pomona Unified School District	100	301,283,209	
Redondo Beach Unified School District	100	209,071,206	
Santa Monica-Malibu Unified School District	100	566,375,232	
Torrance Unified School District	100	468,959,196	
Other Unified School Districts	Various (3)	4,362,803,807	
High School and School Districts	Various (3)	2,174,739,694	
City of Los Angeles	100	729,520,000	
City of Industry	100	58,520,000	
Other Cities	100	45,565,000	
Community Facilities Districts	100	676,142,353	
1915 Act and Benefit Assessment Bonds - Estimate	100	126,385,232	
TOTAL GROSS OVERLAPPING TAX AND ASSESSMENT DEBT		**$ 31,353,742,863**	
Less: Los Angeles Unified School District General Obilation Bonds, Election of 2005 Series H & J Qualified School Construction Bonds: amount accumulated in Interest and Sinking Fund and set aside for repayment		(27,330,000)	
TOTAL NET OVERLAPPING TAX AND ASSESSMENT DEBT:		**$ 31,326,412,863**	
DIRECT GENERAL FUND DEBT:			
Los Angeles County General Fund Obligations	100	$ 2,240,508,000	(4)
Subtotal Direct General Fund Debt		$ 2,240,508,000	
OVERLAPPING GENERAL FUND DEBT:			
Los Angeles County Office of Education Certificates of Participation	100	$ 5,182,434	
Community College District Certificates of Participation	Various (5)	22,166,255	
Baldwin Park Unified School District Certificates of Participation	100	28,470,000	
Compton Unified School District Certificates of Participation	100	31,180,000	
Los Angeles Unified School District Certificates of Participation	100	164,430,000	
Paramount Unified School District Certificates of Participation	100	27,860,000	
Other Unified School District Certificates of Participation	Various (5)	181,094,081	

Continued…

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED) - Continued
JUNE 30, 2020

High School and Elementary School District General Fund Obligations	Various [5]		$ 162,688,236
City of Beverly Hills General Fund Obligations	100		100,800,000
City of Carson Pension Obligation Bonds	100		108,020,000
City of El Monte Pension Obligation Bonds	100		118,725,000
City of Inglewood Pension Obligation Bonds	100		188,171,302
City of Los Angeles General Fund & Judgment Obligations	100		1,430,854,980
City of Long Beach General Fund Obligations and Pension Obligation Bonds	100		121,765,000
City of Montebello Pension Obligation Bonds	100		153,425,000
City of Pasadena General Fund Obligations	100		406,342,944
City of Pasadena Pension Obligation Bonds	100		136,820,000
Other Cities' General Fund Obligations and Pension Obligation Bonds	100		1,728,735,850
Los Angeles County Sanitation Districts Financing Authority	100		55,590,000
Antelope Valley Hospital District General Fund Obligations	100		8,360,512
Subtotal Overlapping General Fund Debt		$	5,180,681,594
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT		$	7,421,189,594
Less: Los Angeles Unified School District Qualified Zone Academy Bonds supported by investment funds and economically defeased certificates of participation			(9,623,000)
Cities' supported bonds			(426,549,940)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT		**$**	**6,985,016,654**
OVERLAPPING TAX INCREMENT DEBT (SUCCESSOR AGENCIES)		**$**	2,896,202,470
GROSS COMBINED TOTAL DEBT		**$**	**41,671,134,927** [6]
NET COMBINED TOTAL DEBT		**$**	**41,207,631,987**
TOTAL GROSS DIRECT DEBT		$	**2,240,508,000**
TOTAL NET DIRECT DEBT		$	**2,240,508,000**
TOTAL GROSS OVERLAPPING DEBT		$	**39,430,626,927**
TOTAL NET OVERLAPPING DEBT		$	**38,967,123,987**

RATIOS TO 2019-20 NET ASSESSED VALUATION	
Total Overlapping Tax and Assessment Debt	1.93%
RATIOS TO FULL CASH VALUE	
Gross Combined Direct Debt ($2,240,508,000)	0.16%
Net Combined Direct Debt ($2,240,508,000)	0.16%
Gross Combined Total Debt	2.97%
Net Combined Total Debt	2.93%
RATIOS TO REDEVELOPMENT INCREMENTAL VALUATION	
Total Overlapping Tax Increment Debt	1.31%

