COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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April 1, 2011

TO: Supervisor Michael D. Antonovich, Mayor
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **AUDIT OF THE LOS ANGELES COUNTY FLOOD CONTROL DISTRICT FOR THE YEAR ENDED JUNE 30, 2010**

Attached is the audit of the financial statements for the Los Angeles County Flood Control District (District) for the year ended June 30, 2010. The audit was conducted by Moss, Levy & Hartzheim, Certified Public Accountants (Moss), under the Auditor-Controller's master agreement for audit services.

Moss' report indicates that the statements present fairly, in all material respects, the financial position of the District, in conformity with accounting principles generally accepted in the United States of America. Moss identified no material weaknesses involving the District's internal controls over financial reporting requirements.

Please call me if you have any questions, or your staff may call Robert Campbell at (213) 253-0199.

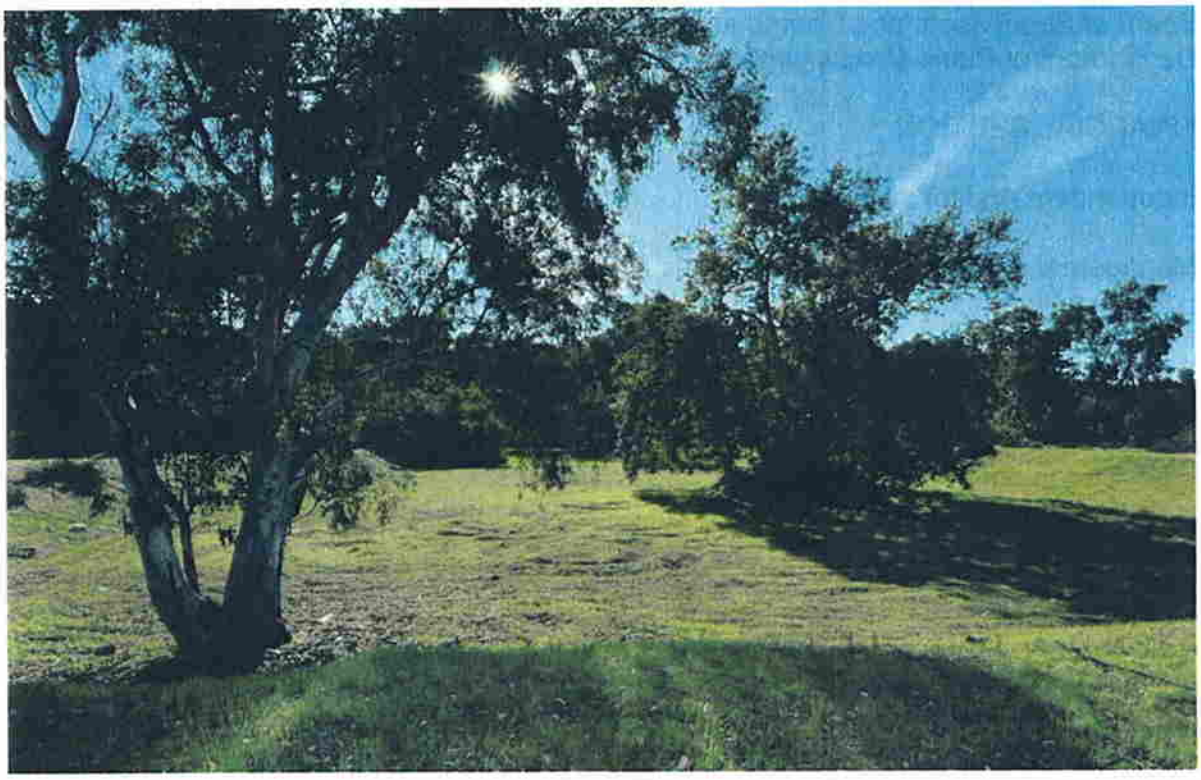
WLW:JLS:RGC:MP

Attachments

c: William T Fujioka, Chief Executive Officer
Gail Farber, Director, Department of Public Works
Public Information Office
Audit Committee

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, 2010

Director Gail Farber

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2010

Table of Contents

	Page
INTRODUCTORY SECTION	
Department of Public Works' Letter of Transmittal	i
Certificate of Achievement for Excellence in Financial Reporting	ix
Board of Supervisors and Contributing County Officials	x
Department of Public Works Organizational Chart	xi
FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis (Required Supplementary Information)	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds	17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Fiduciary Net Assets – Fiduciary Funds	22
Notes to the Basic Financial Statements	23
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual on Budgetary Basis – General Fund	41
Notes to Required Supplementary Information	42

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2010

Table of Contents

	Page
Other Supplementary Information:	
Schedule of Changes in Assets and Liabilities – Fiduciary Funds	44
STATISTICAL SECTION	
Net Assets by Category – Last Nine Fiscal Years	45
Changes in Net Assets – Last Nine Fiscal Years	46
Fund Balances, Governmental Funds – Last Nine Fiscal Years	48
Changes in Fund Balances, Governmental Funds – Last Nine Years	49
Bar Chart – Governmental Funds Expenditures and Revenues – Last Nine Fiscal Years	50
Assessed Value and Actual Value of Taxable Property – Last Ten Fiscal Years	51
Direct and Overlapping Property Tax Rates for Tax Rate Area #4 – Last Ten Fiscal Years	52
Principal Property Taxpayers – Current Year and Nine Years Ago	53
Property Tax Levies and Collections – Last Ten Fiscal Years	54
Ratio of Outstanding Debt by Type – Last Ten Fiscal Years	55
Ratio of Net General Bonded Debt – Last Ten Fiscal Years	56
Estimated Direct and Overlapping Bonded Debt	57
Computation of Legal Debt Margin – Last Ten Fiscal Years	59
Pledged-Revenue Coverage – Last Nine Fiscal Years	60
Demographic and Economic Statistics – Last Ten Years	61
Ten Largest Industries – Current Year and Nine Years Ago	62
Full-Time Equivalent County Employees by Function/Program – Last Ten Fiscal Years	63
Operating Indicators by Function/Program – Last Nine Fiscal Years	64
Capital Asset Statistics by Function/Program – Last Seven Fiscal Years	65
Other Compliance Report:	
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	66
Photo Gallery	Appendix

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC WORKS

"To Enrich Lives Through Effective and Caring Service"

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GAIL FARBER, Director

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

IN REPLY PLEASE
REFER TO FILE: FI-4

December 30, 2010

TO: Each Supervisor

FROM: Gail Farber
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 (District) for the year ending June 30, 2010. 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 your Board acting as the District's governing body. The District's mission is to 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 damage from flood and storm waters.

The District boundaries encompass approximately 2,752 square miles. The District operates and maintains one of the most advanced systems of flood control and water conservation in the Country. The District's current infrastructure includes 14 major dams, 483 miles of open channels, 2,953 miles of underground storm drain conduits, more than 80,000 catch basins, 61 pump plants, 155 sediment entrapment basins, 253 crib dams, 29 sediment placement sites, 27 spreading grounds, 21 low flow diversion structures, 1 constructed wetland and 3 seawater intrusion barriers. The District's major programs are categorized as Flood Control, Water Conservation, and Stormwater and Urban Runoff Quality. These programs are described as follows:

- **Flood Control** - This program includes planning, operation, maintenance, and rehabilitation of flood control facilities, emergency preparedness, storm response, floodplain management, regulatory compliance, and public education.

- **Water Conservation** - This program includes the planning, operation, maintenance, and rehabilitation of water conservation facilities, regulatory compliance, and public education.

- **Stormwater and Urban Runoff Quality** - This program includes 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 conducting annual public education on stormwater quality.

ECONOMIC OVERVIEW

Continued population growth in the County will place greater 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. Due to recent declines in property values, this revenue stream is expected to continue to decline. Other challenges to the District include increasing costs to operate, maintain, and replace its aging infrastructure.

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. On November 7, 2006, voters approved California State Propositions 1E and 84, which allow the State to sell bonds for financing projects that will enhance flood protection and improve urban runoff and stormwater quality.

MAJOR INITIATIVES

FUNDING

In September 2010 the Governor of California passed into law AB 2554, an update to the Los Angeles County Flood Control Act, which provides the District with the authority to charge a clean water fee (subject to a proposition 218 vote) to pay for the cost of carrying out projects and providing services to improve water quality and reduce stormwater and urban runoff pollution. Revenue from the proposed fee would be allocated to 3 different programs: 10 percent to the District for water quality monitoring, planning/modeling, and administration including fee collection and certification/auditing; 40 percent to cities and County unincorporated areas to be used for those jurisdictions' water quality improvement programs; and 50 percent to Watershed Area Groups to implement collaborative regional programs at the sub-watershed level.

FLOOD CONTROL

Dam Rehabilitation Program – The District has undertaken a program to upgrade its dams to meet current seismic and spillway requirements. Currently, seismic rehabilitation and spillway modification of the Big Tujunga Dam is under construction and is scheduled for completion by October 2011. Upon completion, the District will have spent approximately $156 million in construction costs for the Dam Rehabilitation Program since the 1994 Northridge Earthquake. Anticipated future construction projects under this program include the Big Dalton Debris Dam, Eaton Dam, Santa Anita Dam, Santa Anita Debris Dam, and Sawpit Debris Dam.

Dams Inlet/Outlet Works Rehabilitation Program – As the District's dams continue to age, many of the inlet/outlet works and ancillary components are coming to the end of their useful lives requiring major maintenance, repairs, and/or replacement. In 2009 the District initiated a program to complete approximately $45 million in rehabilitation projects under this program over the next 10 years.

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

Cooperative Projects with the Army Corps of Engineers – The District is currently involved in several project studies being sponsored and conducted by the Army Corps of Engineers. Project objectives include flood protection, water conservation, and stream restoration. The projects are spread throughout the District and listed below:

- Arroyo Seco Watershed Feasibility Study
- Tujunga Wash Restoration 1135 Study Project
- Phase II Los Angeles County Drainage Area Stormwater Management Plan
- Sun Valley Watershed Feasibility Study
- Hansen, Whittier Narrows, Santa Fe Dam Water Conservation Studies
- Coyote Creek Feasibility Study
- Santa Clara River Feasibility Study
- Ballona Creek Ecosystem Restoration Study

Federal Emergency Management Agency (FEMA)–National Levee Certification Program Compliance – This program certifies that District-owned levees meet Federal 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 flood on their Flood Insurance Rate Maps.

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 including 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 local, State, and Federal agencies.

Reservoir Sediment Removal – The District's 14 major dams and reservoirs are the backbone of the District's flood protection and water conservation network. The reservoirs also serve the function of debris control due to their location in the San Gabriel Mountains, which are considered among the most erosive in the world. As a result, sediment from the tributary watersheds washes into the reservoirs on an ongoing basis. This accumulation of debris reduces the flood peak attenuation, water conservation, and debris control capacities of the facilities. Fires in 2008 and 2009 intensified the potential for sediment and debris inflow into these facilities requiring accelerated cleanout activities. Anticipated construction projects under this program include Devil's Gate, Cogswell, Pacoima, Morris, and Big Tujunga Dams and Reservoirs. The cost to remove sediment from these facilities is expected to exceed $100 million. Due to the large amount of sediment, new locations and/or partnerships will be needed to provide sediment disposal sites.

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 installed four debris barriers in the 2007 Ranch Fire area (Castaic and Val Verde), three barriers in the 2008 Santa Anita Fire area (Sierra Madre), three barriers in the 2008 Merek and Sesnon Fire areas (Kagel/Lopez Canyons, Twin Lakes), and networks of barriers along several streets in the 2009 Station Fire area (La Crescenta and La Canada Flintridge). About 75 percent of the District's materials and installation costs are being reimbursed by the Natural Resources Conservation Service under its Emergency Watershed Program. Removal of these temporary barriers is anticipated to take place in 2012, 2013, and 2014, respectively.

Post-Fire Sediment Management – The 2009, 160,000-acre Station Fire was the largest fire in Los Angeles County history, compounding the impacts of the 2009 Morris Fire and the 2008 Santa Anita, Merek, Sesnon and Sayre Fires. These fires impacted six of the District's reservoirs and more than 40 of the District's debris basins. Increased frequency and volume of cleanouts of the fire area debris basins have resulted in rapidly filling the District's nearby sediment placement sites and increased use of local landfills. The need for cleanouts of these fire area facilities and accelerated filling of sediment placement sites is anticipated to continue for the next several years. Additionally, some of the reservoirs impacted by the fires do not have their own sediment placement sites. Although utilization of landfills is being coordinated for cleanouts of the District's fire area facilities, the landfills have their own limitations on accommodating the District's volume of materials. The District thus anticipates that within the next several years it will need to establish new sediment placement sites in the County of Los Angeles.

WATER CONSERVATION

Additional Spreading Ground Capacity – The District owns and operates 27 groundwater recharge facilities. These facilities allow for stormwater runoff, imported water, and recycled water to be percolated back into the associated aquifers. The District is looking to improve the storage and operational capacity of several spreading grounds and acquire additional land for new spreading grounds. For the latter, the District is in the process of evaluating water conservation potential at various locations and collaborating with cities and water agencies to cost-share capital improvements. The District has recently completed improvements to Hansen Spreading Grounds and Ben Lomond/Citrus Spreading Grounds for $8 million, of which local agencies funded 50 percent of the design and construction costs. The $5 million San Gabriel Spreading Grounds Pump Station and Pipeline is under construction, and 50 percent of the design and construction costs are funded by a local agency. Additional anticipated construction projects under this program include improvements to Pacoima, Live Oak, and Eaton Wash Spreading Grounds, and the Walnut Spreading Basin.

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 290 recharge wells to inject highly treated water into underground aquifers to form a wall of freshwater under enough pressure to keep out the seawater. The District also utilizes more than 750 observation wells to monitor groundwater purity in coastal areas. The District recently increased the number of injection wells at one of the barriers in response to identified deficiencies along the barrier.

