

SANITATION DISTRICTS OF LOS ANGELES COUNTY CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT



SOLID WASTE



WASTEWATER



GREEN ENERGY



RECYCLING

YEAR ENDED
June 30, 2013

GRACE ROBINSON CHAN
Chief Engineer & General Manager

**COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY,
CALIFORNIA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2013

Prepared by the Accounting Section

**Mr. Thomas J. Mueller
Chief Accountant**

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COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Comprehensive Annual Financial Report

June 30, 2013

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COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

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GRACE ROBINSON CHAN
Chief Engineer and General Manager

December 20, 2013

Honorable Boards of Directors
County Sanitation Districts
of Los Angeles County

Directors:

In accordance with California Government Code, we hereby submit the Comprehensive Annual Financial Report (CAFR) of the County Sanitation Districts of Los Angeles County for the fiscal year ended June 30, 2013. The CAFR contains a complete set of financial statements presented in conformity with generally accepted accounting principles and audited in accordance with generally accepted auditing standards.

This report consists of representations by Districts' management concerning the finances of the Districts. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. Management has established a comprehensive internal control framework that is designed to ensure that the assets of the Districts are adequately protected from loss, theft, or misuse, and that sufficient reliable information is compiled for the preparation of the Districts' financial statements in conformance with accounting principles generally accepted in the United States of America. Recognizing that the cost of internal controls should not outweigh their benefits, the Districts' comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement.

The Districts' financial statements have been audited by Moss, Levy & Hartzheim, LLP, a firm of licensed certified public accountants. The independent auditor concluded that the Districts' financial statements for the fiscal year ended June 30, 2013, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis (MD&A) can be found immediately following the report of the independent auditors and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The County Sanitation Districts of Los Angeles County are comprised of 23 independent special districts created under the County Sanitation District Act, California Health & Safety Code Section 4700, et seq., to provide sanitation services. The Districts provide environmentally sound, cost-effective wastewater and solid waste management to approximately 5.5 million people in Los Angeles County. The Districts' service area covers approximately 800 square miles and encompasses 78 cities and unincorporated territory within the County, excluding the majority of the City of Los Angeles.

The governing body of each district is comprised of a Board of Directors generally consisting of the mayor of each city within the Districts' boundaries and the Chair of the County Board of Supervisors for unincorporated territory. The Boards are responsible for, among other things, adopting budgets, establishing user charges, and establishing policies. The 23 districts are served by one administrative staff, led by the Chief Engineer and General Manager and the Assistant Chief Engineer and Assistant General Manager. The Districts employ 1,721 full-time monthly and hourly employees, organized into seven departments. The workforce is diverse, with the largest concentration of employees serving in the operation and maintenance of the Districts' wastewater and solid waste management facilities.

The Districts' wastewater management system consists of approximately 1,410 miles of main trunk sewers, 49 pumping plants, and 11 wastewater treatment plants. The Districts currently convey and treat approximately 430 million gallons per day (mgd) of wastewater, which is roughly one half of the total wastewater generated in the County. Approximately 160 mgd of the treated wastewater is available for reuse, after receiving a high level of treatment.

The Districts' solid waste management facilities handle an average of 10,000 tons per day of refuse and recyclable materials. The Districts operate two active sanitary landfills, one refuse-to-energy facility, two recycling centers, three materials recovery/transfer facilities, and three gas-to-energy facilities. The Districts also maintain four former sanitary landfill sites and, through a Joint Powers Agreement, have participated in the development and implementation of another refuse-to-energy facility. The Districts have acquired one remote landfill site and have developed this site as part of the initial implementation of a waste-by-rail system. The Districts are currently constructing an intermodal facility as part of the waste-by-rail system, which will be completed in 2014.

The Districts have entered into six Joint Powers Agreements that formed the basis of the following authorities: (1) the Southern California Coastal Water Research Project Authority; (2) the Commerce Refuse to Energy Authority; (3) the Southeast Resource Recovery Facility Authority; (4) the Puente Hills Landfill Native Habitat Preservation Authority; (5) the Inland Empire Regional Composting Authority; and (6) the Los Angeles County Sanitation Districts Financing Authority. The governing bodies of these authorities are appointed pursuant to each of the Joint Powers Agreements. Except as discussed below, the budgeting and financing functions are maintained by the individual authorities.

Consolidated Entity

The Districts' CAFR also includes the financial activities of the Los Angeles County Sanitation Districts Financing Authority. Twenty-two of the districts created the Financing Authority on April 14, 1993. The Financing Authority exists solely to facilitate the issuance of long-term debt and has no daily operations and does not conduct business on its own behalf. Since the Financing Authority's governing body is entirely comprised of members of the Districts' Boards and the Financing Authority provides services entirely for the Districts, the Financing Authority's financial activities have been consolidated with the Districts' financial activities for financial reporting purposes.

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Budget

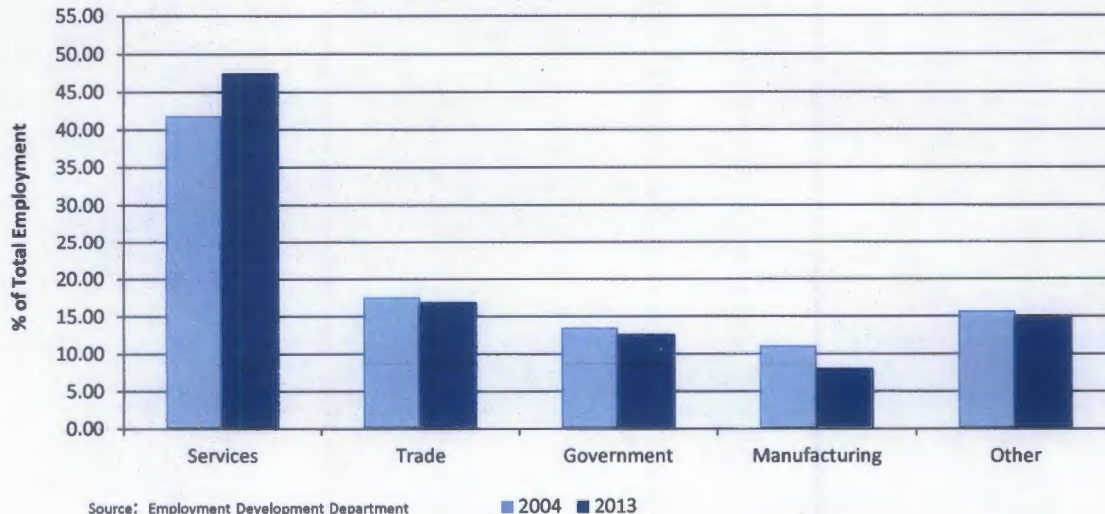
Each district annually adopts a wastewater budget that outlines the major elements of the forthcoming fiscal year's operating and capital programs. From that, management allocates the funds necessary for the next year's specific activities and projects. Additionally, an annual budget is prepared for solid waste management activities. The annual operating budgets are used to serve as a basis for monitoring financial progress and determining future wastewater and solid waste user rates. During each fiscal year, operating and capital programs may be amended as circumstances dictate. The overall wastewater and solid waste management budgets for fiscal year 2012-2013 were \$566 million and \$181 million, respectively.

INFORMATION USEFUL IN ASSESSING ECONOMIC CONDITION

Local Economy

The County has experienced a population decrease of 0.14% since 2004, and the California Department of Finance predicts the County will see an increase of only 1.8% by 2020. Per capita personal income increased 38.9% during the past 10 years. The County saw a 45.0% decrease in housing unit permits issued from 2003 through 2012, although there has been a 56.9% increase since 2010.

Figure 1
L.A. County Economic Sectors
2004 vs. 2013



The unemployment rate in the County rose 47.8% since 2004, increasing from 6.9% to 10.2%, although there has been an 18.4% decrease since 2011. Total civilian employment increased by 1.3% since 2004, with increases seen in the educational and health services sector, which saw a 19.2% increase, the leisure and hospitality sector, which saw a 16.7% increase, and the professional and business services sector, which saw a 4.0% increase. Employment in the services sector continues to be an increasing percentage of total employment in the County, as shown on Figure 1, increasing from 41.9% of total

employment in 2004 to 47.5% in 2013, while manufacturing jobs decreased from 11.1% of total employment in 2004 to 8.1% in 2013. According to the Los Angeles County Economic Development Corporation, leisure and hospitality; health care; construction; and professional, scientific, and technical services will see the most job growth over the next few years, but manufacturing and government will see the most job losses.

California's water supply continues to be a concern due to projected population increases and frequent periods of time with low precipitation levels. This concern has increased interest in the use of recycled water for groundwater recharge, industrial uses, and irrigation. The Districts have expanded and will continue to expand treatment capacity associated with the approved population growth established by the Southern California Association of Governments, the regional planning agency. Such expansions will continue to enable the service areas to meet federal and state water-quality standards and increase the amount of recycled water available. The Districts also continue to work with local and regional water purveyors in planning and constructing recycled water, advanced treatment, and delivery systems throughout their service areas.

In recent years, there has been a noticeable decrease in wastewater flows generated within a majority of the Districts' service area. The impact of this observed decrease in flows varies at different Districts' facilities, but the overall influent wastewater flow to the Districts' 11 treatment plants has decreased more than 17% since 2005. The decrease in wastewater flow is believed to be associated with the combined effects of the recent economic downturn, specifically a 26% decrease in Joint Outfall System industrial sewage units since fiscal year 2005-2006, and water conservation measures. Increases in wastewater flows are anticipated during and following the economic recovery.

Long-Term Financial Planning

For many years, the Districts' emphasis on cost-effectiveness has allowed the wastewater connection fees, and the residential, commercial, and industrial service charge rates to increase minimally. However, during the past several fiscal years, the rates increased for most districts due to the need to fund state and federal mandates, additional capital facilities, rehabilitation of existing infrastructure, and needs related to effluent and biosolids management. In the spring of 2011, nearly all districts adopted rates for a three-year period, beginning with fiscal year 2011-2012, with minimal increases of \$1 to \$2 per single-family home per year. For all districts, additional increases are anticipated in the future to upgrade treatment facilities and infrastructure and comply with increasingly stringent regulatory requirements. (A table reflecting each district's 10-year service charge rate history is located on page 87 of the Statistical Section.) Overall, the Districts' rates remain very competitive when compared to similar agencies.

The Districts' wastewater management system is critically dependent on its ability to dispose of the portion of treated effluent that is not recycled. The majority of the Districts' effluent is discharged, either directly or indirectly, to the Pacific Ocean, with a smaller portion being reused. The Joint Water Pollution Control Plant (JWPCP) discharges effluent through a tunnel and ocean outfall system, originally constructed in 1937, and expanded in 1958 and 1967. The tunnel and outfall system must remain in continuous operation, making it very difficult and, in the case of the tunnels, not practical for the Districts to fully determine the physical condition of these critical facilities. Therefore, the Districts evaluated a new tunnel and/or ocean outfall system in the context of a broader Joint Outfall System Master Facilities Plan to ensure the overall reliability of the wastewater management system. The board-approved project consists of an additional tunnel and reballasting of the existing ocean outfalls. This is expected to cost approximately \$600 million (in 2013 dollars). The Board of Directors of District No. 2 certified the Clearwater Environmental Impact Report and approved the Master Facilities Plan on November 28, 2012.

The U.S. Army Corps of Engineers approved the federal Environmental Impact Statement on July 31, 2013. Final design and geotechnical work for a new 6.9-mile-long, 18-foot-diameter tunnel is underway and is scheduled to be completed by 2016. Construction of the tunnel will take 6-7 years.

Construction of a \$30 million steam system upgrade at the JWPCP's Total Energy Facility has been completed, which enables the Districts to increase the power production by an additional 2.5 megawatts, allowing the facility to generate all the renewable energy it needs for on-site power needs.

The Lancaster and Palmdale Water Reclamation Plants (WRPs), located in the Antelope Valley, serve the wastewater management needs for the cities of Lancaster and Palmdale and adjacent unincorporated areas of Los Angeles County. Although the rapid population growth in the Antelope Valley service area has abated, this growth is expected to resume when the local economy recovers from the current downturn. Based on the expected increase in wastewater flows, the treatment capacity at the Lancaster and Palmdale WRPs, after the expansions and upgrades described below, is projected to be adequate until 2022 and 2028, respectively. Management of the recycled water produced at both WRPs is an ongoing issue, since the Antelope Valley is an enclosed watershed basin with no natural outlets. Requirements imposed by the Lahontan Regional Water Quality Control Board necessitated the construction of major capital facilities. The new facilities in District Nos. 14 and 20 were phased into operation and were considered complete during fiscal year 2012-2013.

The major capital requirements in the Antelope Valley resulted in the need for significant increases in service charge rates. The Boards of Directors for District Nos. 14 and 20 originally approved four years of rate increases of \$50 and \$55 per single-family home per year, respectively, beginning with fiscal year 2007-2008, acknowledging that subsequent rate increases would be needed. In early 2011, Districts' staff recommended four years of additional rate increases for both Districts to support the increased operation and maintenance expense of the new facilities, along with the increased debt service payments associated with the state revolving fund (SRF) loans and bonds that were used to finance the facility upgrades. The District No. 20 Board of Directors approved the proposed four-year rate package, with increases of \$48, \$48, \$48, and \$10 per single-family home per year. The District No. 14 Board of Directors opted to defer a rate increase for fiscal year 2011-2012, based on the knowledge that the debt service associated with the SRF loan would not begin until July 2012. In August 2012, they did approve the necessary rate increases of \$88, \$24, and \$24 per single-family home per year, beginning with fiscal year 2012-2013.

The Santa Clarita Valley Sanitation District (SCVSD) owns and operates the Saugus and Valencia WRPs, which serve the wastewater management needs of the Santa Clarita Valley. In 2007, the SCVSD received the final version of a new regulatory mandate to reduce chloride levels in treated effluent discharged from these facilities to the Santa Clara River. After failed attempts in 2009 and 2010 to obtain Board approval of rates necessary to implement watershed-based approaches to compliance, the District has been working with regulators and stakeholders to explore other opportunities for more cost-effective compliance, while at the same time moving forward with preparation of a Facilities Plan and Environmental Impact Report to comply with the original regulatory standard. The SCVSD Board of Directors approved a compliance project on October 28, 2013.

To address continued changes in available biosolids management options, a number of years ago the Districts undertook an effort to plan and develop a project that would offer the Districts long-term reliability at a controlled cost for managing biosolids produced from their wastewater treatment plants. Construction of the first phase of the Westlake Farms Composting Facility, located near Kettleman City, is underway and scheduled to be completed in 2014. The Phase I project, at a cost of \$64 million, will provide facilities to compost approximately 100,000 wet tons of biosolids and 80,000 wet tons of bulking

agent annually. The facility will be "state-of-the-art," utilizing an indoor receiving and mixing facility and engineered fabric covers to control air emissions from the composting process. The facility will produce an "exceptional quality" (as defined by USEPA) compost that will be applied to the Districts' adjacent 14,500 acres of farmland, currently leased by a local farmer. Benefits of the application of compost to the farmland include replenishing the organic matter in depleted topsoil, which will increase productivity of the agricultural land by improving moisture retention, porosity, and nutrient conditions in the soil. Phase I will have sufficient capacity to compost approximately 22% of the biosolids produced by the Districts' wastewater treatment facilities. The design of the facility is such that additional phases can be added in the future, in 100,000-wet-ton-per-year increments, for an ultimate capacity of 500,000 wet tons of biosolids annually.

In the area of solid waste management, the Districts are continuing efforts to recycle materials and to secure remote out-of-County disposal capacity, through the development of a waste-by-rail system to be utilized as the capacities of currently most cost effective in-County and near-County disposal sites become inadequate. The waste-by-rail system will be comprised of materials recovery/transfer facilities, intermodal facilities, rail operations, and a remote landfill. The Puente Hills MRF and the Downey Area Recycling and Transfer (DART) facility will process waste to remove recyclable materials, and the residual waste will be put into sealed "intermodal containers," which will look like any other shipping containers. The containerized waste will be transported to intermodal rail facilities where the containers will be loaded onto rail cars for transport to a remote landfill. Containerized waste arriving at the remote landfill will be unloaded from the rail cars and transported to an operating area where the waste is emptied from the containers for disposal.

A disposal capacity shortfall was expected to occur in the County when the Puente Hills Landfill closed on October 31, 2013. But, due to the economic downturn that significantly reduced tonnage County-wide and the successful permitting of additional nearby landfill capacity, there will be adequate disposal capacity within the region well beyond 2014. While there is adequate disposal capacity within the region, it is unlikely that customers will pay the higher cost of transporting waste over a 200-mile distance from Los Angeles County to a remote landfill. Therefore, utilization of the waste-by-rail system is not anticipated until local capacity is diminished. Until needed, the waste-by-rail system will be standing by, along with the option of truck hauling, to transport waste to the remote landfill. On April 24, 2013, the Districts executed an agreement with Orange County for short-term disposal capacity to serve the disposal needs of the Districts' materials recovery/transfer facilities.

The Puente Hills Intermodal Facility (PHIMF), a 17-acre site located at 2500 Pellissier Place in the City of Industry, will have the capacity to load/unload two trains per day (4,000 tons per train) for transport to the Mesquite Regional Landfill in Imperial County. Construction of the PHIMF began in July 2009 and is expected to be complete in 2014.

The Districts have acquired one remote disposal site, the Mesquite Regional Landfill in Imperial County. Projects to prepare the site for initial operations have been constructed, and the site is now ready to accept waste by truck delivery. Rail delivery of waste will be possible once the PHIMF is complete, but will not begin as long as local, more cost effective options are available. The acquisition of the Mesquite Regional Landfill provides 20,000 tons per day of permitted disposal capacity to Districts' cities and unincorporated County territories when needed. The operation of this site will provide more than 100 years of disposal capacity for Los Angeles County.

In October 2011, Mine Reclamation, LLC, developer of the Eagle Mountain Landfill project in Riverside County, filed for Chapter 11 bankruptcy in United States Bankruptcy Court. This suspended completion of the purchase of the Eagle Mountain Landfill from Kaiser Ventures, Inc. (Kaiser), the

current owner of the site. Pursuant to direction from the Board of Directors, Districts' staff and legal counsel continued negotiations to allow for purchase of the site. On May 22, 2013, the Board of Directors directed staff to cease negotiations for the Eagle Mountain Landfill purchase, and the sale agreement was subsequently terminated in August 2013.

The Districts were among the first to utilize landfill gas as a natural resource to produce renewable energy. The Districts constructed landfill energy recovery facilities at the Puente Hills, Spadra, Calabasas, and Palos Verdes Landfills that provide reliable and economic power that helps to serve California's increasing energy needs. The Palos Verdes Landfill Gas-to-Energy Facility, which started operations in 1988, was shut down permanently on October 1, 2011, because it was no longer economical to operate. The gas is now sent to an ultra-low emissions flare. The Districts sell their electrical output from the Puente Hills and Spadra Landfill Gas-to-Energy Facilities to Southern California Edison (Edison) under 30-year Qualifying Facility (QF) contracts executed when the facilities were constructed in the 1980's. Under federal law, the power generated at QFs is priced at a utility's Short Run Avoided Cost (SRAC). In California, this pricing is largely determined by the cost of generating electricity by firing natural gas to make power. Over the past several years, the price of natural gas has dropped significantly, and the fleet of power plants in California has become more efficient. From 2002-2007 and 2007-2012, the Districts chose to accept five-year fixed-price offers from Edison. Upon expiration of the most recent five-year agreement at 6.5 cents/kW-hr, Edison no longer offered a fixed-price option and power is now sold at the monthly SRAC formula price. Current SRAC prices are approximately 4.5 cents/kW-hr and are not expected to rise significantly in the next few years. A 1-cent/kW-hr decline in price corresponds to an income reduction of approximately \$4 million per year for Puente Hills and \$400,000 per year for Spadra.

The Districts sell their electricity, renewable attributes, and capacity attributes from the Calabasas Landfill Gas-to-Energy Facility to various buyers under agreements that are in effect through 2016. Most of the electricity generated at Calabasas is sold to Districts' wastewater facilities at a fixed price of 4.9 cents/kW-hr. The remainder, approximately 2 MW, is sold to the California grid at prices in the 3-5-cents/KW-hr. range. The average income for the Calabasas facility, including electricity and other attributes, is approximately 8 cents/kW-hr.

Relevant Financial Policies

Traditionally, the Districts' wastewater financial policies have been tailored to two groups: existing users and new users. Charges to existing users of the system fund operations and maintenance of existing facilities and construction of any necessary capital upgrades (either the rehabilitation of existing facilities or the construction of new facilities that will provide a higher level of treatment, without increasing capacity). Though the Districts continue to receive a pro rata share of the 1% general property tax levy to pay for sanitation services, this amount is insufficient to meet all necessary expenses. The Districts make up this revenue shortfall through outside funding, including SRF loans and bond proceeds, and through the residential and commercial service charge and the industrial waste surcharge program. Each district's board of directors sets service charge rates by ordinance. These rates are based on each district's budget, which consists of three major categories: (i) operations and maintenance; (ii) capital; and (iii) debt service. Tax revenues and service charges are received in periodic installments, with the largest receipts occurring in December and April.

The Boards of Directors have consistently endorsed a policy that the costs of additional facilities necessitated by increased flows from new development should be borne by new users, not existing users. Consequently, all of the districts have implemented a Master Connection Fee Ordinance establishing the structure and mechanism for levying and collecting connection fees. Each district's board of directors has

adopted a connection fee rate ordinance, with a rate based on the incremental cost of expansion of all facilities. A new discharger's connection fee is based on the anticipated use of the sewerage system and is levied at the time a sewer permit is issued. The connection fees are accumulated in a restricted fund and withdrawn as necessary to construct expansion-related projects.

The Districts have aggressively pursued SRF loans offered by the State of California, which provide wastewater agencies 100% of eligible capital construction costs at an interest rate equal to one half of the State's current general obligation bond for a period of 20 years, to supplement the financing of capital upgrades. During fiscal year 2012-2013, the Districts received approximately \$2.3 million from SRF loans.

In addition to utilizing SRF loans, the Districts have issued ad valorem/revenue bonds to fund specific capital improvements. In 2011, the Districts undertook an "advanced" refunding of a portion of its 2003 Bonds, which resulted in a net present value savings of \$10.6 million. Because interest rates continued to drop to historic lows in early 2013, the Districts were able to refinance the remaining 2003 Bonds in July 2013 by issuing \$107.6 million of refunding bonds, with a net present value savings of \$28.8 million.

The Board of Directors of District No. 2 sets solid waste disposal tipping fees by ordinance for Districts-operated facilities, except for the Calabasas Landfill, for which rates are set by the Board of Supervisors of the County of Los Angeles after discussion with and recommendations by the Districts. The tipping fees include factors for solid waste facilities operations and maintenance costs, taxes, state and local regulatory agency fees, capital upgrade and expansion projects, and relevant future closure and postclosure costs.

Each district has adopted an investment policy with safety of principal the primary objective, while maintaining liquidity and a market rate of return on its portfolio. The Districts' investment policies are governed by and are in full compliance with the California Government Code. The Districts' Treasurer matches investments with anticipated cash flow requirements and does not invest in securities maturing more than five years from the date of purchase unless approved by the Districts' Boards of Directors. See accompanying Note 3 to the basic financial statements for additional information.

Major Initiatives

In an effort to help alleviate the statewide drought, the Districts continue to work toward maximizing recycling of the high-quality effluent produced by the WRPs. Working with local water agencies, a number of new projects are being considered to further displace some of the use of imported water with recycled water. The effort includes new distribution piping systems to meet irrigation and industrial supply needs that will serve areas within the County not previously served. During fiscal year 2012-2013, the Districts supplied an average of 93 million gallons per day of recycled water to more than 720 reuse sites.

Furthermore, scientific studies are underway to evaluate the feasibility of expanding the recharge of groundwater basins in the eastern areas of the County with recycled water. The Districts have been working for some time with the Water Replenishment District of Southern California on a Groundwater Reliability Improvement Program that would recycle additional water for replenishment of the Central Coast groundwater basins. The Districts have also begun discussions with the Upper San Gabriel Valley Municipal Water District on plans to supply recycled water for replenishment of the Main San Gabriel groundwater basin.

The Districts are also evaluating how additional supplies of recycled water can be made available for recycling from all Districts' facilities, including the JWPCP. In furtherance of that objective, the Districts have been working with the Metropolitan Water District of Southern California (MWD) on a feasibility study examining the concept of advanced treatment of a significant portion of JWPCP effluent to further supplement local supplies with recycled water. In March 2010, MWD and the Districts entered into a Memorandum of Understanding to collaboratively evaluate the feasibility of a regional indirect potable reuse program to purify secondary effluent from the JWPCP, which is currently discharged to the Pacific Ocean. To aid in this study, the Districts applied for funding from the U.S. Bureau of Reclamation and were awarded more than \$330,000 in matching funds. Research associated with this feasibility study was completed in June 2012, and the final report on the research was submitted in September 2012. Results showed that JWPCP effluent can be reclaimed to a high-quality recycled water using the two advanced water treatment process trains tested in the study. The recycled water quality consistently met the criteria specified in California draft groundwater recharge regulations.

In addition to directly regulating the discharge of industrial wastewater, the Districts conduct extensive pollution prevention programs to reduce discharge of problem pollutants from diverse and widespread sources to the sewer system. For example, in fiscal year 2012-2013, the Santa Clarita Valley Sanitation District (SCVSD) continued its highly successful 10-year public outreach campaign in the Santa Clarita Valley to reduce chloride levels in recycled water discharged to the Santa Clara River. The SCVSD is required to reduce chloride levels in its recycled water and studies found that residential automatic water softeners were the single largest controllable source of chloride in recycled water. Consequently, the SCVSD initiated the public outreach campaign, which consists of a variety of communication media and focuses on encouraging residents to stop using these devices. The campaign was awarded a National Environmental Achievement Award from the National Association of Clean Water Agencies and an award for an outstanding public outreach program from the California Water Environment Association. The SCVSD also implemented a voluntary rebate program to further encourage residents to give up their automatic water softeners. Subsequently, the SCVSD adopted the Santa Clara River Chloride Reduction Ordinance of 2008, approved by voters in the form of Measure "S" in 2008, prohibiting the use of, and requiring the removal of, all remaining residential automatic water softeners (the first prohibition of this kind in the nation). The SCVSD's public outreach and rebate program, combined with the 2008 ordinance, has resulted in the removal of more than 8,000 automatic water softeners. Currently, the SCVSD estimates there are approximately 400-500 automatic water softeners discharging to local sewers. In August 2011, in order to remove the remaining automatic water softeners and ensure that residences within the SCVSD service area maintain compliance with the 2008 ordinance, the SCVSD launched an enforcement program that is still active.

Given that the Puente Hills Landfill closed on October 31, 2013, the Districts have undertaken a number of activities to ensure a smooth and reliable transition for this waste to be managed at other Districts facilities. In doing this, the Districts' goals are to provide enhanced recycling opportunities, continued greenwaste reuse, and cost-effective disposal. There are three facilities (the Puente Hills Materials Recovery Facility, the Downey Area Recycling and Transfer [DART] Facility, and the South Gate Transfer Station) that have a combined permitted daily tonnage of 10,400 tons and will be capable of managing the waste currently received at the Puente Hills Landfill. On April 24, 2013, the Districts executed an agreement with Orange County for waste disposal from these three facilities through June 30, 2016. The Board also executed three agreements for greenwaste transport and recycling that will ensure destinations for greenwaste brought to Districts facilities for the next five years. The Districts will be installing additional equipment at these facilities for increased materials recovery. The Districts also plan to enter into waste disposal and processing agreements with hauling companies for guaranteed quantities of waste and recyclables at negotiated rates. These "Put or Pay" contracts provide a reliable, consistent stream of waste that will enable our facilities to operate more efficiently.

The Districts' Puente Hills Landfill Conditional Use Permit contains three milestone requirements for the development of the remote solid waste disposal system. The Districts met the first milestone, which is to begin development of a remote landfill by December 31, 2007. The Districts also met the second milestone, which is to have at least one remote landfill ready for operations by December 31, 2008. Regarding the third milestone, which is to have a waste-by-rail system fully operational by December 31, 2009, the Districts have made best-faith efforts to comply with the milestone. However, due to factors beyond the Districts' control, namely delays in the construction process for the local intermodal facility, a fully operational waste-by-rail system is currently expected to be in place in early 2014. But, due to significant reduced tonnage county-wide and the successful permitting of nearby landfill capacity, utilization of the waste-by-rail system is not anticipated until some years after 2014.

AWARDS AND ACKNOWLEDGEMENTS

The National Association of Clean Water Agencies Peak Performance Awards recognize member agency facilities for outstanding compliance of their National Pollutant Discharge Elimination System (NPDES) permit limits. This recognition program consists of three categories: Platinum, which recognizes facilities that have achieved 100% compliance with NPDES permit limits for five consecutive years; Gold, which recognizes facilities that have achieved 100% compliance with NPDES permit limits within the calendar year; and Silver, which recognizes eligible facilities that have received no more than five NPDES permit violations within the calendar year. For calendar year 2012, the Districts received Platinum Awards for the JWPCP, Long Beach WRP, San Jose Creek West WRP, and Valencia WRP; and Gold Awards for the Pomona WRP, Los Coyotes WRP, San Jose Creek East WRP, Saugus WRP, and Whittier Narrows WRP.

The Clearwater Program, the Master Plan and EIR for the Joint Outfall System through the year 2050, was awarded the Grand Prize in the Planning category of the 2013 Excellence in Environmental Engineering and Science by the American Academy of Environmental Engineers and Scientists.

Certificate of Achievement

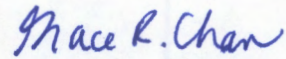
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Districts for its CAFR for the fiscal year ended June 30, 2012. This was the 29th consecutive year that the Districts have achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Districts believe that the current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another Certificate.

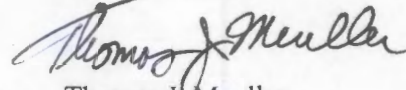
Acknowledgments

In submitting this 2012-2013 CAFR, appreciation is expressed to all departments and personnel that participated in preparing this report, and particularly to the Accounting Section members.

Very truly yours,



Grace Robinson Chan
Chief Engineer and
General Manager



Thomas J. Mueller
Chief Accountant

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Boards of Directors Membership

As of June 30, 2013

<u>City</u>	<u>District(s)</u>	<u>Director/Mayor ^{1/}(2ND Director/Councilmembers)</u>	<u>Alternate Director ^{2/}(Councilmember/Supervisor)</u>
Alhambra	2-16	Steven T. Placido	Stephen K. Sham
Arcadia	15-22	Mark "Mickey" Segal	Robert Harbicht
Artesia	2-18-19	Sally Ann Flowers	Tony Lima
Azusa	22	Joseph R. Rocha	Edward J. Alvarez
Baldwin Park	15-22	Manuel Lozano	Monica Garcia
Bell	1-2	Violeta Alvarez	Ali Saleh
Bell Gardens	2	Pedro Aceituno	Sergio Infazon
Bellflower	2-3-18	Raymond Dunton	Sonny R. Santa Ines
Beverly Hills	4	John A. Mirisch	Nancy Krasne
Bradbury	15-22	Richard Pycz	Richard G. Barakat
Carson	8	James L. Dear	Mike A. Gipson
Cerritos	2-3-18-19	Bruce A. Barrows	Joseph Cho (2,3,18) Carol Chen (19)
Claremont	21	Opanyi Nasiali	Corey Calaycay
Commerce (City of)	2	Joe Aguilar	Lilia R. Leon
Compton	1-2-8	Aja Brown	Janna Zurita
Covina	22	Walter Allen III	John King
Cudahy	1	Jack M. Guerrero	Frank Gurule
Culver City	5	Jeffery Cooper	Meghan Sahli-Wells
Diamond Bar	21	Jack Tanaka	Ron Everett
Downey	2-18	Mario Guerra	Luis Marquez
Duarte	15-22	Margaret Finlay	Liz Reilly
El Monte	15	Andre Quintero	Victoria Martinez
El Segundo	SBC-5	Bill Fisher	Carl Jacobson
Gardena	5	Paul K. Tanaka	Dan Medina
Glendora	22	Joe Santoro	Judy Nelson
Hawaiian Gardens	19	Victor Farfan	Michael Gomez
Hawthorne	5	Daniel Juarez	- - -vacant- - -

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Boards of Directors Membership

As of June 30, 2013

<u>City</u>	<u>District(s)</u>	<u>Director/Mayor ^{1/}(2ND Director/Councilmembers)</u>	<u>Alternate Director ^{2/}(Councilmember/Supervisor)</u>
Hermosa Beach	SBC	Patrick "Kit" Bobko	Peter C. Tucker
Huntington Park	1	Mario Gomez	Ofelia Hernandez
Industry (City of)	15-18-21	Tim Spohn	-- -vacant--
Inglewood	5	James T. Butts	-- -vacant--
Irwindale	15-22	Julian A. Miranda	H. Manual Ortiz
La Cañada Flintridge*	28-34	Michael Davitt	not applicable
La Cañada Flintridge*	28-34	Jonathan C. Curtis	—”—
La Cañada Flintridge*	28-34	Laura Olhasso	—”—
La Cañada Flintridge*	28-34	David A. Spence	—”—
La Cañada Flintridge*	28-34	Donald R. Voss	—”—
La Habra Heights	18	Roy Francis	Brian Bergman
La Mirada	18	Steve De Ruse	Andrew Sarega
La Puente	15-21	Charlie Klinakis	Dan Holloway
La Verne	21-22	Don A. Kendrick	Donna Redman
Lakewood	3-19	Steve Croft	Todd Rogers
Lancaster	14	R. Rex Parris	Ken Mann
Lawndale	5	Harold E. Hofmann	Robert Pullen-Miles
Lomita	5	Margaret Estrada	Michael G. Savidan
Long Beach	1-2-3-8-19	Bob Foster	Dee Andrews
Los Angeles City	1-2-3-4-5-8-9-16	Herb Wesson	-- -vacant--
Lynwood	1	Salvador Alatorre	Jim Morton
Manhattan Beach	SBC-5	David Lesser	Amy Howorth
Maywood	1	Oscar Magana	Thomas Martin
Monrovia	15-22	Mary Ann Lutz	Becky A. Shevlin
Montebello	2-15	Christina Cortez	William M. Molinari
Monterey Park	2-15	Teresa Real Sebastian	Anthony Wong
Norwalk	2-18	Luigi Vernola	Michael Mendez

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Boards of Directors Membership

As of June 30, 2013

<u>City</u>	<u>District(s)</u>	<u>Director/Mayor</u> ^{1/} (2 ND <u>Director/Councilmembers</u>)	<u>Alternate Director</u> ^{2/} <u>(Councilmember/Supervisor)</u>
Palmdale	14-20	James C. Ledford	Steven Hofbauer
Palmdale	20 2 nd Dir	Tom Lackey	Steven Hofbauer
Palos Verdes Estates	SBC-5	James F. Goodhart	Ellen Perskins
Paramount	1-2	Gene C. Daniels	Diane J. Martinez
Pasadena	15-16-17	William J. Bogaard	- - - vacant - - -
Pico Rivera	2-18	Gustavo Camacho	David Armenta
Pomona	21	Elliott Rothman	Paula Lantz
Rancho Palos Verdes	SBC-5	Susan Brooks	Anthony Misetich
Redondo Beach	SBC-5	Steve Aspel	Matt Kilroy
Rolling Hills	5	Frank E. Hill	B. Allen Lay
Rolling Hills Estates	SBC-5	Frank Zerunyan	Judy Mitchell
Rosemead	15	Polly Low	William "Bill" Alarcon
San Dimas	21-22	Curtis W. Morris	Denis Bertone
San Gabriel	2-15	Juli Costanzo	John Harrington
San Marino	15-16	Richard J. Ward	Dennis Kneier
Santa Clarita	SCV**	Robert Kellar	Marsha McLean
Santa Clarita	SCV** 2 nd Dir	Laurene Weste	Marsha McLean
Santa Fe Springs	18	Richard J. Moore	Juantia Trujillo
Sierra Madre	15	Nancy Walsh	- - - vacant - - -
Signal Hill*	3-29	Michael J. Noll	Edward H.J. Wilson
Signal Hill*	29	Edward H.J. Wilson	not applicable
Signal Hill*	29	Larry Forester	—”—
Signal Hill*	29	Tina Hansen	—”—
Signal Hill*	29	Lori Y. Woods	—”—
South El Monte	15	Luis "Louie" Aguinaga	Hector Delgado
South Gate	1-2	Gil Hurtado	William "Bill" De Witt
South Pasadena	16	Richard D. Schneider	Philip Putnam

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Boards of Directors Membership

As of June 30, 2013

<u>City</u>	<u>District(s)</u>	<u>Director/Mayor ^{1/}(2ND Director/Councilmembers)</u>	<u>Alternate Director ^{2/}(Councilmember/Supervisor)</u>
Temple City	15	Cynthia Sternquist	Cari Bium
Torrance	SBC-5	Frank Scotto	Cliff Numark
Vernon*	1-2-23	William M. Mc Cormick	Michael A. Ybarra (1) William J. Davis (2)
Vernon*	23	Luz A. Martinez	not applicable
Vernon*	23	Michael A. Ybarra	—”—
Vernon*	23	William J. Davis	—”—
Vernon*	23	Richard J. Maisano	—”—
Walnut	21-22	Tom King	Eric Ching
West Covina	15-21-22	Shelley Sanderson	Steve Herfert
West Hollywood	4	Abbe Land	Jeffrey Prang
Whittier	2-15-18	Bob Henderson	Cathy Warner
Los Angeles County	1, 15, 17, 21	Mark Ridley-Thomas	Gloria Molina
27**	2, 3, 8, 9, 18, 19	“	Donald R. Knabe
	14, 16, 20, 22, SCV	“	Michael D. Antonovich
	5	“	Zev Yaroslavsky
	9 2 nd Dir	Zev Yaroslavsky	Donald R. Knabe
	17 2 nd Dir	Michael D. Antonovich	Gloria Molina

^{1/} DIRECTOR is the Presiding officer of a city, all or part of which is in a Sanitation District. (§4730 Health & Safety Code)

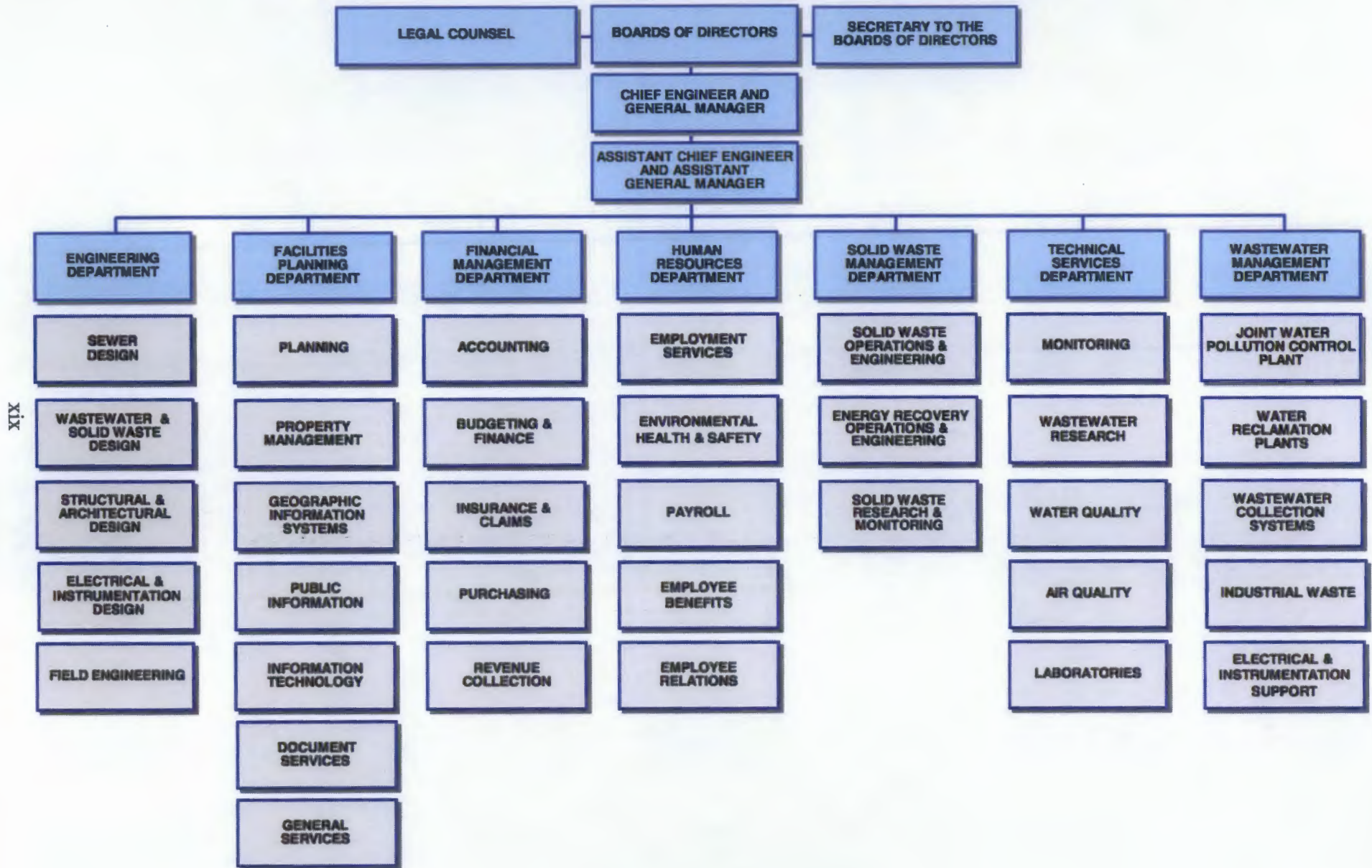
^{2/} ALTERNATE is a member of and appointed by city council or is a member of and appointed by the Board of Supervisors to act in the absence, refusal, or inability of presiding officer to so act. (§4730 Health & Safety Code) (exception-CLA Alternate appointed by Council Pres.)