Notes:
(1) This balance is reduced by homeowners exemptions of $7,161,834,137.
(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 Assessment Bonds, Certificates of Participation and Bonds, Notes, Loans and Other Debt, and Capital Leases.
(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 capital 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)

Fiscal Year	Assessed Value [1]	Legal Debt Limit [2]	Total Net Applicable Debt	Legal Debt Margin [3]	Legal Debt Margin/ Debt Limit
2010 - 2011	$ 1,055,470,090	$ 13,193,376		$ 13,193,376	100.00%
2011 - 2012	1,070,532,224	13,381,653		13,381,653	100.00%
2012 - 2013	1,093,886,935	13,673,587		13,673,587	100.00%
2013 - 2014	1,145,256,479	14,315,706		14,315,706	100.00%
2014 - 2015	1,207,856,231	15,098,203		15,098,203	100.00%
2015 - 2016	1,282,507,245	16,031,341		16,031,341	100.00%
2016 - 2017	1,354,458,675	16,930,733		16,930,733	100.00%
2017 - 2018	1,435,385,951	17,942,324		17,942,324	100.00%
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%

COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2020

Assessed valuation (net taxable)	$ 1,625,539,871
Applicable percentage in computing capacity	1.25%
Total debt limit	$ 20,319,248
Less: Total net applicable debt	-
Legal debt margin, June 30, 2020	$ 20,319,248

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 from the Legal Debt Limit.

Source:
County of Los Angeles Auditor-Controller.

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

Revenue Bonds

Fiscal Year	Revenue Collected	Debt Service Principal	Debt Service Interest	Total Debt Service	Coverage
2010 - 2011	$ 113,999	$ 53,795	$ 8,712	$ 62,507	1.82
2011 - 2012	116,758	37,195	6,228	43,423	2.69
2012 - 2013	117,399	19,770	4,564	24,334	4.82
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	-	-	-	-

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 *
2011	9,858	$ 420,900,000	$ 42,696	1,590	12.3%
2012	9,912	435,300,000	43,916	1,578	11.1%
2013	10,019	451,100,000	45,024	1,564	9.8%
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 (4)	658,900,000 (4)	64,700 (4)	1,464	4.5% (4)
2020	10,173 (5)	654,900,000 (5)	64,376	1,437	4.3% (6)

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 a projection as of October 2020.
(6) Amount is a projection as of February 2020.

Sources:

* 2011-2020: Los Angeles Economic Development Corporation Economic Forecast: website address: www.laedc.org.
2019-2020: Los Angeles Almanac: website address: www.laalmanac.com/population
2019-2020: UCLA Anderson Los Angeles County Long Term Forecast as of October 2020.
** California Department of Education website address: www.cde.ca.gov.

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

	JUNE 30, 2020			JUNE 30, 2011		
Industry	**Number of Employees**	**Rank**	**Percentage of Total**	**Number of Employees**	**Rank**	**Percentage of Total**
Educational & Health Services	799,800	1	19.47%	670,900	2	16.96%
Trade, Transportation and Utilities	777,000	2	18.92%	749,600	1	18.95%
Professional & Business Services	590,100	3	14.37%	530,600	4	13.41%
Government	579,300	4	14.10%	581,700	3	14.70%
Leisure & Hospitality	378,600	5	9.22%	396,600	5	10.02%
Manufacturing	314,700	6	7.66%	376,100	6	9.51%
Financial Activities	218,600	7	5.32%	210,300	7	5.32%
Information	178,400	8	4.34%	190,900	8	4.82%
Construction	146,100	9	3.56%	104,100	10	2.63%
Other Services	118,900	10	2.90%	137,000	9	3.46%
Ten largest industries	4,101,500		99.86%	3,947,800		99.78%
All other industries	5,700		0.14%	8,500		0.22%
Total industries	**4,107,200**		**100.00%**	**3,956,300**		**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 website address: www.edd.ca.gov.labormarketinfo.