WATER QUALITY

System-Wide Water Quality Monitoring – This program involves the development of a District-wide water quality monitoring system that will assist with identifying pollutants flowing through the flood control system. The District proposes using information from this system to assist in the identification of pollutant sources, provide information for municipalities and responsible parties for identifying priority areas, and provide data to establish decision criteria for the implementation of cost-effective pollutant reduction measures such as Best Management Practices (BMP).

INTERNAL AND BUDGETARY CONTROLS

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 also provides reasonable assurance of the proper recording of financial transactions.

In accordance with the provisions of Section 29000-29144 of the Government Code, commonly known as the County Budget Act, the District budgets are adopted on or before August 30 of each fiscal year. Budgets are generally adopted for the District's General Fund and Debt Service Fund. For the fiscal year ending June 30, 2010, there was no budget adopted for the Debt Service Fund. 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.

Encumbrance accounting is utilized to ensure effective budgetary control and accountability. Unencumbered appropriations lapse at year-end and encumbrances outstanding at that time are reported as reservations of fund balance for subsequent year expenditures.

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 Auditor-Controller to help ensure that prescribed procedures are followed and that operations are conducted in an efficient manner. In addition, the Auditor-Controller operates a fraud hotline that provides employees and citizens with a way to anonymously report perceived fraudulent activities by employees, vendors, contractors, and inspectors. Allegations reported over the hotline are evaluated and investigated by the Auditor-Controller as appropriate.

OTHER INFORMATION

INDEPENDENT AUDIT

The Continuing Disclosure Agreement dated January 1, 2003, by and between the Los Angeles County Flood Control District and The Bank of New York Trust Company, N. A., as Trustee, requires an annual audit of the basic financial statements of the District. Moss, Levy & Hartzheim, LLP, audited the District's basic financial statements for the fiscal year ending June 30, 2010. The 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 ending June 30, 2009. This was the third year the District achieved this prestigious award. In order 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 valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we will again submit it to the GFOA to determine its eligibility for certification.

ACKNOWLEDGEMENTS

This report would not have been prepared without the cooperative efforts of the staff of Public Works' Financial Management Branch; various Public Works line divisions including the Watershed Management, Water Resources, Flood Maintenance, Construction, and Design Divisions, as well as the Public Relations Group; and the Auditor-Controller. The District would also like to thank our independent auditors, Moss, Levy & Hartzheim, LLP, for their professional assistance.

MB:rp
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Attach.

cc: Auditor-Controller
Chief Executive Office (Rita Robinson)
Executive Office

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, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

COUNTY OF LOS ANGELES
BOARD OF SUPERVISORS
(for Period Ending June 30, 2010)

Gloria Molina, Chair
First District

Mark Ridley-Thomas
Second District

Don Knabe
Fourth District

Zev Yaroslavsky
Third District

Michael D. Antonovich
Fifth District

Sachi A. Hamai
Executive Officer
Board of Supervisors

CONTRIBUTING COUNTY OFFICIALS

Gail Farber
Director of Public Works

William T. Fujioka
Chief Executive Officer

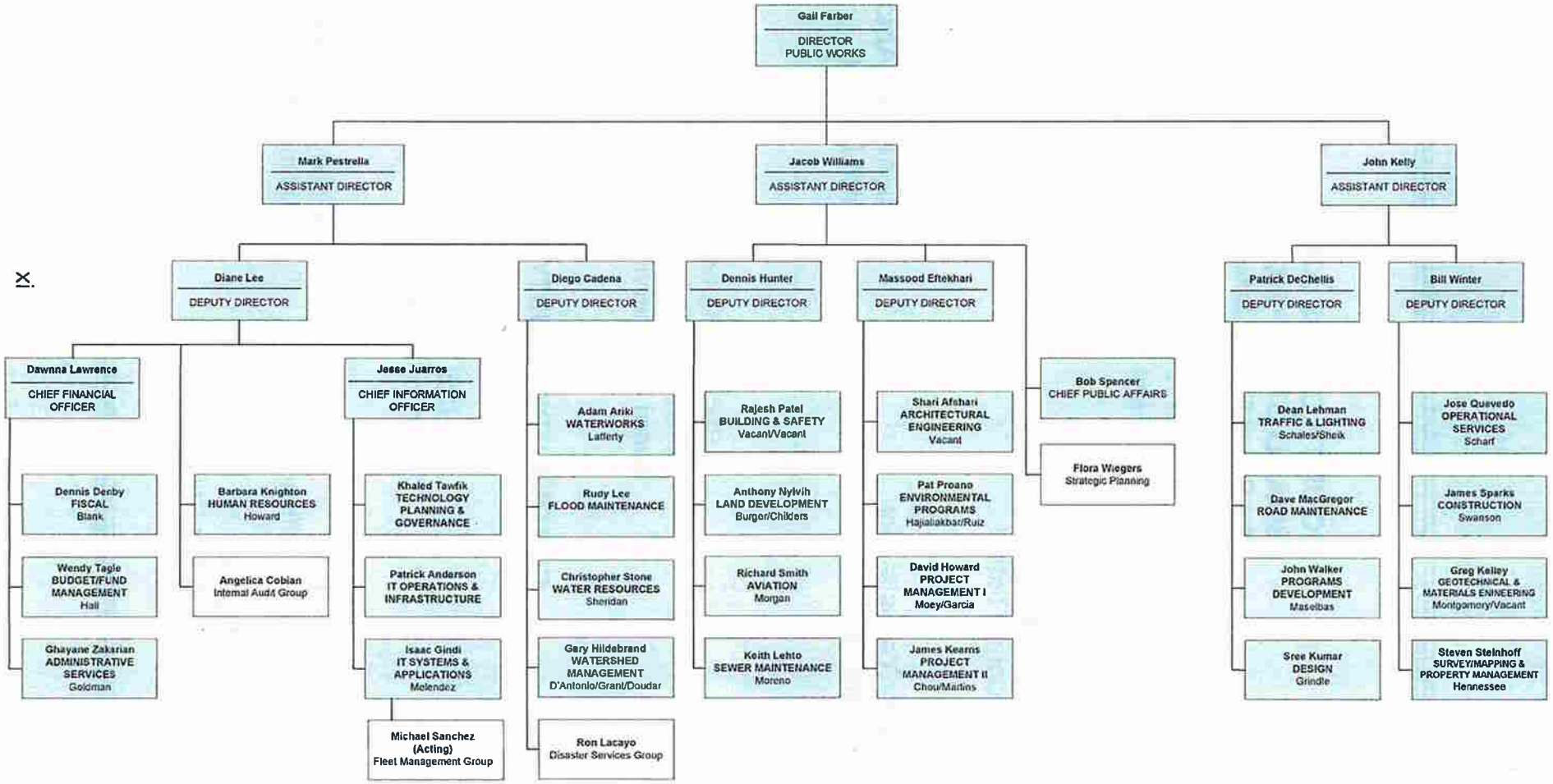
Wendy L. Watanabe
Auditor-Controller

Mark J. Saladino
Treasurer and Tax Collector

Andrea Ordin
County Counsel

LOS ANGELES COUNTY DEPARTMENT OF PUBLIC WORKS

Organization Chart



Revised: 11/09/2010

MOSS, LEVY & HARTZHEIM LLP
CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
RONALD A LEVY, CPA
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INDEPENDENT AUDITOR'S REPORT

Honorable Board of Supervisors
County of Los Angeles, California

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary funds of the Los Angeles County Flood Control District (District), as of and for the fiscal year ended June 30, 2010, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions 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* as 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic 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 funds of the Los Angeles County Flood Control District as of June 30, 2010, and the respective changes in financial position thereof, for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 2 of the notes to basic financial statements effective July 1, 2009, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets,* Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments,* Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans,* and Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies.*

In accordance with the *Government Auditing Standards*, we have also issued a report dated December 20, 2010, on our consideration of the Los Angeles County Flood Control District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

OFFICES: BEVERLY HILLS · SANTA MARIA

MEMBER AMERICAN INSTITUTE OF C.P.A.'S CALIFORNIA SOCIETY OF MUNICIPAL FINANCE OFFICERS CALIFORNIA ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 14 and the budgetary comparison schedule for the General Fund on page 41 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Los Angeles Flood Control District's basic financial statements. The introductory section, schedule of changes in assets and liabilities – fiduciary funds, and the statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of changes in assets and liabilities – fiduciary funds is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical 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.

Moss, Levy & Hartzheim, LLP
Beverly Hills, CA
December 20, 2010

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

Our discussion and analysis 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, 2010. 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 assets (total assets less total liabilities) of the District were $5.906 billion.

During the year, the District's net assets increased by $88 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 the current year, the District's General Fund reported a total fund balance of $159 million. The amount of unreserved and designated fund balance was $50 million.

The District's capital asset balance net of accumulated depreciation was $5.819 billion at year-end, and increased by $101 million during the 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.

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 Assets presents information on all of the District's assets and liabilities, with the difference representing net assets. Over time, increases or decreases in the District's net assets 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 assets during the fiscal year. All changes in net assets are reported when the underlying events giving rise to the change 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 flow in and out and show available balances at 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 18 and 21 and the notes to the basic financial statements.

Fiduciary Funds – These are funds used to report assets held in an agency capacity for others and cannot be used to support the District's activities. 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 23 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 41 through 43 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 assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by $5.906 billion at the close of the most recent fiscal year (see Table 1).

Table 1

Summary of Net Assets
As of June 30, 2010 and 2009
(in thousands)

	Governmental Activities	
	2010	2009
Current and other assets	$ 189,888	$ 221,296
Capital assets	5,818,834	5,717,438
Total assets	$6,008,722	$5,938,734
Current and other liabilities	$ 19,581	$ 23,727
Long-term liabilities	83,090	97,282
Total liabilities	102,671	121,009
Net assets:		
Invested in capital assets, net of related debt	5,749,224	5,632,733
Restricted net assets	453	433
Unrestricted net assets	156,374	184,559
Total net assets	5,906,051	5,817,725
Total liabilities and net assets	$6,008,722	$5,938,734

As indicated above, the District's total net assets consist of the following three components:

Capital Assets, Net of Related Debt

The District's capital assets, net of related debt, are $5.749 billion. This represents its investment in capital assets (e.g., land and easements, buildings and improvements-net of accumulated depreciation, infrastructure, and equipment), less any outstanding debt related to acquiring those assets. At June 30, 2010, the District reported bonds payable of $70 million related to capital assets. It should be noted that the resources needed to repay this debt must derive from other sources; the capital assets themselves usually are not used to liquidate these liabilities. The District uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending.

Restricted Net Assets

The District's restricted net assets at year-end were less than $1 million. The asset restrictions are imposed by bond covenants for construction, debt service, and reserves.

Unrestricted Net Assets

The District's unrestricted net assets of $156 million are available to meet the District's ongoing financial requirements.

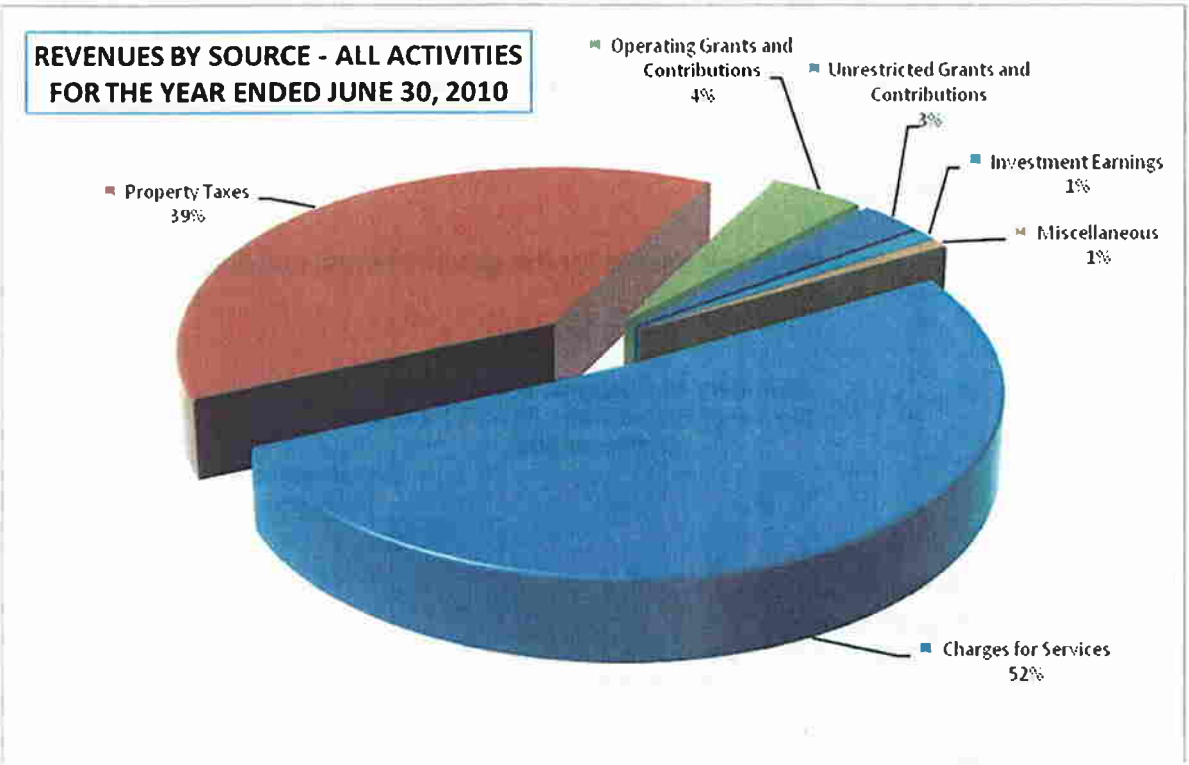
Governmental Activities

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

Table 2

Summary of Changes in Net Assets
For the Years Ended June 30, 2010 and 2009
(in thousands)

	Governmental Activities	
	2010	2009
Revenues:		
Program revenues:		
Charges for services	$ 127,592	$ 137,285
Operating grants and contributions	11,218	9,757
Capital grants and contributions		
General revenues:		
Property taxes	96,514	100,136
Unrestricted grants and contributions	7,390	6,978
Investment earnings	2,444	4,762
Miscellaneous	1,773	1,597
Total revenues	246,931	260,515
Expenses:		
Public protection	150,866	149,882
Interest on long-term debt	3,744	4,379
Total expenses	154,610	154,261
Changes in net assets	92,321	106,254
Net assets – beginning, as restated (Note 2)	5,813,730	5,711,471
Net assets – ending	$5,906,051	$5,817,725



The District's change in net assets went down by $14 million compared to the prior year. Following are the major factors that contributed to the net asset changes:

- Revenues from governmental activities decreased by $14 million (5%) from the prior year. The most significant changes in revenue were in the following areas:

  - Charges for services were $10 million (7%) less than the previous year due to the transfer of the Water Quality Services Program from the District to the County's General Fund, causing a revenue reduction of $4 million; and a reduction of service to cities in the amount of $6 million, which included a $4 million reduction with the City of Los Angeles for its share of the cost of water supply augmentations in the San Fernando Basin and the Big Tujunga Dam Seismic Rehabilitation Project, and a $2 million reduction with the City of Long Beach for its share of the costs of the Termino Avenue Drain Project.