TOTAL CITIES IN SANITATION DISTRICTS: 78

* Districts whose boundaries are composed of city area only: 23(Vernon), 29(Signal Hill), 28 & 34 (La Cañada Flintridge). The Boards of Directors is comprised of each city’s City Council.

** District whose boundaries are composed of only unincorporated area: 27 (Board of Supervisors is Board of Directors)

Sanitation Districts of Los Angeles County Organization Chart



XIX



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County Sanitation Districts
of Los Angeles County
California**

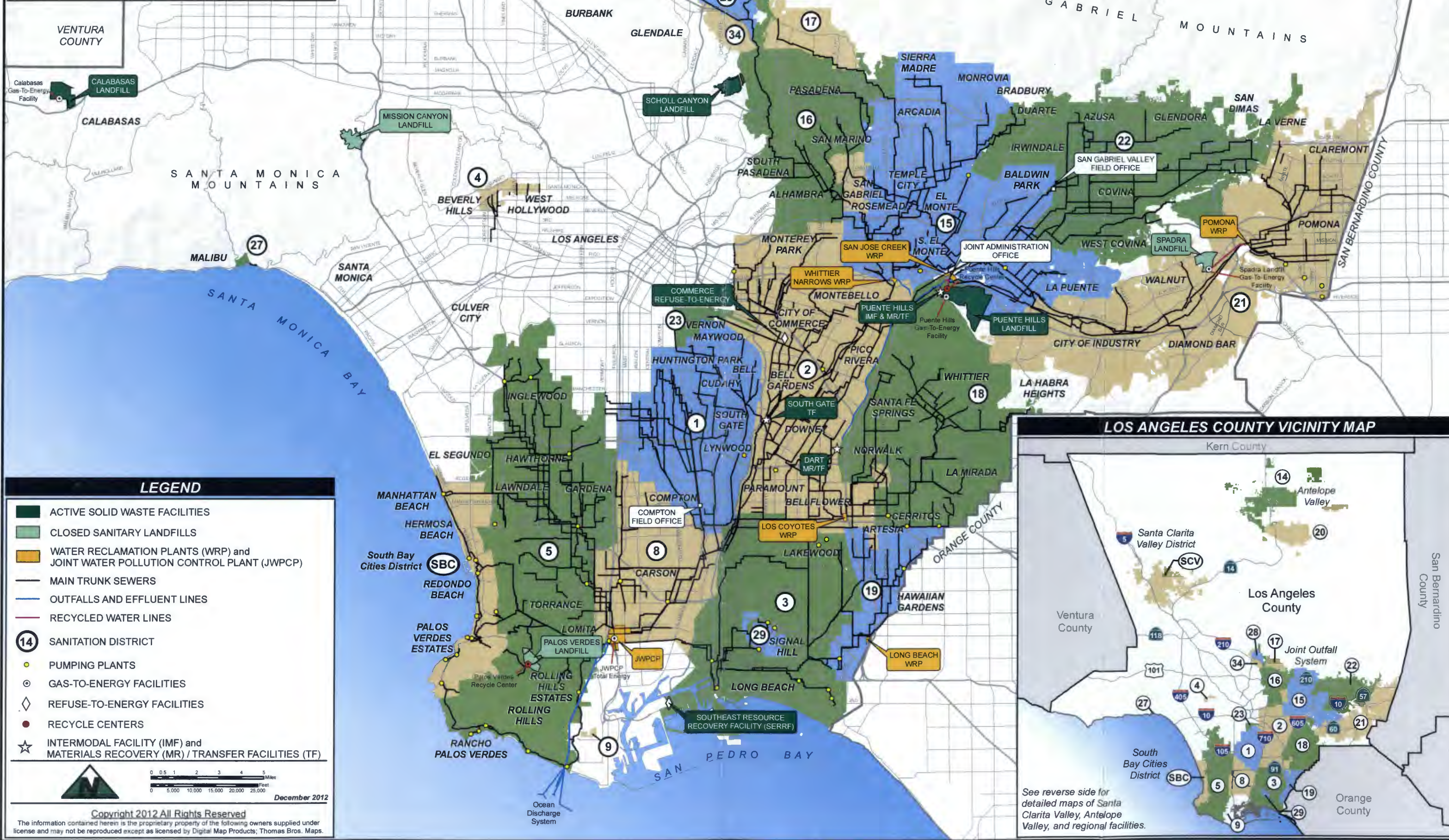
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

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SANITATION DISTRICTS OF LOS ANGELES COUNTY



LEGEND

- ACTIVE SOLID WASTE FACILITIES
- CLOSED SANITARY LANDFILLS
- WATER RECLAMATION PLANTS (WRP) and JOINT WATER POLLUTION CONTROL PLANT (JWPCP)
- MAIN TRUNK SEWERS
- OUTFALLS AND EFFLUENT LINES
- RECYCLED WATER LINES
- 14 SANITATION DISTRICT
- PUMPING PLANTS
- GAS-TO-ENERGY FACILITIES
- REFUSE-TO-ENERGY FACILITIES
- RECYCLE CENTERS
- INTERMODAL FACILITY (IMF) and MATERIALS RECOVERY (MR) / TRANSFER FACILITIES (TF)

0 0.5 1 2 3 4 5 Miles
0 5,000 10,000 15,000 20,000 25,000 Feet

December 2012

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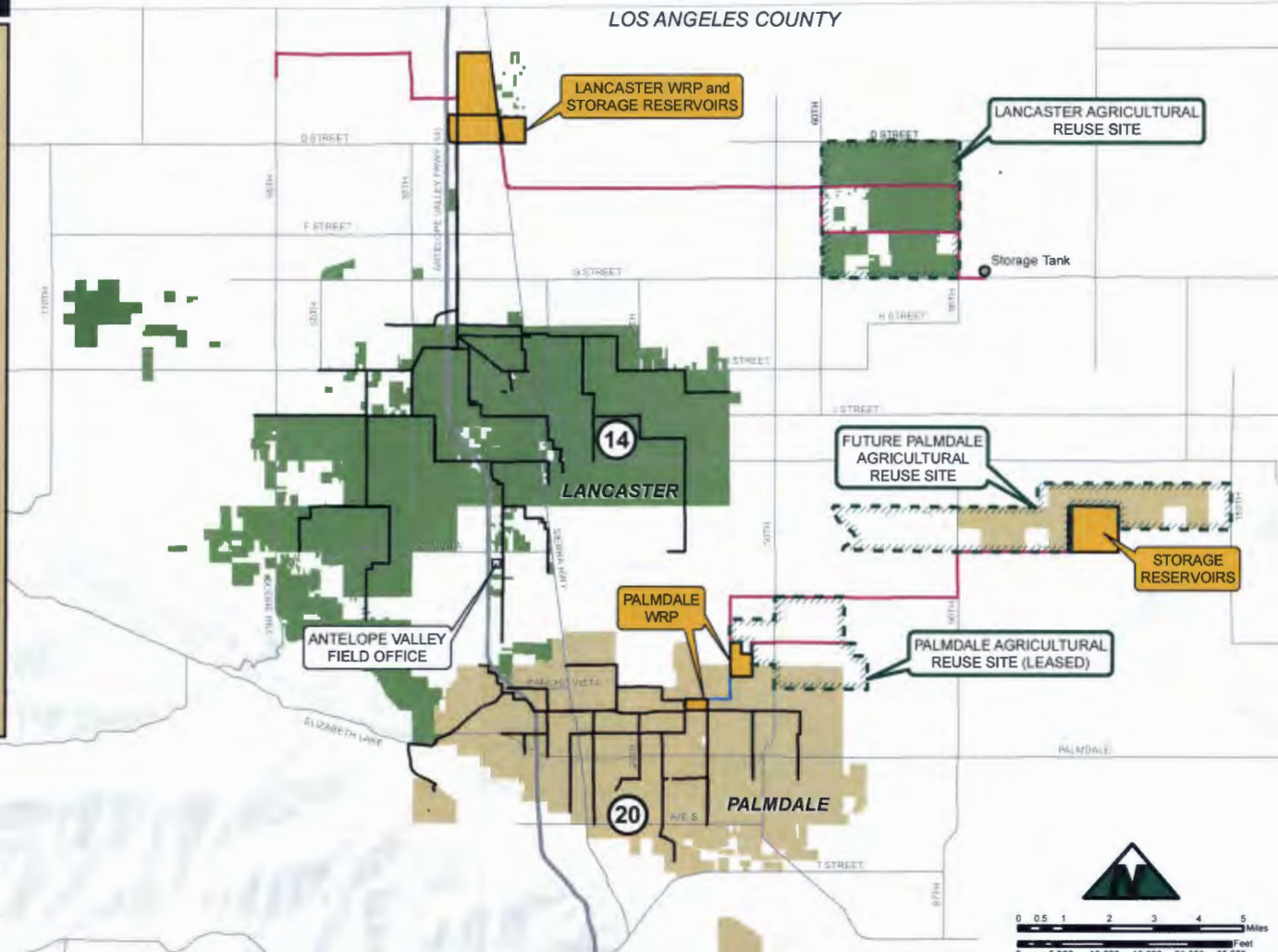
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REGIONAL FACILITIES



KERN COUNTY LOS ANGELES COUNTY

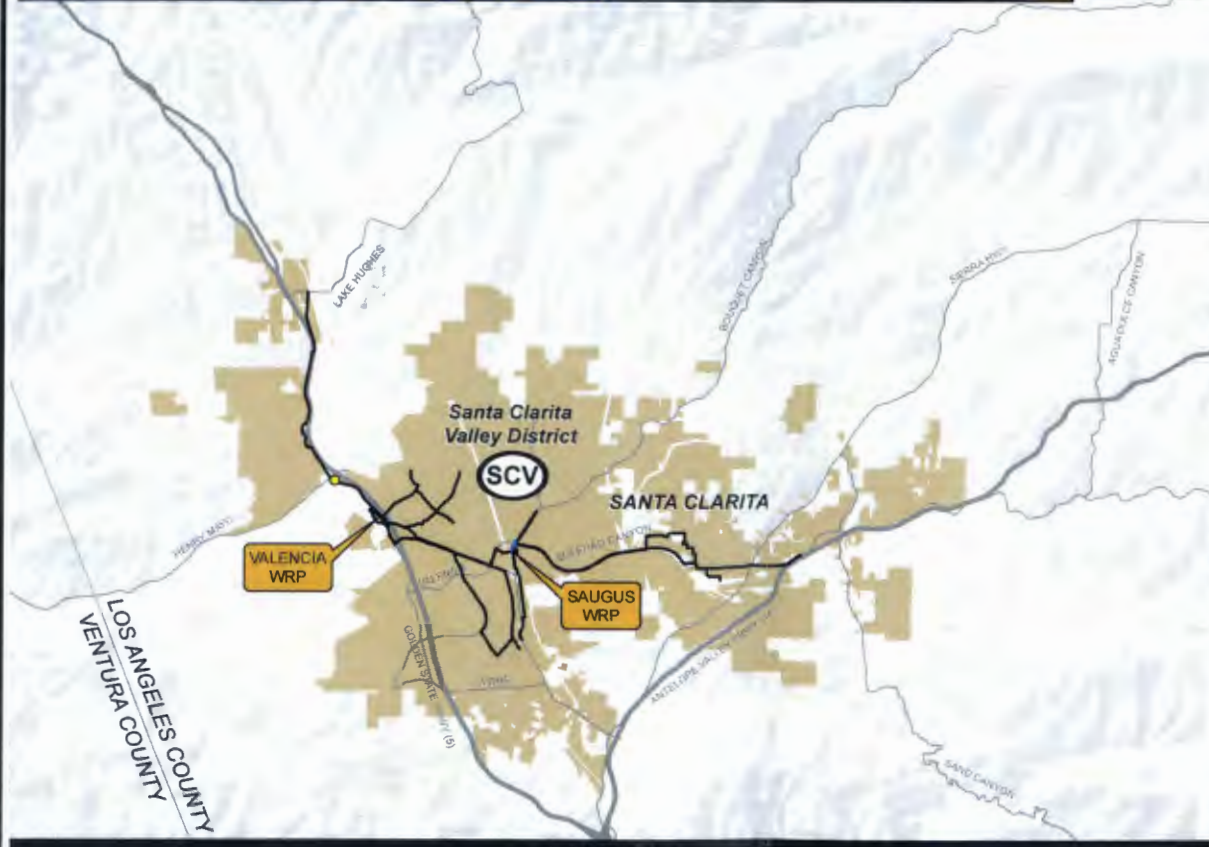


SOLID WASTE FACILITIES

Sanitary Landfills	Placed in Operation	Area in Acres	Status
Palos Verdes	5-15-57	288	Closed 12-31-80
Spadra	7-15-57	338	Closed 4-8-00
Mission Canyon	6-1-60	373	Closed 1-9-82
Scholl Canyon	3-22-61	431	Operating
Calabasas	2-14-61	500	Operating
Puente Hills	5-19-58	1368	Operating
Mesquite	Operational 2009		

Energy Facilities	Operational	Net Electricity Production
Puente Hills Gas Turbine	1-1-83	1.4 MW
Commerce Refuse-To-Energy	1-1-87	10 MW
Puente Hills Gas-To-Energy	1-1-87	46 MW
SERRF Refuse-To-Energy	12-1-88	30 MW
Spadra Gas-To-Energy	4-5-91	6 MW
Calabasas Gas-To-Energy	7-12-10	5.6 MW
Puente Hills Engines	5-1-05	5.4 MW

Other Solid Waste Facilities	Operational
South Gate TF	1-2-58
Palos Verdes Recycle Center	11-1-76
Puente Hills Recycle Center	10-25-82
DART MR/TF	3-2-98
Puente Hills MR/TF	7-11-05
Puente Hills IMF	Under Construction



LEGEND

- ACTIVE SOLID WASTE FACILITIES
- WATER RECLAMATION FACILITIES
- AGRICULTURAL REUSE SITES
- COMPOSTING FACILITIES
- SANITATION DISTRICT **14**
- PUMPING PLANTS
- MAIN TRUNK SEWERS
- OUTFALLS AND EFFLUENT LINES
- RECYCLED WATER PIPELINES

COMPOSTING FACILITIES

Composting Facility	Placed in Operation
Inland Empire	4/16/2007
Westlake Farms	Under Construction

WASTEWATER FACILITIES

Facility	Placed in Operation	Permitted Capacity	Miles of Outfalls / Effluent Lines	Area in Acres
JWPCP	2-4-28	400 mgd	18.9	381.1
Long Beach WRP	5-22-73	25 mgd	0	17.2
Los Coyotes WRP	10-14-70	37.5 mgd	0	35.8
Whittier Narrows WRP	7-27-62	15 mgd	1.5	26.7
San Jose Creek WRP	6-29-71	100 mgd	9.9	50.8
Pomona WRP	4-15-54	15 mgd	0	12.4
La Canada WRP	11-2-62	0.2 mgd	0	0.3
Valencia WRP	3-25-66	21.6 mgd	0.3	26.0
Saugus WRP	7-1-62	7 mgd	0.6	4.1
Palmdale WRP	11-28-52	12 mgd	3.8	278.4
Lancaster WRP	10-1-59	18 mgd	0	1391.8

Energy Facility	Placed in Operation	Net Electricity Production
JWPCP Total Energy	12-20-85	22 MW

DISTRICTS DATA

District	Date of Formation	Placed in Operation	Area (Sq. Miles)	Population 2010	Cities/Partial Cities	Miles of District Sewers 2010	Pump Stations	Wastewater Management
SBC	12-24-23	9-12-26	14.6	116,370	8	25.3	11	Joint Outfall System
1	11-17-24	2-13-28	41.6	566,108	11	104.6	1	Joint Outfall System
2	2-25-24	2-13-28	75.9	686,409	19	220.7	3	Joint Outfall System
3	5-19-24	5-20-48	52.1	503,422	4	74.4	6	Joint Outfall System
4	3-17-24	12-9-26	1.9	35,281	2	6.3	0	LA City Sewerage System
5	3-31-24	2-13-28	87.8	736,189	15	184.2	11	Joint Outfall System
8	9-21-25	2-13-28	31.3	139,524	4	85.2	3	Joint Outfall System
9	8-16-26	5-10-27	0.2	2,428	1	0.0	0	LA City Sewerage System
14	8-31-38	12-2-41	59.0	194,066	2	71.9	0	Lancaster Sewerage System
15	1-2-45	2-27-48	77.6	580,064	20	142.9	2	Joint Outfall System
16	1-2-46	2-27-48	37.4	264,392	5	40.6	0	Joint Outfall System
17	1-2-46	11-23-49	7.7	56,415	1	5.4	0	Joint Outfall System
18	11-23-48	7-1-50	60.1	337,157	11	84.7	3	Joint Outfall System
19	3-28-50	5-19-51	14.2	90,667	5	34.5	2	Joint Outfall System
20	8-7-51	9-8-52	40.9	125,155	1	41.8	0	Palmdale Sewerage System
21	11-13-51	8-21-54	83.0	405,673	9	85.6	4	Joint Outfall System
22	9-22-53	12-6-54	64.1	327,555	12	100.6	0	Joint Outfall System
23	7-10-56	7-14-59	2.5	112	1	2.1	0	Joint Outfall System
SCV	1-2-61	5-10-62	61.0	245,968	1	41.7	1	Santa Clarita Valley Sewerage System
27	4-20-61	4-2-62	0.2	2,269	0	0.4	0	LA City Sewerage System
28	9-14-61	11-2-62	4.1	11,299	1	4.1	0	Joint Outfall System
29	9-20-62	11-12-64	2.2	11,072	1	37.4	3	Joint Outfall System
34	10-31-67	Inactive	4.0	7,620	1	0.0	0	Inactive
Total			823.7	5,445,214	78	1394.3	50	

**COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY,
CALIFORNIA**

BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

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MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA

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FAX: 310.670.1689
www.mlhcpas.com

Independent Auditor's Report

The Honorable Boards of Directors
County Sanitation Districts
of Los Angeles County:

Report on the Financial Statements

We have audited the accompanying financial statements of the County Sanitation Districts of Los Angeles County, California (Districts), as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which comprise the Districts' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the County Sanitation Districts of Los Angeles County as of June 30, 2013, and the changes in financial position and cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 of the notes to the basic financial statements, effective July 1, 2012, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, Statement No. 61, *The Financial Report Entity: Omnibus*, Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

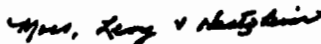
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Districts' basic financial statements. The introductory section, combining and individual supplemental schedules, statistical section, and bond disclosure information are presented for purposes of additional analysis and are not required parts of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual supplemental schedules and the schedule of expenditures of federal awards are 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 section, statistical section, and bond disclosure information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2013, on our consideration of the Districts' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and do not provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.


Moss, Levy & Hartzheim, LLP
Culver City, California
December 9, 2013

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Management's Discussion and Analysis

June 30, 2013

Management's Discussion and Analysis (MD&A) is designed to provide an analysis of the Districts' financial condition and operating results and to inform the reader on the Districts' financial issues and activities. The MD&A section of the CAFR should be read in conjunction with the Transmittal Letter (beginning on page iv) and the Districts' basic financial statements (beginning on page 10).

Financial Highlights--Business-Type Activities

- Service charge rates increased in fiscal 2012-2013 for most Districts to fund improvements of existing facilities, fund construction of additional capital facilities, and address needs related to effluent and biosolids management. In the spring of 2011, nearly all Districts adopted rates for a three-year period, beginning with fiscal year 2011-2012, with minimal increases of \$1 to \$2 per single-family home per year. District No. 20 approved a three-year rate increase of \$48 per single family home per year and then a \$10 increase in the fourth year. In August 2012, the District No. 14 Board of Directors approved annual rate increases of \$88, \$24, and \$24 per single family home, beginning with fiscal year 2012-2013. The Santa Clarita Valley District approved three-year rate increases of \$16 per single family home per year, beginning in fiscal 2011-2012.
- In January 2013, the solid waste disposal rate remained unchanged for municipal solid waste for all sites, except the South Gate Transfer Station, which increased by \$1.23 per ton.
- The Districts' net position increased by \$107.6 million, or 2.7%.

Overview of the Basic Financial Statements

The basic financial statements included in this annual report are those of a special-purpose government engaged only in business-type activities. The CAFR consists of: a letter of transmittal, management's discussion and analysis, the basic financial statements, and supplemental information, including combining District level financial statements, various historical statistical tables designed to give the reader a 10-year financial perspective of the Districts' financial operations, a bond disclosure section, and the Districts' required reports on various federal loans and grants prepared in accordance with the U.S. Office of Management and Budget Circular A-133 (when applicable). The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The basic financial statements include the following:

- **Statement of Net Position** — Reports the Districts' assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position and provides information about the nature and amounts of these components. The difference between assets, including deferred outflows of resources and liabilities, including deferred inflows of resources is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the financial position of the Districts.
- **Statement of Revenues, Expenses, and Changes in Net Position** — Reports the change in net position for the current fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. This statement measures the Districts' operations over the past fiscal year and can be useful in determining whether costs have been successfully recovered through user fees and other charges.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Management's Discussion and Analysis, Continued

- Statement of Cash Flows** — Reports the Districts' cash flows from operating, investing, capital, and noncapital activities. The primary purpose of this statement is to provide information about the Districts' cash receipts and cash payments over the past fiscal year.

The Districts maintain enterprise funds to account for all their sewerage and solid waste operations. The operations-level financial statements can be found on pages 48-75 of this report.

Financial Analysis of the Districts

Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The Districts' net position increased by 2.7% during fiscal year 2012-2013.

Condensed Statement of Net Position (In millions of dollars)

		FY 2013		FY 2012		Dollar Change	Total Percent Change
Current and Other Assets	\$	2,179.1	\$	2,163.9	\$	15.2	0.7 %
Capital Assets, net		<u>3,259.7</u>		<u>3,228.7</u>		<u>31.0</u>	1.0
Total Assets		<u>5,438.8</u>		<u>5,392.6</u>		<u>46.2</u>	<u>0.9</u>
Current Liabilities		120.6		133.3		(12.7)	(9.5)
Other Liabilities		332.7		330.1		2.6	0.8
Long-Term Debt		<u>960.4</u>		<u>1,011.7</u>		<u>(51.3)</u>	(5.1)
Total Liabilities		<u>1,413.7</u>		<u>1,475.1</u>		<u>(61.4)</u>	<u>(4.2)</u>
Net Investment in Capital Assets		2,163.9		2,176.9		(13.0)	(0.6)
Restricted		1,489.9		1,406.6		83.3	5.9
Unrestricted		<u>371.3</u>		<u>334.0</u>		<u>37.3</u>	11.2
Total Net Position	\$	<u>4,025.1</u>	\$	<u>3,917.5</u>	\$	<u>107.6</u>	<u>2.7 %</u>

The Districts' net investments in capital assets are used to provide services to residents and businesses; consequently, these assets are *not* available for future spending.

The restricted net position represent resources that are subject to external restrictions on how they may be used by debt covenants, enabling legislation, or other legal restrictions.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Management's Discussion and Analysis, Continued

Revenues, Expenses, and Changes in Net Position

A summary of the key elements that contributed to the increase in the Districts' net position is presented below:

Condensed Statement of Revenues, Expenses, and Changes in Net Position (In millions of dollars)

	<u>FY 2013</u>	<u>FY 2012</u>	<u>Dollar Change</u>	<u>Total Percent Change</u>
Operating Revenues:				
Industrial Waste Surcharge	\$ 57.0	\$ 57.9	\$ (0.9)	(1.6) %
Refuse Tipping Fees	112.2	102.5	9.7	9.5
Sale of Energy	30.4	45.5	(15.1)	(33.2)
Service Charges	318.0	295.8	22.2	7.5
Other	53.5	49.2	4.3	8.7
Total Operating Revenues	<u>571.1</u>	<u>550.9</u>	<u>20.2</u>	<u>3.7</u>
Operating Expenses:				
Depreciation	84.7	83.7	1.0	1.2
Operations & Maintenance	141.5	141.0	0.5	0.4
Salaries & Benefits	195.8	197.4	(1.6)	(0.8)
Other	71.8	83.7	(11.9)	(14.2)
Total Operating Expenses	<u>493.8</u>	<u>505.8</u>	<u>(12.0)</u>	<u>(2.4)</u>
Nonoperating Revenues:				
Interest Revenue	16.1	23.9	(7.8)	(32.6)
Taxes	68.4	54.8	13.6	24.8
Other	6.9	4.6	2.3	50.0
Total Nonoperating Revenues	<u>91.4</u>	<u>83.3</u>	<u>8.1</u>	<u>9.7</u>
Nonoperating Expenses:				
Interest Expense	42.5	40.1	2.4	6.0
Tax & Assessment Expense	20.9	21.3	(0.4)	(1.9)
Other	23.8	11.7	12.1	103.4
Total Nonoperating Expenses	<u>87.2</u>	<u>73.1</u>	<u>14.1</u>	<u>19.3</u>
Income Before Capital				
Contribution Revenue	81.5	55.3	26.2	47.4
Capital Contribution Revenue	26.1	19.5	6.6	33.8
Beginning Net Position	<u>3,917.5</u>	<u>3,842.7</u>	<u>74.8</u>	<u>1.9</u>
Ending Net Position	\$ <u><u>4,025.1</u></u>	\$ <u><u>3,917.5</u></u>	\$ <u><u>107.6</u></u>	<u><u>2.7</u></u> %

The Districts' operating resources were primarily derived from wastewater service charges, industrial waste surcharges, and solid waste tipping fees. These fees and charges were paid by users of the Districts' wastewater and solid waste facilities and collectively account for 85% of the Districts' operating revenue. The increase in service charge revenues is reflective of rates increases for nearly all Districts in the past year. The 33.2% decrease in sale of energy is due to the expiration of fixed-price contracts and decrease in natural gas prices.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Management's Discussion and Analysis, Continued

Other operating expenses decreased by 14.2% due to changes in estimates for landfill closure and postclosure expenses. The increase of 103.4% in other nonoperating expenses is due to an unrealized loss on the market value of specific investments.

The decrease in interest revenue is a reflection of the uncertain economic climate resulting in lower yields earned on investments. The Districts' weighted composite yield in fiscal year 2011-2012 was 1.345% and, in fiscal year 2012-2013, it was 1.024%.

Capital Assets and Debt Administration

As of June 30, 2013, the Districts had \$4.9 billion invested in a broad range of assets as shown below:

		Capital Assets (In millions of dollars)				
	FY 2013	FY 2012	Dollar Change	Total Percent Change		
	\$	\$	\$	%		
Buildings and Equipment	68.6	67.4	1.2	1.8		%
Capital Improvements	534.3	531.8	2.5	0.5		
Construction in Progress	348.5	363.0	(14.5)	(4.0)		
Disposal Rights	76.0	74.8	1.2	1.6		
Equipment Pool	77.0	88.3	(11.3)	(12.8)		
Gas-to-Energy Facilities	217.3	213.7	3.6	1.7		
Joint Outfall Facilities	2,047.8	1,977.1	70.7	3.6		
Land	214.0	213.4	0.6	0.3		
Other	15.9	11.8	4.1	34.7		
Rail Facilities	54.0	54.0	0.0			
Recycling and Transfer Stations	61.5	60.1	1.4	2.3		
Treatment Plants	777.2	734.6	42.6	5.8		
Trunk Lines	339.6	334.3	5.3	1.6		
Use Rights	69.0	69.0	0.0	0.0		
Subtotal	4,900.7	4,793.3	107.4	2.2		
Less Accumulated Depreciation & Amortization	1,641.0	1,564.6	76.4	4.9		
Net Capital Assets	\$ 3,259.7	\$ 3,228.7	\$ 31.0	1.0		%

Major capital asset projects that were completed and placed in operation during fiscal year 2012-2013 included the following:

- \$45.4 million - JWPCP Power Generation Facility Expansion
- \$9.6 million - Lancaster Eastern Agricultural Site development
- \$6.6 million - Pomona Water Reclamation Plants Emergency Generator
- \$5.9 million – Gridley Road Interceptor Sewer

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Management’s Discussion and Analysis, Continued

Expenditures to date of ongoing construction projects (construction in progress) of \$348 million as of June 30, 2013 included, in part, the following projects:

- \$137.0 million - Puente Hills Intermodal Facilities development
- \$86.9 million - Westlake Farms Composting Facility development
- \$43.2 million - various water reclamation and pumping plant modifications
- \$35.3 million - planning for Clearwater Program and design of JWPCP Effluent Outfall Tunnel
- \$11.4 million - various Districts’ trunk sewer relief/rehabilitation projects
- \$16.8 million - JWPCP Dewatering Facility Modifications
- \$9.1 million - Waste-by-Rail Disposal System development

Additional information regarding the Districts’ capital assets can be found in Note 7 to the financial statements on pages 29-30 of this report.

2013-2014 Capital Spending Plan (In millions of dollars)

Capital Project	Amount Planned
Landfill Acquisitions & Development	\$ 1.9
Sewer Relief and Rehabilitation	43.2
Long-Term Biosolids Recycling	11.8
Pumping Plant and Water Reclamation Plant Improvements and Expansions	60.8
Landfill General Improvements, Drainage, and Landscaping	7.1
Intermodal Facility Development	23.6
Gas Control Measures	3.0
Administration and Field Operations Improvements	12.5
Sewage Disposal Contracts	1.9
Total	\$ <u>165.8</u>

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Management's Discussion and Analysis, Continued

Outstanding Debt

During the fiscal year, the Districts' revenue bonds, state loans, and notes outstanding decreased by 4.8%.

Outstanding Debt (In millions of dollars)				
	FY 2013	FY 2012	Dollar Change	Total Percent Change
Revenue Bonds	\$ 627.1	\$ 654.4	\$ (27.3)	(4.2) %
Notes Payable	1.7	2.0	(0.3)	(15.0)
State Water Resources Control Board Loans	388.2	412.0	(23.8)	(5.8)
Total Long-Term Debt	\$ 1,017.0	\$ 1,068.4	\$ (51.4)	(4.8) %

Revenue Bond obligations and State Water Resources Control Board obligations decreased due to scheduled principal payments.

Bond Debt Ratings As of June 30, 2013

	Standard & Poor's	Moody's Investor Service	Fitch Ratings
2003 Series A	AA+	Aa1	(1)
2005 Series A	A	(1)	AA-
2005 Series B	A+	(1)	AA-
2007 Series A	A	(1)	AA-
2011 Series A	AA+	Aa1	(1)

(1) The bond was not rated by this rating agency.

The 2008 CREB bonds are a private placement with Bank of America and, therefore, are not rated. Additional information on the Districts' long-term debt is presented in Note 8 to the financial statements on pages 30-34 of this report.

Currently Known Significant Facts

- On October 31, 2013, the Districts' Puente Hills Landfill permanently closed. This will have a significant financial and operational impact on the Districts' solid waste management system. The annual tipping fee revenue from the Puente Hills Landfill exceeds tipping fee revenue from all other Districts' landfills, material recovery facilities, and transfer stations combined. In anticipation of the closure, the Districts entered into a number of waste disposal agreements. These agreements provide the Districts' three materials recovery/transfer facilities with guaranteed quantities of waste and recyclables at negotiated rates. The Districts have also

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Management's Discussion and Analysis, Continued

executed an agreement with Orange County for waste disposal from the Districts' facilities through June 2016.

- In July 2013, the Districts' Financing Authority issued \$107.6 million in Senior Ad Valorem Revenue Bonds. The purpose of these bonds is to refund and defease the remaining portion of the Authority's outstanding 2003 Series A Bonds at substantially lower interest rates and pay costs of issuance. As a result of the refunding, the Districts realized a net present worth savings of approximately \$28.8 million. These serial bonds mature in varying amounts on October 1 in the years 2013 through 2021 at coupon rates ranging from 1.0% to 5.0%. The bonds were issued a rating of AA+ by Standard & Poor's and a rating of Aa1 from Moody's Investors Service.
- The Districts' Joint Water Pollution Control Plant discharges the majority of the Districts' effluent through a tunnel and ocean outfall system constructed in 1937, and expanded in 1958 and 1967. The tunnel and outfall system must remain in continuous operation, making it very difficult and, in the case of the tunnels, practically impossible for the Districts to fully determine the physical condition of these critical facilities. The Districts have evaluated the feasibility of a new tunnel and/or ocean outfall in the context of a comprehensive master facilities plan to cover the Joint Outfall System. The recommended project consists of an additional tunnel and reballasting of the existing ocean outfalls at an estimated cost of \$600 million (in 2013 dollars). The Board of Directors of District No. 2 certified the Clearwater Environmental Impact Report and approved the Master Facilities Plan on November 28, 2012. The final design and geotechnical work for a new 6.9 mile-long tunnel has begun and is scheduled to be completed by 2016. The construction of the tunnel will take approximately 6-7 years to complete.

Financial Contact

The Districts' basic financial statements are designed to present users with a general overview of the Districts' finances and to demonstrate the Districts' accountability. If you have any questions about the report or need additional information, please contact the Accounting Section, Mr. Thomas J. Mueller, Chief Accountant, County Sanitation Districts of Los Angeles County, P.O. Box 4998, Whittier, California, 90607-4998.