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

Function/Program [(1), (2)]	2010-11	2011-12	2012-13 (4)	2013-14 (4)	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
General Government	10,831	10,680	10,578	10,528	10,571	10,764	10,902	11,093	11,378	11,399
Public Protection [(3), (5)]	35,428	35,433	33,702	33,556	33,537	33,664	33,694	32,877	32,850	32,920
Health and Sanitation	26,133	26,029	25,839	26,431	27,144	27,703	28,639	30,351	31,457	32,122
Public Assistance	20,280	20,043	19,963	20,346	20,808	21,376	21,913	21,963	22,015	22,023
Education	1,481	1,431	1,459	1,442	1,432	1,475	1,496	1,467	1,480	1,502
Recreation and Cultural Services	2,761	2,812	2,811	2,853	2,839	2,898	2,931	2,991	2,996	2,895
Total	96,914	96,428	94,352	95,156	96,331	97,880	99,575	100,742	102,176	102,861

Notes:

(1) Full-time equivalent count is calculated by dividing the total number of man-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) Beginning with 2009-10, totals reflect the exclusion of Superior Court employees that are no longer on the County's payroll and are identified as State employees.
(4) Restate FY 2012-13 and FY 2013-14 due to migration from CWTAPPS to TIMEI, which occurred in April 2012, to eliminate duplicate entries. Figures have been revised from previous publication.
(5) 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

Function/Program	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Public Protection										
Flood Control										
Operation and maintenance costs per mile of storm drain maintained	$ 3,451	$ 2,545	$ 3,008	$ 2,395	$ 3,017	$ 3,645	$ 3,670	$ 3,670	$ 5,033	$ 4,400
Operation and maintenance costs per mile of channel maintained	54,852	60,661	61,806	67,635	72,015	79,604	88,571	93,815	103,519	132,212
Operation and maintenance costs per thousand cubic yards of debris basin capacity	2,161 (1)	1,668 (1)	1,442 (1)	1,595 (1)	1,546 (1)	1,457	1,872	2,180	2,452	2,460
Operation and maintenance costs per acre-foot of dam capacity	149 (1)	156 (1)	146 (1)	144 (1)	148 (1)	179	194	188	363	321

Note:
(1) Excludes cost for sediment removal.
Sources:
FY 2010-11 Proposed County Budgets, Volume One.
FYs 2010-11 through 2019-20 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	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Public Protection										
Linear Feet of Channel	2,957,914	2,970,206	2,975,226	2,975,226	2,975,576	2,975,944	2,976,734	2,976,845	3,036,734	3,037,452
Linear Feet of Storm Drain	15,502,797	15,594,973	15,623,480	15,644,408	15,674,670	15,675,530	15,720,645	15,744,920	15,751,873	15,808,722
CDS Units	57	65	67	67	67	67	71	71	71	73
Debris Basins	136	142	142	142	142	142	145	146	146	146
Debris Retaining Inlets	286	14,728	311	311	312	312	317	319	319	331
Detention/ Retention Basins	22	24	25	25	25	25	26	26	26	27
Crib Dams	234	234	234	234	234	234	234	234	234	234
Barriers	9	9	9	17	17	17	24	24	24	24
Pumping Plants	53	53	53	48	48	48	48	48	49	50
Spreading Grounds	26	26	26	27	28	28	28	28	28	28
Dams	15	15	15	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
Inlets								6	8	41
Outlets								4	6	31
Catch Basins	79,550	80,389	80,389	80,392	80,392	80,396	80,396	80,396	80,396	80,396