  - Operating grants and contributions were $2 million (15%) higher than the previous year due primarily to a State reimbursement for the Big Tujunga Rehabilitation Project.

- Property taxes were $4 million (4%) lower than the previous year, consistent with the recent declines in assessed property values. Property tax revenues were also negatively impacted by changes in property ownership at values below previously assessed amounts.

- Investment earnings decreased by $2 million (49%) due to a reduction of the County's treasury pool yield.

- Governmental activity expenses for fiscal year ended June 30, 2010 had no major change in activity from the previous year.

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 (e.g., the District's General Fund is also known as the Flood Fund).

Types of governmental funds utilized by the District include General, Debt Service, and Capital Project 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, 2010, the District's governmental funds reported a combined fund balance of $159 million, a decrease of $26 million in comparison with the prior year. The current year-end fund balance consists of $102 million in reserves to indicate the extent that the funds have been committed or are otherwise unavailable for spending, and $50 million in designations have been set aside for specific infrastructure improvements. The remaining $7 million is unreserved, undesignated, and is available for flood control purposes.

Revenues from the District's governmental funds, primarily the General Fund, were $248 million, a decrease of $13 million (5%) from the previous year. The benefit assessment revenue of $107 million, included as charges for services, was the major source of revenue for the governmental funds. The other significant source of revenue for the governmental funds was property taxes, which were $98 million. Property taxes decreased $3 million (3%) from the previous year. Together, these two revenue sources account for 83% of total revenues for all the governmental funds.

Expenditures for the governmental funds totaled $275 million, an increase of $40 million (17%) from the previous year. For the reporting year, expenditures for governmental activities exceeded revenues by $27 million.

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	Variance - Positive (Negative)
Taxes	$ -	$ 98,200	$ 97,308	$ (892)
Intergovernmental revenues	9,573	22,701	18,608	(4,093)
Charges for services	(8,710)	120,897	116,717	(4,180)
All other revenues		20,381	14,710	(5,671)
Other sources and transfers	328	928	696	(232)
Changes in reserves/designations			5,651	5,651
Total	$1,191	$263,107	$253,690	$ (9,417)

Changes from Amounts Originally Budgeted

During the year, the net change in budgeted intergovernmental revenue, charges for services, other sources and transfers was an increase of $1 million. The net change resulted primarily from the following:

- The budgeted Intergovernmental revenues increased by $10 million due to the Hazard Mitigation Grant Program reimbursement received from the State Department of Water Resources for the Big Tujunga Dam, Seismic Rehabilitation project.

- The budgeted charges for services decreased by $9 million due to the reduced funding from the County of Los Angeles Chief Executive Office for the Water Quality Services program.

Actual Revenues/Financing Sources Compared With Final Budget Amounts

Actual revenues and other financing sources recognized by the District's General Fund were $9 million (4%) less than budgeted. The variance resulted primarily from the following:

- Grant funding not realized from the State of California Department of Water Resources (DWR) due to:
    - A delay of the Morris Dam Inlet/Outlet Rehabilitation Project.
    - A decrease in reimbursement from the State of California, Office of Emergency Services (OES) for various 2005 Winter Storm projects.
    - Funding not realized from the Water Replenishment District of Southern California (WRD) for the Rio Hondo/San Gabriel Coastal Basin Spreading Ground Pipeline Project.
- Funding not realized from the CEO for the Water Quality Services program. The expenditures for the Water Quality Services program are now charged directly to the County General Fund.
- Reserves/designations reduced by $6 million resulting from the cancellation of existing contracts and purchase orders resulting in additional unreserved funds.

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 and contingencies (in thousands).

Table 4

Category	Increase (Decrease) From Original Budget	Final Budget Amount	Actual Amount	Variance - Positive (Negative)
Public protection and capital outlay	$1,191	$271,880	$267,453	$ 4,427
Contingencies		19,613		19,613
Total	$1,191	$291,493	$267,453	$24,040

Changes from Amounts Originally Budgeted

During the year, the net change in the District's General Fund budgeted public protection and capital outlay is $1 million.

The net change is due to: (1) a $7 million additional requirement for a capital project in connection with the Sun Valley Watershed — Strathern Wetlands Park acquisition; (2) a $5 million additional requirement to finance watershed multi-use studies; and (3) a $1 million additional requirement for flood control improvement projects. The overall increase of $13 million is offset by a decrease of $12 million in contracts for runoff regulation facilities to finance the Sun Valley Watershed — Strathern Wetlands Park acquisition.

Actual Expenditures/Other Financing Uses Compared with Final Budget Amounts

Actual expenditures and other financing uses for the District's General Fund were $24 million lower than budgeted. The variance resulted primarily from delays in the District's project schedule and the award of projects for construction. Project delays are anticipated and an inventory of projects is kept to replace projects that remain in the planning stage or are delayed.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2010, the District had $5.819 billion (net of depreciation) invested in capital assets including land and easements, buildings and improvements, infrastructure, and equipment (see Table 5).

The District's capital assets (net of depreciation) for the reporting fiscal year increased $101 million (2%) from the prior fiscal year:

Table 5

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

	Reporting Year	Prior Year	Increase (Decrease)
Land and easements	$3,631,220	$3,551,348	$ 79,872
Buildings and improvements (B&I)	68,265	69,121	(856)
Infrastructure	1,943,651	1,976,299	(32,648)
Equipment	377	255	122
Construction-in-progress - B&I		391	(391)
Construction-in-progress - infrastructure	175,321	120,024	55,297
Total	$5,818,834	$5,717,438	$101,396

Infrastructure costs were capitalized for projects that remained in progress at the end of the year. The value of construction-in-progress at June 30, 2010, was $175 million and the value will be classified in the Construction-in-Progress category until the projects are completed. For additional information on Capital Asset activities see Note 5 on page 33.

The $31 million in infrastructure asset additions (see Note 5) include projects completed this year under the Construction-in-Progress category. The projects totaled $12 million and are listed below and on the following page (asset addition values are shown before depreciation is deducted).

Channel Improvements

- Los Cerritos Drainage System, Henrilee Lateral ($233,700)
- Repair Displaced Channel Wall ($496,500)

Dam Improvements

- Pacoima Dam Jib Crane ($1,595,400)

Pumping Plant Improvements

- Electric Avenue Pump Station Rehabilitation ($1,865,100)
- West Long Beach Pump Station Upgrade ($1,274,400)
- Compton Creek Pump Station ($595,900)
- Wilmington Pump Station ($295,700)

Spreading Ground Improvements

- Rio Hondo Coastal Basin Spreading Ground - Resurface Access Road Along East Side of Basins 8, 9 & 10 ($782,300)

Storm Drain Improvements

- Venice - Marina Del Rey Low Flow diversion ($2,237,000)
- Los Cerritos Drainage System, Henrilee Lateral ($91,200)
- Corrugated Metal Pipe Lining, Consolidated Drain Road - Phase IC ($1,346,600)
- Corrugated Metal Pipe Lining, Consolidated Drain Road - Phase 2A ($323,800)
- Consolidated Drain Road 438, Corrugated Metal Pipe Lining - Phase 2 ($746,400)
- Consolidated Drain Road 436, Corrugated Metal Pipe Lining and Pipe Replacement ($170,800)

Debt Administration

At June 30, 2010, the District had $83 million in long-term debt. The District's long-term debt consisted of $70 million in bonds and $13 million in other liabilities. The District's long-term debt decreased by approximately $14 million (15%) in the current year primarily as a result of $15 million in scheduled debt service payments. Specific disclosures related to long-term obligations appear in Notes 6 and 12.

The following table indicates the changes in the District's long-term debt during the year:

Table 6

Changes in Long-Term Debt (in thousands)

	Current Year	Prior Year	(Increase) Decrease
Capital Construction and Refunding Bonds	$52,995	$67,295	$14,300
Revenue Bonds	16,615	17,410	795
Other Liabilities	13,480	12,577	(903)
Total	$83,090	$97,282	$14,192

Bond Ratings

The District's debt is rated by Moody's, Standard and Poor's, and Fitch. The following is a schedule of ratings:

	Moody's	Standard and Poor's	Fitch
Revenue Bonds	Aa1	AA	AA+

Economic Conditions and Outlook

The Board of Supervisors adopted the District's 2010-11 Budget on June 7, 2010. The Budget was adopted based on the estimated fund balance that would be available at the end of 2009-10. The Board updated the Budget on September 28, 2010, to reflect the final 2009-10 fund balances and other pertinent financial information. For the District's General Fund, the 2010-11 Budget as updated in September 2010 utilized $15 million of available fund balance, which exceeded the previously estimated fund balance of $8 million. The additional fund balance of $7 million was appropriated or designated for flood control infrastructure improvement needs.

The economic outlook for the District reflects the impact of the current recession facing the entire nation. The continued decline in assessed property values and cost increases to operate, maintain, and replace the District's aging infrastructure continue to pose major risks to the District. The drop in assessed property values presents a great risk to the benefit assessment and property tax revenues, which are the District's primary sources of local funding. Since these vital revenue sources are not keeping pace with the increased costs, District management is closely monitoring these funding sources and adjusting revenue estimates as new information becomes available. The District continues to seek grant opportunities to offset increasing costs, as well as partnerships and collaborative efforts to leverage resources to help meet demands.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2010 (in thousands)

		GOVERNMENTAL ACTIVITIES
ASSETS		
Pooled cash and investments (Notes 1 and 4)		$ 157,798
Advances to the County of Los Angeles		6,601
Other investments (Notes 1 and 4)		231
Taxes receivable		17,639
Interest receivable		490
Other receivables		7,129
Capital assets: (Notes 1 and 5)		
Land and easements and construction-in-progress	$ 3,806,541	
Other capital assets, net of accumulated depreciation	2,012,293	
Total capital assets		5,818,834
TOTAL ASSETS		6,008,722
LIABILITIES		
Accounts payable		13,074
Other payables		5
Accrued interest payable		1,089
Unearned revenue		5,413
Noncurrent liabilities: (Notes 6 and 8)		
Due within one year		19,295
Due in more than one year		63,795
TOTAL LIABILITIES		102,671
NET ASSETS		
Invested in capital assets, net of related debt		5,749,224
Restricted for:		
Capital projects		100
Debt service		353
Unrestricted		156,374
TOTAL NET ASSETS		$ 5,906,051

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 YEAR ENDED JUNE 30, 2010 (in thousands)

	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Total Governmental Activities
Governmental activities:					
Public protection	$ 150,866	$ 127,592	$ 11,218	$ -	$ (12,056)
Interest on long-term debt	3,744				(3,744)
Total	$ 154,610	$ 127,592	$ 11,218	$ -	(15,800)
General revenues:					
Property taxes					96,514
Grants and contributions not restricted to special programs					7,390
Investment earnings					2,444
Miscellaneous					1,773
Total general revenues					108,121
Change in net assets					92,321
Net assets - July 1, 2009				5,817,725	
Prior Period Adjustment (Note 2)				(3,995)	
Net assets - July 1, 2009, as restated (Note 2)					5,813,730
Net assets - June 30, 2010					$ 5,906,051

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, 2010 (in thousands)

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
ASSETS:				
Pooled cash and investments (Notes 1 and 4)	$ 157,698	$ -	$ 100	$ 157,798
Advances to the County of Los Angeles	6,601			6,601
Other investments (Notes 1 and 4)		231		231
Taxes receivable	9,312	605		9,917
Interest receivable	490			490
Assessments receivable	7,722			7,722
Other receivables	7,129			7,129
TOTAL ASSETS	$ 188,952	$ 836	$ 100	$ 189,888
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	$ 13,074	$ -	$ -	$ 13,074
Other payable		5		5
Unearned revenue	17,284	478		17,762
TOTAL LIABILITIES	30,358	483	-	30,841
FUND BALANCES:				
Reserved for:				
Encumbrances	98,980			98,980
Special purposes	3,011			3,011
Debt service		353		353
Unreserved:				
Designated for flood control projects	49,789			49,789
Undesignated	6,814		100	6,914
TOTAL FUND BALANCES	158,594	353	100	159,047
TOTAL LIABILITIES AND FUND BALANCES	$ 188,952	$ 836	$ 100	$ 189,888

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 ASSETS
JUNE 30, 2010 (in thousands)

Fund balance of total governmental funds (page 17)		$ 159,047
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets in governmental activities are not current financial resources and therefore are not reported in governmental funds:		
Land and easements	$ 3,631,220	
Construction-in-progress	175,321	
Buildings and improvements - net	68,265	
Equipment - net	377	
Infrastructure - net	1,943,651	5,818,834
Other long-term assets are not available to pay for current-period expenditures and are deferred, or not recognized, in governmental funds:		
Unearned revenue		12,349
Accrued interest payable is not recognized in governmental funds		(1,089)
The following long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds:		
Bonds payable	(69,610)	
Litigation/self insurance	(13,480)	(83,090)
Net assets of governmental activities (page 16)		$ 5,906,051