Exhibit A
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Statement of Net Position
June 30, 2013

Assets

Current assets:	
Cash in bank (note 3)	\$ 728,635
Cash on hand (note 3)	56,876
Cash and cash equivalents (note 3)	<u>83,387,699</u>
Total unrestricted cash and cash equivalents	<u>84,173,210</u>
Receivables:	
Accounts (note 6)	35,632,598
Interest	3,847,197
Service charges	20,242,997
Taxes	<u>5,657,773</u>
Total receivables	<u>65,380,565</u>
Inventory	<u>18,032,383</u>
Restricted cash and investments (note 3):	
Cash and cash equivalents	536,840,821
Specific investments	1,289,861,145
Bond proceeds with Trustee	
Cash and cash equivalents	37,514,195
Investments	<u>10,303,650</u>
Total restricted cash and investments	<u>1,874,519,811</u>
Other specific investments (note 3)	<u>78,419,555</u>
Total current assets	<u>2,120,525,524</u>
Noncurrent assets:	
Investment in joint ventures (note 17)	53,823,973
Other assets	4,799,699
Capital assets (note 7):	
Buildings and equipment	68,609,156
Capital improvements	534,325,299
Construction in progress (note 16)	348,536,473
Disposal rights	76,024,612
Equipment pool	76,932,421
Gas-to-energy facilities	217,297,676
Joint outfall facilities	2,047,785,619
Land (note 19)	213,966,954
Other	15,851,076
Rail facilities	54,044,903
Recycling and transfer facility	61,502,553
Treatment plants	777,225,689
Trunk lines	339,636,464
Less accumulated depreciation	(1,617,060,055)
Use rights	69,009,056
Less accumulated amortization	<u>(24,022,759)</u>
Net capital assets	<u>3,259,665,137</u>
Total noncurrent assets	<u>3,318,288,809</u>
Total assets	<u>\$ 5,438,814,333</u>

(Continued on following page)

Exhibit A-2
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Statement of Net Position
June 30, 2013

Liabilities and Net Position

Current liabilities:	
Accounts payable	\$ 16,379,285
Accrued employee absences (note 1J and 14)	10,066,080
Amounts held for others	1,794,377
Bonds payable (note 8)	25,854,399
Claims liabilities (note 9)	7,017,820
Construction contracts payable	9,886,659
Estimated liability for closure and postclosure costs (note 18)	6,550,000
Estimated liability for pollution remediation (note 19)	125,000
Interest payable	11,955,288
Loans payable to State of California (note 8)	30,507,892
Note payable	248,167
Other	<u>186,732</u>
Total current liabilities	<u>120,571,699</u>
Long-term liabilities:	
Accrued employee absences (note 1J and 14)	30,198,240
Bonds payable, net (note 8)	601,244,338
Claims liabilities (note 9)	6,432,820
Estimated liability for closure and postclosure costs (note 18)	295,773,316
Estimated liability for pollution remediation (note 19)	375,000
Loans payable to State of California (note 8)	357,729,539
Note payable	<u>1,414,151</u>
Total noncurrent liabilities	<u>1,293,167,404</u>
Total liabilities	<u>1,413,739,103</u>
Net position (note 20):	
Net investment in capital assets	2,163,966,956
Restricted for capital projects	1,141,952,976
Restricted for closure/postclosure maintenance	172,593,596
Restricted for debt service	40,622,934
Restricted for disposal fees	4,777,015
Restricted for equipment pool	22,769,202
Restricted for noncapital projects	71,958,544
Restricted for site development	35,125,724
Unrestricted	<u>371,308,283</u>
Total net position	<u>4,025,075,230</u>
Total liabilities and net position	<u>\$ 5,438,814,333</u>

See accompanying notes to basic financial statements.

Exhibit B
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Statement of Revenues, Expenses,
and Changes in Net Position
Fiscal year ended June 30, 2013

Operating revenues:	
Commodities	\$ 7,275,443
Contract revenue	25,542,280
Equipment pool	16,791,976
Industrial waste surcharge	56,999,104
Refuse tipping fees	112,160,033
Sale of energy	30,429,146
Service charges (note 4)	318,035,074
Other	<u>3,840,937</u>
Total operating revenues	<u>571,073,993</u>
Operating expenses:	
Chemicals	34,778,406
Equipment and vehicle rentals	17,949,468
Hazardous waste siting study	3,943,894
Insurance and claims	4,154,354
Landfill closure and postclosure costs (note 18)	8,842,054
Materials and supplies	16,607,707
Operations, repairs and maintenance	31,271,202
Salaries and benefits (notes 11 and 12)	195,752,309
Services	62,468,291
Utilities	<u>24,237,473</u>
Total operations and maintenance	400,005,158
Charges for collections	446,706
Depreciation and amortization of use rights (note 7)	84,733,968
Research and development	5,556,421
Tonnage	<u>3,118,214</u>
Total operating expenses	<u>493,860,467</u>
Operating income	<u>77,213,526</u>
Nonoperating revenues (expenses):	
Interest revenue	16,138,839
Investment in joint ventures (note 17)	2,579,095
Taxes	68,434,932
Amortization of bond premium and issuance costs	4,328,066
Amortization of deferred loss on refunding	(1,980,181)
Interest expense (note 8)	(42,542,660)
Loss on sale of equipment/assets	(1,118,017)
Tax and assessment expense	(20,898,626)
Other nonoperating expense	(1,214,685)
Unrealized loss on investments	<u>(19,490,685)</u>
Net nonoperating revenues	<u>4,236,078</u>
Income before capital contribution revenue	81,449,604
Capital contribution revenue:	
Connection fees	25,917,639
Federal capital grants	<u>195,005</u>
Change in net position	107,562,248
Total net position, July 1, 2012	<u>3,917,512,982</u>
Total net position, June 30, 2013	<u>\$ 4,025,075,230</u>

See accompanying notes to basic financial statements.

Exhibit C
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Statement of Cash Flows
Fiscal year ended June 30, 2013

Cash flows from operating activities:	
Receipts from customers and users	\$ 565,158,348
Receipts for equipment rental	16,791,976
Payments to suppliers	(191,063,012)
Payments to employees	(195,774,854)
Payments applied to closure/postclosure liability	(5,721,939)
Payment for equipment rental within the Districts	(16,411,634)
Other payments	(18,588)
	<u>172,960,297</u>
Net cash provided by operating activities	
Cash flows from noncapital financing activities:	
Receipts from property taxes	71,082,306
Payments for tax and assessment	(20,898,626)
	<u>50,183,680</u>
Net cash provided by noncapital financing activities	
Cash flows from capital and related financing activities:	
Borrowings on loan from state	2,351,230
Purchases of capital assets	(134,346,422)
Connection fees proceeds	25,917,639
Grant proceeds	195,005
Interest paid on capital-related debt	(35,058,419)
Principal payments on bonds	(24,744,399)
Principal payments on note	(315,842)
Principal payments on loan from state	(31,689,423)
Proceeds from sale of assets/equipment	3,822,794
Receipts from joint venture	2,306,255
	<u>(191,561,582)</u>
Net cash used by capital and related financing activities	
Cash flows from investing activities:	
Interest received	16,468,121
Purchases of investments	(1,490,216,952)
Proceeds from maturities of investments	1,298,974,499
	<u>(174,774,332)</u>
Net cash used by investing activities	
Net decrease in cash and cash equivalents	
	(143,191,937)
Cash and cash equivalents at beginning of fiscal year	
	<u>801,720,163</u>
Cash and cash equivalents at end of fiscal year	
	<u>\$ 658,528,226</u>
Reconciliation of cash and cash equivalents at end of year:	
Current assets:	
Cash in bank	\$ 728,635
Cash on hand	56,876
Cash and cash equivalents	83,387,699
Restricted cash and investments:	
Cash and cash equivalents	536,840,821
Bond proceeds with Trustee	
Cash and cash equivalents	<u>37,514,195</u>
	<u>\$ 658,528,226</u>

(Continued on following page)

Exhibit C-2
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Statement of Cash Flows
Fiscal year ended June 30, 2013

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 77,213,526
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	84,733,968
Landfill closure and postclosure costs	8,842,054
Decrease in accounts receivable	(3,548,706)
Increase in service charge receivable	14,425,046
Increase in inventory	(556,539)
Decrease in accounts payable	(1,337,724)
Increase in accrued employee absences	(22,558)
Decrease in estimated liability for closure and postclosure costs	(5,721,939)
Decrease in claims liabilities related to self-insurance	(993,896)
Decrease in amounts held for others	(54,347)
Decrease in other liabilities	(18,588)
Net cash provided by operating activities	<u>\$ 172,960,297</u>
Schedule of noncash investing activity-	
Unrealized loss on fair value of investments	\$ (19,490,685)
Investment in joint ventures	(176,919)

See accompanying notes to basic financial statements.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements

June 30, 2013

(1) Organization and Summary of Significant Accounting Policies

(A) Description of the Reporting Entity

The County Sanitation Districts of Los Angeles County are defined as "Special Districts." The accompanying basic financial statements of the Districts include the operations of all independent Sanitation Districts operating within the County of Los Angeles providing both solid waste and wastewater management and disposal services. Each of the districts is governed by an independent board comprised of the presiding officer and, in some instances, additional members of the governing body of the cities and unincorporated areas of Los Angeles County within the respective district's boundaries. For purposes of control and daily management, the Districts are jointly governed by a Joint Administration Agreement (see note 2). Administration of the Districts entails fiscal and management control of the Districts' respective operations.

The Districts' accompanying basic financial statements also include the financial activities of the Los Angeles County Sanitation Districts Financing Authority. Various sanitation districts within Los Angeles County (Participating Districts) created the Financing Authority on April 14, 1993, pursuant to a Joint Exercise of Powers Agreement (see note 2). The Financing Authority is governed by a Commission that consists of the Chairperson from each Participating District and exists solely to facilitate the issuance of long-term debt. The Financing Authority has no daily operations and does not conduct business on its own behalf. Since the Financing Authority's governing body is entirely comprised of members of the Districts' Boards and the Financing Authority provides services entirely for the Districts, the Financing Authority's financial activities have been consolidated with the Districts' financial activities for financial reporting purposes. Complete separate financial statements for the Financing Authority may be obtained by writing to the Accounting Department, P.O. Box 4998, Whittier, California, 90607-4998 or at the Districts' Joint Administration Office.

The Districts are independent of and overlap many political jurisdictions. There are many governmental entities, including the County of Los Angeles, that operate within the Districts' jurisdictions; however, financial information for these entities is not included in the accompanying basic financial statements.

(B) District Operations

The Districts' accounts are maintained in a manner that facilitates compliance with the requirements and guidelines of the Controller of the State of California (State Controller). An annual report is filed with the State Controller for each district as required by Section 53891 of the California Government Code.

(C) Basis of Presentation

Enterprise Funds - The Districts' Enterprise Funds are used to account for three types of operations: (a) ones that are financed and operated in a manner similar to private business enterprises, where the intent of the Boards of Directors is that the costs (expenses, including depreciation) of providing

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

services to the general public on a continuing basis be financed or recovered primarily through user charges; (b) ones where the intent of the Boards of Directors is that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes; or (c) ones that account for the financing of services provided by one district to other districts, or to other governments, on a cost-reimbursement basis.

(D) Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Districts use the flow of economic resources measurement focus. Accordingly, all assets and liabilities are included in their respective statement of net position. Reported net position (total reported assets, less total reported liabilities) provides an indication of the economic net worth of the respective funds. Operating statements report increases (revenues) and decreases (expenses) in total net position.

The accrual basis of accounting is followed by the Districts. Under the accrual basis of accounting, revenues are recorded in the period earned and expenses are recorded in the period incurred. As such, no consideration is given to when cash may be received or disbursed, with the result that net income is the difference between the revenues earned and the expenses incurred in earning those revenues.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues are charges to customers for service charges and tipping fees. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Districts have elected, for all business-type activities (enterprise funds), to apply all applicable Governmental Accounting Standards Board (GASB) pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, the American Institute of Certified Public Accountants' (AICPA) Accounting Research Bulletins, and any FASB or AICPA pronouncements made applicable by a GASB Statement or Interpretation.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

The Districts operate various sub funds under the following bases of accounting:

<u>Classification</u>	<u>Basis of Accounting</u>	<u>Purpose</u>
Sewerage Operations	Accrual	To account for wastewater operations of the Districts, including debt service and capital improvement activities.
Solid Waste Facilities Operations	Accrual	To account for operations of the Districts' solid waste management system.
Trustee Solid Waste Facilities Operations	Accrual	To account for operations of the Los Angeles County Refuse Disposal Equipment Pool and for solid waste operations of the Trustee Landfills.
Service Operations	Accrual	To account for essential services and equipment rental provided to various sites and other governments.

(E) Operating Budgets

Each year, the Districts' personnel prepare annual budgets for each district. These annual operating budgets, as adopted by the respective Boards of Directors, are used to serve as a basis for monitoring financial progress and determining future wastewater service charge rates. During the fiscal year, such plans may be amended as circumstances or levels of operations dictate.

(F) Cash and Investments

The Districts' cash and investments are governed by each district's Investment Policy and are in compliance with the California Government Code. For purposes of the statement of cash flows, the Districts consider all highly liquid investments with original maturities of three months or less to be cash equivalents.

Securities purchased with original maturities greater than three months are reflected as investments in the accompanying basic financial statements.

Investments are generally stated at fair value. Fair value of investments is determined annually and is based on current market prices. The fair value of investments in open-end mutual funds is determined based on the fund's current share price.

(G) Inventory

Inventory is stated at the lower of cost (weighted average cost, which approximates first-in, first-out) or market.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

(H) Capital Assets

Outlays for capital assets, including property, plant, equipment, and construction in progress, are recorded by the individual districts. Such outlays may be for either individual District assets or their respective share of jointly owned assets. Capital assets are recorded at cost. Capital assets acquired by contribution are recorded at fair value at the time received. The Districts' capitalization threshold for capital assets is \$5,000.

Depreciation - General

The enterprise fund approach is used for accounting for capital assets. This approach requires that capital assets be capitalized and periodically charged against the operations of the Districts through depreciation.

Depreciation expense is provided using the straight-line method over the estimated useful lives of the assets as follows:

	<u>Useful Lives</u>
Buildings and equipment	5 to 20 years
Pumping plants	40 years
Wastewater treatment plants	40 years
Trunk sewer rehabilitations or replacements	50 years
Trunk sewer lines	75 years

Depreciation - Districts' and Trustee Solid Waste Facilities

Depreciation of capital improvements at landfill sites is determined annually, using the ratio of the number of tons disposed during the fiscal year to the total estimated capacity of each landfill and applying this ratio to the gross book value of the capital improvements.

Capital improvements at the South Gate Transfer Station are depreciated over a 10-year period using the straight-line method. The gas-to-energy facilities and related capital improvements at the Puente Hills and Spadra Landfills are depreciated over a 40-year period using the straight-line method; the gas-to-energy facility and related capital improvements at the Palos Verdes Landfill are depreciated over a 20-year period using the straight-line method. The recycling and transfer facilities and related capital improvements at the Downey Area Recycling and Transfer (DART) and Puente Hills Materials Recovery Facilities are depreciated over a 40-year period using the straight-line method.

Depreciation - Equipment Pools

Depreciation of assets maintained in the Equipment Pools is determined by either: (1) the straight-line method, using years of useful life as a basis; or (2) the vehicle mileage method, using miles driven as a basis. The depreciation basis selected is based on the type of asset and its usage. If the useful life basis is used, the assets are depreciated over a period of 8 to 12 years, depending on the type of asset.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Disposal Rights - Sewerage Operations

Because of geographic conditions, certain districts have found it advantageous to enter into reciprocal agreements with other public agencies. In these agreements, the public agencies grant the Districts specific sewerage disposal rights and assess the Districts for the cost of the additional capital investment for treatment facilities necessary to dispose of the Districts' discharge. Disposal rights are amortized over a 30-year period using the straight-line method. Such amortization is included as a charge to operations in determining the respective district's results of operations.

Amortization of Use Rights - Districts' and Trustee Solid Waste Facilities

Use rights, as they apply to the cost of the Districts' landfills and the Trustee landfills, represent the Districts' right to dispose of waste material. As the landfills are used, their value is reduced. The reduction of the usefulness of the landfills is amortized against operations and is termed amortization of use rights. Amortization charges are determined annually using the ratio of the number of tons disposed of during the fiscal year to the total estimated capacity of each landfill and applying this ratio to the gross book value. The capacity of each landfill is determined by engineering estimates.

(I) Landfill Site Closure Costs

The Districts have adopted Governmental Accounting Standards Board Statement No. 18, "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs" (GASB 18). Federal and state laws and regulations require the government to place a final cover on its landfill sites when they stop accepting waste and to perform certain maintenance and monitoring functions at the sites for 30 years after closure. GASB 18 requires the government to accrue a liability for anticipated costs to provide the required care of closing landfill sites, plus the costs of monitoring and maintaining the sites during the postclosure period.

In compliance with GASB 18, the Districts recognize a portion of the closure and postclosure care costs as an operating expense and a liability in each period based on landfill capacity used as of each statement of net position date, although closure and postclosure care cost will be paid only near or after the date the landfills stop accepting waste. Recognition of such costs begins on the date the landfills begin accepting solid waste and continues in each period that the landfill accepts waste. It is intended that the costs of closure and postclosure care will be completed by the time the landfills stop accepting waste. The cumulative amounts recognized to date are reflected in the accompanying basic financial statements (see note 18).

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

(J) Accrued Employee Absences - Service Operations

Vacation and sick leave pay is recorded as an expense when earned by Districts' employees. As of June 30, 2013, accrued vacation and sick leave aggregated \$40,264,320 and is based upon the following criteria:

Monthly employees earn a maximum of 80 hours of vacation leave during each of the first 5 years of service. After 5 years of service, a maximum of 120 hours are earned each year, and after 10 years of service, 8 additional hours of vacation are earned per year up to 160 hours. After 25 years of service, monthly employees (with the exception of those in management positions) earn an additional 40 hours of vacation. In addition, earned vacation leave can be accumulated for 1 or 2 years, depending on the employee's representation unit. Upon retirement or termination, monthly employees are paid for all unused accumulated vacation leave. The accrued liability is based upon the full amount of accumulated vacation leave. Hourly employees earn vacation leave based on the number of hours worked in accordance with Subsection 6.2A of the Districts' Salary Resolution.

Monthly employees earn 8 hours of sick leave per month with a maximum accumulation for use of 1,440 or 720 hours, depending upon the employee's representation unit. Monthly employees are entitled to sick leave payment upon retirement or termination, but the number of hours subject to payment depends on when the accumulated sick leave was earned and the employee's representation unit. The accrued liability is based upon the sick leave that would be paid upon termination.

(K) Amortization of Premium on Bonds and Bond Issuance Costs

Original issue premium and issuance costs related to the sale of revenue bonds (see note 8) are amortized by the effective-interest method over the life of the bonds. The unamortized portion of the bond premium is netted against bonds payable on the accompanying basic financial statements. Unamortized bond issuance costs are reflected as other assets.

(L) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(M) New Accounting Pronouncements

For the fiscal year ended June 30, 2013, the Districts implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements". The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of this Statement did not have an effect on these financial statements.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

For the fiscal year ended June 30, 2013, the Districts implemented GASB Statement No. 61, “The Financial Reporting Entity: Omnibus—an amendment of GASB Statements No. 14 and No. 34”. The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The implementation of this Statement did not have an effect on these financial statements.

For the fiscal year ended June 30, 2013, the Districts implemented GASB Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements”. The objective of this Statement is to incorporate into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: (1) Financial Accounting Standards Board (FASB) Statements and Interpretations, (2) Accounting Principles Board Opinions, and (3) Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure. The Implementation of this Statement did not have an effect on these financial statements.

For the fiscal year ended June 30, 2013, the Districts implemented GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and net Position”. This Statement is effective for periods beginning after December 15, 2011. The objective of this Statement is to establish guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. This Statement sets forth framework that specifies where deferred outflows of resources and deferred inflows of resources, as well as assets and liabilities should be displayed. This Statement also specifies how net position, no longer referred to as net assets, should be displayed. Implementation of the Statement and the impact of the Districts’ financial statements are explained in Note (20) Net Position.

(2) Organization - Joint Agreements

The operations of the Districts are facilitated by certain Joint Agreements that permit the consolidation of duties and responsibilities.

Joint Administration Agreement

Each individual district is party to the Joint Administration Agreement wherein an administrative organization has been established to provide or perform the administrative functions for all individual districts. The Joint Administration Agreement provides that the revenue and expenses that can be readily segregated by district shall be applied directly to the district concerned. Except for some of the districts that have a fixed percentage, the indirect expenses are apportioned based upon the ratio of each district’s total sewage units to the total number of sewage units within all districts. A sewage unit represents the average daily quantity of sewage flow and strength that would be discharged from a single-family home.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Joint Outfall Agreement

The following districts participate in a "Joint Outfall" Agreement: 1, 2, 3, 5, 8, 15, 16, 17, 18, 19, 21, 22, 23, 28, 29, 34, and South Bay Cities (referred to henceforth as Joint Outfall Districts). Under the terms of the Agreement, they share in the joint ownership, use, and operations of certain trunk sewers, pumping plants, treatment plants, and ocean outfalls. The Agreement specifies that the revenue accrued and expenses incurred from these activities be proportioned to each district on the basis of the ratio of sewage units within the district to the total number of sewage units within all Joint Outfall Districts.

Los Angeles County Refuse Disposal Trust Agreement

District No. 2, acting in its capacity as the administrative District, participates in a Joint Powers Agreement (JPA) with the County of Los Angeles to establish the Los Angeles County Refuse Disposal Fund and the Los Angeles County Refuse Disposal Equipment Pool to administer the landfills located outside of the Districts' boundaries, including the Calabasas and Scholl Canyon Landfills (Trustee Landfills).

Program development, future landfill acquisitions, and major capital expenditures are financed from the Los Angeles County Refuse Disposal Fund. The Los Angeles County Refuse Disposal Equipment Pool provides equipment to the Trustee Landfills and the revenue from rental of this equipment is used for operations and maintenance and to purchase new equipment as required.

The JPA provides that monies in excess of short-term operations and maintenance and capital improvement needs resulting from landfill operations be transferred to the Los Angeles County Refuse Disposal Fund. In the case of Scholl Canyon, the agreement provides for a sharing of revenues (referred to as tonnage expense) between the City of Glendale and the Los Angeles County Refuse Disposal Fund.

In December 2005, the JPA was amended to provide financing for the ongoing operation of the Calabasas Landfill. The County of Los Angeles, through a Financing Authority, issued \$38.5 million of lease revenue bonds. Although the net revenues from the landfill are pledged for repayment of the bonds, the County of Los Angeles is ultimately responsible for all principal and interest payments. In addition, the JPA provides the Districts perform ongoing operation and maintenance of the Mission Canyon Landfill at no cost to the Districts.

Sanitation Districts Solid Waste Management System Agreement

Districts Nos. 1, 2, 3, 5, 8, 15, 16, 17, 18, 19, 21, 22, 23, 29, and South Bay Cities participate in the Solid Waste Management System Agreement. This agreement authorized District No. 2 to have full authority for acquiring, implementing, operating, and maintaining the Palos Verdes, Spadra, Puente Hills, and Mesquite Regional Landfills; the South Gate Transfer Station; the Commerce Refuse-to-Energy Facility; the Southeast Resource Recovery Facility; the Puente Hills, Spadra, Palos Verdes, and Calabasas gas-to-energy facilities; the Downey Area Recycling and Transfer Facility, the Puente Hills Material Recovery Facility; and programs and facilities that may be developed as part of materials recovery and remote disposal system.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Joint Exercise of Powers Agreement

Districts Nos. 1, 2, 3, 4, 5, 8, 9, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 27, 28, 29, Santa Clarita Valley, and South Bay Cities participate in a Joint Exercise of Powers Agreement related to the Los Angeles County Sanitation Districts Financing Authority.

(3) Cash and Investments

The Districts have adopted the provisions of Statement No. 31 of the Governmental Accounting Standards Board, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools" (GASB No. 31), and Statement No. 40 of the Governmental Accounting Standards Board, "Deposit and Investment Risk Disclosures" (GASB No. 40), which require that certain investments and external investment pools be reported at fair value and disclosures be made of certain deposit and investment risks.

The Districts' investment policies are governed by and in compliance with the California Government Code. The investment policies' objectives are to provide for safety of principal, maintain liquidity, and earn a competitive yield. The Districts are authorized to invest funds in the County of Los Angeles Pooled Surplus Investment Fund (County Pool), the State of California Local Agency Investment Fund, and other qualified investments in accordance with each district's individual investment policy and applicable law. During the fiscal year and at June 30, 2013, specific investments included U.S. Treasury notes, and U.S. Agency securities.

As of June 30, 2013, the Districts had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1-3	4-5
U.S. Treasury Securities	\$ 96,117,840	-	96,117,840	-
U.S. Agency Securities	1,282,466,510	-	-	1,282,466,510 (1)
Los Angeles County Pool	618,037,832	618,037,832	-	-
Dreyfus Institutional Reserves Money Market Fund	37,513,045	37,513,045	-	-
US Bank Commercial Paper	428,053	428,053	-	-
Columbia Cash Reserves Money Market Fund	109,081	109,081	-	-
Wells Fargo Premium Rate Public Fund	1,654,704	1,654,704	-	-
	<u>\$ 2,036,327,065</u>	<u>657,742,715</u>	<u>96,117,840</u>	<u>1,282,466,510</u>

(1) A portion of these securities are callable as follows:

July 1, 2013 - September 30, 2013	\$ 593,990,365
October 1, 2013 - December 31, 2013	422,629,350
January 1, 2014 - March 31, 2014	56,053,325
April 1, 2014 - June 30, 2014	209,793,470
	<u>\$ 1,282,466,510</u>

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Interest Rate Risk. As a means of limiting the Districts' exposure to fair value losses from rising interest rates, the Districts' investment policies prohibit investments in securities maturing more than five years from the date of purchase, unless specifically approved by the Districts' Boards of Directors at least three months prior to purchase.

Credit Risk. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2013, the Districts' investment in Dreyfus Institutional Reserves Treasury Prime Money Market Mutual Fund was rated AAAM by Standard & Poor's and Aaa-mf by Moody's Investors Service. The Districts' investment in U.S. Bank Commercial Paper was rated A-1+ by Standard & Poor's and P-1 by Moody's Investors Service. The Districts' investment in United States Treasury securities and United States Agency securities were rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service. The Los Angeles County Pooled Surplus Investment Fund, Wells Fargo Premium Rate Public Fund, and Columbia Cash Reserves Money Market Fund are not rated.

Concentration of Credit Risk. The investment policies for District Nos. 17, and 27 require that all investments placed are in full compliance with the California Government Code. The remaining Districts' investment policies further restrict the concentration of investments in aggregated United States Agency securities to 75% of Districts' funds, and no more than 30% of the Districts' funds may be invested in any one designated agency security. These Districts' policies allow for investments in medium-term AAA rated corporate and depository institution debt securities with remaining maturities of three years or less. No individual medium-term AAA rated security may exceed 5% of Districts' funds and all medium and short-term investments in aggregate may not exceed 20% of Districts' funds.

The Districts' cash, cash and equivalents, and specific investments at June 30, 2013, are classified on the accompanying statement of net position as follows:

Unrestricted cash and cash equivalents (operating funds)	\$	83,387,699
Restricted cash, cash equivalents, and specific investments		1,874,519,811
Other specific investments		<u>78,419,555</u>
		2,036,327,065
Cash in bank		728,635
Cash on hand		<u>56,876</u>
	\$	<u><u>2,037,112,576</u></u>

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

The Districts' total restricted cash, cash equivalents, and specific investments are comprised of the following at June 30, 2013:

	<u>Cash and Cash Equivalents</u>	<u>Specific Investments</u>	<u>Total</u>
Capital improvement fund	\$ 80,618,646	367,597,900	448,216,546
Closure/postclosure fund	50,612,041	411,731,200	462,343,241
Contingency reserve fund	9,414,741	1,993,158	11,407,899
Employee absences fund	40,264,320	-	40,264,320
Equipment pool fund	10,261,800	13,962,075	24,223,875
Rate stabilization fund	136,309,775	186,660,597	322,970,372
Pension liability fund	125,839,025	-	125,839,025
Waste-by-rail cost transition fund	24,236,255	233,924,940	258,161,195
Site development fund	8,968,223	25,848,998	34,817,221
Stabilization fund for contracted benefit costs	10,985,097	-	10,985,097
State loan fund	18,424,520	18,199,830	36,624,350
Surcharge fund	5,083,194	12,374,872	17,458,066
Other restricted funds	15,823,184	17,567,575	33,390,759
	<u>536,840,821</u>	<u>1,289,861,145</u>	<u>1,826,701,966</u>
Bond proceeds	<u>37,514,195</u>	<u>10,303,650</u>	<u>47,817,845</u>
Total Restricted Cash, Cash Equivalents, and Specific Investments	<u><u>\$ 574,355,016</u></u>	<u><u>1,300,164,795</u></u>	<u><u>1,874,519,811</u></u>

Cash in Bank

At June 30, 2013, the carrying amount of the Districts' cash in bank deposits was \$728,635, while the bank balance was \$8,987,405. All deposits are entirely insured or collateralized. The California Government Code requires California banks and savings and loan associations to secure Districts' deposits by pledging government securities as collateral. The fair value of pledged securities must equal at least 110% of the Districts' deposits. California law also allows financial institutions to secure Districts' deposits by pledging first trust deed mortgage notes having a value of 150% of the Districts' total deposits.

The Districts may waive collateral requirements for deposits that are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC).

Cash on Hand

At June 30, 2013, the Districts had imprest cash funds in the amount of \$56,876.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Cash and Cash Equivalents

Cash consists of deposits in the interest-bearing Los Angeles County Pooled Surplus Investment Fund. Investments are stated at fair value. The fair value of the Districts' position in the pool is the same as the value of the pool shares. The Districts maintain separate balances for the individual districts, and investment income is allocated on a pro rata basis. Because the Districts' deposits are maintained in a recognized pooled investment fund under the care of a third party and the Districts' share of the pool does not consist of specific, identifiable investment securities owned by the Districts, no disclosure of the individual deposits and investments is required under generally accepted accounting principles. The Districts' deposits in the fund are considered liquid.

Cash equivalents consist of investments in the Dreyfus Institutional Reserves Treasury Prime Money Market Mutual Fund (a mutual fund), U.S. Bank Commercial Paper, Wells Fargo Premium Rate Public Fund, and the Columbia Cash Reserves Fund (a mutual fund). Investments are stated at fair value. The fair value of the Districts' position in the pool is the same as the value of the pool shares. The Districts maintain separate balances for the individual districts, and investment income is allocated on a pro rata basis. Because the Districts' deposits are maintained in a recognized pooled investment fund or in a mutual fund under the care of third parties and the Districts' share of the funds do not consist of specific, identifiable investment securities owned by the Districts, no disclosure of the individual deposits and investments is required under generally accepted accounting principles. The Districts' deposits in these funds are considered to be liquid.

Specific Investments

These represent investments in U.S. Treasury securities and U.S. Agency securities.

Bond Proceeds with Trustee

The revenue bond indenture agreements require the independent bond trustee to hold bond funds in restricted-use accounts (see note 8). The Districts hold monies to be used to: (a) finance the costs of acquisition, construction, and installation of certain additional improvements to the sewerage treatment and disposal facilities; (b) finance the cost of construction of a gas-to-energy facility; and (c) fund reserve accounts for debt service. The fiscal year-end balance of these accounts amounted to \$47,817,845.

At June 30, 2013, all monies are invested in U.S. Agency securities, a Dreyfus Institutional Reserves Treasury Prime Money Market Mutual Fund, and the Los Angeles Pooled Surplus Investment Fund, as permitted by the bond indenture. U.S. Agency securities are in the Los Angeles County Sanitation Districts Financing Authority's name (see note 1 [A]).

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

(4) Service Charge Revenue - Sewerage Funds

The Districts assess service charges against property owners using the Districts' sewerage system as a means of offsetting the cost of providing sanitation facilities. These service charges are collected through Los Angeles County's property tax billing system. During the fiscal year ended June 30, 2013, the following Districts recorded service charge revenues:

<u>District</u>	<u>Amount</u>
1	\$ 22,551,204
2	32,410,156
3	26,654,331
4	3,768,720
5	35,814,637
8	8,446,774
9	86,590
14	29,440,078
15	25,289,785
16	15,294,963
17	2,102,877
18	18,364,373
19	5,562,870
20	20,738,139
21	22,259,714
22	18,530,880
23	385,321
28	998,345
29	1,858,262
Santa Clarita Valley	21,268,210
South Bay Cities	6,208,845
	\$ 318,035,074

(5) Property Taxes

Proposition 13, adopted June 6, 1978, in part added Article XIII-A to the California Constitution. Section 1 of Article XIII-A limits the maximum ad valorem tax on real property to 1% of full cash value. Section 1 stipulates that the limitation provided for in Section 1 shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on indebtedness approved by the voters prior to July 1, 1978.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Property tax revenues are distributed to special districts, local agencies, school districts, the County superintendent of schools, community college districts, and community redevelopment agencies in accordance with provisions of Section 26912 of the Government Code and Section 95-100 of the Revenue and Taxation Code.

Taxes Become a Lien

All tax liens attach annually on the first day in January preceding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property as they exist on that date. The lien against real estate or the tax on personal property is not relieved by subsequent removal or change of ownership, and the Tax Collector cannot accept payment for taxes on real property unless the personal property tax indicated on the tax bill has been paid or is tendered. Secured property taxes are a lien against real property. Tax levies cover the fiscal year period July 1 to June 30; for instance, the 2012 tax levy is for the fiscal year 2012-2013.

Delinquency and Penalty

Taxes on the secured roll may be paid in two installments due November 1 and February 1. Taxes due on November 1, if unpaid, become delinquent at the close of business on December 10; and taxes due on February 1, if unpaid, become delinquent on April 10 at the close of business. If December 10 or April 10 falls on Saturday, Sunday or a legal holiday, the time of delinquency is the close of the next business day. The entire tax on real property may be paid when the first installment is due, if desired. The second may be paid separately only if the first installment has been paid.

Unsecured personal property taxes are not a lien against real property, are due on the first of January each year, and are payable to the Los Angeles County Tax Collector. These taxes become delinquent if not paid on August 31 at the close of business. If August 31 falls on Saturday, Sunday, or a legal holiday, the time of delinquency is the close of the next business day. If taxes are not paid by October 31, an additional penalty of 1.5% per month will accrue. Delinquent penalties of 10% are added to any unpaid secured and/or unsecured property taxes if received after the grace period.

(6) Accounts Receivable

Accounts receivable is composed of the following (in thousands):

	2013	2012
Sale of commodities	\$ 855	616
Sale of energy	796	1,935
Surcharge	17,724	16,097
Tipping fees	12,303	10,533
Other	3,955	2,903
Total accounts receivable	\$ 35,633	32,084

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

(7) Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013, was as follows (in thousands):

	<u>June 30, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2013</u>
Capital assets, not being depreciated:				
Construction in progress (see note 16)	\$ 363,029	87,869	(102,362)	348,536
Land	213,404	563	-	213,967
Total capital assets, not being depreciated	<u>576,433</u>	<u>88,432</u>	<u>(102,362)</u>	<u>562,503</u>
Capital assets, being depreciated or amortized:				
Buildings and equipment	67,437	1,172	-	68,609
Capital improvements	531,742	2,583	-	534,325
Disposal rights	74,827	1,198	-	76,025
Equipment pool	88,276	1,998	(13,342)	76,932
Gas-to-energy facilities	213,696	3,602	-	217,298
Joint outfall facilities	1,977,117	70,669	-	2,047,786
Other	11,800	4,051	-	15,851
Rail Facilities	54,045	-	-	54,045
Recycling and transfer facility	60,091	1,412	-	61,503
Treatment plants	734,653	42,573	-	777,226
Trunk lines	334,303	5,333	-	339,636
Use rights	69,009	-	-	69,009
Total capital assets, being depreciated or amortized	<u>4,216,996</u>	<u>134,591</u>	<u>(13,342)</u>	<u>4,338,245</u>
Accumulated depreciation and amortization:				
Buildings and equipment	(32,439)	(1,821)	-	(34,260)
Capital improvements	(407,699)	(7,153)	-	(414,852)
Disposal rights	(28,065)	(1,703)	-	(29,768)
Equipment pool	(43,368)	(5,379)	8,399	(40,348)
Gas-to-energy facilities	(101,143)	(7,161)	-	(108,304)
Joint outfall facilities	(702,326)	(40,536)	-	(742,862)
Other	(6,598)	(440)	-	(7,038)
Recycling and transfer facility	(11,737)	(1,785)	-	(13,522)
Treatment plants	(120,170)	(12,368)	-	(132,538)
Trunk lines	(88,129)	(5,440)	-	(93,569)
Use rights	(23,075)	(947)	-	(24,022)
Total accumulated depreciation and amortization	<u>(1,564,749)</u>	<u>(84,733)</u>	<u>8,399</u>	<u>(1,641,083)</u>
Total capital assets, being depreciated, net	<u>2,652,247</u>	<u>49,858</u>	<u>(4,943)</u>	<u>2,697,162</u>
Total capital assets, net	<u>\$ 3,228,680</u>	<u>138,290</u>	<u>(107,305)</u>	<u>3,259,665</u>

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Depreciation and amortization expense was charged to the Districts' various operations as follows (in thousands):

Sewerage Operations	\$	62,308
Solid Waste Facilities Operations		14,045
Trustee Solid Waste Facilities Operations		2,180
Service Operations		<u>6,200</u>
Total depreciation and amortization expense	\$	<u>84,733</u>

(8) Long-Term Debt

Revenue Bonds

On June 25, 2003, the Financing Authority issued \$444,830,000 of 2003 Series A Senior Ad Valorem Obligation Bonds. The purpose of the 2003 Series A bonds was to refund and defease the Authority's outstanding Capital Projects Revenue Bonds, 1993 Series A (Senior Ad Valorem Obligation Bonds); to finance the costs of acquisition, construction, and installation of certain additional improvements to the sewage treatment and disposal facilities of each district; to fund the Reserve Fund; and to pay costs of issuance. These serial bonds mature in varying amounts on October 1 in the years 2003 through 2023 at coupon rates ranging from 4.00% to 6.00%. Interest is paid semiannually each year on October 1 and April 1. The bonds maturing on or after October 1, 2014, are subject to optional redemption after October 1, 2013.

On June 2, 2005, the Financing Authority issued \$25,305,000 of 2005 Series A District No. 20 Subordinate Revenue Bonds. The purpose of the 2005 Series A bonds was to finance the costs of the acquisition, construction, and installation of certain improvements to the sewage collection, treatment, and disposal facilities of County Sanitation District No. 20 of Los Angeles County; refinance certain improvements by prepaying in full District 20's outstanding Clean Water State Revolving Fund Loans in the approximate aggregate amount of \$6.3 million; finance the Reserve Fund for the Bonds; pay capitalized interest on a portion of the Bonds through April 1, 2006; and pay costs of issuance of the Bonds. Serial bonds were issued in the amount of \$16,195,000 at interest rates ranging from 3.00% to 4.50%. Interest is paid semiannually each fiscal year on October 1 and April 1. These serial bonds mature in varying amounts on October 1 in the years 2008 through 2028. The bonds maturing on or after October 1, 2016, are subject to optional redemption after October 1, 2015. Additionally, term bonds aggregating \$9,110,000 were issued at the interest rate of 5.00%. Interest is paid semiannually each year on October 1 and April 1. These term bonds mature on October 1, 2034, and are subject to mandatory redemption, in varying amounts, commencing October 1, 2029.