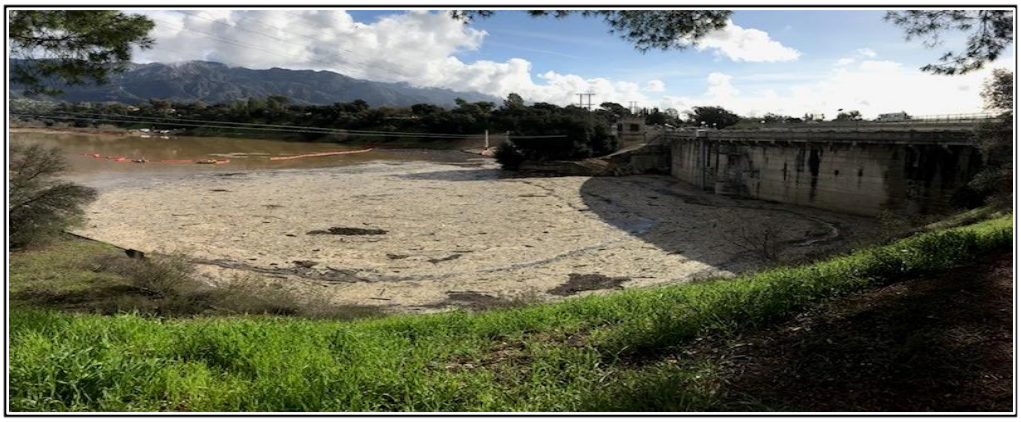
Sources:
"Flood Network" for FY 2010-11 through FY 2019-20 provided by Los Angeles County Public Works, Fiscal Division, Expenditure Management Section, Property Unit.

Photo Gallery

Los Angeles County Flood Control District
Fiscal Year 2019 – 2020
Photo Gallery

Devils Gate Reservoir Restoration

The 2009 Station Fire burned more than 160,000 acres of the San Gabriel Mountains. Subsequent storms brought in more than 1.3 million cubic yards of sediment into Devil's Gate Reservoir (enough to fill the Rose Bowl 3 times). Los Angeles County Public Works removes the excess sediment behind the dam to protect downstream communities along the Arroyo Seco including Pasadena and northeast Los Angeles. Once the project is complete, the reservoir will have 3 million cubic yards of capacity to better manage flood risk.



Before the construction, wildfire sediment threatens to block the valves that allow dam operators to release stormwater in a controlled manner.

Devils Gate Reservoir Restoration – Continued

Excess sediment and dirt have been removed and hauled away from the reservoir.

445,460 cy of sediment has been removed during the 2019 hauling season. The hauling operation and habitat restoration is set to be completed in 2023.

Verdugo Debris Basin Sediment Removal

Los Angeles County Public Works' ongoing program for removing accumulated debris from basins is necessary to safeguard lives and property of local downstream communities. In preparation for Fiscal Year 2019-20 storm season, the maintenance began on October 18, 2019 and was completed on November 20, 2019 in which 15,048 cubic yards of material was removed to restore the debris basin's capacity.

Before clearing debris from the basin.

Verdugo Debris Basin Sediment Removal-Continued

Removing debris to ensure the basin can capture flood.

Completed debris removal as of December 31, 2019.

Lopez Canyon Inlet-Concrete Blocks- Temporary Barrier Structure

Due to the 2017 Creek Fire burning over 15,619 acres, Los Angeles County Public Works began constructing a 100 ft concrete block barrier structure, north of the Hope Gardens Family center parking lot, on January 29, 2020. Construction of this temporary barrier is needed to increase debris protection for communities downstream of the burned watershed during the five-year burned watershed recovery.

Clearing excess dirt and leveling the ground before concrete block installation.

Lopez Canyon Inlet-Concrete Blocks- Temporary Barrier Structure- Continued

Installation of concrete blocks.

Completed Barrier Structure on February 18, 2020.

Morris Dam Low Flow Outlet and Facility Improvement

Morris Dam Low Flow Outlet and Facility Improvement will reduce flood damage risk to the downstream communities and increase recharge of the local groundwater basin. This project will modify the spillway to meet State standards, which includes strengthening nearby canyon walls, and upgrading the hoist system. The project will also replace the dam's flood control valves and potable water system, replace the existing storage area, and provide housing for a new backup generator.