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 YEAR ENDED JUNE 30, 2010 (in thousands)

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Taxes	$ 97,684	$ 6	$ -	$ 97,690
Licenses and permits	593			593
Fines, forfeitures, and penalties	2,215			2,215
Interest	2,430	13	1	2,444
Rents and royalties	8,425			8,425
Intergovernmental revenues:				
Federal	11,108			11,108
State	960			960
Other	6,539			6,539
Charges for services	116,615			116,615
Miscellaneous	1,483			1,483
TOTAL REVENUES	248,052	19	1	248,072
EXPENDITURES:				
Current public protection:				
Services and supplies	245,303			245,303
Debt service:				
Principal		15,095		15,095
Interest		3,983		3,983
Capital outlay	10,456			10,456
TOTAL EXPENDITURES	255,759	19,078		274,837
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,707)	(19,059)	1	(26,765)

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 YEAR ENDED JUNE 30, 2010 (in thousands)

OTHER FINANCING SOURCES (USES):				
Sales of capital assets	$ 368	$ -	$ -	$ 368
Transfers in from County of Los Angeles	328			328
Transfers in		19,353		19,353
Transfers out	(19,078)		(275)	(19,353)
OTHER FINANCING SOURCES (USES)	(18,382)	19,353	(275)	696
NET CHANGE IN FUND BALANCES	(26,089)	294	(274)	(26,069)
FUND BALANCES - BEGINNING	184,683	59	374	185,116
FUND BALANCES - ENDING	$ 158,594	$ 353	$ 100	$ 159,047

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 YEAR ENDED JUNE 30, 2010 (in thousands)

Net change in fund balances - total governmental funds (page 20)		$ (26,069)
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	$ 171,261	
Less - current year depreciation expense	(65,465)	105,796
In the Statement of Activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources, thus, the change in net assets differs from the change in fund balance		(405)
Revenue timing differences result in less revenue in Government-wide Statements		(1,432)
Repayment of bond principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities in the Statement of Net Assets		15,095
Accrued interest for bonds payable; this is the net change in accrued interest for the current period		239
Some expenses reported in the accompanying Statement of Activities do not require (or provide) the use of current financial resources and therefore are not reported as expenditures in governmental funds:		
Change in litigation/self insurance		(903)
Change in net assets of governmental activities (page 16)		$ 92,321

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
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010 (in thousands)

	AGENCY FUNDS
ASSETS	
Pooled cash and investments (Notes 1 and 4)	$ 4,139
TOTAL ASSETS	$ 4,139
LIABILITIES	
Deposits payable	$ 4,139
TOTAL LIABILITIES	4,139
TOTAL NET ASSETS	$ -

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

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 wastewater, 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. Additional financial information for the PWFA may be obtained from the Department of Public Works at 900 South Fremont Avenue, Alhambra, California 91803.

The District is included as a blended component unit in 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, 2010. The financial resources and operations of the District are accounted for in the fund types discussed below.

Basis of Accounting and Measurement Focus

The basic financial statements of the District are composed of the following:

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

Financial reporting incorporates all GASB pronouncements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Government-wide Financial Statements

Government-wide financial statements display information about the District as a whole. The Statement of Net Assets 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 a liability rather than as another financing source. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of related liabilities rather than as expenditures.

Net assets are classified into the following three categories: (1) invested in capital assets, net of related debt, (2) restricted, and (3) unrestricted. Net assets are reported as restricted when their 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, 2010, there were no restricted assets impacted by enabling legislation.

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

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, fund balances, revenues, and expenditures.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

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.

Fund financial statements are presented after the government-wide financial statements. These statements display information about major funds individually and 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 on 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.

- Debt Service Fund

  The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt, including principal and interest.

- Capital Project Funds

  The Capital Project Funds are used to account for financial resources to be used for the acquisition and/or construction of flood control structures financed by long-term debt.

The District also reports on the following funds:

- Fiduciary Funds (Agency Funds)

  The Agency Funds are 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 Funds consist of funds for the acquisition of rights-of-way for flood control projects and deposits received from other governmental entities, private companies, and individuals as parts of agreements, permits, contractual obligations, or other pre-payment requirements stemming from flood control construction projects or maintenance work.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Basis of Accounting

In the fund financial statements, governmental funds are presented using a modified accrual basis of accounting. Revenues are recognized when they become measurable and available to finance operations during the year. Secured and unsecured property taxes and benefit assessments estimated to be collectible in future years are recorded as receivables and deferred 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 deferred 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

Property Taxes

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

Property taxes are levied on both real and personal property. Secured property taxes are levied in September of each year. They become a lien on real property on January 1 preceding the fiscal year for which taxes are levied. Tax payments can be made in two equal installments: the first is due November 1 and is delinquent with penalties after December 10; the second is due February 1 and is delinquent with penalties after April 10. Secured property taxes, delinquent and unpaid as of June 30, are declared to be tax defaulted and subject to redemption penalties, costs, and interest. Properties with delinquent taxes, unpaid after five (5) 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 January 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.

Benefit Assessments

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

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.

The fair value of pooled investments is determined annually and based on current market prices. 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 rather than market value.

Other Investments

"Other Investments" represents investment and interest earnings related to the debt issuance currently held in trust by the Bank of New York Trust Company, N. A.

Capital Assets

Capital assets, which include land and easements, buildings and improvements, equipment, 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 are recorded at estimated fair value at the date of donation.

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.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-Continued

The District's capitalization thresholds are $5,000 for equipment, $100,000 for buildings and improvements, and $100,000 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
Infrastructure	15 to 100 years

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 amount of revenues and expenditures during the reporting period. Actual results may differ from those estimates.

2. ACCOUNTING CHANGES AND RESTATEMENT OF NET ASSETS

As discussed below, the District implemented the requirements of GASB Statement Nos. 51, 53, 57, and 58 during the fiscal year ended June 30, 2010.

GASB Statement No. 51 – *Accounting and Financial Reporting for Intangible Assets*

For the fiscal year ended June 30, 2010, the District implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets." This Statement is effective for financial statements for periods beginning after June 15, 2009. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments. The implementation of this Statement did not have an effect on these financial statements.

2. ACCOUNTING CHANGES AND RESTATEMENT OF NET ASSETS-Continued

GASB Statement No. 53–*Accounting and Financial Reporting for Derivative Instruments*

For the fiscal year ended June 30, 2010, the District implemented GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments." This Statement is effective for financial statements for periods beginning after June 15, 2009. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The implementation of this Statement did not have an effect on these financial statements.

GASB Statement No. 57 – *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*

For the fiscal year ended June 30, 2010, the District implemented GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans." This Statement establishes standards for the measurement and financial reporting of actuarially determined information by agent employers with individual-employer OPEB plans that have fewer than 100 total plan members and by the agent multiple-employer OPEB plans in which they participate. The implementation of this Statement did not have an effect on these financial statements.

GASB Statement No. 58 – *Accounting and Financial Reporting for Chapter 9 Bankruptcies*

For the fiscal year ended June 30, 2010, the District implemented GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies." This Statement is effective for reporting periods beginning after June 15, 2009. The objective of this Statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. It requires governments to re-measure liabilities adjusted in bankruptcy when the bankruptcy court confirms or approves a new payment plan. The implementation of this Statement did not have an effect on these financial statements.

Restatement of Net Assets

During the year, the District restated the beginning balance to reflect the recording of Construction-In-Progress Infrastructure Assets prior to July 1, 2009 that were overstated in the previous year's financial statements. The effect of the change is as follows (in thousands):

2. ACCOUNTING CHANGES AND RESTATEMENT OF NET ASSETS-Continued

	Net Assets July 1, 2009, As Previously Reported	Effect of Construction-In-Progress Infrastructure Assets	Net Assets July 1,2009, As Restated
Government-wide Governmental Activities	$5,817,725	($3,995)	$5,813,730

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 year ended June 30, 2010, the County's billings to the District's General Fund approximated $109,925,000. Costs associated with shared equipment and inventory funded through the Department of Public Works Internal Service Fund are recorded in the District's financial statements as expenses under "Public Protection." For the year ended June 30, 2010, this expense from the District's General Fund was $210,000.

The District has numerous transactions with the other funds of the County in order to finance operations, provide services, purchase assets, and apportion property taxes. To the extent that some transactions between the District and these funds were not paid or received by June 30, 2010, the net balances of interfund amounts receivable or payable were converted to cash for financial statement presentation.

On April 16, 1990, the District entered into a cost-sharing agreement with the County relative to the Public Works headquarters building. The agreement provides for the County to make rental payments to the District in exchange for its occupancy of the headquarters. Furthermore, the County agreed to pay for its proportionate share of the headquarters operating costs. For the year ended June 30, 2010, County rental payments to the District totaled $5,299,000.

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's management has no intention of selling the headquarters building. However, in the event the headquarters were to be sold, the proceeds of the

sale in excess of any outstanding indebtedness would be shared by the District and the County in proportion to each entity's share of the headquarters' cost.

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 and are subject to withdrawal from the pool upon demand. As of June 30, 2010, the District's share of the total pooled cash and investments included in the Statement of Net Assets and Balance Sheet under "pooled cash and investments" was $157,798,000, which represents approximately 0.70% of the total pool. The "pooled cash and investments" reported on the Statement of Fiduciary Net Assets was $4,139,000.

Interest earned on pooled investments is deposited monthly 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 $882,000 as of June 30, 2010. 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 Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, negotiable certificates of deposit, floating rate notes, repurchase agreements, and reverse repurchase agreements.

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

GASB Statement No. 3 exempts participating entities from classifying their pool investments in categories of credit risk; however, GASB Statement No. 40 requires disclosures of common deposit and investment risks related to credit risks, concentration of credit risk, interest rate risk, and foreign currency risk. Information on common deposit and investment risks for the entire County Treasurer Pool is presented in Note 5 to the County of Los Angeles Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2010.

Other Investments

Short-term investments of Milestone Treasury are managed by the Bank of New York Trust Company, N. A.

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010, is as follows (in thousands):

	Balance July 1, 2009, As previously reported	Adjustments	Balance July 1, 2009, as restated	Additions	Deletions	Balance June 30, 2010
Governmental Activities						
Capital assets, not depreciated:						
Land and easements	$3,551,348	$ -	$3,551,348	$ 79,872	$ -	$3,631,220
Construction-in-progress - buildings and improvements	391		391	527	(918)	
Construction-in-progress – infrastructure	120,024	(3,995)	116,029	78,463	(19,171)	175,321
Subtotal	3,671,763	(3,995)	3,667,768	158,862	(20,089)	3,806,541
Capital assets, being depreciated:						
Buildings and improvements	95,879		95,879	878	(144)	96,613
Equipment	1,623		1,623	193	(23)	1,793
Infrastructure	3,463,804		3,463,804	31,047		3,494,851
Subtotal	3,561,306		3,561,306	32,118	(167)	3,593,257
Less accumulated depreciation:						
Buildings and improvements	26,758		26,758	1,699	(109)	28,348
Equipment	1,368		1,368	71	(23)	1,416
Infrastructure	1,487,505		1,487,505	63,695		1,551,200
Subtotal	1,515,631		1,515,631	65,465	(132)	1,580,964
Total capital assets, being depreciated, net	2,045,675		2,045,675	(33,347)	(35)	2,012,293
Total capital assets, net	$5,717,438	$(3,995)	$5,713,442	$125,516	$(20,124)	$5,818,834

Depreciation Expense

Governmental activities:

Public protection	$ 65,465
Total depreciation expense, governmental activities	$ 65,465

5. CAPITAL ASSETS-Continued

The capital asset adjustment of $171,261,000 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 year ended June 30, 2010 (see page 21), is detailed as follows (in thousands):

Capital Assets Adjustments:

Addition of Capital Assets, not depreciated	$158,862
Deletion of Capital Assets, not depreciated	(20,089)
Addition of Capital Assets, being depreciated	32,118
Deletion of Capital Assets, being depreciated	(167)
Deletion of Accumulated Depreciation	132
Net Book Value of Capital Assets Sold	405
Total Capital Assets Adjustments	$171,261

6. LONG-TERM OBLIGATIONS

Long-term obligations of the District consist of capital construction and refunding bonds and other liabilities (see Note 8).

Capital Construction and Refunding Bonds

On January 30, 2003, the Los Angeles County Public Works Financing Authority issued $143,195,000 in refunding revenue bonds, maturing on various dates between 2004 and 2017, with an average interest rate of 3.34%. These bonds were issued to refund the outstanding principal amount of $147,565,000 of capital construction and refunding bonds issued in 1993 at an interest rate of 5%.