In October 2005, the Financing Authority issued \$182,915,000 of 2005 Series B District No. 14 Subordinate Revenue Bonds. The purpose of the 2005 Series B bonds was to finance the costs of the acquisition, construction, and installation of certain improvements to the sewage collection, treatment, and disposal facilities of County Sanitation District No. 14 of Los Angeles County; to pay the costs of a municipal bond debt service reserve policy; and to pay costs of issuance. These serial bonds mature in varying amounts on October 1 in the years 2006 through 2035 at coupon rates ranging from 3.00% to 5.00%.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

In March 2007, the Financing Authority issued \$134,515,000 of 2007 Series A District No. 20 Subordinate Revenue Bonds. The purpose of the 2007 Series A bonds was to finance the costs of the acquisition, construction, and installation of certain improvements to the sewage collection, treatment, and disposal facilities of County Sanitation District No. 20 of Los Angeles County; including land acquisition, treatment plant upgrades, and recycled water management facilities development; finance the Reserve Fund for the Bonds; capitalize a portion of interest on the Bonds through April 1, 2009; and pay costs of issuance of the Bonds. These serial bonds mature in varying amounts on October 1 in the years 2010 through 2042 at coupon rates ranging from 3.75% to 5.00%.

In November 2008, the Financing Authority issued \$19.66 million in 2008 Series A Clean Renewable Energy Bonds (CREBS). The purpose of the bonds was to pay a portion of the cost of acquiring, constructing, and installing the Calabasas Gas-to-Energy Facility. The bonds were issued at a rate of 1.25% per annum and mature on December 15, 2021.

In July 2011, the Financing Authority issued \$130,615,000 in Capital Projects Revenue Bonds (Senior Ad Valorem Obligation Bonds) (the 2011 Bonds). The purpose of the 2011 Bonds was to refund and defease a portion of the Financing Authority's outstanding 2003 Series A Bonds and pay costs of issuance. These serial bonds mature in varying amounts on October 1 in years 2014 through 2023 at coupon rates ranging from 2.5% to 5.0%.

Total Bond Indebtedness

The Districts' bonded indebtedness is summarized as follows:

	Balance at June 30, 2012	Additions	Redemptions	Balance at June 30, 2013	Due Within One Year
Revenue Bonds:					
2003 Series A	\$ 169,805,000	-	(19,275,000)	150,530,000	20,240,000
2005 Series A	22,685,000	-	(705,000)	21,980,000	735,000
2005 Series B	175,920,000	-	(2,665,000)	173,255,000	2,760,000
2007 Series A	133,330,000	-	(695,000)	132,635,000	715,000
2008 Series A	14,043,989	-	(1,404,399)	12,639,590	1,404,399
2011 Series A	130,615,000	-	-	130,615,000	-
	<u>\$ 646,398,989</u>	<u>-</u>	<u>(24,744,399)</u>	<u>621,654,590</u>	<u>25,854,399</u>
Plus unamortized premium	30,371,175	-	(4,613,228)	25,757,947	-
Less deferred amount on refunding	(22,293,981)	1,980,181	-	(20,313,800)	-
Bonds payable, net	<u>\$ 654,476,183</u>	<u>1,980,181</u>	<u>(29,357,627)</u>	<u>627,098,737</u>	<u>25,854,399</u>

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Total Bonded Debt Outstanding

The annual requirements to amortize all bond debt outstanding as of June 30, 2013, are as follows:

	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
Fiscal year ending June 30:			
2014	\$ 28,496,822	25,854,399	54,351,221
2015	27,304,745	26,769,399	54,074,144
2016	26,078,465	27,954,399	54,032,864
2017	24,790,747	29,204,399	53,995,146
2018	23,503,567	30,509,399	54,012,966
2019-2023	94,797,059	172,847,595	267,644,654
2024-2028	61,700,800	73,260,000	134,960,800
2029-2033	46,484,025	82,990,000	129,474,025
2034-2038	21,265,275	97,800,000	119,065,275
2039-2043	6,347,588	54,465,000	60,812,588
	<u>\$ 360,769,093</u>	<u>621,654,590</u>	<u>982,423,683</u>
Plus unamortized premium	-	25,757,947	25,757,947
Less deferred amount on refunding	-	(20,313,800)	(20,313,800)
Bonds payable, net	<u>\$ 360,769,093</u>	<u>627,098,737</u>	<u>987,867,830</u>

Notes Payable

The Districts executed an option agreement for the purchase of a key piece of property for the development of the Puente Hills Intermodal Facility. As part of the agreement, the Districts assumed a 10-year installment payment plan, from the Geosano Family Trust, totaling \$1,586,020, which is secured by a restricted interest-bearing account of 7.25%. In addition, the Districts contract with Century Link, to provide and install fiber optic cables for use at Mesquite Landfill, is completed but the Districts are making payments over the next few years.

Notes payable are summarized as follows:

	<u>Maximum Principal Balance</u>	<u>Balance at July 1, 2012</u>	<u>Current-Year Draw Downs</u>	<u>Redemptions</u>	<u>Balance at June 30, 2013</u>	<u>Due Within One Year</u>
Geosano	\$ 1,586,020	1,488,381	-	35,774	1,452,607	38,456
Century Link	489,779	489,779	-	280,068	209,711	209,711
Total Notes Payable	<u>\$ 2,075,799</u>	<u>1,978,160</u>	<u>-</u>	<u>315,842</u>	<u>1,662,318</u>	<u>248,167</u>

State Water Resources Control Board

The Districts also have several notes payable to the State Water Resources Control Board. These loan funds are received on an installment basis as the Districts incur the related expenditures and are repaid over a 20-year period. The funds are utilized in the construction and expansion of wastewater conveyance and reclamation facilities.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

The Districts' indebtedness to the State is summarized as follows:

Description	Interest Rate	Maximum Principal Balance	Balance at July 1, 2012	Current-Year Draw Downs	Redemptions	Balance at June 30, 2013
Lancaster - Outfall & Trunk Sewer	2.3000 %	\$ 31,319,657	24,340,510	-	1,377,257	22,963,253
Lancaster WRP Stage V Expansion	2.6000	142,090,956	75,954,705	-	2,943,597	73,011,108
Palmdale WRP Stage V Expansion	2.5000	70,000,000	55,227,676	3,213,081 (1)	-	58,440,757
La Canada Trunk Sewer	3.4000	2,550,000	653,983	-	155,389	498,594
La Canada Foothill Main Trunk Sewer	3.1000	3,785,566	946,393	-	189,278	757,115
Saugus Equipment Purchases	2.4000	1,766,705	1,158,689	-	89,130	1,069,559
Valencia	2.8000	10,699,908	4,300,735	-	537,593	3,763,142
Valencia Stage V	2.4000	45,909,746	27,932,833	-	2,327,736	25,605,097
Valencia Stage V Exp	2.4000	1,400,546	775,654	-	70,513	705,141
Valencia WRP Boiler Upgrade	1.7000	4,335,543	-	2,351,230	-	2,351,230
Puente Hills	2.8000	5,000,000	1,225,655	-	320,630	905,025
Biological Reactors	2.4000	109,095,000	62,201,377	-	5,008,259	57,193,118
Central Odor Control	2.4000	11,444,141	7,463,292	-	574,099	6,889,193
Cryogenic Oxygen Generation	2.4000	23,869,940	13,214,178	-	1,201,289	12,012,889
Environmental Lab Bldg	2.4000	9,591,013	5,782,407	-	481,867	5,300,540
Fuel Gas Compressor Upgrade	2.4000	722,927	404,948	-	36,813	368,135
Heat Recovery Steam Gen. Equip.	2.4000	3,983,711	3,254,357	-	216,957	3,037,400
High-Speed Centrifuge	2.4000	4,500,995	3,019,838	-	232,295	2,787,543
Install Secondary Infl. Pump Station	2.4000	4,719,816	2,617,285	-	237,935	2,379,350
Install Secondary Infl Pump Station II	2.4000	1,541,429	1,054,666	-	81,127	973,539
Long Beach WRP Aeration	2.4000	368,511	253,356	-	23,031	230,325
Long Beach WRP Ammonia	2.4000	834,196	625,648	-	52,137	573,511
Long Beach WRP NDN Fac	2.4000	4,735,275	3,801,338	-	237,584	3,563,754
Long Beach WRP NDN Fac Equip.	2.4000	504,474	369,946	-	33,632	336,314
Los Coyotes WRP Ammonia	2.4000	1,208,597	906,449	-	75,537	830,912
Los Coyotes WRP Interceptor	2.7000	12,381,145	11,994,412	-	507,127	11,487,285
Los Coyotes WRP NDN Fac	2.4000	17,538,820	14,031,056	-	876,941	13,154,115
Mod. of Electrical Power Services	2.4000	4,153,307	2,240,590	-	203,691	2,036,899
Pomona WRP NDN Fac	2.4000	4,931,545	3,698,657	-	308,222	3,390,435
Pomona WRP NDN Fac. Equip.	2.4000	182,616	136,960	-	11,414	125,546
Power Generation Equipment	2.4000	12,298,084	7,174,684	-	652,244	6,522,440
Power Generation Steam Turbine Gen.	2.4000	2,978,767	2,424,937	-	161,662	2,263,275
Primary Screenings & Grit Dewatering	2.4000	11,730,892	6,447,889	-	586,173	5,861,716
Purch. Secondary Infl Pump Station Equip	2.4000	11,012,050	7,120,608	-	547,739	6,572,869
Reloc. & Install High-Speed Centrifuge	2.4000	2,109,325	1,159,969	-	105,453	1,054,516
San Jose Creek WRP NDN Fac.	2.4000	9,401,328	6,789,848	-	522,296	6,267,552
San Jose Creek WRP NDN Fac. Equip.	2.4000	1,349,480	998,633	-	76,818	921,815
Secondary Effluent Pumps	2.6000	1,176,608	746,316	-	59,479	686,837
Silo Odor Control Fac. Phase I	2.4000	5,330,364	4,168,536	-	347,378	3,821,158
Silo Odor Control Fac. Phase II	2.4000	2,947,840	2,292,764	-	163,769	2,128,995
W. A. S. Thickening Expansion	2.4000	4,173,801	2,305,075	-	209,552	2,095,523
Whittier Narrows WRP NDN Fac.	2.4000	4,309,558	3,888,451	-	216,025	3,672,426
Wright Road Trunk Sewer Repair	2.6000	672,500	612,980	-	25,356	587,624
Digestion Tanks 17-23	2.4000	53,930,932	31,903,393	-	2,658,616	29,244,777
Primary Tank Covers	2.4000	3,608,121	2,062,865	-	184,975	1,877,890
Mod. of Biological Reactors	2.4000	34,354,567	23,728,319	-	1,729,743	21,998,576
San Jose Creek	3.5000	59,881,893	3,769,858	-	3,769,858	-
Digestion Tanks	3.1000	19,325,958	3,901,111	-	1,261,207	2,639,904
		\$ 775,758,153	441,083,829	5,564,311	31,689,423	414,958,717
Less unamortized discount		-	(29,112,591)	-	(2,391,305)	(26,721,286)
Loans payable to State, net		\$ 775,758,153	411,971,238	5,564,311	29,298,118	388,237,431

(1) Construction-period interest only.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

The annual debt service requirements as of June 30, 2013, for the Districts' indebtedness to the State are as follows:

	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
Fiscal year ending June 30:			
2014	\$ 8,718,151	30,507,892	39,226,043
2015	8,361,854	31,002,839	39,364,693
2016	7,900,599	29,971,433	37,872,032
2017	7,516,772	29,936,610	37,453,382
2018	7,102,493	30,130,064	37,232,557
2019-2023	29,163,505	154,914,500	184,078,005
2024-2028	11,783,990	68,950,640	80,734,630
2029-2033	2,793,419	39,405,060	42,198,479
2034-2038	2,375	139,679	142,054
	<u>\$ 83,343,158</u>	<u>414,958,717</u>	<u>498,301,875</u>
Less unamortized discount	<u>-</u>	<u>(26,721,286)</u>	<u>(26,721,286)</u>
Loans payable to State, net	<u>\$ 83,343,158</u>	<u>388,237,431</u>	<u>471,580,589</u>

(9) Insurance

The Districts are exposed to various risks of loss and have effectively managed risk through a combination of insurance with deductibles, self-insurance, and employee education and prevention programs. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. In addition, there were no settlements or claims in the past three years that exceeded insurance coverage.

The Districts are self-insured for workers' compensation benefits. As of June 30, 2013, the liability for workers' compensation claims was estimated at \$12,865,642. Accordingly, this amount has been accrued in the accompanying basic financial statements.

At June 30, 2013, the recorded liability for estimated liability claims was comprised of \$584,998 in various litigation matters. Changes in the balances of claims liabilities during the past two fiscal years are as follows (in thousands):

	<u>2013</u>	<u>2012</u>
Unpaid claims, beginning of fiscal year	\$ 14,445	15,838
Incurred claims	1,456	488
Claim payments	<u>(2,450)</u>	<u>(1,881)</u>
Unpaid claims, end of fiscal year	<u>\$ 13,451</u>	<u>14,445</u>
Due within one year	\$ 7,018	7,718

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

The Districts are insured for a variety of potential exposures. The following is a summary of the insurance policies carried by the Districts as of June 30, 2013:

<u>Coverage</u>	<u>Facility</u>	<u>Limits</u>
General Liability (excess coverage)	All Districts' Facilities (includes excess auto liability coverage) Annual Earth Day Event	\$ 25,000,000 1,000,000
Auto Liability - Bodily Injury and Property Damage (primary to above)	On-Road Vehicles	1,000,000
Property - Fire, Burglary, Extended Coverage, Vandalism and Malicious Mischief	Specific Buildings and Contents	385,815,526
Crime Policy - employee theft	All Districts' Employees	750,000
Marine:		
Vessel value plus instrumentation	1989 66-foot Ocean Sentinel 1988 25-foot Farallon Vessel 1976 19-foot Boston Whaler	450,000 54,000 5,000
Protection and Indemnity		10,000,000
All Risks - Real and Personal Property	Combined Single Limit/ Gas-to-Energy Facilities	100,000,000
Earthquake and Flood	Gas-to-Energy Facilities	25,000,000
Business Interruption		19,348,000
Extra Expense	Puente Hills Energy Recovery from Gas Calabasas Landfill Gas-to-Energy JWPCP Total Energy Facilities	14,900,000
Pollution Legal Liability	Wastewater System	5,000,000
Fiduciary Liability Deferred Compensation Program		1,000,000
Rental Property Insurance	3 Single-Family Homes - Carson	560,165

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

(10) Litigation

County Sanitation District No. 20 of Los Angeles County operates the Palmdale Water Reclamation Plant and has had agreements in place over a substantial number of years to provide reclaimed water to Los Angeles World Airports (LAWA), owned by the City of Los Angeles. The Regional Water Quality Control Board (RWQCB) – Lahontan Region is the agency charged with monitoring groundwater quality in that area. RWQCB has issued a Cease and Desist Order and Clean Up and Abatement Order against both the LAWA and District to remediate elevated concentrations of nitrates which have reached groundwater. LAWA has denied all responsibility and the District has adopted a remediation plan, which will cost approximately \$10 million to implement. The District is seeking to negotiate with LAWA concerning their share of the response costs. The District reached a settlement with RWQCB, to resolve this matter, in the amount of \$4,750,000 payable over 6 years. The final payment regarding this matter, for fiscal year 2012-13, was \$750,000.

The Districts are defendants in various other litigation matters arising from the normal conduct of business. It is the opinion of the Districts' legal counsel that the resolution of these matters is not likely to have a material adverse effect on the Districts' overall financial condition.

(11) Defined Benefit Pension Plan

Plan Description

The Districts defined benefit pension plan, Public Employees' Retirement System (PERS), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute. CalPERS issues an annual report that includes financial statements and required supplementary information. That report may be obtained by writing to CalPERS, Executive Office, 400 P Street, Sacramento, California, 95814.

Funding Policy

The contribution rate for Districts' CalPERS participants is 7% of their annual covered salary. In accordance with Board approved labor agreements, the Districts make the contributions required of Districts' employees on their behalf and for their account, which, for fiscal year 2012-13, amounted to \$11,621,441. The Districts are required to contribute the actuarially determined remaining amounts necessary to fund the benefits. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required Districts' contribution rate for fiscal year 2012-2013 was 9.862% of annual covered salary, which, for fiscal year 2012-13, amounted to \$16,372,950. The contribution requirements of plan members are established by State statute, and the employer contribution rate is established and may be amended by CalPERS.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Annual Pension Cost

For fiscal year 2012-2013, the Districts' annual pension cost of \$16,372,950 for CalPERS was equal to the Districts' required and actual contributions. The required contribution for fiscal year 2012-2013 was determined as part of the June 30, 2010, actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included: (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service; and (c) 2% per year cost-of-living adjustments. Both (a) and (b) include an inflation component of 2.75%. The actuarial value of CalPERS assets was determined using a 15-year smoothed market technique. Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level percentage of pay over a closed 20-year period. Gains and losses that occur in the plan's operation are amortized over a 30-year rolling period, which results in an amortization of 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

Three-Year Trend Information for CalPERS Managed Districts' Plan (\$ Amount in Thousands)

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/11	\$ 13,204	100%	\$ 0
6/30/12	16,704	100	0
6/30/13	16,373	100	0

Funded Status of Districts' Plan (Unaudited) (\$ Amount in Thousands)

Actuarial Valuation Date	Entry Age Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Liability/ (Excess Assets)	Funded Ratio	Covered Payroll	Unfunded Liability as a % of Covered Payroll
6/30/10	\$ 1,145,000	\$ 1,056,355	\$ 88,645	92.3 %	\$ 162,975	54.392 %
6/30/11	1,232,768	1,113,591	119,177	90.3	164,502	72.447
6/30/12	1,299,922	1,159,223	140,699 ⁽¹⁾	89.2	163,406	86.104

⁽¹⁾ The Districts have set aside \$125,839,025 to cover the unfunded pension liability.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

(12) Other Post Employment Benefits (OPEB) Plan

Plan Description

The Districts provide health care and dental benefits for all retired employees and their dependents or survivors. The Districts have entered into a prefunding plan for their OPEB plan with the CalPERS California Employer's Retiree Benefit Trust Program (CERBT). The prefunding plan is a trust fund that is intended to perform an essential governmental function within the meaning of Section 115 of the Internal Revenue Code as an agent multiple-employer plan as defined in Governmental Accounting Standards Board (GASB) Statement No. 45 consisting of an aggregation of single-employer plans, with pooled administrative and investment functions. Calpers issues a publicly available financial report that includes financial statements and required supplementary information for CERBT. The report may be obtained via the internet by accessing the Forms & Publication Center of the CalPERS web site at www.calpers.ca.gov or by calling 888 CalPERS (or 888-225-7377).

Funding Policy

The Districts' annual OPEB cost is calculated based on the actuarial required contribution of the Districts (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The Districts contracted with an outside actuarial consultant, Bartel Associates, LLC, to produce a GASB Statement No. 45 compliant actuarial report.

Annual OPEB Cost and Net OPEB Obligation

Historically, the Districts paid retiree medical benefits on a "pay-as-you-go" basis. However, GASB Statement No. 45 requires the calculation of a "normal" cost plus the cost of amortizing the Unfunded Actuarial Accrued Liability (UAAL) over a 30-year period. Normal Cost is the future cost of benefits earned in the current year. The following table shows the Districts' annual OPEB cost for the year, the percentage of OPEB cost actually contributed to the plan, and the Districts' net OPEB obligation (dollar amounts in thousands).

Fiscal Year		Percentage of	Net OPEB
Ending	Annual OPEB Cost	OPEB Contributed	Obligation
6/30/08	\$ 18,754	100%	\$ 0
6/30/09	18,854	100	0
6/30/10	18,621	100	0
6/30/11	18,459	100	0
6/30/12	22,306	100	0
6/30/13	21,293	100	0

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Funded Status and Funding Progress

As of June 30, 2012 the plan was 24.5% funded. The actuarial accrued liability for benefits was \$288 million, and the actuarial value of assets was \$71 million, resulting in an UAAL of \$217 million. The covered payroll (annual payroll of active employees covered by the plan) was \$163 million, and the ratio of the UAAL to the covered payroll was 133.1%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Funded Status of Districts' Plan (\$ Amounts in Thousands)

<u>Actuarial Valuation Date</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Liability/ (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Unfunded Liability as % of Covered Payroll</u>
6/30/06 ⁽¹⁾	\$ 197,779	\$ 0	\$ 197,779	0.0 %	\$ 143,394	137.9
6/30/08	210,249	12,477	197,772	5.9	158,628	124.7
6/30/10	267,055	38,053	229,002	14.3	162,975	140.5
6/30/11	269,563	52,881	216,682	19.6	164,502	131.7
6/30/12 ⁽²⁾	288,140	70,694	217,446	24.5	163,406	133.1

Note: (1) The first OPEB actuarial valuation was conducted as of June 30, 2006. There is no data available prior to the first valuation.
 (2) Projected calculations were based on the most recent actuarial valuation on June, 30, 2011.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the Districts' most recent actuarial valuation on June 30, 2011, the entry age actuarial cost method was used. The actuarial assumptions included a 7.25% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rates of 8% to 8.9% initially (depending on whether Medicare eligible), reduced by decrements to an ultimate rate of 5% after ten years. The cost trend rates include a 3% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. Changes to the UAAL on future valuations that were not expected (i.e., gains and losses) are amortized over a 15-year period. The UAAL is being amortized as a level percentage of

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

projected payroll on a closed basis. The remaining amortization period on the initial actuarial unfunded balance at June 30, 2013, was twenty-four years.

(13) Employee Deferred Compensation Plan

All monthly and hourly employees are eligible to participate in the County Sanitation Districts of Los Angeles County Deferred Compensation Plan (Plan). The Plan was created in accordance with Internal Revenue Code Section 457(b). Pursuant to the Plan guidelines, a portion of an employee's compensation can be deferred to provide funds upon retirement, termination, reaching age 70½, unforeseeable emergencies, or to designated beneficiaries at the time of death. The annual IRS plan contribution limit for 2013 was \$17,500 and will remain the same in 2014.

At June 30, 2013, assets with a fair value of \$215,178,993 were held for the exclusive benefit of participants and their beneficiaries in the Plan's custodial accounts. Accordingly, such assets have been excluded from the accompanying basic financial statements.

(14) Compensated Absences

The changes to compensated absences balances at June 30, were as follows:

	<u>Balance at July 1, 2012</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance at June 30, 2013</u>	<u>Due Within One Year</u>
\$	40,286,877	15,563,692	15,586,249	40,264,320	10,066,080

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

(15) Interdistrict Receivables, Payables, and Transfers

(A) Interdistrict Receivables and Payables

The interdistrict receivables and payables have been eliminated in the accompanying basic financial statements. The following summarizes interdistrict receivables and payables, which have been included in the Districts' combining financial statements, at June 30, 2013:

	<u>Due From Other Districts</u>	<u>Due To Other Districts</u>
Sewerage Operations:		
District No. 1	\$ -	2,574,992
District No. 2	-	3,968,649
District No. 3	-	2,950,907
District No. 4	-	12,442
District No. 5	-	4,490,448
District No. 8	-	1,917,157
District No. 9	-	899
District No. 14	-	1,406,084
District No. 15	-	3,126,423
District No. 16	-	1,680,111
District No. 17	-	213,574
District No. 18	-	2,102,314
District No. 19	-	563,903
District No. 20	-	1,013,790
District No. 21	-	2,502,852
District No. 22	-	2,097,880
District No. 23	-	424,050
District No. 27	-	10,193
District No. 28	-	61,108
District No. 29	-	129,583
Santa Clarita Valley	-	1,481,785
South Bay Cities	-	822,015
	<hr/>	<hr/>
Total Sewerage Operations	-	33,551,159
	<hr/>	<hr/>

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

	Due From Other Districts	Due To Other Districts
Solid Waste Facilities Operations:		
Palos Verdes Landfill	-	532,903
Spadra Landfill	-	526,157
South Gate Transfer Station	-	277,020
Puente Hills Landfill	-	3,901,653
Puente Hills Materials Recovery Facility	-	213,161
Downey Area Recycling & Transfer Station	-	338,929
Mesquite Landfill	-	186,928
Total Solid Waste Facilities Operations	-	5,976,751
Trustee Solid Waste Facilities Operations:		
Scholl Canyon Landfill	-	550,591
Calabasas Landfill	-	607,105
Los Angeles County Refuse Disposal	-	56,063
Total Trustee Solid Waste Facilities Operations	-	1,213,759
Service Operations:		
Sewerage	33,551,159	-
Landfill	5,976,751	-
Trustee Landfill	1,213,759	-
Total Service Operations	40,741,669	-
	\$ 40,741,669	40,741,669

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

(B) Fund Transfers

The interdistrict fund transfers have been eliminated in the accompanying basic financial statements. The following summarized interdistrict fund transfers, which have been included in the Districts' combining financial statements, at June 30, 2013:

	Transfers In	Transfers Out
Sewerage Operations:		
District No. 1	\$ -	370,100
District No. 2	-	465,598
District No. 3	-	302,711
District No. 4	-	360
District No. 5	-	593,529
District No. 8	-	192,077
District No. 14	-	360
District No. 15	-	338,387
District No. 16	-	241,808
District No. 17	-	37,118
District No. 18	-	251,178
District No. 19	-	74,957
District No. 20	-	360
District No. 21	-	311,360
District No. 22	-	218,384
District No. 23	-	122,526
District No. 29	-	14,054
South Bay Cities	-	68,831
Total Sewerage Operations	-	3,603,698
Solid Waste Facilities Operations:		
Spadra Landfill	-	376,555
South Gate Transfer Station	267,983	-
Puente Hills Landfill	-	14,054,596
Puente Hills Materials Recovery Facility	1,894,437	-
Downey Area Recycling & Transfer Station	1,955,765	-
Total Solid Waste Facilities Operations	4,118,185	14,431,151
Trustee Solid Waste Facilities Operations:		
Calabasas Landfill	679,673	-
Los Angeles County Refuse Disposal	-	679,673
Total Trustee Solid Waste Facilities Operations	679,673	679,673
Service Operations:	13,916,664	-
Total Service Operations	13,916,664	-
	\$ 18,714,522	18,714,522

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

(16) Commitments and Contingencies

(A) Palos Verdes Landfill

The Palos Verdes Landfill discontinued accepting refuse material in December 1980 and is being maintained by the Districts under the terms of the long-term agreement with the County of Los Angeles. Pursuant to implementation of GASB 18, accrued liabilities for the cost of the ultimate disposition have been established (see note 18).

(B) Mission Canyon Landfill

The Joint Powers Agreement between the Districts and County of Los Angeles was amended to provide for the maintenance of the Mission Canyon Landfill. The amended agreement terminated the Districts usufructuary rights to the landfill and the County has requested the Districts continue to perform ongoing operation and maintenance of the site at no cost to the Districts.

(C) Spadra Landfill

The Spadra Landfill discontinued accepting refuse material from the public in April 2000 and is being maintained by the Districts and the California State Polytechnic University, Pomona, (Cal Poly) under the terms of the Spadra Landfill and Resource Conservation Agreement and Supplemental Agreement with Cal Poly. Pursuant to implementation of GASB 18, accrued liabilities for the cost of ultimate disposition have been established (see note 18).

(D) Calabasas Landfill

In December 2005, the JPA was amended to provide financing for the ongoing operation of the Calabasas Landfill. The County of Los Angeles, through a Financing Authority, issued \$38.5 million of lease revenue bonds at coupon rates ranging from 3.5% to 4.25%. These bond funds, which fully mature in 2022, are drawn down periodically by the Districts to fund future capital expenditures at the landfill. Although, landfill revenue in excess of operation and maintenance expenses has been pledged toward the debt repayment, the County has the sole responsibility for the bonded indebtedness, even if a shortfall in landfill revenue occurs. Because of this, the County assumed responsibility under the amended agreement for setting the tipping fees at the landfill. The Districts act solely as an advisor on the rates that would be necessary to generate sufficient revenue to pay for operation, maintenance, capital, and debt service.

(E) Construction in Progress

The Districts have been involved in various construction projects throughout the fiscal year. Accordingly, the Districts have several contractual commitments, since many of the projects are still in the construction phase. Construction projects are being funded by loans from the State Water Resources Control Board, revenue bonds, and Districts' operating funds. A recap of the construction in progress at June 30, 2013, is as follows (see note 7):

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Joint Outfall projects	\$ 179,862,656
District-owned trunk sewer projects	1,373,537
District-owned water reclamation plant projects	20,446,939
Solid waste projects	<u>146,853,341</u>
Total Construction in Progress	<u>\$ 348,536,473</u>

(17) Joint Ventures

The Districts have entered into four agreements that formed the basis of the following authorities: (1) the Southern California Coastal Water Research Project Authority (SCCWRPA); (2) the Commerce Refuse to Energy Authority (CREA); (3) the Southeast Resource Recovery Facility Authority (SERRF); and (4) the Inland Empire Regional Composting Authority (IERCA). The governing bodies of these authorities are appointed pursuant to each of the Joint Powers agreements. The budgeting and financing functions of SCCWRPA, CREA, SERRF, and IERCA are maintained by the individual authorities.

- Southern California Coastal Water Research Project Authority

The SCCWRPA's stated purpose is to increase the scientific knowledge of how treated wastewater discharges, stormwater discharges and other human activities interact to affect Southern California's coastal aquatic ecological systems, and thereby to ensure protection of these resources. The boundaries of this SCCWRPA study area include the coastal waters from the Ventura-Santa Barbara County line to the Mexican border, extending to, but not limited to, the outer edge of the coastal shelf.

The current participants in this agreement are County Sanitation District No. 2 of Los Angeles County (acting in its capacity as the administrative District), the City of Los Angeles, Orange County Sanitation District, and the City of San Diego. A major portion of funding (\$1,600,000 in 2012-2013) is provided by the sponsoring agencies paying equal shares. Additional funding (\$400,000 in 2012-2013) is provided by the County of Los Angeles, the County of Orange, the County of San Diego, and the County of Ventura. The Districts account for their contributions as an operating expense. Complete separate financial statements for SCCWRPA may be obtained at 3535 Harbor Blvd., Costa Mesa, California, 92626-1437.

- Commerce Refuse to Energy Authority

The Districts and the City of Commerce (City) entered into an agreement to construct and operate the first major refuse-to-energy facility in California. This facility provides for the disposal of approximately 360 tons of refuse daily and produces about 10 megawatts of electrical energy, which is sold to Southern California Edison Company. The Districts and the City maintain an equal partnership in CREA. The Districts account for their investment by the equity method.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

The City and the Districts executed a First Amendment to the Facility Operating Agreement, which became effective July 1, 1994. This agreement incorporates CREA into the Districts' Solid Waste Management System (System), allows the Districts to set tipping fee rates, and provides for a management fee to the Districts for operating the facility. This agreement ensures the facility's long-term financial viability by making System funds available for short-term deficits. Any funds transferred will ultimately be repaid to the System, with interest, from future facility revenues. For the fiscal year ended June 30, 2013, management fees charged by the Districts were \$2,312,320 less than the actual costs incurred by the Districts to operate the facility.

Because the Districts account for their investment in CREA by the equity method, 50% of the gain/loss in the joint venture is reflected in the accompanying basic financial statements. The Districts are not obligated to pay any future debt service relating to CREA's bonds payable, which are considered to be long-term and are secured and payable by revenues generated from the operation of the facility. Complete separate financial statements for CREA may be obtained by writing to P.O. Box 4998, Whittier, California, 90607-4998 or at the Districts' Joint Administrative Office.

- Southeast Resource Recovery Facility Authority

The SERRF Authority was formed as a joint powers agency by an agreement between County Sanitation District No. 2 and the City of Long Beach (City). Subsequent to formation, lease revenue bonds were issued by the City to construct a waste-to-energy facility and to contract for the design, construction, and demonstration of such plant.

The City has contracted to lease SERRF from the SERRF Authority for purposes of operating the facility. The City's lease payments to the SERRF Authority are paid in amounts sufficient to meet the SERRF Authority's debt service obligations on the bonds during the year, plus pay the SERRF Authority's administrative and other costs. Lease overpayments, if any, for the period are refunded to the City in a lump-sum payment. The lease is to end at the later of December 1, 2013, or when all bonds of the SERRF Authority have been retired, or when the energy contract is terminated. The SERRF facility's operational revenues (i.e., tipping fees, sale of power) and expenditures (i.e., labor) are accounted for in the City's Solid Waste Management Enterprise Fund.

The City and Districts amended the Joint Powers Agreement in November 2003. The purpose of the amendment was to partially compensate the City for costs it incurred in respect to administration of accounts and the extension of the City's general fund credit to further secure and enhance the marketability of, and lower the interest rate on, prior bond sales for the construction of the SERRF facility. The amendment also incorporates provisions to compensate the Districts for its future financial contribution related to the implementation of the waste-by-rail program for the benefit of all Districts' cities.

The Districts account for this investment by the cost method. Complete separate financial statements for SERRF may be obtained at 120 Pier S Avenue, Long Beach, California, 90802.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

- Inland Empire Regional Composting Authority

The Districts and the Inland Empire Utilities Agency (IEUA) entered into a Joint Powers Agreement to acquire a site or sites to be used for the composting of biosolids and to construct, operate, and maintain composting and ancillary facilities. The Districts and the IEUA jointly purchased a site located in the County of San Bernardino, prior to the formation of IERCA. The Districts and the IEUA maintain an equal ownership in IERCA. Because the Districts account for their investment in IERCA by the equity method, 50% of the gain/loss in the joint venture is reflected in the accompanying basic financial statements.

A summary of financial information of the above joint ventures at fiscal year end, follows (in thousands):

	CREA	IERCA	SCCWRPA	SERRF
	June 30	June 30	June 30	September 30
	(Audited)	(Unaudited)	(Audited)	(Unaudited)
Total assets	\$ 30,649	94,270	6,609	70,643
Other liabilities	816	1,173	2,533	2,136
Bonds payable	7,645	-	-	58,601
Total liabilities	\$ 8,461	1,173	2,533	60,737
Districts' investment	10,222	43,601	-	-
Other	11,966	49,496	4,076	9,906
Total net position	\$ 22,188	93,097	4,076	9,906
Operating revenues	13,899	7,811	9,550	3,043
Operating expenses	(12,828)	(8,573)	(10,041)	(80)
Nonoperating revenues (expenses)	(504)	(158)	5	(3,849)
Capital contribution revenue	(287)	1,000	-	-
Change in net position	\$ 280	80	(486)	(886)

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

(18) Landfill Closure and Postclosure Care Cost

At June 30, 2013, the Districts reported the closure and postclosure care liability, which represents the cumulative amount reported to date based on the use of estimated capacity of the landfill sites as follows:

Landfills	Estimated Closure/ Postclosure Costs	Total Estimated Capacity (Tonnage in Millions)	Percentage of Capacity Used to Date %	Closure/ Postclosure Liability Balance at July 1, 2012	Change in Estimated Closure/ Postclosure Cost	Closure/ Postclosure Costs Applied to Liability	Closure/ Postclosure Liability Balance at June 30, 2013
Trustee Landfills							
Calabasas	\$ 98,467,364	30.90	78.32	72,299,546	4,817,289	-	77,116,835
Scholl Canyon	14,408,318	33.28	86.21	10,027,046	2,394,067	-	12,421,113
Total Trustee Landfills	<u>112,875,682</u>			<u>82,326,592</u>	<u>7,211,356</u>	<u>-</u>	<u>89,537,948</u>
Districts' Landfills							
Puente Hills	216,927,299	142.05	91.36	196,726,124	1,448,150	-	198,174,274
Palos Verdes	81,036,000	23.57	100.00	7,954,239	-	(3,090,502)	4,863,737
Spadra	59,473,860	17.19	100.00	12,196,246	182,548	(2,631,437)	9,747,357
Total Districts' Landfills	<u>357,437,159</u>			<u>216,876,609</u>	<u>1,630,698</u>	<u>(5,721,939)</u>	<u>212,785,368</u>
Total Landfills	<u>\$ 470,312,841</u>			<u>299,203,201</u>	<u>8,842,054</u>	<u>(5,721,939)</u>	<u>302,323,316</u>

The \$302,323,316 reported on the statement of net position for the landfill closure and postclosure care liability at June 30, 2013, represents the cumulative amount accrued based on the percentage of the landfill capacity that has been used to date, less actual costs disbursed related to the closure of the Palos Verdes, and Spadra Landfills. The remaining estimated cost of closure and postclosure is recognized as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in fiscal year 2012-13. Actual costs may be higher due to inflation, changes in technology, or changes in regulation. The current liability due within one year is \$3,480,000 for Palos Verdes and \$3,070,000 for Spadra.

The Districts are required by federal and state laws, regulations, and agreements with the County of Los Angeles to make annual contributions to finance future closure and postclosure care. The Districts are in compliance with these requirements, and at June 30, 2013, contributions of approximately \$462 million are held in reserve for these purposes. These monies are reported as restricted assets on the accompanying statement of net position. The Districts expect that future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined, these costs may need to be covered by charges to future landfill users. The estimated remaining landfill life for the open landfills is as follows: Puente Hills, 4 months; Scholl Canyon, 20 years; and, Calabasas, 36 years.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

(19) Environmental Liabilities

County Sanitation District No. 8 of Los Angeles County purchased the Fletcher Oil and Refining Company (FORCO) property, located immediately adjacent to the Joint Water Pollution Control Plant, in June 2000. District No. 8 holds fee title, the district in which property is located, and the expenses are distributed to all districts signatory to the Joint Outfall Agreement. Under a Disbursement Agreement entered into at that time, Street Environmental, LLC (Street), was required to complete demolition of the refinery structures and storage tanks on the site, remediate the environmental conditions on the property, and obtain regulatory closure as an industrial site. However, due to Street's failure to complete the required work, the Disbursement Agreement was terminated in January 2010 and the Districts assumed control of all site work.