Before construction

During construction

Post construction

Before construction

During construction

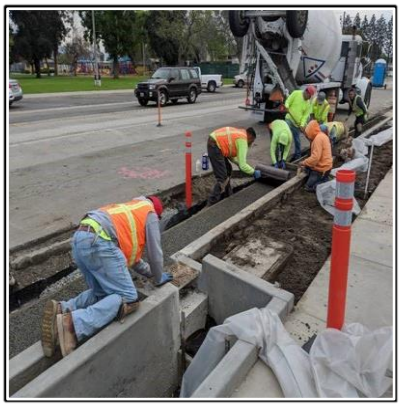
Post construction

103rd Street Green Improvement Project

103rd Street Green Improvement Project seeks to improve quality of life for residents and lessens wear and tear on vehicles. The primary objective of this project is to rehabilitate 103rd Street between Success Avenue and Central Avenue and install parkway improvements to capture and retain stormwater. Construction includes pavement reconstruction, sidewalk repair, parkway improvements, street light improvements, drought-tolerant landscaping, and tree planting.

Before construction, parking lot stripes were faded, and ground was covered with oil stains.

103rd Street Green Improvement Project – Continued



During construction, engineers reconstruct the pavements and repair the sidewalks.

After construction, pavements are rehabilitated, and drought-tolerant plants and trees are planted along the site.

Los Angeles County Flood Control District

Tom A. Tidemanson Building

Public Works Headquarters

Public Works
LOS ANGELES COUNTY

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT

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, 2020

LOS ANGELES COUNTY
FLOOD CONTROL DISTRICT
June 30, 2020

TABLE OF CONTENTS

Required Communication under Statement on Auditing Standards No. 114 1

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* 4

Current Year Recommendations 6

Status of Prior Year Recommendations 7

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December 24, 2020

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

We have audited the financial statements of the governmental activities, each major fund, and the fiduciary 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, 2020. 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 15, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

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 claims liability and the estimated historical costs and useful lives of capital assets. 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.

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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. The following correcting entries were not recorded by the District:

Debit Infrastructure $13.6 million
Credit Expenditures $13.6 million
To record completed CIP that was removed from the CIP balance but not recorded as infrastructure FYE 6/30/20.

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 24, 2020.

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 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 Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual on Budgetary Basis and the Safe, Clean Water Program Measure W Special Revenue Fund, which are required supplementary information (RSI) that supplements 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.

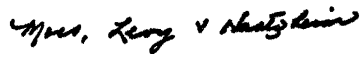
We were engaged to report on the Statement of Changes in Assets & Liabilities – Fiduciary Fund and the Combining Statements of Revenues, Expenditures, and Changes in Fund Balances – Safe, Clean Water Program Measure W Funds, which accompany the financial statements but is not RSI. With respect to this 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

MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

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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, the major fund, and the fiduciary 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, 2020, 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 24, 2020.

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 may exist that have not been identified.

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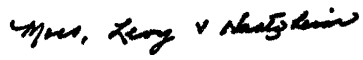
Compliance and Other Matters

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 24, 2020

CURRENT YEAR RECOMMENDATIONS

No findings noted in the current fiscal year.

STATUS OF PRIOR YEAR RECOMMENDATIONS

No findings noted in the prior fiscal year.

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

MARK PESTRELLA, Director

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IN REPLY PLEASE
REFER TO FILE: FI-10

March 11, 2021

TO: Arlene Barrera
Auditor-Controller

Attention Elaine Boyd, Division Chief

Leanne Hall for
FROM: Mark Blank, Chief
Fiscal Division

RESPONSE TO THE AUDIT OF THE
LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2020

Moss, Levy & Hartzheim, LLP reported an audit finding that the Los Angeles County Flood Control District missed an entry to record completed Construction-In-Progress (CIP). Public Works will establish a corrective action plan to ensure the same misstatement does not occur again. The below provides background information and our corrective action plan:

Public Works indicated that project completion is based on the Board's acceptance date. Since the implementation of the County's current financial system, automated reports capture the Board's acceptance date for infrastructure projects completed after Fiscal Year 2008-09 but does not capture any projects completed prior to Fiscal Year 2008-09. As a result, completed CIP projects may not be accurately reported and capitalized in the current fiscal year. Public Works will revise its internal inquiry process to ensure all CIP projects processed in the current fiscal year are identified and accurately reported.

If you have any questions, please contact Tyler Lin of our Expenditure Management Section at tlin@pw.lacounty.gov or (626) 458-6934.

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cc: Auditor-Controller (Jeannette Herrera, Heather Singh)