The District's capital construction and refunding bonds outstanding at June 30, 2010, are summarized as follows (in thousands):

$143,195 issued in 2003; due in annual installments through 2017; average interest at 3.34%	$52,995

6. LONG-TERM OBLIGATIONS-Continued

Aggregate maturity of capital construction and refunding bonds as of June 30, 2010, are as follows (in thousands):

	Governmental Activities	
Year Ending June 30	Principal	Interest
2011	$ 14,985	$ 2,598
2012	15,735	1,848
2013	16,530	1,062
2014	1,355	235
2015	1,405	181
2016-2017	2,985	190
Total	$ 52,995	$ 6,114

Revenue Bonds Series 2005A

On July 13, 2005, the Los Angeles County Public Works Financing Authority issued $20,540,000 in revenue bonds, maturing on various dates between 2006 and 2025, with interest rates ranging from 4% to 4.125%. Bond proceeds were used to finance the design, renovation, improvement, and seismic retrofitting of the District's headquarters building and to pay some costs of issuance incurred in connection with the Series 2005A Bonds. The District's revenue bonds outstanding at June 30, 2010, are summarized as follows (in thousands):

$20,540 issued in 2005; due in annual installments through 2025; interest at 4.0% to 4.125%	$16,615

Aggregate maturity of revenue bonds as of June 30, 2010, are as follows (in thousands):

	Governmental Activities	
Year Ending June 30	Principal	Interest
2011	$ 830	$ 669
2012	865	636
2013	895	601
2014	935	566
2015	970	528
2016-2020	5,465	2,026
2021-2025	6,655	838
Total	$ 16,615	$ 5,864

6. LONG-TERM OBLIGATIONS-Continued

Changes in Long-Term Obligations

The following is a summary of long-term obligations for the fiscal year ended June 30, 2010 (in thousands):

	Balance July 1, 2009	Additions	Deletions/ Maturities	Balance June 30, 2010	Due Within One Year
Bonds Payable	$84,705	$ -	$(15,095)	$ 69,610	$15,815
Other Liabilities (Note 8)	12,577	5,993	(5,090)	13,480	3,480
Total	$97,282	$ 5,993	$(20,185)	$ 83,090	$19,295

7. INTERFUND TRANSACTIONS

Interfund transfers made during the year between the General, Debt Service, and Capital Project Funds were in accordance with long-term debt covenants. Interfund transfers to/from other funds for the year ended June 30, 2010, were as follows (in thousands):

Transfer From	Transfer To	Amount
General Fund	Debt Service Fund	$19,078
Capital Project Funds	Debt Service Fund	275
Total		$19,353

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.

8. RISK MANAGEMENT-Continued

As of June 30, 2010, the District's best estimate of these probable judgment liabilities is $13,480,000. The changes in reported liability since July 1, 2007, were as follows (in thousands):

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimate	Claim Payments	Balance at Fiscal Year-End
2007-08	$2,435	$841	($276)	$3,000
2008-09	$3,000	$10,188	($611)	$12,577
2009-10	$12,577	$5,993	($5,090)	$13,480

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 (CWA) continues to have a significant impact on the District, although other funding sources, primarily the County of Los Angeles General Fund, have eased some of the impact. As a Principal Permittee under the Los Angeles Municipal Stormwater National Pollutant Discharge Elimination System Permit (Permit), which is mandated by the CWA, the District continues to:

- Implement programs to minimize urban and stormwater runoff pollution.
- Conduct water quality monitoring.
- Conduct scientific studies to better understand pollutant sources and the effectiveness of management practices.

10. FEDERAL CLEAN WATER ACT-Continued

- Coordinate the reporting of co-permittees' program implementation.
- Coordinate activities of co-permittees and act as a liaison between co-permittees and the Los Angeles Regional Water Quality Control Board.

The District continues to work with stakeholders to find successful and cost-effective solutions to comply with Total Maximum Daily Load (TMDL) regulations. In accordance with the CWA, the United States Environmental Protection Agency promulgates TMDLs to restore and protect the health of the nation's surface waters when existing pollution control programs do not attain water quality standards. A TMDL is simply defined as the amount of a pollutant that a water body may receive while meeting water quality standards. More than 20 TMDLs have been adopted in the County of Los Angeles since 2000. Although not responsible for TMDL compliance, the District continues to collaborate with its municipal partners to keep pollutants out of the flood control system. At the direction of the County's Board of Supervisors, the District is exploring a countywide Water Quality Funding Initiative to implement a voter-approved, property-based storm drainage fee for clean water that can be leveraged to obtain Federal and State funding.

11. SUBSEQUENT EVENTS

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

On November 7, 2006, voter approval of infrastructure ballot measures, for California State Propositions 1E and 84, provides for the State to sell bonds to finance projects relating to enhancing flood protection and improving stormwater runoff quality. Both of these measures may potentially provide considerable funding to the District; however, the full funding impact to the District cannot be determined until the legislative process is complete and funding guidelines are established.

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).

12. POLLUTION REMEDIATION-Continued

The District is involved in several remediation actions to clean up pollution sites within its boundaries. These matters generally coincide with the District's ownership of land, buildings and infrastructure assets. In some cases, regulatory agencies (e.g., California Regional Water Quality Control Board) notify the District of the need for remedial action. However, the District also conducts its own environmental monitoring to identify pollution sites and matters requiring further investigation and possible remediation. Once the District is aware of a condition, it begins monitoring, assessment, testing and/or cleanup activities, and recognizes pollution remediation obligations when estimates can reasonably be determined.

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

As of June 30, 2010, the District's estimated pollution remediation obligations totaled $10.106 million. These obligations were all associated with the District's government-wide governmental activities. The estimated liabilities were determined by project managers, based on historical cost information for projects of similar sizes, types and complexity, measured at their 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 reduce obligations.

13. PROPOSITION 1A – PROPERTY TAX BORROWED BY THE STATE OF CALIFORNIA

Under the provisions of proposition 1A, as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of property tax revenues, including property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies).

The State is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the Los Angeles County Flood Control District was $7,972,123.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority ("California Communities"), a joint powers authority sponsored by the

13. PROPOSITION 1A – PROPERTY TAX BORROWED BY THE STATE OF CALIFORNIA-Continued

California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables to California Communities. Under the Securitization Program, California Communities simultaneously purchased the Proposition 1A receivables and issued bonds ("Prop 1A Bonds") to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The District participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

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 YEAR ENDED JUNE 30, 2010 (in thousands)

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL ON BUDGETARY BASIS	VARIANCE FROM FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES:				
Taxes	$ 98,200	$ 98,200	$ 97,308	$ (892)
Licenses and permits	2,026	2,026	594	(1,432)
Fines, forfeitures, and penalties	1,500	1,500	2,215	715
Revenue from use of money and property:				
Investment income	7,001	7,001	2,346	(4,655)
Rents and concessions	7,416	7,416	7,791	375
Royalties	370	370	633	263
Intergovernmental revenues:				
Federal	1,836	11,408	11,108	(300)
State	4,239	4,239	960	(3,279)
Other	7,054	7,054	6,540	(514)
Charges for services	129,607	120,897	116,717	(4,180)
Miscellaneous	2,068	2,068	1,131	(937)
TOTAL REVENUES	261,316	262,179	247,343	(14,836)
EXPENDITURES:				
Current - Public protection:				
Services and supplies	245,925	234,976	233,793	1,183
Other charges	21,473	26,236	25,168	1,068
Capital assets	835	985	287	698
Capital outlay	773	8,000	7,995	5
TOTAL EXPENDITURES	269,006	270,197	267,243	2,954
REVENUES OVER/(UNDER) EXPENDITURES	(7,690)	(8,018)	(19,900)	(11,882)
OTHER FINANCING SOURCES (USES):				
Sales of capital assets	600	600	368	(232)
Transfers in		328	328	
Transfers out	(1,683)	(1,683)	(210)	1,473
Appropriation for contingencies	(19,613)	(19,613)		19,613
Changes in reserves and designations			5,651	5,651
OTHER FINANCING SOURCES (USES)-NET	(20,696)	(20,368)	6,137	26,505
NET CHANGE IN FUND BALANCE	(28,386)	(28,386)	(13,763)	14,623
FUND BALANCE, JULY 1, 2009	28,386	28,386	28,386	
FUND BALANCE, JUNE 30, 2010	$ -	$ -	$ 14,623	$ 14,623

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, a District budget must be adopted on or before August 30 for each fiscal year. Budgets are adopted for the General 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, 2010, there was no budget adopted for the Debt Service Fund. Note 2 indicates specific differences between the two bases of accounting as of June 30, 2010. 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 subsequently cancelled or otherwise made available for appropriation are recorded as other financing sources.

- Under the budgetary basis, encumbrances and other reserves are also recorded as other financing uses when established. For encumbrances, this occurs at the time contracts and/or purchase agreements are entered into. Under the 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 GAAP basis, property tax revenues are recognized only to the extent that they are collectible within 60 days.

- Under the 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.

Expenditures are controlled at the object level for all District budgets, except for capital asset expenditures, which are controlled at the object class level. Expenditures did not exceed the related appropriations within any fund at June 30, 2010.

1. BUDGETARY DATA-Continued

Encumbrances are set aside appropriations related to purchase orders and/or contracts for goods or services and are recorded to assure budgetary control and accountability in the General Fund and Capital Project Funds. Encumbrances outstanding at year-end represent the estimated amount of the expenditures ultimately expected to result if the unperformed purchase orders or contracts in process at year-end are completed. Encumbrances outstanding at year-end do not constitute expenditures or liabilities. Unencumbered appropriations lapse at year-end and encumbrances outstanding at that time are reported as reservations of fund balances for subsequent year expenditures (see Note 2).

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 GAAP

The District's Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual on Budgetary Basis for the General Fund has been prepared on the budgetary basis of accounting which is different from GAAP.

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 and GAAP basis fund balances as of June 30, 2010 (in thousands):

	General Fund
Fund Balance – Budgetary Basis (page 41)	$ 14,623
Reserves and Designations	151,780
Subtotal	166,403
Adjustments:	
Change in Accounts Payable Accruals	(3,310)
Change in Revenue Accruals	(4,499)
Fund Balance – GAAP Basis (page 20)	$158,594

Other Supplementary Information

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2010 (in thousands)

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
TOTAL AGENCY FUNDS				
ASSETS				
Pooled cash and investments	$ 3,699	$ 1,981	$ (1,541)	$ 4,139
TOTAL ASSETS	**$ 3,699**	**$ 1,981**	**$ (1,541)**	**$ 4,139**
LIABILITIES				
Deposits payable	$ (3,699)	$ (1,981)	$ 1,541	$ (4,139)
TOTAL LIABILITIES	**$ (3,699)**	**$ (1,981)**	**$ 1,541**	**$ (4,139)**

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 45
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 51
These schedules contain trend information to help the reader assess the District's most significant local revenue source, which is property taxes.

DEBT CAPACITY 55
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 61
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 63
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 ASSETS BY CATEGORY (UNAUDITED)
LAST NINE FISCAL YEARS (in thousands)
(accrual basis of accounting)

(1)	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Governmental activities (2)									
Invested in capital assets, net of related debt (deficit)	$ (85,127)	$ (33,487)	$ 16,000	$ 67,884	$ 5,461,839	$ 5,515,779	$ 5,552,586	$ 5,632,733	$ 5,749,224
Restricted (3)	2,430	4,769	3,313	1,700	17,759	2,176	503	433	453
Unrestricted	126,159	121,973	122,965	122,695	138,795	150,862	168,507	184,559	156,374
Total government net assets	43,462	93,255	142,278	192,279	5,618,393	5,668,817	5,721,596	5,817,725	5,906,051
Primary government									
Invested in capital assets, net of related debt (deficit)	(85,127)	(33,487)	16,000	67,884	5,461,839	5,515,779	5,552,586	5,632,733	5,749,224
Restricted (3)	2,430	4,769	3,313	1,700	17,759	2,176	503	433	453
Unrestricted	126,159	121,973	122,965	122,695	138,795	150,862	168,507	184,559	156,374
Total primary government net assets	$ 43,462	$ 93,255	$ 142,278	$ 192,279	$ 5,618,393	$ 5,668,817	$ 5,721,596	$ 5,817,725	$ 5,906,051

Notes:

(1) Trend data is available for only the prior eight fiscal years since the implementation of GASB 34 in 2001-02. Fiscal year 2005-06 and subsequent years reflect retroactive reporting of capital assets in accordance with GASB 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.

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

	(1) 2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Expenses									
Governmental activities (2)									
General government									
Public protection	$ 150,222	$ 149,353	$ 150,623	$ 147,942	$ 163,535	$ 180,993	$ 208,861	$ 149,882	$ 150,866
Interest on long-term debt	8,979	9,293	6,199	5,534	5,788	5,554	4,933	4,379	3,744
Total governmental activities expenses	159,201	158,646	156,822	153,476	169,323	186,547	213,794	154,261	154,610
Total primary government expenses	159,201	158,646	156,822	153,476	169,323	186,547	213,794	154,261	154,610
Program Revenues									
Governmental activities									
Charges for services									
Benefit Assessments	107,556	108,685	109,028	109,544	109,390	109,136	108,688	110,653	107,295
Other charges for services	8,592	14,368	11,538	9,164	12,104	12,683	21,090	26,632	20,297
Subtotal governmental activities charges for services	116,148	123,053	120,566	118,708	121,494	121,819	129,778	137,285	127,592
Operating grants and contributions	1,817	1,194	5,600	4,931	7,125	12,085	8,630	9,757	11,218
Capital grants and contributions	204	1,448	533	926	4,172	1,785	1,797		
Total governmental activities program revenue	118,169	125,695	126,699	124,565	132,791	135,689	140,205	147,042	138,810
Total primary government revenues	118,169	125,695	126,699	124,565	132,791	135,689	140,205	147,042	138,810
Net (expense)/revenue:									
Government activities	(41,032)	(32,951)	(30,123)	(28,911)	(36,532)	(50,858)	(73,589)	(7,219)	(15,800)
Total primary government net expenses	$ (41,032)	$ (32,951)	$ (30,123)	$ (28,911)	$ (36,532)	$ (50,858)	$ (73,589)	$ (7,219)	$ (15,800)

Continued...

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

	(1) 2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
General Revenues and Other Changes in Net Assets									
Governmental activities (2)									
Property taxes	$ 65,575	$ 69,518	$ 72,723	$ 70,937	$ 76,423	$ 88,858	$ 95,272	$ 100,136	$ 96,514
Unrestricted grants and contributions	2,795	3,042	3,197	2,984	3,443	5,653	5,589	6,978	7,390
Investment earnings	4,574	2,183	957	2,582	4,961	6,613	6,699	4,762	2,444
Miscellaneous	1,063	8,001	2,269	2,409	1,429	158	1,332	1,597	1,773
Subtotal governmental activities	74,007	82,744	79,146	78,912	86,256	101,282	108,892	113,473	108,121
Total primary government	74,007	82,744	79,146	78,912	86,256	101,282	108,892	113,473	108,121
Changes in Net Assets									
Government activities	32,975	49,793	49,023	50,001	49,724	50,424	35,303	106,254	92,321
Total primary government	$ 32,975	$ 49,793	$ 49,023	$ 50,001	$ 49,724	$ 50,424	$ 35,303	$ 106,254	$ 92,321

Notes:

(1) Trend data is available for only the prior eight fiscal years since the implementation of GASB 34.