Purchase orders, in the amount of \$1,005,300, were issued to Leymaster Environmental Consulting, LLC (Leymaster) to complete remediation at the FORCO property and obtain regulatory closure from the Los Angeles Regional Water Quality Control Board (RWQCB) for surface soils and deep soils/groundwater. Additional work will be required after regulatory closure to monitor the site for an additional three-year period. The pollution remediation obligation is an estimate and subject to change over time due to changes in costs of goods and services, difficulty in obtaining regulatory closure, performance of the remediation technology, or changes in laws and regulations governing the remediation efforts.

	Balance at June 30, 2012	Additions or Adjustments	Payments Current Year	Balance at June 30, 2013	Due Within One Year
FORCO Property	\$ 600,000	81,942	(181,942)	500,000	125,000
Net Pollution Remediation Liability	\$ 600,000	81,942	(181,942)	500,000	125,000

(20) Net Position

GASB No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

(21) Subsequent Event

In July 2013, the Districts' Financing Authority issued \$107.6 million in Senior Ad Valorem Revenue Bonds. The purpose of these bonds is to refund and defease the remaining portion of the Authority's outstanding 2003 Series A Bonds at substantially lower interest rates and pay costs of issuance. As a result of the refunding, the Districts' realized a net present worth savings of approximately \$28.8 million. These serial bonds mature in varying amounts on October 1 in the years 2013 through 2021 at coupon rates ranging from 1.0% to 5.0%. The bonds were issued a rating of AA+ by Standard & Poor's and a rating of Aa1 from Moody's Investors Service.

**COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY,
CALIFORNIA**

COMBINING AND INDIVIDUAL
SUPPLEMENTAL SCHEDULES

JUNE 30, 2013

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TYPES OF OPERATIONS

Sewerage Operations - To account for wastewater operations of the Districts, including debt service and capital improvement activities.

Solid Waste Facilities Operations - To account for operations of the Districts' solid waste management system.

Trustee Solid Waste Facilities Operations - To account for operations of the Los Angeles County Refuse Disposal Equipment Pool and for solid waste operations of the Trustee Landfills.

Service Operations - To account for essential services and equipment rental provided to various sites and other governments.

Exhibit D-1
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Combining Schedule of Net Position
June 30, 2013

Assets	Sewerage Operations	Solid Waste Facilities Operations	Trustee Solid Waste Facilities Operations	Service Operations	Total
Current assets:					
Cash in bank	\$ -	429,853	128,882	169,900	728,635
Cash on hand	-	32,900	10,976	13,000	56,876
Cash and cash equivalents	<u>61,721,990</u>	<u>663,224</u>	<u>30,717</u>	<u>20,971,768</u>	<u>83,387,699</u>
Total unrestricted cash and cash equivalents	<u>61,721,990</u>	<u>1,125,977</u>	<u>170,575</u>	<u>21,154,668</u>	<u>84,173,210</u>
Receivables:					
Accounts	20,744,094	11,907,506	2,046,652	934,346	35,632,598
Due from other funds (1)	-	-	-	40,741,669	40,741,669
Interest	2,224,155	910,043	84,843	628,156	3,847,197
Service charges	20,242,997	-	-	-	20,242,997
Taxes	<u>5,657,773</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,657,773</u>
Total receivables	<u>48,869,019</u>	<u>12,817,549</u>	<u>2,131,495</u>	<u>42,304,171</u>	<u>106,122,234</u>
Inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,032,383</u>	<u>18,032,383</u>
Restricted cash and investments:					
Cash and cash equivalents	380,299,767	100,401,316	8,905,216	47,234,522	536,840,821
Specific investments	585,420,102	390,308,580	52,751,642	261,380,821	1,289,861,145
Bond proceeds with Trustee:					
Cash and cash equivalents	37,514,195	-	-	-	37,514,195
Investments	<u>10,303,650</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,303,650</u>
Total restricted cash and investments	<u>1,013,537,714</u>	<u>490,709,896</u>	<u>61,656,858</u>	<u>308,615,343</u>	<u>1,874,519,811</u>
Other specific investments	<u>64,143,046</u>	<u>12,609,508</u>	<u>1,667,001</u>	<u>-</u>	<u>78,419,555</u>
Total current assets	<u>1,188,271,769</u>	<u>517,262,930</u>	<u>65,625,929</u>	<u>390,106,565</u>	<u>2,161,267,193</u>
Investment in joint ventures	43,601,449	-	-	10,222,524	53,823,973
Other assets	4,685,919	-	-	113,780	4,799,699
Capital assets:					
Buildings and equipment	50,901,818	7,325,778	-	10,381,560	68,609,156
Capital improvements	-	383,540,922	147,324,322	3,460,055	534,325,299
Construction in progress	201,683,132	497,288	-	146,356,053	348,536,473
Disposal rights	76,024,612	-	-	-	76,024,612
Equipment pool	-	-	9,294,958	67,637,463	76,932,421
Gas-to-energy facilities	-	176,837,849	-	40,459,827	217,297,676
Joint outfall facilities	2,047,785,619	-	-	-	2,047,785,619
Land	153,631,515	26,511,518	5,482,200	28,341,721	213,966,954
Other	15,851,076	-	-	-	15,851,076
Rail facilities	-	54,044,903	-	-	54,044,903
Recycling and transfer facility	-	61,502,553	-	-	61,502,553
Treatment plants	777,225,689	-	-	-	777,225,689
Trunk lines	339,636,464	-	-	-	339,636,464
Less accumulated depreciation	(1,040,034,852)	(407,823,803)	(122,664,757)	(46,536,643)	(1,617,060,055)
Use rights	-	67,761,710	1,247,346	-	69,009,056
Less accumulated amortization	<u>-</u>	<u>(23,022,190)</u>	<u>(1,000,569)</u>	<u>-</u>	<u>(24,022,759)</u>
Net capital assets	<u>2,622,705,073</u>	<u>347,176,528</u>	<u>39,683,500</u>	<u>250,100,036</u>	<u>3,259,665,137</u>
Total assets	<u>\$ 3,859,264,210</u>	<u>864,439,458</u>	<u>105,309,429</u>	<u>650,542,905</u>	<u>5,479,556,002</u>

(1) The interdistrict receivables and payables have been eliminated in the accompanying basic financial statements.

(Continued on following page)

Exhibit D-1-2
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Combining Schedule of Net Position
June 30, 2013

Liabilities and Net Position	Sewerage Operations	Solid Waste Facilities Operations	Trustee Solid Waste Facilities Operations	Service Operations	Total
Current liabilities:					
Accounts payable	\$ 8,591,378	5,855,323	1,207,818	724,766	16,379,285
Accrued employee absences	-	-	-	10,066,080	10,066,080
Amounts held for others	-	-	-	1,794,377	1,794,377
Bonds payable	24,450,000	-	-	1,404,399	25,854,399
Claims liabilities	3,181,421	3,643,704	192,695	-	7,017,820
Construction contracts payable	5,290,951	1,382,974	-	3,212,734	9,886,659
Due to other funds (1)	33,551,159	5,976,751	1,213,759	-	40,741,669
Estimated liability for closure and postclosure costs	-	6,550,000	-	-	6,550,000
Estimated liability for pollution remediation	125,000	-	-	-	125,000
Interest payable	11,946,701	2,112	-	6,475	11,955,288
Loans payable to State of California	30,178,284	329,608	-	-	30,507,892
Note payable	-	209,711	-	38,456	248,167
Other	185,882	-	-	850	186,732
Total current liabilities	117,500,776	23,950,183	2,614,272	17,248,137	161,313,368
Long-term liabilities:					
Accrued employee absences	-	-	-	30,198,240	30,198,240
Bonds payable, net	590,009,148	-	-	11,235,190	601,244,338
Claims liabilities	3,181,421	3,058,704	192,695	-	6,432,820
Estimated liability for closure and postclosure costs	-	206,235,367	89,537,949	-	295,773,316
Estimated liability for pollution remediation	375,000	-	-	-	375,000
Loans payable to State of California	357,154,123	575,416	-	-	357,729,539
Note payable	-	-	-	1,414,151	1,414,151
Total liabilities	1,068,220,468	233,819,670	92,344,916	60,095,718	1,454,480,772
Net position:					
Net investment in capital assets	1,599,736,383	283,618,899	41,140,364	239,471,310	2,163,966,956
Restricted for capital projects	1,107,082,976	9,700,000	670,000	24,500,000	1,141,952,976
Restricted for closure/postclosure maintenance	-	172,593,596	-	-	172,593,596
Restricted for debt service	40,622,934	-	-	-	40,622,934
Restricted for disposal fees	-	4,172,024	604,991	-	4,777,015
Restricted for equipment pool	-	-	387,209	22,381,993	22,769,202
Restricted for noncapital projects	-	61,555,002	3,603,542	6,800,000	71,958,544
Restricted for site development	-	35,125,724	-	-	35,125,724
Unrestricted	43,601,449	63,854,543	(33,441,593)	297,293,884	371,308,283
Total net position	2,791,043,742	630,619,788	12,964,513	590,447,187	4,025,075,230
Total liabilities and net position	\$ 3,859,264,210	864,439,458	105,309,429	650,542,905	5,479,556,002

(1) The interdistrict receivables and payables have been eliminated in the accompanying basic financial statements.

Exhibit D-2
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Combining Schedule of Revenues, Expenses,
and Changes in Net Position
Fiscal year ended June 30, 2013

	Sewerage Operations	Solid Waste Facilities Operations	Trustee Solid Waste Facilities Operations	Service Operations	Total
Operating revenues:					
Commodities	\$ -	7,275,443	-	-	7,275,443
Contract revenue	24,616,831	880,460	44,989	-	25,542,280
Equipment pool	-	-	1,644,780	15,147,196	16,791,976
Industrial waste surcharge	56,999,104	-	-	-	56,999,104
Refuse tipping fees	-	88,905,822	23,254,211	-	112,160,033
Sale of energy	157,826	27,287,386	-	2,983,934	30,429,146
Service charges	318,035,074	-	-	-	318,035,074
Other	3,349,816	474,621	16,500	-	3,840,937
Total operating revenues	403,158,651	124,823,732	24,960,480	18,131,130	571,073,993
Operating expenses:					
Chemicals	34,564,484	213,757	165	-	34,778,406
Equipment and vehicle rentals	6,197,567	9,149,842	2,462,100	139,959	17,949,468
Hazardous waste siting study	-	-	1,697,028	2,246,866	3,943,894
Insurance and claims	2,520,161	1,100,655	(78,092)	611,630	4,154,354
Landfill closure and postclosure costs	-	1,630,698	7,211,356	-	8,842,054
Materials and supplies	11,009,571	3,128,731	419,621	2,049,784	16,607,707
Operations, repairs and maintenance	9,426,487	11,117,649	2,483,440	8,243,626	31,271,202
Salaries and benefits	155,203,944	27,286,060	8,062,886	5,199,419	195,752,309
Services	41,799,599	19,022,454	1,061,980	584,258	62,468,291
Utilities	20,699,960	2,691,155	679,670	166,688	24,237,473
Total operations and maintenance	281,421,773	75,341,001	24,000,154	19,242,230	400,005,158
Charges for collections	446,706	-	-	-	446,706
Depreciation and amortization of use rights	62,308,054	14,045,438	2,180,310	6,200,166	84,733,968
Research and development	5,548,951	-	-	7,470	5,556,421
Tonnage	-	-	3,118,214	-	3,118,214
Total operating expenses	349,725,484	89,386,439	29,298,678	25,449,866	493,860,467
Operating income (loss)	53,433,167	35,437,293	(4,338,198)	(7,318,736)	77,213,526
Nonoperating revenues (expenses):					
Interest revenue	7,680,557	4,614,859	526,126	3,317,297	16,138,839
Investment in joint ventures	(460,126)	-	-	3,039,221	2,579,095
Taxes	68,434,932	-	-	-	68,434,932
Amortization of bond premium and issuance costs	4,340,160	-	-	(12,094)	4,328,066
Amortization of deferred loss on refunding	(1,980,181)	-	-	-	(1,980,181)
Interest expense	(42,236,303)	(33,570)	-	(272,787)	(42,542,660)
Loss on sale of equipment	-	-	(489,556)	(628,461)	(1,118,017)
Tax and assessment expense	(105,620)	(16,947,081)	(3,838,725)	(7,200)	(20,898,626)
Other nonoperating expense	(1,214,685)	-	-	-	(1,214,685)
Unrealized gain (loss) on investments	(9,927,488)	(6,472,957)	(971,328)	(2,118,912)	(19,490,685)
Net nonoperating revenues (expenses)	24,531,246	(18,838,749)	(4,773,483)	3,317,064	4,236,078
Income (loss) before capital contribution revenue	77,964,413	16,598,544	(9,111,681)	(4,001,672)	81,449,604
Capital contribution revenue:					
Connection fees	25,917,639	-	-	-	25,917,639
Federal capital grants	195,005	-	-	-	195,005
Transfers in	-	4,118,185	679,673	13,916,664	18,714,522
Transfers out	(3,603,698)	(14,431,151)	(679,673)	-	(18,714,522)
Change in net position	100,473,359	6,285,578	(9,111,681)	9,914,992	107,562,248
Total net position, July 1, 2012	2,690,570,383	624,334,210	22,076,194	580,532,195	3,917,512,982
Total net position, June 30, 2013	\$ 2,791,043,742	630,619,788	12,964,513	590,447,187	4,025,075,230

Exhibit D-3
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2013

	Sewerage Operations	Solid Waste Facilities Operations	Trustee Solid Waste Facilities Operations	Service Operations	Total
Cash flows from operating activities:					
Receipts from customers and users	\$ 414,269,150	123,536,574	23,189,904	4,162,720	565,158,348
Receipts for equipment rental	-	-	1,644,780	15,147,196	16,791,976
Payments to suppliers	(126,790,441)	(39,475,483)	(9,656,845)	(15,140,243)	(191,063,012)
Payments to employees	(153,414,343)	(26,967,258)	(7,998,145)	(7,395,108)	(195,774,854)
Payments applied to closure/postclosure liability	-	(5,721,939)	-	-	(5,721,939)
Payment for equipment rental within the Districts	(6,010,359)	(7,946,697)	(2,454,578)	-	(16,411,634)
Other payments	(18,588)	-	-	-	(18,588)
Net cash provided (used) by operating activities	<u>128,035,419</u>	<u>43,425,197</u>	<u>4,725,116</u>	<u>(3,225,435)</u>	<u>172,960,297</u>
Cash flows from noncapital financing activities:					
Receipts from property taxes	71,082,306	-	-	-	71,082,306
Payments for tax and assessment	(105,620)	(16,947,081)	(3,838,725)	(7,200)	(20,898,626)
Transfers from other funds	-	4,118,185	679,673	13,916,664	18,714,522
Transfers to other funds	(3,603,698)	(14,431,151)	(679,673)	-	(18,714,522)
Net cash provided (used) by noncapital financing activities	<u>67,372,988</u>	<u>(27,260,047)</u>	<u>(3,838,725)</u>	<u>13,909,464</u>	<u>50,183,680</u>
Cash flows from capital and related financing activities:					
Borrowings on loan from state	2,351,230	-	-	-	2,351,230
Purchases of capital assets	(89,313,500)	(6,506,484)	(828,330)	(37,698,108)	(134,346,422)
Connection fees proceeds	25,917,639	-	-	-	25,917,639
Grant proceeds	195,005	-	-	-	195,005
Interest paid on capital-related debt	(34,750,594)	(34,318)	-	(273,507)	(35,058,419)
Principal payments on bonds	(23,340,000)	-	-	(1,404,399)	(24,744,399)
Principal payments on note	-	(280,068)	-	(35,774)	(315,842)
Principal payments on loan from state	(31,368,793)	(320,630)	-	-	(31,689,423)
Proceeds from sale of assets/equipment	-	-	967,308	2,855,486	3,822,794
Receipts from joint venture	(599,759)	-	-	2,906,014	2,306,255
Net cash provided (used) by capital and related financing activities	<u>(150,908,772)</u>	<u>(7,141,500)</u>	<u>138,978</u>	<u>(33,650,288)</u>	<u>(191,561,582)</u>
Cash flows from investing activities:					
Interest received	7,337,356	4,976,591	572,562	3,581,612	16,468,121
Purchases of investments	(771,740,915)	(439,596,757)	(53,987,958)	(224,891,322)	(1,490,216,952)
Proceeds from maturities of investments	538,380,034	463,552,421	52,735,569	244,306,475	1,298,974,499
Net cash provided (used) by investing activities	<u>(226,023,525)</u>	<u>28,932,255</u>	<u>(679,827)</u>	<u>22,996,765</u>	<u>(174,774,332)</u>
Net increase (decrease) in cash and cash equivalents	(181,523,890)	37,955,905	345,542	30,506	(143,191,937)
Cash and cash equivalents at beginning of fiscal year	661,059,842	63,571,388	8,730,249	68,358,684	801,720,163
Cash and cash equivalents at end of fiscal year	<u>\$ 479,535,952</u>	<u>101,527,293</u>	<u>9,075,791</u>	<u>68,389,190</u>	<u>658,528,226</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 53,433,167	35,437,293	(4,338,198)	(7,318,736)	77,213,526
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	62,308,054	14,045,438	2,180,310	6,200,166	84,733,968
Landfill closure and postclosure costs	-	1,630,698	7,211,356	-	8,842,054
Decrease (increase) in accounts receivable	(3,314,544)	(1,287,158)	(125,796)	1,178,792	(3,548,706)
Decrease in service charge receivable	14,425,046	-	-	-	14,425,046
Increase in inventory	-	-	-	(556,539)	(556,539)
Increase in due from other funds	-	-	-	(2,173,137)	(2,173,137)
Increase (decrease) in accounts payable	252,653	(1,054,903)	(56,398)	(479,076)	(1,337,724)
Decrease in accrued employee absences	-	-	-	(22,558)	(22,558)
Decrease in estimated liability for closure and postclosure costs	-	(5,721,939)	-	-	(5,721,939)
Increase (decrease) in claims liabilities related to self-insurance	(839,970)	56,973	(210,899)	-	(993,896)
Decrease in amounts held for others	-	-	-	(54,347)	(54,347)
Decrease in other liabilities	(18,588)	-	-	-	(18,588)
Increase in due to other funds	1,789,601	318,795	64,741	-	2,173,137
Net cash provided (used) by operating activities	<u>\$ 128,035,419</u>	<u>43,425,197</u>	<u>4,725,116</u>	<u>(3,225,435)</u>	<u>172,960,297</u>
Schedule of noncash investing activity-					
Unrealized gain (loss) on fair value of investments	\$ (9,927,488)	(6,472,957)	(971,328)	(2,118,912)	(19,490,685)
Investment in joint ventures	(460,126)	-	-	283,207	(176,919)

Exhibit E-1
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Net Position
June 30, 2013

Assets	Districts								
	No. 1	No. 2	No. 3	No. 4	No. 5	No. 8	No. 9	No. 14	No. 15
Current assets:									
Cash and cash equivalents	\$ 1,333,141	6,610,017	1,283,453	3,319,441	8,893,607	1,604,181	276,006	4,951,513	1,593,578
Receivables:									
Accounts	2,042,617	2,590,526	1,648,396	2,666	1,116,133	2,748,945	-	3,013,356	1,761,737
Interest	133,563	241,941	149,514	81,457	266,391	85,180	9,079	70,014	202,208
Service charges	2,913,197	2,054,970	1,599,769	205,262	2,097,136	538,005	2,663	2,125,811	1,449,273
Taxes	188,982	552,919	405,101	51,432	1,118,860	186,209	10,302	106,933	565,259
Total receivables	5,278,359	5,440,356	3,802,780	340,817	4,598,520	3,558,339	22,044	5,316,114	3,978,477
Restricted cash and investments:									
Cash and cash equivalents	24,217,733	31,176,826	27,018,743	12,707,193	42,292,048	18,718,596	1,798,666	34,815,614	32,518,631
Specific investments	35,748,755	71,558,180	38,874,255	22,133,358	59,163,102	21,381,401	2,920,407	4,853,010	58,255,740
Bond proceeds with Trustee:									
Cash and cash equivalents	2,455,912	3,796,915	2,880,097	366,105	6,198,899	1,497,609	50,819	519,600	3,878,848
Investments	-	-	-	-	-	-	-	-	-
Total restricted cash and investments	62,422,400	106,531,921	68,773,095	35,206,656	107,654,049	41,597,606	4,769,892	40,188,224	94,653,219
Other specific investments	6,891,202	6,564,412	8,986,309	640,834	12,009,756	-	-	-	9,100,934
Total current assets	75,925,102	125,146,706	82,845,637	39,507,748	133,155,932	46,760,126	5,067,942	50,455,851	109,326,208
Investment in joint venture	3,861,458	5,740,666	4,260,737	-	6,340,771	2,616,179	-	-	4,574,367
Other assets	89,814	138,666	105,329	13,400	226,666	54,773	1,883	1,768,916	141,844
Capital assets:									
Buildings and equipment	4,104,087	6,258,962	4,639,389	5,090	6,897,168	2,830,938	5,089	1,369,401	4,895,346
Construction in progress	15,627,005	25,120,223	17,554,323	252	25,041,264	11,144,358	251	89,834	18,252,139
Disposal rights	-	60,119	-	59,183,647	6,861,857	-	1,755,929	-	-
Joint outfall facilities	181,996,563	268,230,138	198,631,663	-	302,276,713	117,361,363	-	-	209,481,456
Land	6,386,782	9,898,790	7,091,192	59	10,540,135	4,355,313	59	63,991,975	7,569,759
Other	1,251,192	1,914,696	1,408,108	2,872	2,067,372	935,196	251	368,960	1,474,025
Treatment plants	62,978	1,986,821	7,324,912	-	14,164,128	4,256,241	-	306,079,203	1,230,114
Trunk lines	25,057,514	28,823,812	20,955,734	1,296,889	55,980,118	15,093,068	-	56,184,159	12,254,083
Less accumulated depreciation	(76,535,531)	(112,032,942)	(84,173,128)	(24,269,537)	(138,348,080)	(49,322,826)	(724,523)	(32,759,551)	(83,098,336)
Net capital assets	157,950,590	230,260,619	173,432,193	36,219,272	285,480,675	106,653,651	1,037,056	395,323,981	172,058,586
Total assets	\$ 237,826,964	361,286,657	260,643,896	75,740,420	425,204,044	156,084,729	6,106,881	447,548,748	286,101,005

(Continued on following page)

Exhibit E-1-2
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Net Position
June 30, 2013

Assets	Districts							
	No. 16	No. 17	No. 18	No. 19	No. 20	No. 21	No. 22	No. 23
Current assets:								
Cash and cash equivalents	\$ 5,618,810	554,220	-	1,226,144	4,807,076	5,912,960	3,888,427	-
Receivables:								
Accounts	478,578	43,018	1,546,252	202,043	142,171	1,488,918	791,844	773,125
Interest	131,153	19,523	115,473	42,809	32,875	170,687	140,044	36,714
Service charges	736,898	122,788	1,138,500	238,191	1,400,957	1,204,520	961,134	23,963
Taxes	444,138	42,699	224,483	141,837	104,818	107,110	298,658	40,841
Total receivables	<u>1,790,767</u>	<u>228,028</u>	<u>3,024,708</u>	<u>624,880</u>	<u>1,680,821</u>	<u>2,971,235</u>	<u>2,191,680</u>	<u>874,643</u>
Restricted cash and investments:								
Cash and cash equivalents	15,730,183	3,595,618	20,146,747	5,898,738	10,513,646	21,788,147	18,987,021	6,984,336
Specific investments	38,214,336	5,510,072	28,172,285	12,049,088	6,863,360	50,766,815	41,419,619	11,689,636
Bond proceeds with Trustee:								
Cash and cash equivalents	2,417,539	309,063	2,119,884	683,466	629,761	2,286,861	1,978,835	418,048
Investments	-	-	-	-	10,303,650	-	-	-
Total restricted cash and investments	<u>56,362,058</u>	<u>9,414,753</u>	<u>50,438,916</u>	<u>18,631,292</u>	<u>28,310,417</u>	<u>74,841,823</u>	<u>62,385,475</u>	<u>19,092,020</u>
Other specific investments	1,910,788	444,200	8,022,376	1,058,946	-	3,403,777	4,854,638	-
Total current assets	<u>65,682,423</u>	<u>10,641,201</u>	<u>61,486,000</u>	<u>21,541,262</u>	<u>34,798,314</u>	<u>87,129,795</u>	<u>73,320,220</u>	<u>19,966,663</u>
Investment in joint venture	2,391,305	332,885	3,121,014	800,672	-	4,062,079	3,405,000	819,422
Other assets	88,396	11,312	77,534	24,999	1,587,304	83,620	72,362	15,283
Capital assets:								
Buildings and equipment	2,665,372	363,814	3,304,066	873,188	852,890	4,459,835	3,441,628	844,090
Construction in progress	9,547,161	1,357,665	12,886,611	3,231,637	357,849	18,648,960	12,788,164	4,085,097
Disposal rights	6,278,408	-	-	-	-	-	-	-
Joint outfall facilities	116,704,560	16,261,068	145,090,106	40,147,022	-	200,313,312	145,374,463	46,498,841
Land	4,008,864	557,862	5,130,229	1,340,806	16,215,293	6,944,836	5,450,820	1,399,607
Other	775,002	107,665	1,008,261	260,012	312,324	1,396,497	1,025,722	301,554
Treatment plants	-	-	-	377,530	241,315,551	7,028,853	-	-
Trunk lines	13,305,310	633,107	15,808,615	2,450,714	15,932,065	11,854,824	15,664,495	-
Less accumulated depreciation	<u>(49,703,561)</u>	<u>(6,511,248)</u>	<u>(59,977,724)</u>	<u>(17,555,781)</u>	<u>(27,569,809)</u>	<u>(88,275,180)</u>	<u>(60,576,814)</u>	<u>(17,773,574)</u>
Net capital assets	<u>103,581,116</u>	<u>12,769,933</u>	<u>123,250,164</u>	<u>31,125,128</u>	<u>247,416,163</u>	<u>162,371,937</u>	<u>123,168,478</u>	<u>35,355,615</u>
Total assets	<u>\$ 171,743,240</u>	<u>23,755,331</u>	<u>187,934,712</u>	<u>53,492,061</u>	<u>283,801,781</u>	<u>253,647,431</u>	<u>199,966,060</u>	<u>56,156,983</u>

(Continued on following page)

Exhibit E-1-3
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Net Position
June 30, 2013

Assets	Districts						Total
	No. 27	No. 28	No. 29	Santa Clarita Valley	No. 34	South Bay Cities	
Current assets:							
Cash and cash equivalents	\$ -	-	-	6,252,398	-	3,597,018	61,721,990
Receivables:							
Accounts	-	13,296	24,878	179,108	-	136,487	20,744,094
Interest	515	11,983	6,670	209,104	5	67,253	2,224,155
Service charges	-	20,441	86,692	1,112,921	-	209,906	20,242,997
Taxes	29,536	47,953	27,503	562,158	-	400,042	5,657,773
Total receivables	30,051	93,673	145,743	2,063,291	5	813,688	48,869,019
Restricted cash and investments:							
Cash and cash equivalents	191,677	2,104,948	1,226,618	39,755,376	2,377	8,110,285	380,299,767
Specific investments	76,682	3,415,242	2,073,022	46,550,215	-	23,731,522	585,420,102
Bond proceeds with Trustee:							
Cash and cash equivalents	71,588	108,898	34,225	3,754,393	-	1,056,830	37,514,195
Investments	-	-	-	-	-	-	10,303,650
Total restricted cash and investments	339,947	5,629,088	3,333,865	90,059,984	2,377	32,898,637	1,013,537,714
Other specific investments	126,723	-	-	-	-	128,151	64,143,046
Total current assets	496,721	5,722,761	3,479,608	98,375,673	2,382	37,437,494	1,188,271,769
Investment in joint venture	-	59,436	116,259	-	-	1,099,199	43,601,449
Other assets	2,633	3,998	1,255	137,274	-	38,658	4,685,919
Capital assets:							
Buildings and equipment	5,088	50,763	127,103	1,717,409	4,427	1,186,675	50,901,818
Construction in progress	59,481	202,219	496,081	20,821,470	257	4,370,831	201,683,132
Disposal rights	1,884,652	-	-	-	-	-	76,024,612
Joint outfall facilities	-	1,831,670	5,949,867	-	-	51,636,814	2,047,785,619
Land	59	93,032	216,943	613,552	59	1,825,489	153,631,515
Other	40	10,804	37,753	830,772	-	361,998	15,851,076
Treatment plants	2,261,727	377,364	2,172,439	175,943,982	525	12,643,321	777,225,689
Trunk lines	16,900	6,889,636	8,950,370	29,291,433	-	3,193,618	339,636,464
Less accumulated depreciation	(1,485,209)	(2,640,748)	(3,662,277)	(76,333,736)	(2,951)	(26,701,786)	(1,040,034,852)
Net capital assets	2,742,738	6,814,740	14,288,279	152,884,882	2,317	48,516,960	2,622,705,073
Total assets	\$ 3,242,092	12,600,935	17,885,401	251,397,829	4,699	87,092,311	3,859,264,210

(Continued on following page)

Exhibit E-1-4
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Net Position
June 30, 2013

Liabilities and Net Position	Districts								
	No. 1	No. 2	No. 3	No. 4	No. 5	No. 8	No. 9	No. 14	No. 15
Current liabilities:									
Accounts payable	\$ 597,051	904,738	1,181,565	77	1,068,484	375,830	44	311,911	739,486
Bonds payable	1,332,197	2,056,789	1,562,326	198,757	3,362,066	812,434	27,931	3,041,943	2,103,948
Claims liabilities	230,084	347,096	266,235	30	404,901	138,985	30	132,069	284,266
Construction contracts payable	361,896	598,703	418,755	44	642,939	218,609	44	14,418	447,118
Due to other funds	2,574,992	3,968,649	2,950,907	12,442	4,490,448	1,917,157	899	1,406,084	3,126,423
Estimated liability for pollution remediation	10,987	16,575	12,713	-	19,313	6,637	-	-	13,575
Interest payable	379,388	572,169	436,308	33,119	827,560	227,258	4,654	4,228,146	538,497
Loans payable to State of California	1,789,333	2,660,022	2,040,152	-	3,099,346	1,065,212	-	4,429,064	2,178,570
Other	-	-	185,882	-	-	-	-	-	-
Total current liabilities	7,275,928	11,124,741	9,054,843	244,469	13,915,057	4,762,122	33,602	13,563,635	9,431,883
Long-term liabilities:									
Bonds payable, net	17,152,605	26,481,454	20,113,901	2,562,761	43,321,139	10,434,246	359,800	178,409,368	27,174,291
Claims liabilities	230,084	347,096	266,235	30	404,901	138,985	30	132,069	284,266
Estimated liability for pollution remediation	32,963	49,725	38,137	-	57,938	19,912	-	-	40,725
Loans payable to State of California	16,946,276	24,265,330	17,331,898	-	25,585,843	11,542,886	-	91,545,295	18,246,177
Total liabilities	41,637,856	62,268,346	46,805,014	2,807,260	83,284,878	26,898,151	393,432	283,650,367	55,177,342
Net position:									
Net investment in capital assets	118,775,963	171,958,186	130,298,909	33,458,428	207,036,499	81,475,416	649,076	122,178,272	120,197,542
Restricted for capital projects	71,317,749	117,865,259	76,659,464	39,141,745	122,903,208	43,732,748	5,018,208	43,336,452	102,623,480
Restricted for debt service	2,233,938	3,454,200	2,619,772	332,987	5,638,688	1,362,235	46,165	(1,616,343)	3,528,274
Unrestricted	3,861,458	5,740,666	4,260,737	-	6,340,771	2,616,179	-	-	4,574,367
Total net position	196,189,108	299,018,311	213,838,882	72,933,160	341,919,166	129,186,578	5,713,449	163,898,381	230,923,663
Total liabilities and net position	\$ 237,826,964	361,286,657	260,643,896	75,740,420	425,204,044	156,084,729	6,106,881	447,548,748	286,101,005

(Continued on following page)

Exhibit E-1-5
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Net Position
June 30, 2013

Liabilities and Net Position	Districts							
	No. 16	No. 17	No. 18	No. 19	No. 20	No. 21	No. 22	No. 23
Current liabilities:								
Accounts payable	\$ 391,867	51,915	510,944	137,996	302,935	590,224	500,425	73,664
Bonds payable	1,311,147	167,790	1,150,037	370,797	1,684,986	1,240,307	1,073,327	226,688
Claims liabilities	152,077	20,149	188,461	52,888	53,269	227,730	193,197	27,473
Construction contracts payable	239,178	31,693	604,769	83,186	109,053	358,194	332,673	43,214
Due to other funds	1,680,111	213,574	2,102,314	563,903	1,013,790	2,502,852	2,097,880	424,050
Estimated liability for pollution remediation	7,250	962	9,000	2,525	-	10,875	9,225	1,313
Interest payable	318,837	41,283	316,217	96,739	2,400,479	357,214	306,550	55,942
Loans payable to State of California	1,163,509	154,466	1,444,356	405,222	2,287,789	1,745,263	1,480,464	210,635
Other	-	-	-	-	-	-	-	-
Total current liabilities	5,263,976	681,832	6,326,098	1,713,256	7,852,301	7,032,659	5,993,741	1,062,979
Long-term liabilities:								
Bonds payable, net	16,929,096	2,166,863	14,819,373	4,790,315	157,453,337	15,910,629	13,817,820	2,901,884
Claims liabilities	152,077	20,149	188,461	52,888	53,269	227,730	193,197	27,473
Estimated liability for pollution remediation	21,750	2,888	27,000	7,575	-	32,625	27,675	3,938
Loans payable to State of California	9,426,002	1,350,464	12,719,038	3,108,744	56,152,968	19,629,451	13,509,809	4,931,624
Total liabilities	31,792,901	4,222,196	34,079,970	9,672,778	221,511,875	42,833,094	33,542,242	8,927,898
Net position:								
Net investment in capital assets	73,624,805	8,772,216	91,590,220	22,080,456	31,096,313	121,749,755	91,612,780	26,619,489
Restricted for capital projects	61,735,163	10,146,929	57,215,251	20,316,474	22,031,612	82,922,311	69,606,049	19,411,022
Restricted for debt service	2,199,066	281,105	1,928,257	621,681	9,161,981	2,080,192	1,799,989	379,152
Unrestricted	2,391,305	332,885	3,121,014	800,672	-	4,062,079	3,405,000	819,422
Total net position	139,950,339	19,533,135	153,854,742	43,819,283	62,289,906	210,814,337	166,423,818	47,229,085
Total liabilities and net position	\$ 171,743,240	23,755,331	187,934,712	53,492,061	283,801,781	253,647,431	199,966,060	56,156,983

(Continued on following page)

Exhibit E-1-6
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Net Position
June 30, 2013

Liabilities and Net Position	Districts						Total
	No. 27	No. 28	No. 29	Santa Clarita Valley	No. 34	South Bay Cities	
Current liabilities:							
Accounts payable	\$ 51	16,264	22,230	615,223	47	198,407	8,591,378
Bonds payable	39,063	59,303	18,621	2,036,144	-	573,399	24,450,000
Claims liabilities	30	6,265	7,589	377,648	30	70,919	3,181,421
Construction contracts payable	59,270	9,856	48,124	557,622	44	111,549	5,290,951
Due to other funds	10,193	61,108	129,583	1,481,785	-	822,015	33,551,159
Estimated liability for pollution remediation	-	300	362	-	-	3,388	125,000
Interest payable	6,509	38,009	8,121	611,264	-	142,438	11,946,701
Loans payable to State of California	-	398,096	58,175	3,024,971	-	543,639	30,178,284
Other	-	-	-	-	-	-	185,882
Total current liabilities	115,116	589,201	292,805	8,704,657	121	2,465,754	117,500,776
Long-term liabilities:							
Bonds payable, net	479,150	760,576	243,629	26,310,890	-	7,416,021	590,009,148
Claims liabilities	30	6,265	7,589	377,648	30	70,919	3,181,421
Estimated liability for pollution remediation	-	900	1,087	-	-	10,162	375,000
Loans payable to State of California	-	830,908	437,685	25,277,432	-	4,316,293	357,154,123
Total liabilities	594,296	2,187,850	982,795	60,670,627	151	14,279,149	1,068,220,468
Net position:							
Net investment in capital assets	2,200,127	4,609,669	13,479,605	91,107,534	2,315	35,162,808	1,599,736,383
Restricted for capital projects	382,616	5,644,963	3,275,620	96,204,551	2,233	35,589,869	1,107,082,976
Restricted for debt service	65,053	99,017	31,122	3,415,117	-	961,286	40,622,934
Unrestricted	-	59,436	116,259	-	-	1,099,199	43,601,449
Total net position	2,647,796	10,413,085	16,902,606	190,727,202	4,548	72,813,162	2,791,043,742
Total liabilities and net position	\$ 3,242,092	12,600,935	17,885,401	251,397,829	4,699	87,092,311	3,859,264,210

Exhibit E-2
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Revenues, Expenses, and
Changes in Net Position
Fiscal year ended June 30, 2013

	Districts								
	No. 1	No. 2	No. 3	No. 4	No. 5	No. 8	No. 9	No. 14	No. 15
Operating revenues:									
Contract revenue	\$ 1,880,835	2,858,667	2,190,667	1,281	3,379,897	1,190,893	1,281	717,002	2,376,310
Industrial waste surcharge	4,723,604	7,969,968	4,171,161	42,671	6,933,218	9,603,361	-	2,248,138	5,164,969
Sale of energy	13,652	20,786	15,925	-	24,479	8,633	-	-	17,282
Service charges	22,551,204	32,410,156	26,654,331	3,768,720	35,814,637	8,446,774	86,590	29,440,078	25,289,785
Other	239,388	363,552	282,053	-	426,898	149,512	-	85,643	296,761
Total operating revenues	29,408,683	43,623,129	33,314,137	3,812,672	46,579,129	19,399,173	87,871	32,490,861	33,145,107
Operations and maintenance:									
Chemicals	2,717,265	4,107,386	3,054,234	-	4,761,885	1,697,155	-	1,126,545	3,301,099
Equipment and vehicle rentals	441,950	710,510	429,427	9,496	786,571	301,420	68	360,610	514,246
Insurance and claims	165,197	252,492	188,270	200	281,914	91,342	200	64,101	194,741
Materials and supplies	796,180	1,201,696	951,536	394	1,446,559	537,229	49	349,361	983,726
Operations, repairs and maintenance	644,094	968,343	755,851	1,821	1,165,206	428,430	297	463,858	802,352
Salaries and benefits	11,668,864	18,108,715	13,026,542	49,287	20,997,738	8,978,224	5,670	5,824,592	14,340,126
Services	3,037,610	4,659,021	3,560,473	969,641	5,901,752	2,147,859	61,794	900,994	3,899,530
Utilities	1,258,188	1,945,100	1,559,751	353	2,427,856	881,104	127	1,610,076	1,591,332
Total operations and maintenance	20,729,348	31,953,263	23,526,084	1,031,192	37,769,481	15,062,763	68,205	10,700,137	25,627,152
Charges for collections	29,316	44,495	37,173	3,463	61,630	13,313	460	14,595	45,681
Depreciation	4,207,073	6,031,858	4,832,981	1,330,690	8,052,454	2,723,914	40,160	2,691,741	4,887,289
Research and development	479,984	730,797	559,889	-	860,642	303,528	-	-	607,610
Total operating expenses	25,445,721	38,760,413	28,956,127	2,365,345	46,744,207	18,103,518	108,825	13,406,473	31,167,732
Operating income (loss)	3,962,962	4,862,716	4,358,010	1,447,327	(165,078)	1,295,655	(20,954)	19,084,388	1,977,375
Nonoperating revenues (expenses):									
Interest revenue	489,398	833,266	525,824	253,048	893,501	315,939	29,891	249,270	714,767
Investment in joint venture	(39,801)	(60,599)	(46,427)	-	(71,366)	(25,169)	-	-	(50,384)
Taxes	3,352,154	6,943,767	6,082,849	473,849	10,479,681	2,051,023	86,700	991,495	6,542,291
Amortization of bond premium and issuance costs	267,374	412,800	313,561	39,891	674,771	163,056	5,606	291,532	422,265
Amortization of deferred loss on refunding	(133,867)	(206,870)	(156,405)	(18,828)	(329,155)	(88,654)	(3,125)	(28,693)	(190,192)
Interest expense	(1,304,911)	(1,978,465)	(1,506,786)	(135,580)	(2,968,217)	(789,783)	(19,053)	(12,871,173)	(1,910,781)
Other nonoperating expense	(268)	(413)	(314)	-	(489)	(168)	-	79	(342)
Tax and assessment expense	(7,439)	(11,319)	(8,673)	(1)	(13,333)	(4,690)	(1)	(8,241)	(9,402)
Unrealized loss on investments	(713,449)	(1,129,972)	(673,775)	(367,472)	(1,140,422)	(345,236)	(39,154)	(51,173)	(1,027,193)
Net nonoperating revenues (expenses)	1,909,191	4,802,195	4,529,854	244,907	7,524,971	1,276,318	60,864	(11,426,904)	4,491,029
Income before capital contribution revenue	5,872,153	9,664,911	8,887,864	1,692,234	7,359,893	2,571,973	39,910	7,657,484	6,468,404
Capital contribution revenue:									
Connection fees	1,407,884	2,350,574	1,860,315	71,295	3,030,135	1,090,845	-	2,159,862	1,852,205
Federal capital grants	16,868	25,682	19,676	-	30,245	10,667	-	-	21,353
Transfers out	(370,100)	(465,598)	(302,711)	(360)	(593,529)	(192,077)	-	(360)	(338,387)
Change in net position	6,926,805	11,575,569	10,465,144	1,763,169	9,826,744	3,481,408	39,910	9,816,986	8,003,575
Total net position, July 1, 2012	189,262,303	287,442,742	203,373,738	71,169,991	332,092,422	125,705,170	5,673,539	154,081,395	222,920,088
Total net position, June 30, 2013	\$ 196,189,108	299,018,311	213,838,882	72,933,160	341,919,166	129,186,578	5,713,449	163,898,381	230,923,663

(Continued on following page)

Exhibit E-2-2
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Revenues, Expenses, and
Changes in Net Position
Fiscal year ended June 30, 2013

	Districts							
	No. 16	No. 17	No. 18	No. 19	No. 20	No. 21	No. 22	No. 23
Operating revenues:								
Contract revenue	\$ 1,290,587	169,224	1,545,381	435,838	582,195	1,945,265	1,635,104	231,964
Industrial waste surcharge	627,276	36,455	3,823,624	313,068	283,730	3,736,202	3,275,698	3,240,961
Sale of energy	9,296	1,231	11,221	3,172	-	13,731	11,679	1,673
Service charges	15,294,963	2,102,877	18,364,373	5,562,870	20,738,139	22,259,714	18,530,880	385,321
Other	161,611	21,416	196,578	55,457	-	293,247	204,301	29,131
Total operating revenues	17,383,733	2,331,203	23,941,177	6,370,405	21,604,064	28,248,159	23,657,662	3,889,050
Operations and maintenance:								
Chemicals	1,771,413	236,278	2,174,689	622,575	771,672	2,612,070	2,221,580	318,189
Equipment and vehicle rentals	246,782	35,348	373,299	97,928	365,306	403,916	378,599	55,832
Insurance and claims	104,403	13,646	134,630	37,176	120,746	158,629	133,545	18,748
Materials and supplies	519,012	68,191	648,551	179,676	410,905	775,311	657,979	105,431
Operations, repairs and maintenance	434,450	57,447	627,847	158,759	393,090	635,625	541,467	78,221
Salaries and benefits	7,201,028	945,561	9,765,806	2,561,677	4,434,694	11,197,221	9,663,481	2,052,780
Services	2,228,805	278,969	2,571,118	672,051	1,355,888	3,091,854	2,628,255	392,847
Utilities	848,665	112,156	1,029,334	308,196	1,438,427	1,255,875	1,067,637	154,701
Total operations and maintenance	13,354,558	1,747,596	17,325,274	4,638,038	9,290,728	20,130,501	17,292,543	3,176,749
Charges for collections	26,168	4,331	28,369	9,401	9,499	34,336	27,868	947
Depreciation	2,956,796	346,007	3,364,132	914,126	5,034,618	4,054,260	3,261,869	564,768
Research and development	326,833	43,282	394,530	111,534	-	482,759	410,622	58,819
Total operating expenses	16,664,355	2,141,216	21,112,305	5,673,099	14,334,845	24,701,856	20,992,902	3,801,283
Operating income (loss)	719,378	189,987	2,828,872	697,306	7,269,219	3,546,303	2,664,760	87,767
Nonoperating revenues (expenses):								
Interest revenue	429,797	69,801	397,752	141,986	211,270	573,472	468,506	125,029
Investment in joint venture	(27,101)	(3,589)	(32,715)	(9,249)	-	(40,031)	(34,049)	(4,877)
Taxes	4,350,675	487,178	3,969,586	1,403,701	1,003,911	4,065,545	4,231,147	367,148
Amortization of bond premium and issuance costs	263,149	33,676	230,814	74,419	90,182	248,931	215,418	45,497
Amortization of deferred loss on refunding	(120,900)	(14,991)	(112,947)	(33,698)	(26,072)	(138,919)	(108,299)	(26,324)
Interest expense	(1,149,488)	(148,272)	(1,095,865)	(340,695)	(10,982,127)	(1,225,171)	(1,054,272)	(200,650)
Tax and assessment expense	(5,063)	(669)	(6,113)	(1,728)	(8,690)	(7,474)	(6,356)	(910)
Other nonoperating expense	(181)	(24)	(219)	(63)	47	(270)	(1,212,034)	(33)
Unrealized loss on investments	(631,268)	(84,982)	(551,066)	(200,398)	(295,140)	(840,123)	(703,700)	(193,643)
Net nonoperating revenues (expenses)	3,109,620	338,128	2,799,227	1,034,275	(10,006,619)	2,635,960	1,796,361	111,237
Income before capital contribution revenue	3,828,998	528,115	5,628,099	1,731,581	(2,737,400)	6,182,263	4,461,121	199,004
Capital contribution revenue:								
Connection fees	1,127,231	134,750	1,451,597	375,305	1,098,476	1,910,129	1,524,779	169,901
Federal capital grants	11,486	1,521	13,865	3,920	-	16,965	14,430	2,067
Transfers out	(241,808)	(37,118)	(251,178)	(74,957)	(360)	(311,360)	(218,384)	(122,526)
Change in net position	4,725,907	627,268	6,842,383	2,035,849	(1,639,284)	7,797,997	5,781,946	248,446
Total net position, July 1, 2012	135,224,432	18,905,867	147,012,359	41,783,434	63,929,190	203,016,340	160,641,872	46,980,639
Total net position, June 30, 2013	\$ 139,950,339	19,533,135	153,854,742	43,819,283	62,289,906	210,814,337	166,423,818	47,229,085

(Continued on following page)

Exhibit E-2-3
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Revenues, Expenses, and
Changes in Net Position
Fiscal year ended June 30, 2013

	Districts						Total
	No. 27	No. 28	No. 29	Santa Clarita Valley	No. 34	South Bay Cities	
Operating revenues:							
Contract revenue	\$ 1,281	50,180	64,891	1,485,695	1,281	581,112	24,616,831
Industrial waste surcharge	-	11,361	73,228	407,995	-	312,416	56,999,104
Sale of energy	-	363	473	-	-	4,230	157,826
Service charges	-	998,345	1,858,262	21,268,210	-	6,208,845	318,035,074
Other	-	6,412	8,191	453,047	2,550	74,068	3,349,816
Total operating revenues	1,281	1,066,661	2,005,045	23,614,947	3,831	7,180,671	403,158,651
Operations and maintenance:							
Chemicals	(1,247)	68,759	78,799	2,087,616	-	836,522	34,564,484
Equipment and vehicle rentals	67	13,096	72,704	459,293	66	141,033	6,197,567
Insurance and claims	200	4,706	5,155	499,577	200	50,343	2,520,161
Materials and supplies	2,930	20,089	39,454	1,038,820	49	276,443	11,009,571
Operations, repairs and maintenance	2,363	18,107	27,639	1,000,878	300	220,042	9,426,487
Salaries and benefits	57,340	280,512	681,898	9,570,181	1,397	3,790,610	155,203,944
Services	41,374	85,789	106,259	2,216,632	405	999,679	41,799,599
Utilities	4,317	33,481	66,884	2,561,196	128	545,076	20,699,960
Total operations and maintenance	107,344	524,539	1,078,792	19,434,193	2,545	6,850,748	281,421,773
Charges for collections	654	2,235	1,117	32,082	-	19,573	446,706
Depreciation	26,847	186,739	272,377	5,051,798	180	1,475,377	62,308,054
Research and development	-	12,763	16,647	-	-	148,712	5,548,951
Total operating expenses	134,845	726,276	1,368,933	24,518,073	2,725	8,494,410	349,725,484
Operating income (loss)	(133,564)	340,385	636,112	(903,126)	1,106	(1,313,739)	53,433,167
Nonoperating revenues (expenses):							
Interest revenue	5,497	40,046	23,382	644,268	23	244,824	7,680,557
Investment in joint venture	-	(1,058)	(1,380)	-	-	(12,331)	(460,126)
Taxes	287,689	554,216	147,236	6,182,280	-	4,380,811	68,434,932
Amortization of bond premium and issuance costs	7,840	11,902	3,737	408,657	-	115,082	4,340,160
Amortization of deferred loss on refunding	(5,307)	(6,278)	(1,128)	(179,720)	-	(49,809)	(1,980,181)
Interest expense	(26,647)	(101,055)	(25,602)	(1,893,270)	-	(508,440)	(42,236,303)
Other nonoperating expense	-	(7)	(10)	108	-	(84)	(1,214,685)
Tax and assessment expense	(41)	(198)	(255)	(2,717)	(1)	(2,306)	(105,620)
Unrealized loss on investments	(2,904)	(56,859)	(34,692)	(491,894)	-	(352,973)	(9,927,488)
Net nonoperating revenues (expenses)	266,127	440,709	111,288	4,667,712	22	3,814,774	24,531,246
Income before capital contribution revenue	132,563	781,094	747,400	3,764,586	1,128	2,501,035	77,964,413
Capital contribution revenue:							
Connection fees	59	38,703	74,210	3,711,514	-	477,870	25,917,639
Federal capital grants	-	449	585	-	-	5,226	195,005
Transfers out	-	-	(14,054)	-	-	(68,831)	(3,603,698)
Change in net position	132,622	820,246	808,141	7,476,100	1,128	2,915,300	100,473,359
Total net position, July 1, 2012	2,515,174	9,592,839	16,094,465	183,251,102	3,420	69,897,862	2,690,570,383
Total net position, June 30, 2013	\$ 2,647,796	10,413,085	16,902,606	190,727,202	4,548	72,813,162	2,791,043,742

Exhibit E-3
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2013

	Districts								
	No. 1	No. 2	No. 3	No. 4	No. 5	No. 8	No. 9	No. 14	No. 15
Cash flows from operating activities:									
Receipts from customers and users	\$ 30,525,999	44,551,330	34,504,676	4,008,864	49,633,644	18,697,678	91,217	30,594,736	33,489,421
Payments to suppliers	(9,111,710)	(13,899,774)	(10,630,876)	(1,118,479)	(16,944,911)	(6,117,889)	(69,290)	(4,821,193)	(11,438,258)
Payments to employees	(11,530,800)	(17,896,570)	(12,868,734)	(48,623)	(20,758,528)	(8,876,783)	(5,622)	(5,749,593)	(14,173,825)
Payment for equipment rental within the Districts	(427,962)	(688,669)	(414,257)	(9,441)	(763,361)	(291,046)	(59)	(355,570)	(496,237)
Other payments	-	-	(18,588)	-	-	-	-	-	-
Net cash provided (used) by operating activities	9,455,527	12,066,317	10,572,221	2,832,321	11,166,844	3,411,960	16,246	19,668,380	7,381,101
Cash flows from noncapital financing activities:									
Receipts from property taxes	3,486,276	7,171,743	6,197,094	498,899	10,929,608	2,121,308	91,005	1,053,709	6,824,780
Transfers to other funds	(370,100)	(465,598)	(302,711)	(360)	(593,529)	(192,077)	-	(360)	(338,387)
Payments for tax and assessment	(7,439)	(11,319)	(8,673)	(1)	(13,333)	(4,690)	(1)	(8,241)	(9,402)
Net cash provided (used) by noncapital financing activities	3,108,737	6,694,826	5,885,710	498,538	10,322,746	1,924,541	91,004	1,045,108	6,476,991
Cash flows from capital and related financing activities:									
Borrowings on loan from state	-	-	-	-	-	-	-	-	-
Purchases of capital assets	(5,183,341)	(8,565,403)	(6,062,349)	(908,668)	(10,379,196)	(3,429,059)	(27,236)	(8,472,579)	(6,696,994)
Connection fees proceeds	1,407,884	2,350,574	1,860,315	71,295	3,030,135	1,090,845	-	2,159,862	1,852,205
Grant proceeds	16,868	25,682	19,676	-	30,245	10,667	-	-	21,353
Interest paid on capital-related debt	(1,173,237)	(1,781,792)	(1,355,756)	(137,933)	(2,750,597)	(711,017)	(19,384)	(11,178,722)	(1,754,775)
Payment to joint venture	(51,879)	(78,988)	(60,515)	-	(93,022)	(32,807)	-	-	(65,673)
Principal payments on bonds	(1,268,677)	(1,958,727)	(1,487,837)	(189,281)	(3,201,770)	(773,699)	(26,600)	(2,933,501)	(2,003,636)
Principal payments on loan from state	(2,071,339)	(3,115,092)	(2,386,582)	-	(3,668,572)	(1,293,816)	-	(4,320,854)	(2,589,998)
Net cash used by capital and related financing activities	(8,323,721)	(13,123,746)	(9,473,048)	(1,164,587)	(17,032,777)	(5,138,886)	(73,220)	(24,745,794)	(11,237,518)
Cash flows from investing activities:									
Interest received	461,821	801,076	490,029	253,158	841,690	306,469	28,072	226,577	680,185
Purchase of investments	(58,229,288)	(88,389,037)	(57,511,398)	(25,203,590)	(83,892,582)	(33,156,861)	(3,224,441)	(5,995,343)	(82,938,480)
Proceeds from maturities of investments	37,964,685	56,541,235	34,163,099	20,173,886	62,292,581	28,923,440	1,692,603	2,728,204	53,864,572
Net cash provided (used) by investing activities	(19,802,782)	(31,046,726)	(22,858,270)	(4,776,546)	(20,758,311)	(3,926,952)	(1,503,766)	(3,040,562)	(28,393,723)
Net increase (decrease) in cash and cash equivalents	(15,562,239)	(25,409,329)	(15,873,387)	(2,610,274)	(16,301,498)	(3,729,337)	(1,469,736)	(7,072,868)	(25,773,149)
Cash and cash equivalents at beginning of fiscal year	43,569,025	66,993,087	47,055,680	19,003,013	73,686,052	25,549,723	3,595,227	47,359,595	63,764,206
Cash and cash equivalents at end of fiscal year	\$ 28,006,786	41,583,758	31,182,293	16,392,739	57,384,554	21,820,386	2,125,491	40,286,727	37,991,057
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:									
Operating income (loss)	\$ 3,962,962	4,862,716	4,358,010	1,447,327	(165,078)	1,295,655	(20,954)	19,084,388	1,977,375
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:									
Depreciation and amortization	4,207,073	6,031,858	4,832,981	1,330,690	8,052,454	2,723,914	40,160	2,691,741	4,887,289
Decrease (increase) in accounts receivable	280,606	(674,141)	(52,165)	22,994	1,175,799	(1,293,600)	-	(2,685,550)	(530,199)
Decrease (increase) in service charge receivable	836,713	1,602,342	1,242,704	173,198	1,878,716	592,105	3,346	789,425	874,513
Increase (decrease) in accounts payable	68,373	96,045	100,442	(142,535)	70,802	29,669	(6,334)	106,261	68,265
Decrease in claims liabilities related to self insurance	(38,264)	(64,648)	(48,971)	(17)	(85,059)	(37,224)	(20)	(392,884)	(62,443)
Decrease in other liabilities	-	-	(18,588)	-	-	-	-	-	-
Increase in due to other funds	138,064	212,145	157,808	664	239,210	101,441	48	74,999	166,301
Net cash provided (used) by operating activities	\$ 9,455,527	12,066,317	10,572,221	2,832,321	11,166,844	3,411,960	16,246	19,668,380	7,381,101
Schedule of noncash investing activity-									
Unrealized loss on fair value of investments	\$ (713,449)	(1,129,972)	(673,775)	(367,472)	(1,140,422)	(345,236)	(39,154)	(51,173)	(1,027,193)
Investment in joint venture	(39,801)	(60,599)	(46,427)	-	(71,366)	(25,169)	-	-	(50,384)

(Continued on following page)

Exhibit E-3-2
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2013

	Districts							
	No. 16	No. 17	No. 18	No. 19	No. 20	No. 21	No. 22	No. 23
Cash flows from operating activities:								
Receipts from customers and users	\$ 18,104,721	2,415,830	25,057,778	6,581,962	22,305,302	29,262,591	24,838,500	4,027,951
Payments to suppliers	(6,294,737)	(815,242)	(7,681,334)	(2,287,320)	(4,742,200)	(9,045,201)	(7,694,781)	(1,131,025)
Payments to employees	(7,111,872)	(934,220)	(9,653,200)	(2,531,548)	(4,380,619)	(11,063,721)	(9,551,684)	(2,030,213)
Payment for equipment rental within the Districts	(238,140)	(34,260)	(358,078)	(94,813)	(359,831)	(390,482)	(367,121)	(52,800)
Other payments	-	-	-	-	-	-	-	-
Net cash provided (used) by operating activities	<u>4,459,972</u>	<u>632,108</u>	<u>7,365,166</u>	<u>1,668,281</u>	<u>12,822,652</u>	<u>8,763,187</u>	<u>7,224,914</u>	<u>813,913</u>
Cash flows from noncapital financing activities:								
Receipts from property taxes	4,507,040	510,407	4,072,813	1,436,030	1,049,630	4,249,056	4,353,686	376,483
Transfers to other funds	(241,808)	(37,118)	(251,178)	(74,957)	(360)	(311,360)	(218,384)	(122,526)
Payments for tax and assessment	(5,063)	(669)	(6,113)	(1,728)	(8,690)	(7,474)	(6,356)	(910)
Net cash provided (used) by noncapital financing activities	<u>4,260,169</u>	<u>472,620</u>	<u>3,815,522</u>	<u>1,359,345</u>	<u>1,040,580</u>	<u>3,930,222</u>	<u>4,128,946</u>	<u>253,047</u>
Cash flows from capital and related financing activities:								
Borrowings on loan from state	-	-	-	-	-	-	-	-
Purchases of capital assets	(3,796,704)	(572,572)	(4,856,506)	(1,189,636)	(4,112,913)	(5,270,672)	(6,143,171)	(633,333)
Connection fees proceeds	1,127,231	134,750	1,451,597	375,305	1,098,476	1,910,129	1,524,779	169,901
Grant proceeds	11,486	1,521	13,865	3,920	-	16,965	14,430	2,067
Interest paid on capital-related debt	(1,068,416)	(137,432)	(989,441)	(311,417)	(7,155,174)	(1,094,877)	(944,010)	(185,843)
Payment to joint venture	(35,326)	(4,678)	(42,643)	(12,055)	-	(52,179)	(44,382)	(6,357)
Principal payments on bonds	(1,248,635)	(159,790)	(1,095,206)	(353,118)	(1,623,783)	(1,181,172)	(1,022,153)	(215,880)
Principal payments on loan from state	(1,393,158)	(184,493)	(1,681,724)	(475,424)	-	(2,057,806)	(1,750,319)	(250,721)
Net cash used by capital and related financing activities	<u>(6,403,522)</u>	<u>(922,694)</u>	<u>(7,200,058)</u>	<u>(1,962,425)</u>	<u>(11,793,394)</u>	<u>(7,729,612)</u>	<u>(8,364,826)</u>	<u>(1,120,166)</u>
Cash flows from investing activities:								
Interest received	407,796	67,635	376,680	134,792	198,788	556,343	443,187	137,882
Purchase of investments	(48,396,332)	(6,872,202)	(44,011,333)	(15,531,678)	(18,695,699)	(62,412,241)	(55,098,554)	(12,963,643)
Proceeds from maturities of investments	36,771,892	5,584,733	29,522,804	10,770,525	12,713,982	42,330,636	34,560,829	11,034,920
Net cash provided (used) by investing activities	<u>(11,216,644)</u>	<u>(1,219,834)</u>	<u>(14,111,849)</u>	<u>(4,626,361)</u>	<u>(5,782,929)</u>	<u>(19,525,262)</u>	<u>(20,094,538)</u>	<u>(1,790,841)</u>
Net increase (decrease) in cash and cash equivalents	(8,900,025)	(1,037,800)	(10,131,219)	(3,561,160)	(3,713,091)	(14,561,465)	(17,105,504)	(1,844,047)
Cash and cash equivalents at beginning of fiscal year	32,666,557	5,496,701	32,397,850	11,369,508	19,663,574	44,549,433	41,959,787	9,246,431
Cash and cash equivalents at end of fiscal year	<u>\$ 23,766,532</u>	<u>4,458,901</u>	<u>22,266,631</u>	<u>7,808,348</u>	<u>15,950,483</u>	<u>29,987,968</u>	<u>24,854,283</u>	<u>7,402,384</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	\$ 719,378	189,987	2,828,872	697,306	7,269,219	3,546,303	2,664,760	87,767
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation and amortization	2,956,796	346,007	3,364,132	914,126	5,034,618	4,054,260	3,261,869	564,768
Decrease (increase) in accounts receivable	2,695	7,801	274,786	2,333	(448)	(334,407)	178,761	111,635
Decrease (increase) in service charge receivable	718,293	76,826	841,815	209,224	701,686	1,348,839	1,002,077	27,266
Increase (decrease) in accounts payable	9,600	4,787	(24,312)	(174,775)	73,867	60,511	45,613	6,018
Decrease in claims liabilities related to self insurance	(35,946)	(4,641)	(32,733)	(10,062)	(310,365)	(45,819)	(39,963)	(6,108)
Decrease in other liabilities	-	-	-	-	-	-	-	-
Increase in due to other funds	89,156	11,341	112,606	30,129	54,075	133,500	111,797	22,567
Net cash provided (used) by operating activities	<u>\$ 4,459,972</u>	<u>632,108</u>	<u>7,365,166</u>	<u>1,668,281</u>	<u>12,822,652</u>	<u>8,763,187</u>	<u>7,224,914</u>	<u>813,913</u>
Schedule of noncash investing activity-								
Unrealized loss on fair value of investments	\$ (631,268)	(84,982)	(551,066)	(200,398)	(295,140)	(840,123)	(703,700)	(193,643)
Investment in joint venture	\$ (27,101)	(3,589)	(32,715)	(9,249)	-	(40,031)	(34,049)	(4,877)

(Continued on following page)

Exhibit E-3-3
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2013

	Districts						Total
	No. 27	No. 28	No. 29	Santa Clarita Valley	No. 34	South Bay Cities	
Cash flows from operating activities:							
Receipts from customers and users	\$ 1,281	1,118,417	2,219,691	24,699,855	3,831	7,533,875	414,269,150
Payments to suppliers	(60,048)	(246,307)	(355,961)	(9,219,563)	(1,097)	(3,063,245)	(126,790,441)
Payments to employees	(56,797)	(277,201)	(675,038)	(9,491,144)	(1,397)	(3,746,611)	(153,414,343)
Payment for equipment rental within the Districts	(60)	(11,630)	(71,537)	(447,867)	(59)	(137,079)	(6,010,359)
Other payments	-	-	-	-	-	-	(18,588)
Net cash provided (used) by operating activities	<u>(115,624)</u>	<u>583,279</u>	<u>1,117,155</u>	<u>5,541,281</u>	<u>1,278</u>	<u>586,940</u>	<u>128,035,419</u>
Cash flows from noncapital financing activities:							
Receipts from property taxes	301,394	580,879	142,427	6,535,050	-	4,592,989	71,082,306
Transfers to other funds	-	-	(14,054)	-	-	(68,831)	(3,603,698)
Payments for tax and assessment	(41)	(198)	(255)	(2,717)	(1)	(2,306)	(105,620)
Net cash provided (used) by noncapital financing activities	<u>301,353</u>	<u>580,681</u>	<u>128,118</u>	<u>6,532,333</u>	<u>(1)</u>	<u>4,521,852</u>	<u>67,372,988</u>
Cash flows from capital and related financing activities:							
Borrowings on loan from state	-	-	-	2,351,230	-	-	2,351,230
Purchases of capital assets	(1,582,011)	(136,028)	(1,455,841)	(8,169,798)	(224)	(1,669,266)	(89,313,500)
Connection fees proceeds	59	38,703	74,210	3,711,514	-	477,870	25,917,639
Grant proceeds	-	449	585	-	-	5,226	195,005
Interest paid on capital-related debt	(27,109)	(69,581)	(20,996)	(1,413,037)	-	(470,048)	(34,750,594)
Payment to joint venture	-	(1,379)	(1,799)	-	-	(16,077)	(599,759)
Principal payments on bonds	(37,201)	(56,476)	(17,733)	(1,939,065)	-	(546,060)	(23,340,000)
Principal payments on loan from state	-	(399,069)	(70,959)	(3,024,971)	-	(633,896)	(31,368,793)
Net cash used by capital and related financing activities	<u>(1,646,262)</u>	<u>(623,381)</u>	<u>(1,492,533)</u>	<u>(8,484,127)</u>	<u>(224)</u>	<u>(2,852,251)</u>	<u>(150,908,772)</u>
Cash flows from investing activities:							
Interest received	6,847	42,268	24,805	618,302	18	232,936	7,337,356
Purchase of investments	(314,705)	(3,815,246)	(2,780,167)	(33,589,835)	-	(28,718,260)	(771,740,915)
Proceeds from maturities of investments	212,181	2,849,183	1,689,405	35,588,835	-	16,405,804	538,380,034
Net cash provided (used) by investing activities	<u>(95,677)</u>	<u>(923,795)</u>	<u>(1,065,957)</u>	<u>2,617,302</u>	<u>18</u>	<u>(12,079,520)</u>	<u>(226,023,525)</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,556,210)</u>	<u>(383,216)</u>	<u>(1,313,217)</u>	<u>6,206,789</u>	<u>1,071</u>	<u>(9,822,979)</u>	<u>(181,523,890)</u>
Cash and cash equivalents at beginning of fiscal year	<u>1,819,475</u>	<u>2,597,062</u>	<u>2,574,060</u>	<u>43,555,378</u>	<u>1,306</u>	<u>22,587,112</u>	<u>661,059,842</u>
Cash and cash equivalents at end of fiscal year	<u>\$ 263,265</u>	<u>2,213,846</u>	<u>1,260,843</u>	<u>49,762,167</u>	<u>2,377</u>	<u>12,764,133</u>	<u>479,535,952</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ (133,564)	340,385	636,112	(903,126)	1,106	(1,313,739)	53,433,167
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation and amortization	26,847	186,739	272,377	5,051,798	180	1,475,377	62,308,054
Decrease (increase) in accounts receivable	-	1,689	14,771	91,534	-	90,562	(3,314,544)
Decrease (increase) in service charge receivable	-	50,067	199,875	993,374	-	262,642	14,425,046
Increase (decrease) in accounts payable	(9,433)	1,838	(10,735)	(162,006)	9	40,683	252,653
Decrease in claims liabilities related to self insurance	(17)	(750)	(2,105)	390,670	(17)	(12,584)	(839,970)
Decrease in other liabilities	-	-	-	-	-	-	(18,588)
Increase in due to other funds	543	3,311	6,860	79,037	-	43,999	1,789,601
Net cash provided (used) by operating activities	<u>\$ (115,624)</u>	<u>583,279</u>	<u>1,117,155</u>	<u>5,541,281</u>	<u>1,278</u>	<u>586,940</u>	<u>128,035,419</u>
Schedule of noncash investing activity-							
Unrealized loss on fair value of investments	\$ (2,904)	(56,859)	(34,692)	(491,894)	-	(352,973)	(9,927,488)
Investment in joint venture	-	(1,058)	(1,380)	-	-	(12,331)	(460,126)

Exhibit F-1
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Solid Waste Facilities Operations
Combining Schedule of Net Position
June 30, 2013

Assets	Palos Verdes Landfill	Spadra Landfill	South Gate Transfer Station	Puente Hills Landfill	Puente Hills Materials Recovery Facility	Downey Area Recycling and Transfer Station	Mesquite Regional Landfill	Total
Current assets:								
Cash in bank	\$ 65,552	-	74,088	271,584	5,176	13,453	-	429,853
Cash on hand	6,500	-	3,700	18,500	1,460	2,740	-	32,900
Cash and cash equivalents	-	-	-	-	624,974	-	38,250	663,224
Total unrestricted cash and cash equivalents	72,052	-	77,788	290,084	631,610	16,193	38,250	1,125,977
Accounts receivable	-	-	239,189	9,801,506	352,561	1,514,250	-	11,907,506
Interest receivable	135,349	177,770	2,006	573,772	3,521	2,680	14,945	910,043
Restricted cash and investments:								
Cash and cash equivalents	16,870,028	15,222,796	968,704	62,512,053	1,610,414	1,794,717	1,422,604	100,401,316
Specific investments	50,653,664	70,511,883	109,601	268,727,996	-	-	305,436	390,308,580
Total restricted cash and investments	67,523,692	85,734,679	1,078,305	331,240,049	1,610,414	1,794,717	1,728,040	490,709,896
Other specific investments	98,922	-	-	9,946,468	542,887	-	2,021,231	12,609,508
Total current assets	67,830,015	85,912,449	1,397,288	351,851,879	3,140,993	3,327,840	3,802,466	517,262,930
Capital assets:								
Buildings	-	-	-	-	-	-	7,325,778	7,325,778
Capital improvements	23,710,778	41,216,593	2,247,450	241,742,087	-	-	74,624,014	383,540,922
Less accumulated depreciation	(23,710,778)	(41,216,593)	(2,247,451)	(220,843,849)	-	-	-	(288,018,671)
Net capital improvements facilities	-	-	(1)	20,898,238	-	-	81,949,792	102,848,029
Gas-to-energy facilities	15,187,706	25,905,374	-	135,744,769	-	-	-	176,837,849
Less accumulated depreciation	(15,187,706)	(14,247,947)	-	(76,846,112)	-	-	-	(106,281,765)
Net gas-to-energy facilities	-	11,657,427	-	58,898,657	-	-	-	70,556,084
Rail facilities	-	-	-	-	-	-	54,044,903	54,044,903
Less accumulated depreciation	-	-	-	-	-	-	-	-
Net rail facilities	-	-	-	-	-	-	54,044,903	54,044,903
Recycling and transfer facility	-	-	-	-	51,714,008	9,788,545	-	61,502,553
Less accumulated depreciation	-	-	-	-	(10,342,090)	(3,181,277)	-	(13,523,367)
Net recycling and transfer facility	-	-	-	-	41,371,918	6,607,268	-	47,979,186
Land	-	-	77,665	-	16,203,721	7,236,414	2,993,718	26,511,518
Construction in progress	-	-	-	-	-	-	497,288	497,288
Use rights	3,758,185	635,000	-	9,001,642	-	12,006,393	42,360,490	67,761,710
Less accumulated amortization	(3,758,185)	(635,000)	-	(8,223,464)	-	(10,405,541)	-	(23,022,190)
Net use rights	-	-	-	778,178	-	1,600,852	42,360,490	44,739,520
Net capital assets	-	11,657,427	77,664	80,575,073	57,575,639	15,444,534	181,846,191	347,176,528
Total assets	\$ 67,830,015	97,569,876	1,474,952	432,426,952	60,716,632	18,772,374	185,648,657	864,439,458

(Continued on following page)

Exhibit F-1-2
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Solid Waste Facilities Operations
Combining Schedule of Net Position
June 30, 2013

Liabilities and Net Position	Palos Verdes Landfill	Spadra Landfill	South Gate Transfer Station	Puente Hills Landfill	Puente Hills Materials Recovery Facility	Downey Area Recycling and Transfer Station	Mesquite Regional Landfill	Total
Current liabilities:								
Accounts payable	\$ 90,702	55,942	352,193	4,492,870	232,927	600,492	30,197	5,855,323
Claims liabilities	246,899	870,965	6,231	2,486,355	-	33,254	-	3,643,704
Construction contracts payable	122,064	-	-	1,260,910	-	-	-	1,382,974
Due to other funds	532,903	526,157	277,020	3,901,653	213,161	338,929	186,928	5,976,751
Estimated liability for closure and postclosure costs	3,480,000	3,070,000	-	-	-	-	-	6,550,000
Interest payable	-	-	-	2,112	-	-	-	2,112
Loans payable to State of California	-	-	-	329,608	-	-	-	329,608
Notes payable	-	-	-	-	-	-	209,711	209,711
Total current liabilities	4,472,568	4,523,064	635,444	12,473,508	446,088	972,675	426,836	23,950,183
Long-term liabilities:								
Claims liabilities	246,899	870,965	6,231	1,901,355	-	33,254	-	3,058,704
Estimated liability for closure and postclosure costs	1,383,737	6,677,357	-	198,174,273	-	-	-	206,235,367
Loans payable to State of California	-	-	-	575,416	-	-	-	575,416
Total liabilities	6,103,204	12,071,386	641,675	213,124,552	446,088	1,005,929	426,836	233,819,670
Net position:								
Net investment in capital assets	-	11,657,426	77,665	80,863,011	44,178,638	10,602,240	136,239,919	283,618,899
Restricted for capital projects	400,000	-	-	8,150,000	50,000	100,000	1,000,000	9,700,000
Restricted for closure / postclosure maintenance	57,527,415	73,841,064	-	40,904,304	-	-	320,813	172,593,596
Restricted for disposal fees	-	-	-	4,170,873	1,151	-	-	4,172,024
Restricted for noncapital projects	3,600,000	-	750,797	42,120,000	7,310,000	7,064,205	710,000	61,555,002
Restricted for site development	-	-	-	35,125,724	-	-	-	35,125,724
Unrestricted	199,396	-	4,815	7,968,488	8,730,755	-	46,951,089	63,854,543
Total net position	61,726,811	85,498,490	833,277	219,302,400	60,270,544	17,766,445	185,221,821	630,619,788
Total liabilities and net position	\$ 67,830,015	97,569,876	1,474,952	432,426,952	60,716,632	18,772,374	185,648,657	864,439,458

Exhibit F-2
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Solid Waste Facilities Operations
Combining Schedule of Revenues, Expenses,
and Changes in Net Position
Fiscal year ended June 30, 2013