(2) This schedule reports on one category, governmental activities, as the District has no business-type activities to be reported.

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

	(1) 2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
General Fund									
Reserved for:									
Encumbrances	$ 88,300	$ 85,409	$ 87,511	$ 91,506	$ 104,637	$ 100,464	$ 112,849	$ 116,125	$ 98,980
Special purposes	3,011	3,008	3,008	3,008	3,011	3,011	12,011	3,010	3,011
Unreserved, designated for:									
Flood control projects	20,307	19,478	19,478	18,099	26,049	33,814	13,314	49,789	49,789
Unreserved, undesignated, reported in:									
General Fund	5,769	7,153	7,748	6,834	(260)	6,091	20,123	15,759	6,814
Subtotal General Fund	117,387	115,048	117,745	119,447	133,437	143,380	158,297	184,683	158,594
All Other governmental Funds (2)									
Reserved for:									
Debt service	4,934	4,654	3,270	1,603	836	663	51	59	353
Unreserved, undesignated, reported in:									
Capital projects funds	117	220	101	116	15,147	1,516	452	374	100
Subtotal all other government funds	5,051	4,874	3,371	1,719	15,983	2,179	503	433	453
Total governmental fund balance	$ 122,438	$ 119,922	$ 121,116	$ 121,166	$ 149,420	$ 145,559	$ 158,800	$ 185,116	$ 159,047

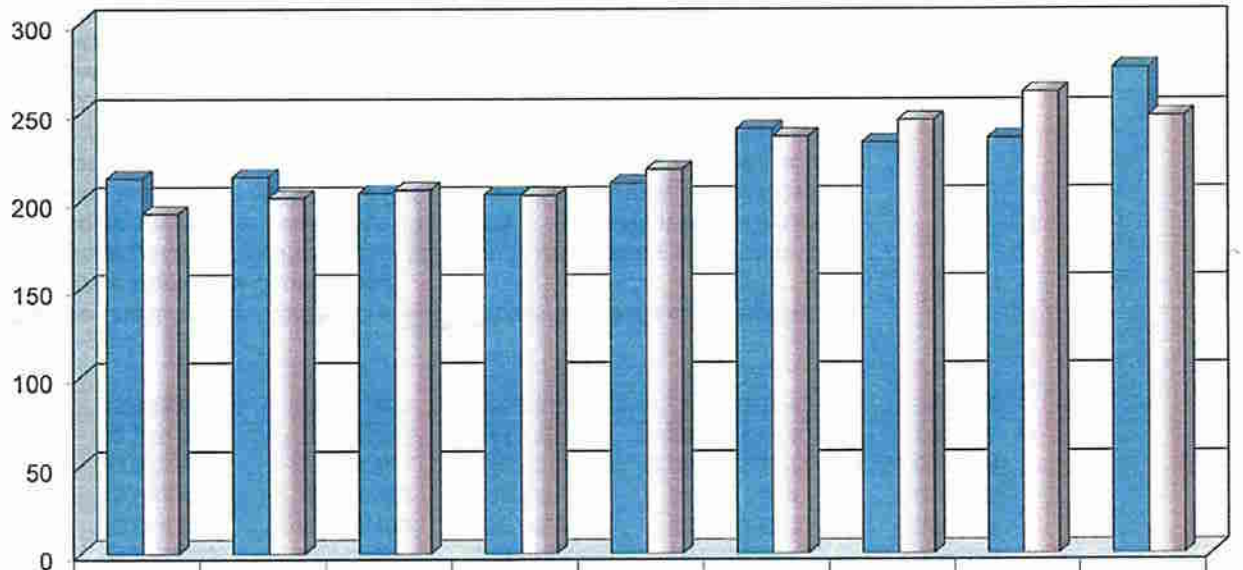
Notes:
(1) Trend data is available for only the prior eight fiscal years since the implementation of GASB 34.
(2) "All Other Governmental Funds" consist of the Debt Service and Capital Projects Funds.

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

	(1) 2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Revenues (by source)									
Taxes	$ 66,315	$ 69,505	$ 72,689	$ 70,994	$ 75,397	$ 88,605	$ 93,157	$ 100,611	$ 97,690
Licenses, permits, and franchises	731	535	231	308	394	514	741	606	593
Fines, forfeitures, and penalties	1,516	1,681	2,802	1,226	1,196	1,060	1,440	1,913	2,215
Revenues from use of money and property									
Interest	4,574	2,183	957	2,582	4,961	6,613	6,700	4,762	2,444
Rents and royalties	6,248	6,133	6,802	5,191	7,028	7,301	7,797	8,281	8,425
Intergovernmental revenues:									
Federal	3,313	2,347	5,240	4,065	4,095	5,375	6,086	2,086	11,108
State	1,502	1,106	1,695	2,633	8,036	9,324	3,397	8,515	960
Other	1	2,232	2,396	2,142	2,609	4,824	4,747	6,134	6,539
Charges for services	107,552	115,003	111,697	112,653	113,296	112,524	118,798	126,963	116,615
Miscellaneous	1,061	855	1,554	1,128	869	187	3,038	1,566	1,482
Total Revenues	192,815	201,580	206,063	202,922	217,881	236,327	245,901	261,437	248,071
Expenditures (by function)									
Current:									
Public protection	185,722	176,503	179,170	179,364	179,100	205,119	188,994	215,492	245,303
Debt Services									
Principal	16,775	24,026	16,205	16,065	14,580	14,280	14,350	14,505	15,095
Interest	9,366	9,585	6,667	5,676	5,796	5,560	5,112	4,576	3,983
Capital leases									
Capital outlay	950	3,535	2,228	2,439	10,422	15,828	24,379	861	10,456
Total Expenditures	212,813	213,649	204,270	203,544	209,898	240,787	232,835	235,434	274,837
Excess of Revenues over (under) Expenditures	(19,998)	(12,069)	1,793	(622)	7,983	(4,460)	13,066	26,003	(26,766)
Other Financing Sources (Uses)									
Sales of capital assets	206	243	708	1,281	757	599	175	281	368
Transfers in from County of Los Angeles								32	328
Transfers in	18,429	18,482	17,587	17,582	39,517	19,050	19,327	19,078	19,353
Transfers out	(18,429)	(18,482)	(17,587)	(17,582)	(39,517)	(19,050)	(19,327)	(19,078)	(19,353)
Proceeds of long-term debt					20,540				
Contribution to Los Angeles County	(1,551)	(903)	(1,306)	(609)	(1,026)				
Proceeds of refunding bonds		143,195							
Payment to refunded bonds escrow agent		(143,195)							
Bond premium proceeds		8,513							
Miscellaneous		1,700							
Total other financing sources (uses)	(1,345)	9,553	(598)	672	20,271	599	175	313	696
Net Change in fund balance	$ (21,343)	$ (2,516)	$ 1,195	$ 50	$ 28,254	$ (3,861)	$ 13,241	$ 26,316	$ (26,070)
Debt service as a percentage of noncapital expenditures(2):	15.16%	18.77%	13.72%	13.10%	16.51%	13.48%	12.90%	18.25%	18.42%

Notes:
(1) Trend data is available for only the prior eight fiscal years since the implementation of GASB 34.
(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 9 Fiscal Years



	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10
Expenditures	212.8	213.6	204.3	203.5	209.9	240.8	232.8	235.4	274.8
Revenues	192.8	201.6	206.1	202.9	217.9	236.3	245.9	261.4	248.1

In Millions of Dollars

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

Fiscal Year	(3) Secured	(4) Unsecured	(5) Unitary	(6) Exempt	Total Taxable Assessed Value	Total Direct Tax Rate
2000 - 2001	$ 556,120,737	$ 40,449,723	$ 12,348,515	$ (26,472,182)	$ 582,446,793	1.00000%
2001 - 2002	592,345,254	44,394,254	12,425,635	(26,803,046)	622,362,097	1.00000%
2002 - 2003	632,815,105	43,785,523	12,357,025	(28,702,612)	660,255,041	1.00000%
2003 - 2004	683,216,372	44,745,197	11,587,736	(29,937,047)	709,612,258	1.00000%
2004 - 2005	738,658,957	43,898,983	10,648,846	(31,851,689)	761,355,097	1.00000%
2005 - 2006	813,276,803	43,964,997	10,718,105	(32,058,237)	835,901,668	1.00000%
2006 - 2007	905,276,182	45,783,429	10,638,106	(36,182,793)	925,514,924	1.00000%
2007 - 2008	990,301,135	48,543,926	11,158,201	(40,091,971)	1,009,911,291	1.00000%
2008 - 2009	1,057,718,427	52,279,248	12,298,465	(41,418,999)	1,080,877,141	1.00000%
2009 - 2010	1,055,807,331	53,193,853	11,891,981	(45,881,461)	1,075,011,704	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 and utilities crossing the County and are assessed by the State Board of Equalization.

(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.

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					Total Rates
Fiscal Year	Los Angeles General	Los Angeles County Detention Facilities (1)	Flood Control Districts (1)	Los Angeles City Tax District No. 1	School Districts	Metropolitan Water District	
2000 - 2001	1.00000	0.001314	0.001552	0.026391	0.040765	0.008800	1.078822
2001 - 2002	1.00000	0.001128	0.001073	0.040051	0.064125	0.007700	1.114077
2002 - 2003	1.00000	0.001033	0.000881	0.042312	0.051571	0.006700	1.102497
2003 - 2004	1.00000	0.000992	0.000462	0.050574	0.097002	0.006100	1.155130
2004 - 2005	1.00000	0.000923	0.000245	0.055733	0.106937	0.005800	1.169638
2005 - 2006	1.00000	0.000795	0.000049	0.051289	0.098634	0.005200	1.155967
2006 - 2007	1.00000	0.000663	0.000052	0.045354	0.128276	0.004700	1.179045
2007 - 2008	1.00000	0.000000	0.000000	0.038051	0.132136	0.004500	1.174687
2008 - 2009	1.00000	0.000000	0.000000	0.038541	0.146897	0.004300	1.189738
2009 - 2010	1.00000	0.000000	0.000000	0.041220	0.174921	0.004300	1.220441

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.

(A) 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.

(B) 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.

(C) An exception to the 1% limit was provided by Proposition 46 that was approved in June 1986 re-establishing authority of local governments to issue general obligation bonds for certain purposes.

(D) The County is divided into 11,544 tax rate areas which are unique combinations of various jurisdictions servicing a specific geographic area.

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, 2010 AND JUNE 30, 2001 (in thousands)

	2010		(2)	2001		(2)
Taxpayer	Net Assessed Secured Property Value	Rank	Percentage of Total Net Assessed Value	Net Assessed Secured Property Value	Rank	Percentage of Total Net Assessed Value
Southern California Edison Co.	$ 4,307,593	1	0.42%	$ 3,137,556	1	0.58%
Douglas Emmett Realty Fund	3,372,027	2	0.33%	1,200,269	8	0.22%
Maguire Thomas Partners	2,739,656	3	0.27%			
BP West Coast Products	2,690,566	4	0.26%			
Chevron USA Inc.	2,412,107	5	0.24%	1,639,081	4	0.30%
Trizechahn Colony Square GP LLC	1,946,675	6	0.19%			
Exxon Mobil Corporation	1,827,261	7	0.18%	1,410,306	7	0.26%
Verizon California Inc.	1,696,048	8	0.17%			
AT&T California	1,599,066	9	0.16%			
Conoco Phillips Company	1,530,205	10	0.15%			
Pacific Bell				2,775,133	2	0.51%
GTE California, Inc.				1,623,011	5	0.30%
Atlantic Richfield Co.				2,119,604	3	0.39%
Southern California Gas Co.				1,459,804	6	0.27%
Arden Realty LTD Partnership				1,018,481	9	0.19%
Tosco Corporation				1,012,181	10	0.19%
Total	**$ 24,121,204**		**2.37%**	**$ 17,395,426**		**3.21%**

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 & Actual Value of Taxable Property." Total assessed value, $1,021,817,851 as of June 30, 2010 is based on Secured $1,055,807,331 plus Unitary $11,891,981 less exemptions of $45,881,461. Total assessed value, $541,997,070 as of June 30, 2001 is based on Secured $556,120,737 plus Unitary $12,348,515 less exemptions of $26,472,182 (in thousands).

Source:

County of Los Angeles Treasurer and Tax Collector.

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

Fiscal Year	Taxes Levied	Collections Within the Fiscal Year of the Levy		Collections in Subsequent Years (1)	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000 - 2001	$ 62,268,376	$ 60,193,998	96.7%	$ 1,632,853	$ 61,826,851	99.3%
2001 - 2002	64,247,912	62,189,804	96.8%	1,899,677	64,089,481	99.8%
2002 - 2003	67,717,809	65,555,310	96.8%	1,624,946	67,180,256	99.2%
2003 - 2004	69,320,656	67,488,837	97.4%	1,881,330	69,370,167	100.0%
2004 - 2005	72,588,020	70,524,175	97.2%	1,692,673	72,216,848	99.5%
2005 - 2006	76,988,018	74,737,311	97.1%	1,448,958	76,186,269	99.0%
2006 - 2007	84,892,868	81,430,786	95.9%	1,510,369	82,941,155	97.7%
2007 - 2008	92,174,252	87,339,670	94.8%	2,177,696	89,517,366	97.1%
2008 - 2009	98,388,453	93,632,370	95.2%	4,124,049	97,756,419	99.4%
2009 - 2010	97,457,266	94,129,015	96.6%	4,142,047	98,271,062	100.0%

Note:
(1) Reflects property taxes levied in prior years but collected in the current year.

Source:
Tax ledgers for the Flood Control District provided by the Auditor-Controller Accounting Division, Property Tax Section.

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

Governmental Activities

Fiscal Year	General Obligation Bonds	Certificates of Participation	Accreted Interest	Unamortized Bond Premiums	Unamortized Loss on Advance Debt Refund	Pension Bonds Payable	Capital Leases	Total Primary Government (1)	Percentage of Assessed Value (2)	Per Capita (3)
2000 - 2001	$ 23,640	$ 168,247	$ -	$ -	$ -	$ -	$ -	$ 191,887	0.033%	$ 19.57
2001 - 2002	16,975	158,135	-	-	-	-	-	175,110	0.028%	17.82
2002 - 2003	10,955	143,195	-	-	-	-	-	154,150	0.023%	15.45
2003 - 2004	6,155	131,790	-	-	-	-	-	137,945	0.019%	13.65
2004 - 2005	2,265	119,615	-	-	-	-	-	121,880	0.016%	11.92
2005 - 2006	1,080	126,760	-	-	-	-	-	127,840	0.015%	12.48
2006 - 2007	370	113,190	-	-	-	-	-	113,560	0.012%	10.99
2007 - 2008	0	99,210	-	-	-	-	-	99,210	0.010%	9.57
2008 - 2009	0	84,705	-	-	-	-	-	84,705	0.008%	8.15
2009 - 2010	0	69,610	-	-	-	-	-	69,610	0.006%	6.67

Notes:

(1) Details regarding the Flood Control District's outstanding debt can be found in the Basic Notes to the Financial Statements.
(2) See the "Demographic and Economic Statistics" schedule for population figures.
(3) This schedule reports on one category, governmental activities, as the District has no business-type activities to be reported.

Source:

Los Angeles County Flood Control District Financial Statements from Fiscal Year 2000-01 to Fiscal Year 2009-10.

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 (2)	General Bonded Debt (3)	Ratio of General Bonded Debt to Assessed Value	General Bonded Debt per Capita
2000-01	9,803	$ 582,446,793	$ 23,640	0.000041	$ 2.4115
2001-02	9,825	622,362,097	16,975	0.000027	1.7277
2002-03	9,979	660,255,041	10,955	0.000017	1.0978
2003-04	10,103	709,612,258	6,155	0.000009	0.6092
2004-05	10,226	761,355,097	2,265	0.000003	0.2215
2005-06	10,246	835,901,668	1,080	0.000001	0.1054
2006-07	10,332	925,514,924	370	0.000000	0.0358
2007-08	10,364	1,009,911,291	0	0.000000	0.0000
2008-09	10,393	1,080,877,141	0	0.000000	0.0000
2009-10	10,441	1,075,011,704	0	0.000000	0.0000

Notes:

(1) See "Demographic and Economic Statistics" schedule for population figures and "Assessed Value and Actual Value of Taxable Property" schedule 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) Long-term general bonded debt outstanding includes Storm Drain General Obligation Bonds only. The bonds matured on November 1, 2007.

Source:

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

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED)
JUNE 30, 2010

Full Cash Value (2009-10)		$ 933,761,793,680	(1)
Population - (2010)		10,441,080	(2)
	Percent Applicable	Debt May 1, 2010	
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:			
Los Angeles County Flood Control District	**100**	$ 69,610,000	
Metropolitan Water District	47.74	126,138,628	
Los Angeles Community College District	100	2,365,515,000	
Other Community College Districts	Various (3)	1,870,497,238	
Arcadia Unified School District	100	172,178,262	
Beverly Hills Unified School District	100	192,398,609	
Glendale Unified School District	100	130,465,000	
Long Beach Unified School District	100	517,545,606	
Los Angeles Unified School District	100	11,424,740,000	
Pasadena Unified School District	100	304,655,000	
Pomona Unified School District	100	171,847,931	
Santa Monica-Malibu Unified School District	100	194,095,034	
Torrance Unified School District	100	187,603,540	
Other Unified School Districts	Various (3)	2,673,937,782	
High School and School Districts	Various (3)	1,279,935,049	
City of Los Angeles	100	1,369,450,000	
City of Los Angeles Special Tax Lease Revenue Bonds	100	60,565,000	
City of Industry	100	168,300,000	
Other Cities	100	82,935,000	
Special Districts	100	7,415,000	
Community Facilities Districts	100	832,990,796	
Los Angeles County Regional Park & Open Space Assessment District	100	222,660,000	(4)
1915 Act and Benefit Assessment Bonds - Estimate	100	148,987,164	
TOTAL DIRECT AND OVERLAPPING TAX & ASSESSMENT DEBT		$ 24,574,465,639	
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT:			
Los Angeles County General Fund Obligations	100	$ 865,100,839	(5)
Los Angeles County Pension Obligations	100	235,690,861	
Los Angeles County Office of Education Certificates of Participation	100	13,185,458	
Community College District Certificates of Participation	Various (6)	76,195,000	
Azusa Unified School District Certificates of Participation	100	67,435,000	
Compton Unified School District Certificates of Participation	100	32,235,000	
Los Angeles Unified School District Certificates of Participation	100	456,780,324	
Pomona Unified School District Certificates of Participation	100	61,890,000	
Other Unified School District Certificates of Participation	Various (6)	204,874,990	
High School and School District General Fund Obligations	Various (6)	137,542,277	
City of Beverly Hills General Fund Obligations	100	200,965,000	

(Continued)

LOS ANGELES COUNTY FLOOD CONTROL DISTRICT
ESTIMATED DIRECT AND OVERLAPPING BONDED DEBT (UNAUDITED) - Continued
JUNE 30, 2010

DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT - Con't.:			
City of Los Angeles General Fund & Judgment Obligations	100	1,921,160,000	
City of Long Beach General Fund Obligations	100	261,810,000	
City of Long Beach Pension Obligations	100	70,340,000	
City of Pasadena General Fund Obligations	100	364,920,440	
City of Pasadena Pension Obligations	100	117,742,623	
Other Cities' General Fund Obligations	100	1,349,973,329	
Los Angeles County Sanitation Districts General Fund Obligations	100	342,614,299	
Walnut Valley Water District General Fund Obligations	100	10,890,000	
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$ 6,791,345,440	
Less: Los Angeles Unified School District Qualified Zone Academy Bonds supported by investments funds		(34,702,048)	
Cities' self-supporting bonds		(167,610,339)	
Walnut Valley Water District General Fund Obligations		(10,890,000)	
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$ 6,578,143,053	
GROSS COMBINED TOTAL DEBT		31,365,811,079	(7)
NET COMBINED TOTAL DEBT		$ 31,152,608,692	
RATIOS TO 2009-10 ASSESSED VALUATION			
Total Direct and Overlapping Tax and Assessment Debt		2.270%	
RATIOS TO FULL CASH VALUE (ADJUSTED ASSESSED VALUATION)			
Combined Gross Direct Debt ($1,100,791,700)		0.120%	
Gross Combined Total Debt		3.330%	
Net Combined Total Debt		3.310%	
STATE SCHOOL BUILDING AID REPAYABLE AS OF 06/30/09:		$ 245	

Notes:

(1) This balance is reduced by homeowners exemptions of $8,233,411,998 and excludes redevelopment incremental valuation of $141,249,910,315.

(2) Yearly estimates from the California State Demographic Research Unit, California Department of Finance, and the U.S. Census Bureau as of January 1 of each year.

(3) All 100%, or almost 100%, except for Antelope Valley Joint UHSD 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) Excludes refunding issue to be sold.

(5) Excludes tax and revenue anticipation notes to be sold.

(6) 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.

(7) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue, and tax allocation bonds 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
2000 - 2001	$ 582,446,793	$ 7,280,585	$ 23,640	$ 7,256,945	99.68%
2001 - 2002	622,362,097	7,779,526	16,975	7,762,551	99.78%
2002 - 2003	660,255,041	8,253,188	10,955	8,242,233	99.87%
2003 - 2004	709,612,258	8,870,153	6,155	8,863,998	99.93%
2004 - 2005	761,355,097	9,516,939	2,265	9,514,674	99.98%
2005 - 2006	835,901,668	10,448,771	1,080	10,447,691	99.99%
2006 - 2007	925,514,924	11,568,937	370	11,568,567	100.00%
2007 - 2008	1,009,911,291	12,623,891	0	12,623,891	100.00%
2008 - 2009	1,080,877,141	13,510,964	0	13,510,964	100.00%
2009 - 2010	1,075,011,704	13,437,646	0	13,437,646	100.00%

COMPUTATION OF LEGAL DEBT MARGIN
June 30, 2010

Assessed valuation (net taxable)	$ 1,075,011,704
Applicable percentage in computing capacity	1.25%
Total debt limit	$ 13,437,646
Less: Total net applicable debt	0
Legal debt margin, June 30, 2010	$ 13,437,646

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) (1)
LAST NINE FISCAL YEARS (in thousands)

Revenue Bonds

Fiscal Year	Revenue Collected	Debt Service Principal	Debt Service Interest	Total Debt Service	Coverage
2001 - 2002	$ 107,552	$ 158,135	$ 54,267	$ 212,402	0.51
2002 - 2003	115,003	143,195	39,003	182,198	0.63
2003 - 2004	111,697	131,790	32,821	164,611	0.68
2004 - 2005	112,653	119,615	27,414	147,029	0.77
2005 - 2006	113,296	126,760	31,159	157,919	0.72
2006 - 2007	112,524	113,190	25,642	138,832	0.81
2007 - 2008	118,798	99,210	20,539	119,749	0.99
2008 - 2009	126,963	84,705	15,962	100,667	1.26
2009 - 2010	116,615	69,610	11,978	81,588	1.43

Note:
(1) Trend data is available for only the prior eight fiscal years since the implementation of GASB 34.

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	
2001	9,803	$ 294,508,000	$ 30,043	1,682	5.7%	
2002	9,825	301,003,000	30,636	1,711	6.8%	
2003	9,979	310,044,000	31,070	1,736	7.0%	
2004	10,103	329,048,000	32,569	1,742	6.5%	
2005	10,226	349,868,000	34,214	1,734	5.3%	
2006	10,246	370,860,000	36,196	1,708	4.5%	
2007	10,332	379,824,000	36,762	1,673	4.4%	
2008	10,364	411,000,000	39,657	1,648	6.2%	
2009	10,393	392,000,000	37,718	1,632	11.7%	
2010	10,441	405,000,000	38,789	1,575	12.3%	(4) ****

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) Year 2010 is an estimate as of July 2010.

Sources:

* Los Angeles Almanac website address: www.laalmanac.com/population.
** Bureau of Economic Analysis website address: www.bea.gov. Year 2010 is an estimate forecast from Los Angeles County Economic Development Corporation: website address: www.laedc.com.
*** California Department of Education website address: www.cde.ca.gov.
**** Los Angeles County Economic Development Corporation-Economic Forecast: website address: www.laedc.com.

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

	JUNE 30, 2010			JUNE 30, 2001		
Industry	Number of Employees	Rank	Percentage of Total	Number of Employees	Rank	Percentage of Total
Trade, Transportation and Utilities	724,600	1	17.06%	790,100	1	17.79%
Government	596,600	2	14.04%	609,000	2	13.71%
Professional & Business Services	512,300	3	12.06%	589,200	3	13.26%
Educational & Health Services	510,900	4	12.03%	425,200	5	9.57%
Leisure & Hospitality	390,400	5	9.19%	355,100	6	7.99%
Manufacturing	372,300	6	8.76%	587,100	4	13.22%
Financial Activities	216,200	7	5.09%	229,200	7	5.16%
Information	214,800	8	5.06%	223,500	8	5.03%
Other Services	136,100	9	3.20%	145,200	9	3.27%
Construction	102,200	10	2.41%	137,800	10	3.10%
Ten largest industries	3,776,400		88.90%	4,091,400		92.10%
All other industries	471,700		11.10%	351,000		7.90%
Total industries	4,248,100		100.00%	4,442,400		100.00%

Notes:

(1) This schedule is based on the entire County of Los Angeles. The Flood Control District is a component of the County of Los Angeles and covers most of the County area.

(2) We are presenting employment by industry because we have been unable to obtain employment numbers for individual employers.

Sources:

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 (in thousands)

Function/Program	(1) and (2)	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
General Government		10,447	10,808	11,063	11,201	10,915	11,018	11,185	11,692	11,605	11,100
Public Protection	(3) and (4)	37,198	38,428	38,175	37,688	37,065	38,049	39,528	41,560	42,583	36,378
Health and Sanitation		27,107	27,737	27,056	26,079	26,322	26,717	27,072	27,395	27,345	26,826
Public Assistance		18,600	19,536	19,310	19,048	19,132	19,540	20,329	20,867	20,940	20,665
Education		1,628	1,666	1,706	1,722	1,722	1,828	1,871	1,878	1,829	1,622
Recreation and Cultural Services		2,282	2,352	2,406	2,388	2,324	2,393	2,649	2,977	3,075	2,861
Total		97,262	100,527	99,716	98,126	97,480	99,545	102,634	106,369	107,377	99,452

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. This accounts for the difference between the total number of County employees on this schedule and the number of County employees per the "Principal Employers" schedule.
(2) Specific data for Public Ways and Facilities is not available.
(3) 2009-10 reflects the exclusion of Superior Court employees that are no longer on the County's payroll and are identified as State employees.
(4) 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 County of Los Angeles Auditor-Controller, Accounting Division.