	Palos Verdes Landfill	Spadra Landfill	South Gate Transfer Station	Puente Hills Landfill	Puente Hills Materials Recovery Facility	Downey Area Recycling and Transfer Station	Mesquite Regional Landfill	Total
Operating revenues:								
Commodities	\$ -	-	39,426	17,951	2,780,209	4,437,857	-	7,275,443
Contract revenue	1	-	-	60,240	467,427	70,792	282,000	880,460
Refuse tipping fees	-	-	6,028,094	76,831,362	1,430,949	4,615,417	-	88,905,822
Sale of energy	-	2,490,663	-	24,796,723	-	-	-	27,287,386
Other	64,556	-	3,531	404,364	2,170	-	-	474,621
Total operating revenues	64,557	2,490,663	6,071,051	102,110,640	4,680,755	9,124,066	282,000	124,823,732
Operating expenses:								
Chemicals	-	27,493	1	186,204	-	1	58	213,757
Depreciation and amortization of use rights	-	653,616	7,081	10,798,918	1,538,155	1,047,668	-	14,045,438
Equipment and vehicle rentals	2,038	47,529	701,377	7,271,025	377,602	727,077	23,194	9,149,842
Insurance and claims	98,471	(140,869)	27,056	989,863	35,501	86,579	4,054	1,100,655
Landfill closure and postclosure costs	-	182,548	-	1,448,150	-	-	-	1,630,698
Materials and supplies	5,362	76,056	20,632	2,678,903	167,704	172,711	7,363	3,128,731
Operations, repairs and maintenance	704,683	214,238	241,680	9,860,165	(121,360)	211,304	6,939	11,117,649
Salaries and benefits	559,913	2,575,180	1,447,751	18,559,630	1,572,058	2,191,064	380,464	27,286,060
Services	(1,293)	87,215	3,540,093	4,431,365	4,268,796	6,659,841	36,437	19,022,454
Utilities	203,103	383,030	40,433	1,811,242	37,455	86,219	129,673	2,691,155
Total operating expenses	1,572,277	4,106,036	6,026,104	58,035,465	7,875,911	11,182,464	588,182	89,386,439
Operating income (loss)	(1,507,720)	(1,615,373)	44,947	44,075,175	(3,195,156)	(2,058,398)	(306,182)	35,437,293
Nonoperating revenues (expenses):								
Interest revenue	674,161	811,948	6,461	3,027,147	17,490	12,241	65,411	4,614,859
Interest expense	-	-	-	(33,570)	-	-	-	(33,570)
Tax and assessment expense	(2,816)	-	(163,573)	(16,360,899)	(1,151)	(383,735)	(34,907)	(16,947,081)
Unrealized loss on investments	(878,525)	(1,182,634)	(2,014)	(4,355,347)	(6,103)	(3,003)	(45,331)	(6,472,957)
Net nonoperating revenues (expenses)	(207,180)	(370,686)	(159,126)	(17,722,669)	10,236	(374,497)	(14,827)	(18,838,749)
Income (loss) before transfers	(1,714,900)	(1,986,059)	(114,179)	26,352,506	(3,184,920)	(2,432,895)	(321,009)	16,598,544
Transfers in	-	-	267,983	-	1,894,437	1,955,765	-	4,118,185
Transfers out	-	(376,555)	-	(14,054,596)	-	-	-	(14,431,151)
Change in net position	(1,714,900)	(2,362,614)	153,804	12,297,910	(1,290,483)	(477,130)	(321,009)	6,285,578
Total net position, July 1, 2012	63,441,711	87,861,104	679,473	207,004,490	61,561,027	18,243,575	185,542,830	624,334,210
Total net position, June 30, 2013	\$ 61,726,811	85,498,490	833,277	219,302,400	60,270,544	17,766,445	185,221,821	630,619,788

Exhibit F-3
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Solid Waste Facilities Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2013

	Palos Verdes Landfill	Spadra Landfill	South Gate Transfer Station	Puente Hills Landfill	Puente Hills Materials Recovery Facility	Downey Area Recycling and Transfer Station	Mesquite Regional Landfill	Total
Cash flows from operating activities:								
Receipts from customers and users	\$ 389,367	2,490,663	5,908,686	101,088,321	4,660,483	8,717,054	282,000	123,536,574
Payments to suppliers	(771,792)	(842,779)	(3,825,294)	(22,106,109)	(4,382,994)	(7,373,484)	(173,031)	(39,475,483)
Payments to employees	(531,488)	(2,547,116)	(1,432,975)	(18,351,516)	(1,560,686)	(2,172,983)	(370,494)	(26,967,258)
Payments applied to closure/postclosure liability	(3,090,502)	(2,631,437)	-	-	-	-	-	(5,721,939)
Payment for equipment rental within the Districts	(2,026)	(17,426)	(700,678)	(6,101,926)	(377,189)	(726,192)	(21,260)	(7,946,697)
Net cash provided (used) by operating activities	<u>(4,006,441)</u>	<u>(3,548,095)</u>	<u>(50,261)</u>	<u>54,528,770</u>	<u>(1,660,386)</u>	<u>(1,555,605)</u>	<u>(282,785)</u>	<u>43,425,197</u>
Cash flows from noncapital financing activities:								
Payments for tax and assessment	(2,816)	-	(163,573)	(16,360,899)	(1,151)	(383,735)	(34,907)	(16,947,081)
Transfers from other funds	-	-	267,983	-	1,894,437	1,955,765	-	4,118,185
Transfers to other funds	-	(376,555)	-	(14,054,596)	-	-	-	(14,431,151)
Net cash provided (used) by noncapital financing activities	<u>(2,816)</u>	<u>(376,555)</u>	<u>104,410</u>	<u>(30,415,495)</u>	<u>1,893,286</u>	<u>1,572,030</u>	<u>(34,907)</u>	<u>(27,260,047)</u>
Cash flows from capital and related financing activities:								
Purchases of capital assets	-	(11,396)	(7,081)	(3,881,812)	(2,086,765)	(8,427)	(511,003)	(6,506,484)
Interest paid on capital related debt	-	-	-	(34,318)	-	-	-	(34,318)
Principal payments on note	-	-	-	-	-	-	(280,068)	(280,068)
Principal payments on loan from state	-	-	-	(320,630)	-	-	-	(320,630)
Net cash used by capital and related financing activities	<u>-</u>	<u>(11,396)</u>	<u>(7,081)</u>	<u>(4,236,760)</u>	<u>(2,086,765)</u>	<u>(8,427)</u>	<u>(791,071)</u>	<u>(7,141,500)</u>
Cash flows from investing activities:								
Interest received	721,500	942,034	5,274	3,210,238	19,891	12,092	65,562	4,976,591
Purchase of investments	(52,136,212)	(86,889,981)	(122,001)	(299,100,192)	(548,370)	-	(800,001)	(439,596,757)
Proceeds from maturities of investments	60,701,866	95,224,752	121,667	304,406,840	981,637	877,103	1,238,556	463,552,421
Net cash provided by investing activities	<u>9,287,154</u>	<u>9,276,805</u>	<u>4,940</u>	<u>8,516,886</u>	<u>453,158</u>	<u>889,195</u>	<u>504,117</u>	<u>28,932,255</u>
Net increase (decrease) in cash and cash equivalents	5,277,897	5,340,759	52,008	28,393,401	(1,400,707)	897,193	(604,646)	37,955,905
Cash and cash equivalents at beginning of fiscal year	11,664,183	9,882,037	994,484	34,408,736	3,642,731	913,717	2,065,500	63,571,388
Cash and cash equivalents at end of fiscal year	<u>\$ 16,942,080</u>	<u>15,222,796</u>	<u>1,046,492</u>	<u>62,802,137</u>	<u>2,242,024</u>	<u>1,810,910</u>	<u>1,460,854</u>	<u>101,527,293</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	\$ (1,507,720)	(1,615,373)	44,947	44,075,175	(3,195,156)	(2,058,398)	(306,182)	35,437,293
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation and amortization	-	653,616	7,081	10,798,918	1,538,155	1,047,668	-	14,045,438
Landfill closure and postclosure costs	-	182,548	-	1,448,150	-	-	-	1,630,698
Decrease (increase) in accounts receivable	324,810	-	(162,365)	(1,022,319)	(20,272)	(407,012)	-	(1,287,158)
Increase (decrease) in accounts payable	143,393	(16,807)	46,065	(1,083,734)	5,517	(162,764)	13,427	(1,054,903)
Decrease in estimated liability for closure and postclosure costs	(3,090,502)	(2,631,437)	-	-	-	-	-	(5,721,939)
Increase (decrease) in claims liabilities	95,153	(148,706)	(765)	104,468	-	6,823	-	56,973
Increase in due to other funds	28,425	28,064	14,776	208,112	11,370	18,078	9,970	318,795
Net cash provided (used) by operating activities	<u>\$ (4,006,441)</u>	<u>(3,548,095)</u>	<u>(50,261)</u>	<u>54,528,770</u>	<u>(1,660,386)</u>	<u>(1,555,605)</u>	<u>(282,785)</u>	<u>43,425,197</u>
Schedule of noncash investing activity-								
Unrealized loss on fair value of investments	\$ (878,525)	(1,182,634)	(2,014)	(4,355,347)	(6,103)	(3,003)	(45,331)	(6,472,957)

Exhibit G-1
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Trustee Solid Waste Facilities Operations
Combining Schedule of Net Position
June 30, 2013

Assets	Scholl Canyon Landfill	Calabasas Landfill	Los Angeles County Equipment Pool	Los Angeles County Refuse Disposal Fund	Total
Current assets:					
Cash in bank	\$ 61,038	67,844	-	-	128,882
Cash on hand	5,870	5,106	-	-	10,976
Cash and cash equivalents	-	-	-	30,717	30,717
Total unrestricted cash and cash equivalents	66,908	72,950	-	30,717	170,575
Accounts receivable	1,227,723	818,929	-	-	2,046,652
Interest receivable	22,040	47,868	3,135	11,800	84,843
Restricted cash and investments:					
Cash and cash equivalents	4,758,568	2,150,682	1,841,881	154,085	8,905,216
Specific investments	12,451,787	40,299,855	-	-	52,751,642
Total restricted cash and investments	17,210,355	42,450,537	1,841,881	154,085	61,656,858
Other specific investments	-	-	-	1,667,001	1,667,001
Total current assets	18,527,026	43,390,284	1,845,016	1,863,603	65,625,929
Capital assets:					
Capital improvements	25,336,917	121,987,405	-	-	147,324,322
Equipment pool	-	-	9,294,958	-	9,294,958
Less accumulated depreciation	(21,842,429)	(95,537,054)	(5,285,274)	-	(122,664,757)
	3,494,488	26,450,351	4,009,684	-	33,954,523
Use rights	300,131	947,215	-	-	1,247,346
Less accumulated amortization	(258,737)	(741,832)	-	-	(1,000,569)
Net use rights	41,394	205,383	-	-	246,777
Land	-	-	-	5,482,200	5,482,200
Net capital assets	3,535,882	26,655,734	4,009,684	5,482,200	39,683,500
Total assets	\$ 22,062,908	70,046,018	5,854,700	7,345,803	105,309,429

(Continued on following page)

Exhibit G-1-2
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Trustee Solid Waste Facilities Operations
Combining Schedule of Net Position
June 30, 2013

Liabilities and Net Position	Scholl Canyon Landfill	Calabasas Landfill	Los Angeles County Equipment Pool	Los Angeles County Refuse Disposal Fund	Total
Current liabilities:					
Accounts payable	\$ 632,171	555,674	943	19,030	1,207,818
Claims liabilities	57,309	107,804	-	27,582	192,695
Due to other funds	550,591	607,105	-	56,063	1,213,759
Total current liabilities	1,240,071	1,270,583	943	102,675	2,614,272
Long-term liabilities:					
Claims liabilities	57,309	107,804	-	27,582	192,695
Estimated liability for closure and postclosure costs	12,421,113	77,116,836	-	-	89,537,949
Total liabilities	13,718,493	78,495,223	943	130,257	92,344,916
Net position:					
Net investment in capital assets	3,535,882	26,655,734	5,466,548	5,482,200	41,140,364
Restricted for capital projects	600,000	-	-	70,000	670,000
Restricted for disposal fees	604,991	-	-	-	604,991
Restricted for equipment pool	-	-	387,209	-	387,209
Restricted for noncapital projects	3,603,542	-	-	-	3,603,542
Unrestricted	-	(35,104,939)	-	1,663,346	(33,441,593)
Total net position	8,344,415	(8,449,205)	5,853,757	7,215,546	12,964,513
Total liabilities and net position	\$ 22,062,908	70,046,018	5,854,700	7,345,803	105,309,429

Exhibit G-2
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Trustee Solid Waste Facilities Operations
Combining Schedule of Revenues, Expenses,
and Changes in Net Position
Fiscal year ended June 30, 2013

	Scholl Canyon Landfill	Calabasas Landfill	Los Angeles County Equipment Pool	Los Angeles County Refuse Disposal Fund	Total
Operating revenues:					
Commodities	\$ 20,171	24,818	-	-	44,989
Equipment pool	-	-	1,644,780	-	1,644,780
Refuse tipping fees	13,372,390	9,881,821	-	-	23,254,211
Other	-	-	-	16,500	16,500
Total operating revenues	13,392,561	9,906,639	1,644,780	16,500	24,960,480
Operating expenses:					
Chemicals	55	99	-	11	165
Depreciation and amortization of use rights	302,944	1,159,663	717,703	-	2,180,310
Equipment and vehicle rentals	1,184,914	1,243,588	8,450	25,148	2,462,100
Hazardous waste siting study	-	-	-	1,697,028	1,697,028
Insurance and claims	116,154	(165,395)	20,190	(49,041)	(78,092)
Landfill closure & postclosure costs	2,394,067	4,817,289	-	-	7,211,356
Materials and supplies	85,361	202,929	121,298	10,033	419,621
Operations, repairs and maintenance	562,693	1,380,809	566,467	(26,529)	2,483,440
Salaries and benefits	3,163,345	3,918,944	572,444	408,153	8,062,886
Services	417,098	597,240	9,504	38,138	1,061,980
Tonnage	3,118,214	-	-	-	3,118,214
Utilities	326,129	285,403	439	67,699	679,670
Total operating expenses	11,670,974	13,440,569	2,016,495	2,170,640	29,298,678
Operating income (loss)	1,721,587	(3,533,930)	(371,715)	(2,154,140)	(4,338,198)
Nonoperating revenues (expenses):					
Interest revenue	131,436	335,998	2,616	56,076	526,126
Loss on sale of equipment	-	-	(489,556)	-	(489,556)
Tax and assessment expense	(2,403,170)	(1,370,418)	-	(65,137)	(3,838,725)
Unrealized loss on investments	(218,734)	(723,344)	-	(29,250)	(971,328)
Net nonoperating expenses	(2,490,468)	(1,757,764)	(486,940)	(38,311)	(4,773,483)
Loss before transfers	(768,881)	(5,291,694)	(858,655)	(2,192,451)	(9,111,681)
Transfers in	-	679,673	-	-	679,673
Transfers out	-	-	-	(679,673)	(679,673)
Change in net position	(768,881)	(4,612,021)	(858,655)	(2,872,124)	(9,111,681)
Total net position, July 1, 2012	9,113,296	(3,837,184)	6,712,412	10,087,670	22,076,194
Total net position, June 30, 2013	\$ 8,344,415	(8,449,205)	5,853,757	7,215,546	12,964,513

Exhibit G-3
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Trustee Solid Waste Facilities Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2013

	Scholl Canyon Landfill	Calabasas Landfill	Los Angeles County Equipment Pool	Los Angeles County Refuse Disposal Fund	Total
Cash flows from operating activities:					
Receipts from customers and users	\$ 13,054,670	9,747,426	-	387,808	23,189,904
Receipts for equipment rental	-	-	1,644,780	-	1,644,780
Payments to suppliers	(4,580,852)	(2,574,589)	(729,298)	(1,772,106)	(9,656,845)
Payments to employees	(3,133,977)	(3,886,561)	(572,444)	(405,163)	(7,998,145)
Payment for equipment rental within the Districts	(1,182,151)	(1,239,282)	(8,417)	(24,728)	(2,454,578)
Net cash provided (used) by operating activities	<u>4,157,690</u>	<u>2,046,994</u>	<u>334,621</u>	<u>(1,814,189)</u>	<u>4,725,116</u>
Cash flows from noncapital financing activities:					
Payments for tax and assessment	(2,403,170)	(1,370,418)	-	(65,137)	(3,838,725)
Transfers from other funds	-	679,673	-	-	679,673
Transfers to other funds	-	-	-	(679,673)	(679,673)
Net cash used by noncapital financing activities	<u>(2,403,170)</u>	<u>(690,745)</u>	<u>-</u>	<u>(744,810)</u>	<u>(3,838,725)</u>
Cash flows from capital and related financing activities:					
Purchases of capital assets	(224,368)	(454,526)	(149,428)	(8)	(828,330)
Proceeds from sale of equipment	-	-	967,308	-	967,308
Net cash provided (used) by capital and related financing activities	<u>(224,368)</u>	<u>(454,526)</u>	<u>817,880</u>	<u>(8)</u>	<u>138,978</u>
Cash flows from investing activities:					
Interest received	142,058	374,631	1	55,872	572,562
Purchase of investments	(12,700,450)	(41,056,550)	-	(230,958)	(53,987,958)
Proceeds from maturities of investments	13,087,930	39,175,625	-	472,014	52,735,569
Net cash provided (used) by investing activities	<u>529,538</u>	<u>(1,506,294)</u>	<u>1</u>	<u>296,928</u>	<u>(679,827)</u>
Net increase (decrease) in cash and cash equivalents	2,059,690	(604,571)	1,152,502	(2,262,079)	345,542
Cash and cash equivalents at beginning of fiscal year	<u>2,765,786</u>	<u>2,828,203</u>	<u>689,379</u>	<u>2,446,881</u>	<u>8,730,249</u>
Cash and cash equivalents at end of fiscal year	<u>\$ 4,825,476</u>	<u>2,223,632</u>	<u>1,841,881</u>	<u>184,802</u>	<u>9,075,791</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 1,721,587	(3,533,930)	(371,715)	(2,154,140)	(4,338,198)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation and amortization	302,944	1,159,663	717,703	-	2,180,310
Landfill closure and postclosure costs	2,394,067	4,817,289	-	-	7,211,356
Decrease (increase) in accounts receivable	(337,891)	(159,213)	-	371,308	(125,796)
Increase (decrease) in accounts payable	(11,181)	(48,635)	(11,367)	14,785	(56,398)
Increase (decrease) in claims liabilities	58,796	(220,563)	-	(49,132)	(210,899)
Increase in due to other funds	29,368	32,383	-	2,990	64,741
Net cash provided (used) by operating activities	<u>\$ 4,157,690</u>	<u>2,046,994</u>	<u>334,621</u>	<u>(1,814,189)</u>	<u>4,725,116</u>
Schedule of noncash investing activity-					
Unrealized gain (loss) on fair value of investments	\$ (218,734)	(723,344)	-	(29,250)	(971,328)

Exhibit H-1
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Service Operations
Schedule of Net Position
June 30, 2013

Assets

Current assets:	
Cash in bank	\$ 169,900
Cash on hand	13,000
Cash and cash equivalents	<u>20,971,768</u>
Total unrestricted cash	<u>21,154,668</u>
Receivables:	
Accounts receivable	934,346
Due from other funds	40,741,669
Interest receivable	628,156
Inventory	18,032,383
Restricted cash and investments:	
Cash and cash equivalents	47,234,522
Specific investments	<u>261,380,821</u>
Total restricted cash and investments	<u>308,615,343</u>
Total current assets	<u>390,106,565</u>
Investment in joint ventures	10,222,524
Other assets	<u>113,780</u>
Capital assets:	
Buildings and equipment	10,381,560
Construction in progress	146,356,053
Capital improvements	3,460,055
Less accumulated depreciation	<u>(10,474,391)</u>
	<u>149,723,277</u>
Equipment pool	67,637,463
Less accumulated depreciation	<u>(35,059,814)</u>
Net equipment pool	<u>32,577,649</u>
Gas-to-energy facility	40,459,827
Less accumulated depreciation	<u>(1,002,438)</u>
Net gas-to-energy facility	<u>39,457,389</u>
Land	<u>28,341,721</u>
Net capital assets	<u>250,100,036</u>
Total assets	<u>\$ 650,542,905</u>

(Continued on following page)

Exhibit H-1-2
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Service Operations
Schedule of Net Position
June 30, 2013

Liabilities and Net Position

Current liabilities:	
Accounts payable	\$ 724,766
Accrued employee absences	10,066,080
Amounts held for others	1,794,377
Bonds payable	1,404,399
Construction contracts payable	3,212,734
Interest payable	6,475
Note payable	38,456
Other	850
	<hr/>
Total current liabilities	17,248,137
	<hr/>
Long-term liabilities:	
Accrued employee absences	30,198,240
Bonds payable, net	11,235,190
Note payable	1,414,151
	<hr/>
Total long-term liabilities	42,847,581
	<hr/>
Total liabilities	60,095,718
	<hr/>
Net position:	
Net investment in capital assets	239,471,310
Restricted for capital projects	24,500,000
Restricted for equipment pool	22,381,993
Restricted for noncapital projects	6,800,000
Unrestricted	297,293,884
	<hr/>
Total net position	590,447,187
	<hr/>
Total liabilities and net position	\$ 650,542,905
	<hr/> <hr/>

Exhibit H-2
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Service Operations
Schedule of Revenues, Expenses,
and Changes in Net Position
Fiscal year ended June 30, 2013

Operating revenues:	
Equipment pool	\$ 15,147,196
Sale of power	2,983,934
	<u>18,131,130</u>
Operating expenses:	
Depreciation	6,200,166
Equipment and vehicle rentals	139,959
Hazardous waste siting study	2,246,866
Insurance and claims	611,630
Materials and supplies	2,049,784
Operations, repairs and maintenance	8,243,626
Research and development	7,470
Salaries and benefits	5,199,419
Services	584,258
Utilities	166,688
	<u>25,449,866</u>
Operating loss	<u>(7,318,736)</u>
Nonoperating revenues (expenses):	
Interest revenue	3,317,297
Investment in joint ventures	3,039,221
Amortization of bond issuance costs	(12,094)
Interest expense	(272,787)
Loss on sale of equipment	(628,461)
Tax and assessment expense	(7,200)
Unrealized loss on investments	(2,118,912)
	<u>3,317,064</u>
Loss before transfers	(4,001,672)
Transfers in	<u>13,916,664</u>
Change in net position	9,914,992
Total net position, July 1, 2012	<u>580,532,195</u>
Total net position, June 30, 2013	<u>\$ 590,447,187</u>

Exhibit H-3
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Service Operations
Schedule of Cash Flows
Fiscal year ended June 30, 2013

Cash flows from operating activities:	
Receipts from customers and users	\$ 4,162,720
Receipts for equipment rental	15,147,196
Payments to suppliers	(15,140,243)
Payments to employees	(7,395,108)
	<u>(3,225,435)</u>
Net cash used by operating activities	
Cash flows from noncapital financing activities:	
Payments for tax and assessment	(7,200)
Transfers from other funds	13,916,664
	<u>13,909,464</u>
Net cash provided by noncapital financing activities	
Cash flows from capital and related financing activities:	
Purchases of capital assets	(37,698,108)
Receipt from joint venture	2,906,014
Interest paid on capital related debt	(273,507)
Principal payments on bonds	(1,404,399)
Principal payments on note	(35,774)
Proceeds from sale of equipment	2,855,486
	<u>(33,650,288)</u>
Net cash used by capital and related financing activities	
Cash flows from investing activities:	
Interest received	3,581,612
Purchase of investments	(224,891,322)
Proceeds from maturities/sale of investments	244,306,475
	<u>22,996,765</u>
Net cash provided by investing activities	
Net increase in cash and cash equivalents	
	30,506
Cash and cash equivalents at beginning of fiscal year	<u>68,358,684</u>
Cash and cash equivalents at end of fiscal year	<u>\$ 68,389,190</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ <u>(7,318,736)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	6,200,166
Decrease in accounts receivable	1,178,792
Increase in inventory	(556,539)
Increase in due from other funds	(2,173,137)
Decrease in accounts payable	(479,076)
Decrease in accrued employee absences	(22,558)
Decrease in amounts held for others	(54,347)
	<u>(3,225,435)</u>
Net cash used by operating activities	
Schedule of noncash investing activity-	
Unrealized loss on fair value of investments	\$ (2,118,912)
Investment from joint ventures	\$ 283,207

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STATISTICAL SECTION

This part of the County Sanitation Districts of Los Angeles County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the Districts' overall financial health.

Contents

	<u>Pages</u>
<u>Financial Trends</u> – These schedules contain trend information to help the reader understand how the Districts' financial performance and well-being have changed over time.	79-85
<u>Revenue Capacity</u> – These schedules contain information to help the reader assess the Districts' most significant revenue sources: service charges, solid waste tipping fees, and industrial waste surcharge fees.	86-91
<u>Debt Capacity</u> – These schedules present information to help the reader assess the affordability of the Districts' current levels of outstanding debt and the Districts' ability to issue additional debt in the future.	92-93
<u>Demographic and Economic Information</u> – These schedules offer demographic and economic indicators to help the reader understand the environment within which the Districts' financial activities take place.	94-97
<u>Operating Information</u> – These schedules contain information about the Districts' operations and resources to help the reader understand how the Districts' financial information relates to the services it provides and the activities it performs.	98-99

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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Schedule 1
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Net Position by Component
Last Ten Fiscal Years
(in thousands)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Primary government										
Invested in capital assets, net of related debt	\$ 1,289,021	\$ 1,396,501	\$1,457,823	\$ 1,529,822	\$ 1,604,625	\$ 1,794,938	\$ 1,846,438	\$ 2,043,959	\$ 2,176,888	\$ 2,163,967
Restricted	1,787,377	1,662,312	1,649,651	1,633,070	1,638,978	1,313,829	1,431,817	1,487,066	1,406,583	1,489,800
Unrestricted	<u>99,395</u>	<u>181,197</u>	<u>173,796</u>	<u>192,642</u>	<u>229,275</u>	<u>438,486</u>	<u>418,262</u>	<u>311,704</u>	<u>334,042</u>	<u>371,308</u>
Total government net position	<u>\$ 3,175,793</u>	<u>\$ 3,240,010</u>	<u>\$3,281,270</u>	<u>\$ 3,355,534</u>	<u>\$ 3,472,878</u>	<u>\$ 3,547,253</u>	<u>\$ 3,696,517</u>	<u>\$ 3,842,729</u>	<u>\$ 3,917,513</u>	<u>\$ 4,025,075</u>

Schedule 2
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Changes in Net Position
Last Ten Fiscal Years
(in thousands)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Sewerage Facilities Operations										
Operating Revenues	\$225,106	\$230,470	\$247,721	\$267,680	\$288,968	\$306,764	\$344,404	\$404,196	\$381,065	\$403,159
Operating Expenses	<u>247,628</u>	<u>267,864</u>	<u>310,814</u>	<u>307,554</u>	<u>333,948</u>	<u>337,728</u>	<u>326,733</u>	<u>334,071</u>	<u>345,114</u>	<u>349,726</u>
Operating Income/(Loss)	(22,522)	(37,394)	(63,093)	(39,874)	(44,980)	(30,964)	17,671	70,125	35,951	53,433
Total Net Nonoperating Revenues	<u>39,873</u>	<u>30,920</u>	<u>19,690</u>	<u>81,106</u>	<u>87,307</u>	<u>64,511</u>	<u>42,901</u>	<u>24,884</u>	<u>24,129</u>	<u>24,531</u>
Income/(Loss) Before Capital Contributions	17,351	(6,474)	(43,403)	41,232	42,327	33,547	60,572	95,009	60,080	77,964
Capital Contributions	45,417	35,380	48,629	28,780	29,694	21,966	25,163	18,144	19,453	26,113
Transfers	-	-	-	-	(2,733)	-	-	(280)	(364)	(3,604)
Change in Net Position	<u><u>62,768</u></u>	<u><u>28,906</u></u>	<u><u>5,226</u></u>	<u><u>70,012</u></u>	<u><u>69,288</u></u>	<u><u>55,513</u></u>	<u><u>85,735</u></u>	<u><u>112,873</u></u>	<u><u>79,169</u></u>	<u><u>100,473</u></u>
Solid Waste Facilities Operations										
Operating Revenues	178,515	196,024	211,645	216,579	225,061	202,312	197,481	171,763	169,919	167,915
Operating Expenses	<u>169,364</u>	<u>165,664</u>	<u>182,404</u>	<u>212,379</u>	<u>198,350</u>	<u>199,431</u>	<u>128,413</u>	<u>166,905</u>	<u>160,637</u>	<u>144,135</u>
Operating Income/(Loss)	9,151	30,360	29,241	4,200	26,711	2,881	69,068	4,858	9,282	23,780
Total Net Nonoperating Revenues/(Expenses)	<u>(8,532)</u>	<u>4,949</u>	<u>6,793</u>	<u>17,536</u>	<u>18,612</u>	<u>15,981</u>	<u>(7,039)</u>	<u>(2,917)</u>	<u>(14,030)</u>	<u>(20,295)</u>
Income Before Capital Contributions	619	35,309	36,034	21,736	45,323	18,862	62,029	1,941	(4,748)	3,485
Capital Contributions	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	2,733	-	-	280	364	3,604
Change in Net Position	<u><u>619</u></u>	<u><u>35,309</u></u>	<u><u>36,034</u></u>	<u><u>21,736</u></u>	<u><u>48,056</u></u>	<u><u>18,862</u></u>	<u><u>62,029</u></u>	<u><u>2,221</u></u>	<u><u>(4,384)</u></u>	<u><u>7,089</u></u>

Schedule 3
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Operating Revenues
Last Ten Fiscal Years
(in thousands)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Sewerage Facilities Operations										
Service Charges	\$151,246	\$162,772	\$177,177	\$194,902	\$217,996	\$237,218	\$268,269	\$297,494	\$295,831	\$318,035
Industrial Waste Surcharge	57,566	48,598	49,702	51,926	49,860	49,394	54,305	59,508	57,861	56,999
Contract Revenue	13,452	15,213	16,982	17,030	17,933	16,822	17,925	43,569	23,982	24,617
Sale of Energy	543	94	152	120	92	-	-	-	9	158
Other	2,299	3,793	3,708	3,702	3,087	3,330	3,905	3,625	3,382	3,350
Total Operating Revenue	225,106	230,470	247,721	267,680	288,968	306,764	344,404	404,196	381,065	403,159
Solid Waste Facilities Operations										
Refuse Tipping Fees	123,194	139,724	150,603	150,954	152,097	136,917	134,835	108,808	102,538	112,160
Sale of Energy	35,817	36,455	39,012	40,708	43,976	42,880	43,061	43,241	45,502	30,271
Equipment Pool	17,336	17,257	19,226	19,822	21,793	16,478	16,074	15,396	16,094	16,792
Commodities	1,724	2,083	2,351	3,483	4,717	3,247	2,898	4,025	5,343	7,275
Contract Revenue	197	175	229	298	337	27	27	44	75	925
Other	247	330	224	1,314	2,141	2,763	586	249	367	492
Total Operating Revenue	178,515	196,024	211,645	216,579	225,061	202,312	197,481	171,763	169,919	167,915

Schedule 4
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Operating Expenses
Last Ten Fiscal Years
(in thousands)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Sewerage Facilities Operations										
Salaries and Benefits	\$ 94,720	\$ 98,858	\$ 106,994	\$ 109,235	\$ 131,754	\$ 135,300	\$ 145,037	\$ 144,436	\$ 153,633	\$ 155,204
Services	40,650	42,048	62,400	55,492	54,662	49,836	43,466	45,139	41,156	41,800
Materials, Supplies, and Chemicals	29,334	32,040	33,429	33,902	41,263	44,778	37,731	41,868	43,909	45,574
Utilities	19,710	22,334	23,920	23,463	25,206	26,053	21,282	19,567	20,109	20,700
Operations, Repairs, and Maintenance	14,080	12,423	15,485	19,354	17,520	16,971	10,530	10,608	13,556	9,426
Research and Development	7,922	8,128	9,191	5,593	5,477	5,289	5,693	6,154	5,656	5,549
Miscellaneous (1)	5,536	6,932	10,368	7,852	7,028	8,290	6,995	7,896	6,941	9,165
Subtotal, Expenses before Depreciation	<u>211,952</u>	<u>222,763</u>	<u>261,787</u>	<u>254,891</u>	<u>282,910</u>	<u>286,517</u>	<u>270,734</u>	<u>275,668</u>	<u>284,960</u>	<u>287,418</u>
Depreciation and Amortization of Use Rights	<u>35,676</u>	<u>45,101</u>	<u>49,027</u>	<u>52,663</u>	<u>51,038</u>	<u>51,211</u>	<u>55,999</u>	<u>58,403</u>	<u>60,184</u>	<u>62,308</u>
Total Operating Expenses	<u><u>247,628</u></u>	<u><u>267,864</u></u>	<u><u>310,814</u></u>	<u><u>307,554</u></u>	<u><u>333,948</u></u>	<u><u>337,728</u></u>	<u><u>326,733</u></u>	<u><u>334,071</u></u>	<u><u>345,144</u></u>	<u><u>349,726</u></u>
Solid Waste Facilities Operations										
Salaries and Benefits	30,500	32,445	35,828	38,192	49,333	48,932	45,464	45,107	43,816	40,548
Services	25,752	26,583	30,109	34,685	35,347	27,493	21,524	19,972	17,344	20,668
Operations, Repairs, and Maintenance	24,392	28,901	29,567	29,284	21,752	20,950	18,385	44,609	23,960	21,844
Equipment and Vehicle Rentals	17,084	17,462	19,007	19,292	22,236	16,086	13,721	12,345	12,437	11,752
Landfill Closure and Postclosure Costs	24,520	15,306	13,483	41,376	11,655	34,350	(10,217)	4,193	23,894	8,842
Materials, Supplies, and Chemicals	5,061	5,910	5,922	5,794	6,801	5,283	5,183	5,074	5,258	5,813
Miscellaneous (2)	11,295	10,968	10,902	10,085	12,561	12,686	9,055	11,662	10,446	12,242
Subtotal, Expenses before Depreciation	<u>138,604</u>	<u>137,575</u>	<u>144,818</u>	<u>178,708</u>	<u>159,685</u>	<u>165,780</u>	<u>103,115</u>	<u>142,962</u>	<u>137,155</u>	<u>121,709</u>
Depreciation and Amortization of Use Rights	<u>30,760</u>	<u>28,089</u>	<u>37,586</u>	<u>33,671</u>	<u>38,665</u>	<u>33,651</u>	<u>25,298</u>	<u>23,943</u>	<u>23,482</u>	<u>22,426</u>
Total Operating Expenses	<u><u>169,364</u></u>	<u><u>165,664</u></u>	<u><u>182,404</u></u>	<u><u>212,379</u></u>	<u><u>198,350</u></u>	<u><u>199,431</u></u>	<u><u>128,413</u></u>	<u><u>166,905</u></u>	<u><u>160,637</u></u>	<u><u>144,135</u></u>

(1) Miscellaneous expenses includes insurance and claims, equipment and vehicle rentals, pollution remediation costs, and charges for collections.

(2) Miscellaneous expenses includes utilities, research and development, insurance and claims, tonnage, and hazardous waste siting study.