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

Function/Program	(1)	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10 (Estimated)
Public Protection										
Flood Control										
Operation and maintenance costs per mile of storm drain maintained		$ 1,891	$ 1,088	$ 1,309	$ 1,602	$ 2,423	$ 2,127	$ 2,312	$ 2,712	$ 2,104
Operation and maintenance costs per mile of channel maintained		52,690	45,459	51,864	46,046	54,977	46,530	53,235	50,413	53,470
Operation and maintenance costs per thousand cubic yards of debris basin capacity		672	1,664	915	1,741	1,137	918 (2)	1,142 (2)	2,096 (2)	1,774 (2)
Operation and maintenance costs per acre-foot of dam capacity		125	148	197	211	135	119 (2)	139 (2)	139 (2)	159 (2)
Total		$ 55,378	$ 48,359	$ 54,285	$ 49,600	$ 58,672	$ 49,694	$ 56,828	$ 55,360	$ 57,507

Notes:
(1) Trend data is available for only the prior eight fiscal years since the implementation of GASB 34.
(2) Excludes cost for sediment removal.

Sources:
FYs 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10 Proposed County Budgets, Volume One.
FY 2010-11 Proposed Budget Program Summary and Performance Measures.

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

Function/Program	(1) 2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
Public Protection							
Linear Feet of Channel	2,924,837	2,924,837	2,926,093	2,929,431	2,933,167	2,944,493	2,944,493
Linear Feet of Storm Drain	15,077,213	15,087,435	15,150,380	15,198,381	15,270,645	15,339,825	15,387,010
CDS Unit	17	17	17	17	24	33	47
Debris Basin	129	129	129	129	131	132	135
Debris Retaining Inlet	260	260	260	260	268	270	277
Detention Retention B	21	21	21	21	21	21	21
Crib Dam	234	234	234	234	234	234	234
Barrier	3	3	3	3	6	6	6
Pump Plant	52	52	52	53	53	53	53
Spreading Ground	26	26	26	26	26	26	26
Dam	15	15	15	15	15	15	15
Stream Gauging Station	60	60	60	60	60	60	60
Catch Basin	77,827	77,827	77,827	77,827	77,847	77,856	77,856

Notes:
(1) Trend data is available for only the prior six years since the implementation of GASB 34.

Sources:
"Flood Network" for FY 2003-04, FY 2004-05, FY 2005-06, FY 2006-07, FY 2007-08, FY 2008-09 AND FY2009-10 provided by County of Los Angeles Department of Public Works, Fiscal Division, Expenditure Management Section, Property Unit.

Other Compliance Report

MOSS, LEVY & HARTZHEIM LLP
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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*

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 funds of the Los Angeles County Flood Control District (District), as of and for the fiscal year ended June 30, 2010 which collectively comprise the Los Angeles County Flood Control District's basic financial statements, and have issued our report thereon dated December 20, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Los Angeles County Flood Control District are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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*.

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

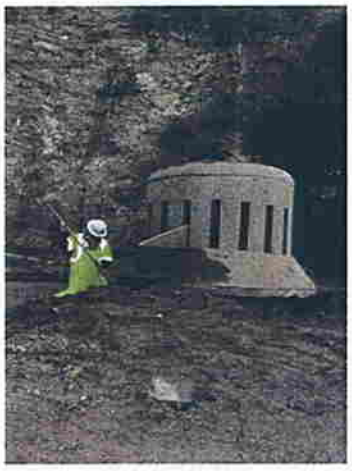
Moss, Levy & Hartzheim, LLP
Beverly Hills, CA
December 20, 2010

Photo Gallery

2010 Debris Basin Cleanouts

The Station Fire of 2009 was the largest burn event in the history of Los Angeles County. The fire left tens of thousands of acres without vegetative protection leading to increased debris flow into the foothill canyons during subsequent winter storms. At the bottoms of canyons the District maintains flood control debris basins, to provide protection for downstream communities. During the winter of 2009-2010, debris collected in these basins and was quickly removed to maintain protection. From initial cleanouts after the fire to the last cleanout after the last storm, more than 1.2 million cubic yards of debris were removed from debris basins. Most debris came from the basins downstream of the Station Fire. However, 115,000 cubic yards of debris were also removed from basins in Sylmar which were impacted by the 2008 Sayre Fire.

Before

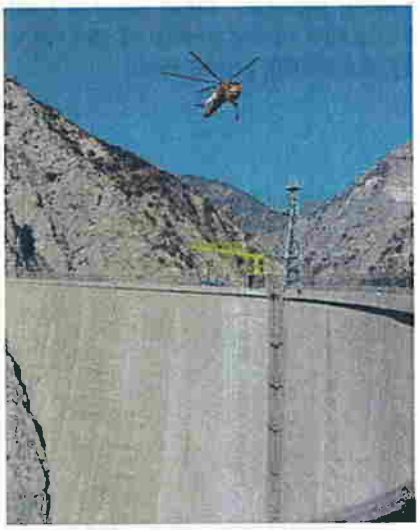


After

Los Angeles County Flood Control District
Photo Gallery

Pacoima Dam Jib Crane

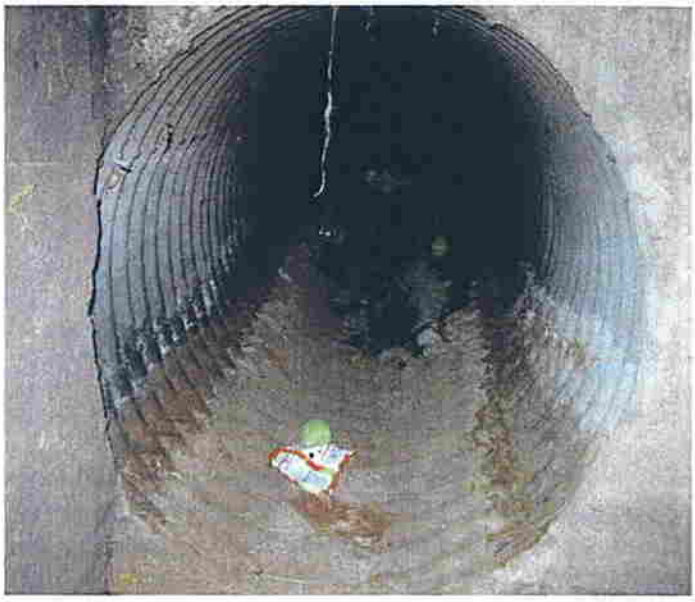
A jib crane was installed on the crest of Pacoima Dam. This new crane will support projects and maintenance activities on the upstream side of the dam, where access is limited. The crane may also be used for activities on the downstream side of the dam and was useful in recent maintenance tasks on the dam's control valves. The crane was installed using an Air Crane helicopter and was completed in January 2010. On February 12, 2010 the crane was load tested, certified and rated for a capacity of 2 tons.



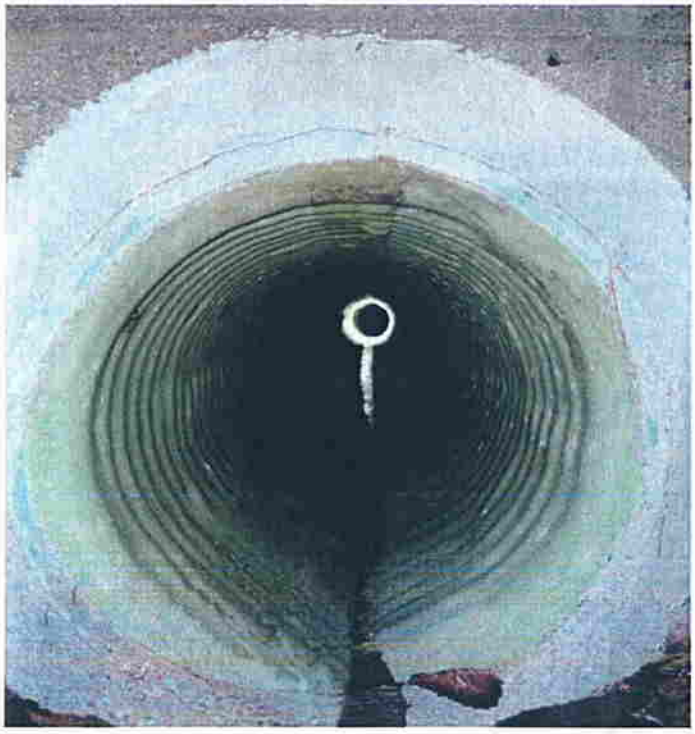
Los Angeles County Flood Control District
Photo Gallery

Consolidated Drain Road (CDR)
Corrugated Metal Pipe Lining Projects

As part of an ongoing program to rehabilitate existing corrugated metal pipes (CMP), this project upgraded approximately 40,000 linear feet of CMP at 288 locations representing 20 distinct drain road groupings.



Before



After

The CDRs are located in various Cities and unincorporated areas of Los Angeles County. A total of $8,800,000 was budgeted for this project.

Los Angeles County Flood Control District
Photo Gallery

Venice / Marina del Rey Low Flow Diversion Project

Before

During Project

The Marina del Rey Low Flow Diversion (LFD), was completed in April 2010 for a cost of $900,000. The LFD was constructed to improve water quality in the Oxford Retention Basin and Marina del Rey Harbor by diverting low flow urban runoff from the upstream watershed to the sanitary sewer system.

Flows of up to 200 gallons per minute are diverted by a 6-inch diversion berm through a trash rack into a pump well, and pumped to an existing sewer line for treatment.

Completed Project

Los Angeles County Flood Control District
Photo Gallery

Los Angeles River Trash Boom

Elimination of vegetation, urban trash, and debris conveyed by the LA River is a major concern for the District, the City of Long Beach, the Port of Long Beach, environmentalists, and the general public.

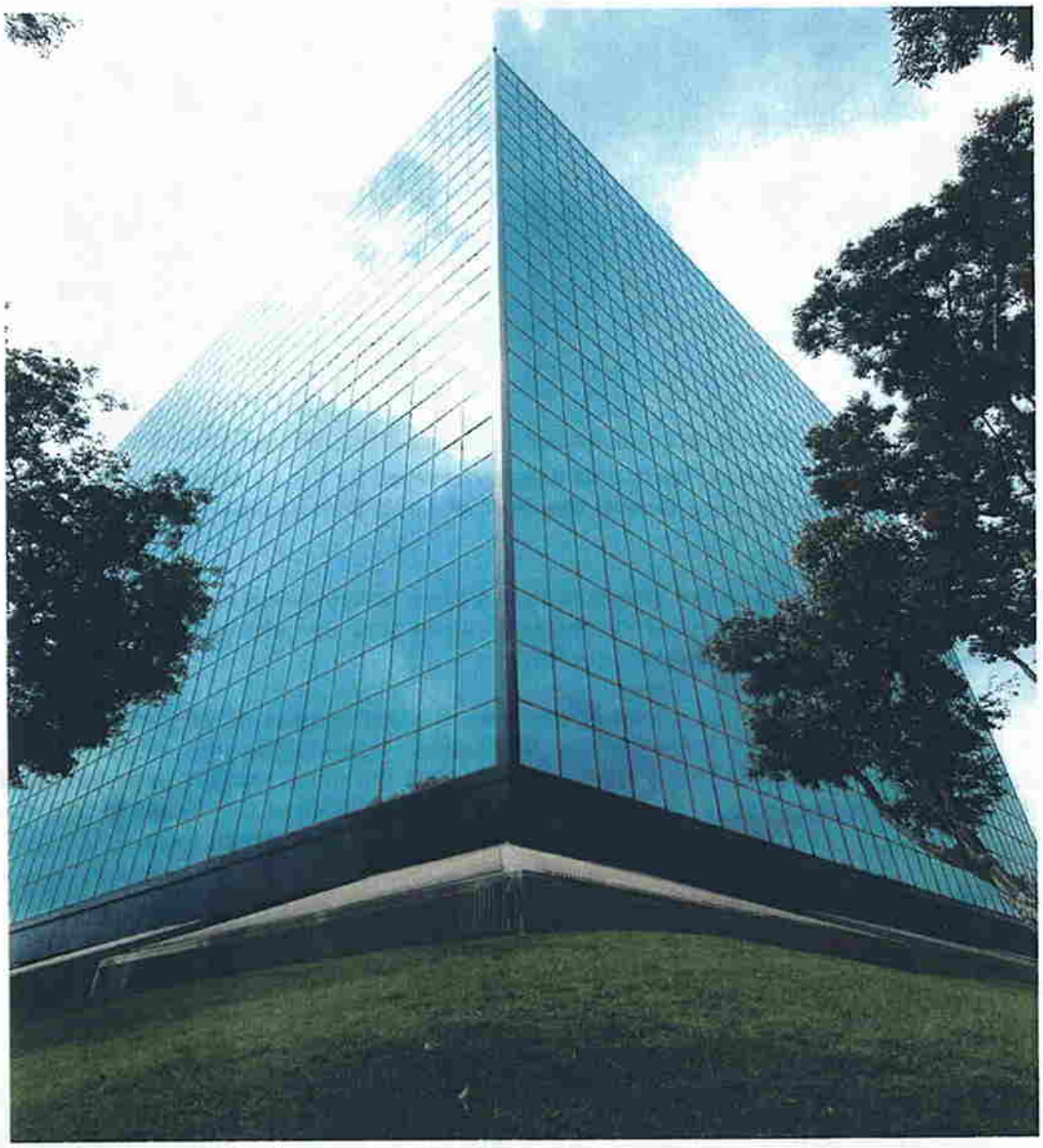
The removal of this material at the mouth of the LA River is improving navigation in the Port of Long Beach, reducing deposits onto recreational areas and aquatic habitats, and improving water quality and overall environmental quality.

The LA River Trash Boom is comprised of fourteen, 50-foot lengths of 26-inch diameter High Density Polyethylene (HDPE). The boom is flexible, lightweight, and chemical/abrasion resistant. An attached 32-inch metal skirt extends below the water surface to prevent material from slipping under the system, and heavy metal anchors secure the boom to the channel bottom preventing it from breaking free during heavy river flows or ocean tides.

Through this project the District has decreased the amount of debris flowing through the Los Angeles River by up to 1,000 tons annually.

Los Angeles County Flood Control District
Photo Gallery

Los Angeles County Flood Control District



Tom A. Tidemanson Building
Public Works Headquarters