Schedule 5
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Nonoperating Revenues and Expenses
Last Ten Fiscal Years
(in thousands)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Sewerage Facilities Operations										
Interest Revenue	\$ 36,687	\$ 40,626	\$ 50,492	\$ 52,181	\$ 64,067	\$ 39,919	\$ 21,170	\$ 17,608	\$ 11,512	\$ 7,681
Tax Revenue	38,375	8,584	14,456	49,116	54,012	59,328	60,493	53,197	54,770	68,435
Other Nonoperating Revenue	24,092	15,268	6,057	4,329	4,129	3,799	3,523	3,132	4,610	4,340
Interest Expense	(32,929)	(29,180)	(33,674)	(36,768)	(40,888)	(40,455)	(39,200)	(38,129)	(39,719)	(42,236)
Unrealized Gain/(Loss) on Investments	(24,933)	(2,910)	(16,125)	21,601	12,997	2,695	(1,484)	(2,967)	(2,634)	(9,927)
Tax and Assessment Expense	(113)	(165)	(214)	(2,706)	(5,704)	527	(300)	(305)	(339)	(106)
Other Nonoperating Expense	(1,306)	(1,303)	(1,302)	(6,647)	(1,306)	(1,302)	(1,301)	(7,652)	(4,071)	(3,656)
Total Net Nonoperating Revenue	<u>39,873</u>	<u>30,920</u>	<u>19,690</u>	<u>81,106</u>	<u>87,307</u>	<u>64,511</u>	<u>42,901</u>	<u>24,884</u>	<u>24,129</u>	<u>24,531</u>
Solid Waste Facilities Operations										
Interest Revenue	35,273	34,319	40,443	46,998	43,431	33,487	24,462	17,661	12,429	8,458
Gain on Investments	4,202	3,077	1,258	717	2,306	3,617	3,078	1,995	513	3,039
Other Nonoperating Revenue	1,422	1,763	18,582	-	-	585	1,259	442	-	-
Tax and Assessment Expense	(28,028)	(31,393)	(33,735)	(27,056)	(37,457)	(27,256)	(24,241)	(20,426)	(20,940)	(20,793)
Unrealized Gain/(Loss) on Investments	(20,449)	(2,430)	(16,789)	11,480	12,960	6,701	(2,654)	(1,131)	(3,912)	(9,563)
Interest Expense	(143)	(97)	(90)	(1,291)	(1,390)	(913)	(1,889)	(364)	(335)	(307)
Other Nonoperating Expense	(809)	(290)	(2,876)	(13,312)	(1,238)	(240)	(7,054)	(1,094)	(1,785)	(1,129)
Total Net Nonoperating Revenue/(Expense)	<u>(8,532)</u>	<u>4,949</u>	<u>6,793</u>	<u>17,536</u>	<u>18,612</u>	<u>15,981</u>	<u>(7,039)</u>	<u>(2,917)</u>	<u>(14,030)</u>	<u>(20,295)</u>

Schedule 6
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Changes in Cash and Cash Equivalents
Last Ten Fiscal Years
(in thousands)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Cash Flows from Operating Activities										
Receipts from customers and users	\$ 374,047	\$403,667	\$434,096	\$ 467,635	\$ 486,427	\$ 492,780	\$ 516,600	\$ 562,483	\$ 529,296	\$ 565,158
Receipts for equipment rental	17,337	17,257	19,226	19,822	21,793	16,478	16,074	15,396	16,094	16,792
Payments to suppliers	(185,186)	(200,749)	(221,621)	(232,593)	(220,584)	(216,214)	(188,534)	(209,396)	(187,623)	(191,064)
Payments to employees	(104,876)	(120,816)	(140,675)	(145,723)	(179,225)	(182,367)	(191,919)	(188,357)	(196,690)	(195,775)
Payments applied to closure/postclosure liability	(8,120)	(9,834)	(8,396)	(7,509)	(8,874)	(8,143)	(6,254)	(6,357)	(6,567)	(5,722)
Payment for equipment rental within the Districts	(17,087)	(17,026)	(19,023)	(19,687)	(21,571)	(16,268)	(15,733)	(14,973)	(16,912)	(16,412)
Other payments	(134)	(136)	(35)	(39)	(37)	(42)	(38)	(34)	(19)	(19)
Net cash provided (used) by operating activities	75,981	72,363	63,572	81,906	77,929	86,224	130,196	158,762	137,579	172,958
Cash Flows from Noncapital Financing Activities										
Receipts from property taxes	38,188	8,437	11,861	49,694	52,739	58,064	61,672	54,337	53,784	71,082
Payments for tax and assessment	(28,140)	(31,617)	(33,948)	(29,762)	(38,611)	(28,249)	(25,298)	(21,491)	(21,649)	(20,898)
Net cash provided (used) by noncapital financing activities	10,048	(23,180)	(22,087)	19,932	14,128	29,815	36,374	32,846	32,135	50,184
Cash Flows from Capital and Related Financing Activities										
Borrowings on loan from state	43,961	33,103	21,581	15,214	50,045	49,582	64,662	37,094	10,664	2,351
Proceeds on bond sales	-	25,582	189,647	136,191	-	19,661	-	-	151,280	-
Contract proceeds from County of Los Angeles	-	-	17,169	2,040	10,513	2,613	2,709	361	-	-
Bond issuance costs	(238)	(528)	(2,366)	(1,437)	-	(162)	-	-	(717)	-
Purchases of capital assets	(183,671)	(175,552)	(215,422)	(203,455)	(242,914)	(351,829)	(305,465)	(261,729)	(168,072)	(134,346)
Principal payments on contracts/note	(2,422)	-	(1,100)	(1,265)	(1,365)	-	(1,643)	(743)	(713)	(316)
Connection fees proceeds	28,913	32,675	38,068	28,780	29,694	21,966	21,908	18,105	19,453	25,918
Grant proceeds	4,853	11	15,381	-	-	-	2,872	39	-	195
Interest paid on capital-related debt	(27,044)	(29,029)	(31,229)	(36,789)	(42,192)	(41,527)	(39,179)	(36,456)	(34,710)	(35,059)
Payment to joint venture	(948)	(17,992)	(9,370)	(4,916)	(2,957)	(1,586)	(1,363)	-	-	-
Principal payments on bonds	(11,870)	(13,395)	(14,190)	(15,130)	(15,870)	(18,684)	(19,364)	(22,559)	(174,229)	(24,744)
Principal payments on loan from state	(11,384)	(23,370)	(25,628)	(19,713)	(21,763)	(24,142)	(26,933)	(27,459)	(28,270)	(31,689)
Payment per joint powers agreement	-	-	-	(7,476)	-	-	(6,250)	-	-	-
Proceeds from sale of assets/equipment	280	154	196	325	459	144	758	329	4,080	3,823
Receipts from joint venture	4,410	3,352	1,458	867	2,456	3,767	3,229	2,170	165	2,306
Receipts from lease receivable	3,077	2,413	2,754	6,222	6,033	-	-	-	-	-
Receipts from settlement	-	-	-	-	-	-	-	1,508	-	-
Net cash provided (used) by capital and related financing activities	(152,083)	(162,576)	(13,051)	(100,542)	(227,861)	(340,197)	(304,059)	(289,340)	(221,069)	(191,561)
Cash Flows from Investing Activities										
Interest received	70,350	67,011	81,286	93,788	107,929	81,011	53,846	36,161	31,520	16,468
Purchases of investments	(929,230)	(592,805)	(223,111)	(344,260)	(284,659)	(468,733)	(1,630,212)	(990,755)	(1,363,978)	(1,490,217)
Proceeds from maturities of investments	887,008	621,411	251,214	473,881	1,076,949	352,952	1,471,080	918,392	1,160,068	1,298,975
Net cash provided (used) by investing activities	28,128	95,617	109,389	223,409	900,219	(34,770)	(105,286)	(36,202)	(172,390)	(174,774)
Net increase (decrease) in cash and cash equivalents	(37,926)	(17,776)	137,823	224,705	764,415	(258,928)	(242,775)	(133,934)	(223,745)	(143,193)
Cash and cash equivalents at beginning of fiscal year	589,862	551,936	534,160	671,983	896,688	1,661,103	1,402,175	1,159,400	1,025,466	801,721
Cash and cash equivalents at end of fiscal year	\$ 551,936	\$534,160	\$671,983	\$ 896,688	\$1,661,103	\$1,402,175	\$1,159,400	\$1,025,466	\$ 801,721	\$ 658,528

Schedule 7
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Annual Capital Contributions by Source
Last Ten Fiscal Years
(in thousands)

<u>Fiscal Year</u>	<u>Connection Fees</u>	<u>Federal Capital Grants</u>	<u>Donated Property</u>	<u>Total</u>
2004	\$ 28,913	\$ 8,693	\$ 7,811	\$ 45,417
2005	34,588	395	397	35,380
2006	38,069	10,560	-	48,629
2007	28,780	-	-	28,780
2008	29,694	-	-	29,694
2009	21,966	-	-	21,966
2010	21,908	2,872	-	24,780
2011	18,105	39	-	18,144
2012	19,453	-	-	19,453
2013	25,918	195	-	26,113

Schedule 8
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Total Sewerage Units, Solid Waste Received, and Industrial Waste Flow

Fiscal Year	Total Sewerage Units (1)	Solid Waste Disposal Tonnages (2)	Industrial Waste Flow (3)	Average Rates	
				Sewerage (4)	Solid Waste (5)
2004	1,762,045	5.17	68.98	\$ 87.12	\$ 24.73
2005	1,772,874	5.44	76.90	93.78	26.58
2006	1,781,738	5.41	73.67	101.12	28.08
2007	1,780,055	5.24	64.28	110.20	29.68
2008	1,815,268	4.83	58.93	123.36	32.80
2009	1,911,917	3.83	59.43	139.69	37.05
2010	1,900,566	3.26	58.34	158.20	41.07
2011	1,899,311	2.49	55.76	194.26	41.81
2012	1,909,355	2.49	57.29	207.11	41.56
2013	1,905,839	2.82	N/A	236.53	40.90

(1) See Schedule 10 for breakdown by district.

(2) Millions of tons per year.

(3) Million gallons per day. Information for Fiscal Year 2012/2013 not available until 2014.

(4) Dollars per single-family home per year. Weighted average of all districts; see Schedule 9 for breakdown by district. See Schedule 12 for industrial wastewater treatment surcharge rates.

(5) Per ton. Weighted average of all landfills; see Schedule 11 for breakdown by landfill.

Schedule 9
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Service Charge Rates (dollars per single-family home per year)
Last Ten Fiscal Years

District ¹	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
1	\$ 87.00	\$ 94.25	\$101.50	\$108.75	\$116.00	\$126.00	\$138.00	\$152.00	\$154.00	\$156.00
2	85.00	91.50	98.00	104.50	111.00	121.00	133.00	147.00	148.00	149.00
3	84.00	91.00	98.00	105.00	112.00	122.00	134.00	148.00	150.00	152.00
4	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00
5	83.00	87.25	91.50	95.75	100.00	108.00	118.00	130.00	132.00	134.00
8	79.00	84.00	89.00	94.00	99.00	109.00	121.00	135.00	139.00	143.00
9	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00
14	67.00	98.00	129.00	160.00	210.00	260.00	310.00	360.00	360.00	448.00
15	83.00	88.00	93.00	98.00	103.00	110.00	119.00	130.00	132.00	134.00
16	86.00	91.00	96.00	101.00	106.00	113.00	122.00	133.00	135.00	137.00
17	87.00	92.00	97.00	102.00	107.00	114.00	123.00	134.00	136.00	138.00
18	82.00	89.50	97.00	104.50	112.00	122.00	134.00	148.00	149.00	150.00
19	85.00	91.25	97.50	103.75	110.00	120.00	132.00	146.00	148.00	150.00
20	71.00	101.00	131.00	161.00	216.00	271.00	326.00	381.00	429.00	477.00
21	83.00	89.50	96.00	102.50	109.00	119.00	131.00	145.00	146.00	147.00
22	86.00	92.75	99.50	106.25	113.00	121.00	131.00	143.00	145.00	147.00
23	61.00	67.00	73.00	79.00	85.00	92.00	101.00	112.00	114.00	116.00
26 ²	114.00	118.00	-	-	-	-	-	-	-	-
28 ³	308.00	308.00	308.00	308.00	308.00	315.00	324.00	335.00	336.00	337.00
28 ³	100.00	100.00	100.00	100.00	100.00	107.00	116.00	127.00	128.00	129.00
29	102.00	115.25	128.50	141.75	201.75	261.75	321.75	327.75	333.75	339.75
30	84.00	86.00	88.00	90.00	92.00	99.00	108.00	119.00	120.00	121.00
32 ²	116.00	119.00	-	-	-	-	-	-	-	-
SCV ²	-	-	122.00	141.00	160.00	179.00	199.00	199.00	215.00	231.00

- (1) District No. 27 does not have any service charge rate in effect, as its other revenues have been sufficient to meet expenses. District No. 27 does have a Master Service Charge Ordinance in place should the need for a service charge arise.
- (2) On July 1, 2005, District Nos. 26 and 32 consolidated into a single district, known as the Santa Clarita Valley Sanitation District of Los Angeles County.
- (3) Beginning in Fiscal Year 1999-00, District No. 28 had two service charge rates. The first rate is for those users directly connected to the La Canada Outfall Trunk Sewer or the Foothill Main Trunk Sewer or tributary to the La Canada WRP; the second is for those users within the City of La Canada Flintridge Assessment District.

Schedule 10
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Number of Sewage Units
Last Ten Fiscal Years

District ¹	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
1	136,671	135,705	135,738	136,159	137,336	142,916	143,577	142,747	142,853	143,258
2	202,750	202,704	202,748	202,938	204,343	215,916	215,348	214,597	214,923	215,551
3	164,062	166,135	166,680	167,181	172,709	179,758	179,295	178,736	180,446	179,597
4	20,683	21,200	21,306	21,298	21,677	22,692	22,643	22,675	22,767	23,778
5	250,158	254,242	253,735	250,885	253,285	267,927	266,577	267,358	267,878	268,676
8	57,406	57,206	57,331	57,207	57,762	60,556	61,652	60,059	60,029	59,831
9	906	899	908	911	917	917	909	911	1,254	1,273
14	54,416	55,148	55,975	57,654	62,753	66,216	66,803	67,362	67,880	66,680
15	177,564	178,324	180,107	177,422	180,866	188,796	187,478	186,848	187,229	186,714
16	104,700	104,065	105,106	105,071	105,766	113,412	113,124	113,225	114,751	113,741
17	14,520	14,574	14,605	14,533	14,701	15,634	15,485	14,958	14,926	15,064
18	119,372	119,287	119,911	119,358	119,949	125,216	123,601	123,578	123,789	121,399
19	33,647	34,410	34,754	35,102	35,406	37,658	37,140	37,103	37,335	37,761
20	36,331	35,792	36,329	38,232	40,099	42,156	42,079	42,082	42,658	42,854
21	142,791	143,311	143,954	143,027	144,323	151,966	150,530	150,858	151,244	149,715
22	119,453	119,489	119,568	118,182	121,671	125,271	124,263	124,500	125,206	125,193
23	3,101	3,121	3,124	3,043	3,071	3,127	3,298	3,220	3,308	3,270
26 ²	35,129	35,899	-	-	-	-	-	-	-	-
28 ³	1,459	1,459	1,477	1,489	1,503	1,560	1,562	1,566	1,584	1,611
28 ³	912	1,220	1,344	1,675	2,478	3,238	3,254	3,276	2,830	2,881
29	4,529	4,655	4,702	4,749	4,934	5,454	5,411	5,349	5,430	5,515
30	48,201	48,443	48,604	48,481	49,018	53,537	50,584	50,314	50,631	50,864
32 ²	34,196	36,806	-	-	-	-	-	-	-	-
SCV ²	-	-	74,886	77,133	83,179	91,232	89,207	91,265	93,234	93,494

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- (1) District No. 27 does not have any service charge rate in effect, as its other revenues have been sufficient to meet expenses. District No. 27 does have a Master Service Charge Ordinance in place should the need for a service charge arise.
- (2) On July 1, 2005, District Nos. 26 and 32 consolidated into a single district, known as the Santa Clarita Valley Sanitation District of Los Angeles County.
- (3) Beginning in Fiscal Year 1999-00, District No. 28 had two service charge rates. The first rate is for those users directly connected to the La Canada Outfall Trunk Sewer or the Foothill Main Trunk Sewer or tributary to the La Canada WRP; the second is for those users within the City of La Canada Flintridge Assessment District.

Schedule 11
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Solid Waste Rates (per ton; effective start of fiscal year unless otherwise noted)
Last Ten Fiscal Years

Facility (projected or actual closure date)	Fiscal Year									
	2004 ¹	2005	2006	2007 ⁵	2008 ⁶	2009 ⁷	2010 ⁸	2011	2012	2013
Puente Hills Landfill (2013)	\$20.88	\$22.65 ²	\$24.43 ⁴	\$26.21	\$29.42	\$33.86	\$38.26	\$38.26	\$38.41 ¹⁰	\$38.41
Puente Hills MRF	0.00	22.65 ²	24.43 ⁴	26.21	29.42	33.86	38.26	42.14 ⁹	42.44 ¹⁰	42.44
South Gate Transfer Station	32.98	34.77 ²	36.55 ⁴	38.33	41.54	45.98	50.38	50.38	50.68 ¹⁰	51.91 ¹¹
DART Facility	36.75	38.54 ²	40.32 ⁴	42.10	45.31	49.75	54.15	54.15	54.45 ¹⁰	54.45
Scholl Canyon Landfill (2020)	31.67	33.77 ²	33.77	36.93	40.07	44.83	48.99	48.99	49.18 ¹⁰	49.18
Calabasas Landfill (2023)	26.35	28.57 ³	31.17 ⁴	33.38	36.42	38.88	40.82	40.82	40.82	40.82

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- (1) Rates effective November 1, 2003.
- (2) Rates effective January 1, 2005.
- (3) Rate effective April 1, 2005.
- (4) Rates effective January 1, 2006.
- (5) Rates effective January 1, 2007.
- (6) Rates effective January 1, 2008.
- (7) Rates effective January 1, 2009 (Scholl Canyon Landfill January 9, 2009).
- (8) Rates effective January 1, 2010 (Scholl Canyon Landfill February 12, 2010).
- (9) Rate effective January 1, 2011.
- (10) Rate effective January 1, 2012.
- (11) Rate effective February 1, 2013.

Schedule 12
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Industrial Wastewater Treatment Surcharge Rates
Last Ten Fiscal Years

District	Unit Rate	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	
JO ¹	(a) Dollars/Million Gallons (Volume)	\$ 447.00	\$ 478.00	\$ 509.00	\$ 540.00	\$ 571.00	\$ 619.00	\$ 619.00	\$ 746.00	\$ 755.00	\$ 764.00	
	(b) Dollars/1,000 lbs. of Chemical Oxygen Demand (COD)	79.00	84.50	90.00	95.50	101.00	109.40	109.40	131.90	133.50	135.10	
	(c) Dollars/1,000 lbs. of Suspended Solids (SS)	223.40	238.90	254.40	269.90	285.40	309.20	309.20	372.70	377.40	382.10	
	(d) Dollars per Gallon per Minute of Peak Flow (P)	59.40	63.50	67.60	71.70	75.80	82.10	82.10	98.90	100.10	101.30	
	Flat Rate Charge in Dollars/Million Gallons	1,894.00	2,026.00	2,158.00	2,290.00	2,422.00	2,624.00	2,624.00	3,163.00	3,203.00	3,243.00	
	Sanitary Flow Charge per Employee	0.019	0.021	0.021	0.022	0.025	0.027	0.027	0.032	0.033	0.033	
	Hospital (Acute) Dollars/Bed	149.40	159.80	170.17	180.55	190.92	206.90	206.90	249.30	252.40	255.40	
	Hospital (Intermediate) Dollars/Bed	47.80	51.20	54.55	57.87	61.20	66.30	66.30	79.90	80.90	81.90	
	4	(a) Dollars/Million Gallons (Volume)	528.00	528.00	528.00	528.00	528.00	528.00	528.00	528.00	528.00	528.00
		(b) Dollars/1,000 lbs. of Chemical Oxygen Demand (COD)	111.20	111.20	111.20	111.20	111.20	111.20	111.20	111.20	111.20	111.20
(c) Dollars/1,000 lbs. of Suspended Solids (SS)		335.30	335.30	335.30	335.30	335.30	335.30	335.30	335.30	335.30	335.30	
(d) Dollars per Gallon per Minute of Peak Flow (P)		45.60	45.60	45.60	45.60	45.60	45.60	45.60	45.60	45.60	45.60	
Flat Rate Charge in Dollars/Million Gallons		2,129.00	2,129.00	2,129.00	2,129.00	2,129.00	2,129.00	2,129.00	2,129.00	2,129.00	2,129.00	
Sanitary Flow Charge per Employee		0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026	0.026	
Hospital (Acute) Dollars/Bed		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Hospital (Intermediate) Dollars/Bed		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
14		(a) Dollars/Million Gallons (Volume)	444.00	649.00	855.00	1,060.00	1,391.00	1,722.00	1,722.00	2,384.00	2,384.00	2,967.00
		(b) Dollars/1,000 lbs. of Chemical Oxygen Demand (COD)	49.90	73.00	96.10	119.20	156.50	193.80	193.80	268.40	268.40	334.00
	(c) Dollars/1,000 lbs. of Suspended Solids (SS)	120.60	176.40	232.20	288.00	378.00	468.00	468.00	648.00	648.00	806.40	
	(d) Dollars per Gallon per Minute of Peak Flow (P)	85.00	124.80	164.40	203.80	267.50	331.20	331.20	458.60	458.60	570.70	
	Flat Rate Charge in Dollars/Million Gallons	987.00	1,444.00	1,900.00	2,357.00	3,094.00	3,831.00	3,831.00	5,305.00	5,305.00	6,602.00	
	Sanitary Flow Charge per Employee	0.014	0.020	0.027	0.033	0.044	0.054	0.054	0.075	0.075	0.093	
	Hospital (Acute) Dollars/Bed	126.10	184.60	243.11	301.44	395.65	489.86	489.86	678.30	678.30	844.10	
	Hospital (Intermediate) Dollars/Bed	38.50	56.35	74.21	92.02	120.77	149.53	149.53	207.00	207.00	257.70	
	20	(a) Dollars/Million Gallons (Volume)	324.00	461.00	598.00	735.00	986.00	1,237.00	1,237.00	1,739.00	1,958.00	2,177.00
		(b) Dollars/1,000 lbs. of Chemical Oxygen Demand (COD)	72.30	102.80	133.40	163.90	219.90	275.90	275.90	387.90	436.80	485.60
(c) Dollars/1,000 lbs. of Suspended Solids (SS)		145.20	206.60	267.90	329.30	441.80	554.30	554.30	779.30	877.50	975.70	
(d) Dollars per Gallon per Minute of Peak Flow (P)		69.10	98.40	127.40	156.70	210.20	263.70	263.70	370.70	417.40	464.10	
Flat Rate Charge in Dollars/Million Gallons		1,031.00	1,467.00	1,902.00	2,338.00	3,137.00	3,936.00	3,936.00	5,534.00	6,231.00	6,928.00	
Sanitary Flow Charge per Employee		0.015	0.021	0.027	0.033	0.044	0.055	0.055	0.077	0.087	0.097	
Hospital (Acute) Dollars/Bed		123.50	175.66	227.79	279.99	375.62	471.26	471.26	662.50	746.00	829.40	
Hospital (Intermediate) Dollars/Bed		38.00	54.13	70.19	86.27	115.75	145.21	145.21	204.10	229.90	255.60	
SCV ²		(a) Dollars/Million Gallons (Volume)	453.00	461.00	469.00	542.00	615.00	688.00	688.00	765.00	861.00	903.00
		(b) Dollars/1,000 lbs. of Chemical Oxygen Demand (COD)	98.90	102.80	106.80	123.40	140.10	156.70	156.70	174.20	196.10	205.70
	(c) Dollars/1,000 lbs. of Suspended Solids (SS)	248.40	256.20	264.10	305.20	346.40	385.50	385.50	428.60	482.40	506.10	
	(d) Dollars per Gallon per Minute of Peak Flow (P)	62.00	64.10	66.30	76.60	87.00	97.30	97.30	108.20	121.80	127.80	
	Flat Rate Charge in Dollars/Million Gallons	1,542.00	1,556.00	1,589.00	1,836.00	2,084.00	2,331.00	2,331.00	2,591.00	2,917.00	3,060.00	
	Sanitary Flow Charge per Employee	0.021	0.022	0.023	0.026	0.030	0.033	0.033	0.037	0.042	0.044	
	Hospital (Acute) Dollars/Bed	163.52	171.20	176.31	203.74	231.27	258.41	258.41	287.29	323.40	339.20	
	Hospital (Intermediate) Dollars/Bed	52.17	54.58	56.21	64.94	73.71	82.31	82.31	91.50	103.00	108.00	

Notes: The flat rate charge is applicable to industrial discharges whose yearly flow does not exceed 6 million gallons (in lieu of formula). The sanitary flow charge is paid by industrial dischargers whose domestic wastewater Annual wastewater treatment surcharge is computed by the following (simplified) formula: a(V) + b(COD) + c(SS) + d(P)

(1) JO = Joint Outfall Districts, which consist of Districts 1, 2, 3, 5, 8, 15, 16, 17, 18, 19, 21, 22, 23, 28, 29, 34, and South Bay Cities.

(2) SCV = Santa Clarita Valley Districts.

Schedule 13
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Ten Largest Customers
Current Year and Nine Years Ago

Fiscal Year 2013

Solid Waste Management Facilities Revenue			Wastewater Treatment Facilities Revenue		
Customer	Amount	%	Customer	Amount	%
Athens Disposal	\$ 20,633,118	18.40%	Exxon Mobil Oil Corp.	\$ 3,897,303	6.84%
County Sanitation Districts	9,130,574	8.14%	BP West Coast Products - Carson	2,917,334	5.12%
NASA Disposal Service, Inc.	2,477,408	2.21%	MillerCoors LLC	1,735,205	3.04%
City of Glendale	2,270,684	2.02%	Tesoro Refining & Mktg.	1,648,191	2.89%
Metro Waste/Calmet Services	1,697,830	1.51%	Demunno Kerdoon	1,582,337	2.78%
Key Disposal	1,631,796	1.45%	California State Prison	1,360,173	2.39%
United Pacific Waste	1,563,646	1.39%	Phillips 66 Company	1,345,601	2.36%
Universal Waste Systems	1,409,903	1.26%	Clougherty Packing	1,241,470	2.18%
City of Pasadena	1,381,372	1.23%	Cacique, Inc.	1,206,989	2.12%
Burrtec Waste Services	1,316,265	1.17%	Alta-Dena Certified Dairy	1,137,335	2.00%
Subtotal (10 largest)	43,512,596	38.80%	Subtotal (10 largest)	18,071,938	31.71%
Balance from other customers	68,647,437	61.20%	Balance from other customers	38,927,166	68.29%
Grand total	<u>\$112,160,033</u>	<u>100.00%</u>	Grand total	<u>\$ 56,999,104</u>	<u>100.00%</u>

Fiscal Year 2004

Solid Waste Management Facilities Revenue			Wastewater Treatment Facilities Revenue		
Customer	Amount	%	Customer	Amount	%
Calmet/Calsan	\$ 8,379,594	6.80%	Miller Brewing	\$ 2,478,540	4.31%
Waste Management	7,173,929	5.82%	Smurfit Newsprint Corporation of California	2,251,427	3.91%
United Waste Recycling	6,405,283	5.20%	Exxon Mobil Oil Corp.	1,899,210	3.30%
Athens Disposal	4,890,602	3.97%	ARCO Products	1,656,124	2.88%
Grand Central Recycling & Transfer	4,337,034	3.52%	Shell Oil	1,263,743	2.20%
BFI Waste Systems	2,693,234	2.19%	Clougherty Packing	1,066,989	1.85%
City of Glendale	2,665,800	2.16%	Conoco Phillips Co.	936,552	1.63%
Crown Disposal Co., Inc.	2,476,426	2.01%	Jefferson Smurfit Corp. (US)	856,920	1.49%
Ecology Auto-Waste	2,013,318	1.63%	Yoplait/Colombo - A Division of General Mills	823,146	1.43%
Universal Waste Systems	1,995,210	1.62%	Oil Operators, Inc.	747,760	1.30%
Subtotal (10 largest)	43,030,430	34.93%	Subtotal (10 largest)	13,980,411	24.29%
Balance from other customers	80,163,250	65.07%	Balance from other customers	43,585,231	75.71%
Grand total	<u>\$123,193,680</u>	<u>100.00%</u>	Grand total	<u>\$ 57,565,642</u>	<u>100.00%</u>

Schedule 14
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands, except Per Capita)

Fiscal Year	General Obligation Bonds	Per Capita	As a Share of Personal Income	Revenue Bonds	Notes/ Contracts	State Revolving Fund Loans	Total ⁽¹⁾		
							Amount	Per Capita	As a Share of Personal Income
2004	\$ 170	\$ 0.02	0.00%	\$ 433,075	\$ -	\$ 343,519	\$ 776,764	\$ 76.88	0.24%
2005	85	0.01	0.00%	445,070	-	355,942	801,097	78.34	0.23%
2006	-	-	0.00%	613,880	17,482	353,376	984,738	96.11	0.27%
2007	-	-	0.00%	733,265	18,258	347,866	1,099,389	106.41	0.29%
2008	-	-	0.00%	729,331	27,406	346,056	1,102,793	106.41	0.27%
2009	-	-	0.00%	727,541	30,019	371,496	1,129,056	108.64	0.29%
2010	-	-	0.00%	705,686	32,670	411,581	1,149,937	110.14	0.28%
2011	-	-	0.00%	681,028	1,522	423,604	1,106,154	112.21	0.26%
2012	-	-	0.00%	654,476	1,978	411,971	1,068,425	107.79	0.25%
2013	-	-	0.00%	627,099	1,663	388,237	1,016,999	102.07	0.23%

Source: California Statistical Abstract - California Department of Finance

(1) Includes general bonded debt.

Schedule 15
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Wastewater Pledged-Revenue Coverage
Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
REVENUE SOURCES⁽¹⁾										
Ad Valorem Tax	\$ 38,376	\$ 8,584	\$ 14,456	\$ 49,116	\$ 54,012	\$ 59,328	\$ 60,493	\$ 53,197	\$ 54,770	\$ 68,435
CIF ⁽²⁾	6,021	18,841	8,380	7,428	11,101	13,483	14,889	15,734	15,667	14,996
Service Charge	151,246	162,772	177,177	194,902	217,996	237,218	268,268	297,494	295,831	318,034
Industrial Waste	57,566	48,598	49,702	51,926	49,860	49,394	54,305	59,508	57,861	56,998
Contract	13,451	15,211	16,982	17,030	17,933	16,822	17,925	43,569	23,982	24,615
Interest	36,686	40,626	50,492	52,181	64,064	39,919	21,170	17,608	11,512	7,679
Rate Stabilization Fund ⁽³⁾	520	8,818	27,597	1,665	9,995	7,742	8,822	-	-	1,488
Miscellaneous	2,842	3,887	3,708	3,795	3,176	3,305	3,906	3,642	3,390	3,486
Total	306,708	307,337	348,494	378,043	428,137	427,211	449,778	490,752	463,013	495,731
EXPENSES⁽⁴⁾										
Total O&M	211,951	222,762	261,788	254,501	282,903	286,517	270,723	275,663	284,926	287,411
Rate Stabilization Fund ⁽⁵⁾	30,428	14,160	6,359	36,388	33,901	19,947	36,735	68,630	31,839	56,593
Total	242,379	236,922	268,147	290,889	316,804	306,464	307,458	344,293	316,765	344,004
NET REVENUES	64,329	70,415	80,347	87,154	111,333	120,747	142,320	146,459	146,248	151,727
DEBT SERVICE										
State Loans	21,518	24,634	24,853	25,230	27,569	30,530	30,669	30,843	31,660	36,633
Installment Payments	28,406	34,307	39,144	44,531	50,583	51,226	51,212	53,557	53,075	52,826
Total Debt Service	49,924	58,941	63,997	69,761	78,152	81,756	81,881	84,400	84,735	89,459
COVERAGE	1.3	1.2	1.3	1.2	1.4	1.5	1.7	1.7	1.7	1.7

(1) Each District is obligated to make its Installment Payments from its allocable portion of Ad Valorem Property Tax and, to the extent that its Ad Valorem taxes are insufficient, from the Net Revenues of its Sewerage System.

(2) Connection fees for some Districts have been included because they are pledged for repayment of State Loans that were used to fund expansion-related projects.

(3) These funds were expensed in prior years and are being used to pay unexpected operating costs and thereby minimize the impact on the Districts' ratepayers.

(4) Does not include depreciation.

(5) These funds are being set aside to minimize the impact on the Districts' ratepayers in the event of future unexpected operating costs.

Schedule 16
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>July 1</u>	<u>Districts' Population (millions)</u>	<u>L.A. County Population (millions)</u>	<u>Personal Income (millions of dollars)</u>	<u>Per Capita Personal Income (thousands of dollars)</u>	<u>Unemployment Rate</u>	
					<u>County</u>	<u>State</u>
2004	5.570	10.103	\$ 329,048	\$ 32.57	6.6%	6.3%
2005	5.617	10.226	349,868	34.21	5.3%	5.4%
2006	5.625	10.246	370,860	36.20	4.7%	4.9%
2007	5.660	10.332	379,824	36.76	4.9%	5.3%
2008	5.694	10.364	411,000	39.66	7.2%	7.0%
2009	5.716	10.393	392,000	37.72	11.7%	11.5%
2010	5.733	10.441	405,000	38.79	12.4%	12.3%
2011	5.445	9.858	420,900	42.70	12.5%	11.9%
2012	5.452	9.912	435,300	43.92	11.1%	10.6%
2013	5.490	9.964	450,900	45.25	10.2%	8.5%

Source: Schedule 17; California Statistical Abstract - California Department of Finance; California Employment Development Department; Bureau of Economic Analysis; and Los Angeles Almanac.

Notes: Unless otherwise noted, data applies to County of Los Angeles.

Schedule 17
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Estimated Populations of Cities and Unincorporated Areas
Served by the County Sanitation Districts of Los Angeles County*
January 1, 2013

CITY	POPULATION	CITY	POPULATION
Alhambra	84,240	Lomita	20,516
Arcadia	56,809	Long Beach	467,219
Artesia	16,674	Los Angeles	136,368
Azusa	47,439	Lynwood	70,645
Baldwin Park	76,315	Manhattan Beach	35,423
Bell	35,783	Maywood	27,610
Bell Gardens	42,437	Monrovia	36,936
Bellflower	77,289	Montebello	63,184
Beverly Hills	654	Monterey Park	61,445
Bradbury	476	Norwalk	105,721
Carson	92,196	Palmdale	151,718
Cerritos	49,470	Palos Verdes Estates	13,589
Claremont	35,453	Paramount	54,624
Commerce	12,935	Pasadena	140,004
Compton	97,549	Pico Rivera	63,534
Covina	48,126	Pomona	149,328
Cudahy	24,013	Rancho Palos Verdes	42,114
Culver City	0	Redondo Beach	67,396
Diamond Bar	55,664	Rolling Hills	1,884
Downey	112,761	Rolling Hills Estates	8,141
Duarte	21,221	Rosemead	54,464
El Monte	114,436	San Dimas	33,463
Gardena	59,566	San Gabriel	40,153
Glendora	49,915	San Marino	13,246
Hawaiian Gardens	14,375	Santa Clarita	200,111
Hawthorne	85,474	Santa Fe Springs	16,816
Hermosa Beach	19,653	Sierra Madre	11,017
Huntington Park	58,624	Signal Hill	11,218
Industry	437	South El Monte	20,312
Inglewood	111,171	South Gate	95,115
Irwindale	1,454	South Pasadena	25,857
La Canada-Flintridge	18,860	Temple City	35,952
La Habra Heights	359	Torrance	146,860
La Mirada	48,930	Vernon	121
La Puente	39,770	Walnut	29,306
La Verne	31,891	West Covina	106,830
Lakewood	80,778	West Hollywood	34,853
Lancaster	155,659	Whittier	86,093
Lawndale	33,058		
		77 Cities Subtotal	4,591,100
		Unincorporated	899,258
		TOTAL	5,490,358

Source: State of California, Department of Finance, E-1 Population Estimates for Cities, Counties, and the State, with Annual Percent Change -- January 1, 2012 and 2013. Sacramento, California, May 2013, and GIS analysis using L.A. County Assessor GIS parcel data (2012), L.A. County Regional Planning's City Boundaries GIS layer, and Sanitation District Boundaries Annexation GIS layer.

* The population estimates refer only to the population within the Sanitation Districts' Boundaries.

Schedule 18
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Economic Indicators
Last Ten Calendar Years

Calendar Year	Total Nonfarm Employment (avg. 000's)	Taxable Retail Sales (billions)	Value of Two-Way Trade* (billions)	Total Day & Overnight Visitors (millions)	Housing Unit Permits Issued	Value of Nonresidential Building Permits (millions)
2004	3,996.5	\$ 86.5	\$ 261.7	N/A	26,935	\$ 3,174
2005	4,024.2	92.3	291.6	N/A	25,647	3,824
2006	4,092.5	95.5	326.4	N/A	26,348	3,896
2007	4,122.2	96.1	347.3	35.7	20,363	4,739
2008	4,070.7	89.8	355.8	36.5	13,704	4,491
2009	3,824.1	78.4	282.9	34.4	5,653	2,674
2010	3,772.5	82.2	346.8	38.5	7,468	2,677
2011	3,797.1	89.3	386.7	40.4	10,390	2,965
2012	3,864.3	98.4	403.5	41.4	11,715	3,683
2013	N/A	N/A	N/A	N/A	N/A	N/A

Source: Los Angeles County Economic Development Corp.

*Value of imports and exports combined.

Schedule 19
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Ten Largest Industries (1)
Current Year and Nine Years Ago

Industry	June 30, 2013			June 30, 2004		
	Number of Employees	Percentage of Total	Rank	Number of Employees	Percentage of Total	Rank
Trade, Transportation, and Utilities	755,700	16.92%	1	778,900	17.67%	1
Professional and Business Services	586,600	13.14%	2	564,000	12.79%	3
Government	563,600	12.62%	3	597,200	13.55%	2
Educational and Health Services	552,300	12.37%	4	463,200	10.51%	5
Leisure and Hospitality	439,200	9.84%	5	376,300	8.54%	6
Manufacturing	361,800	8.10%	6	490,300	11.12%	4
Financial Activities	215,500	4.83%	7	239,800	5.44%	7
Information Services	186,300	4.17%	8	204,100	4.63%	8
Other Services	141,000	3.16%	9	146,200	3.32%	9
Construction	117,700	2.64%	10	140,900	3.20%	10
Ten largest industries	3,919,700	87.78%		4,000,900	90.75%	
All other industries	545,900	12.22%		407,900	9.25%	
Total civilian employment	4,465,600	100.00%		4,408,800	100.00%	

Source: Employment Development Department, Labor Market Information Division

Note: Data applies to County of Los Angeles.

(1) Because we have been unable to obtain employment numbers for individual employers we are presenting employment by industry.

Schedule 20
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Number of Employees by Identifiable Activity
Last Ten Fiscal Years

	Full-Time-Equivalent Employees as of June 30,									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013 #
Solid Waste Management:										
Solid Waste Management	3	4	3	4	4	2	2	2	2	3
Waste-By-Rail	9	9	10	12	11	10	9	9	7	6
Solid Waste Operations	313	324	334	332	344	299	277	240	215	205
Energy Recovery Operations	93	90	91	93	120	159	153	150	137	114
Solid Waste Planning	3	5	4	2	0	0	0	0	0	0
Solid Waste Monitoring & Research	15	15	14	14	14	0	0	0	0	0
Energy Recovery Facilities Engineering	4	4	5	7	7	0	0	0	0	0
Wastewater Management:										
Wastewater Management	5	4	4	2	7	9	8	7	7	3
Industrial Waste	84	85	84	76	74	76	70	71	70	67
Joint Water Pollution Control Plant	374	372	377	369	326	328	321	307	310	302
Wastewater Collection System	108	115	116	117	121	133	132	130	125	124
Water Reclamation Plants	161	164	164	156	204	208	205	220	219	219
Electrical/Instrumentation Engineering Support	0	0	0	0	0	0	0	0	0	4
Engineering:										
Engineering	6	6	6	4	3	5	5	6	6	6
Field Engineering	77	76	75	74	70	82	78	78	73	66
Wastewater & Solid Waste Design	0	0	0	0	0	0	0	0	61	34
Structural Design	22	21	21	24	23	21	19	19	17	17
Electrical & Instrumentation Design	0	0	0	0	0	0	0	0	0	20
Mechanical & Civil Design	0	0	0	0	0	0	0	0	0	14
Sewer Design	0	0	0	0	0	0	0	0	0	23
Engineering Design	56	59	62	64	58	56	54	46	15	0
Electrical Design	19	21	24	23	20	22	22	21	22	0
Wastewater Design	27	28	26	29	28	25	24	23	0	0
Solid Waste Design	0	0	0	0	12	11	11	9	0	0
Technical Services:										
Technical Services	6	5	6	7	4	5	5	5	5	5
Air Quality Engineering	11	12	11	13	13	13	12	12	12	9
Laboratory	148	146	160	154	166	181	175	173	175	167
Monitoring	34	33	33	32	44	49	45	29	28	25
Wastewater Research	15	14	14	21	26	26	26	25	24	11
Water Quality	28	25	26	27	22	20	19	34	31	26
Public Information	11	11	11	10	12	12	10	10	10	10
Research	0	0	0	0	0	0	0	0	0	11
JWPCP Research	10	7	7	0	0	0	0	0	0	0
Administration:										
Financial Management & Facilities Planning	186	186	195	202	217	223	217	219	214	199
Human Resources	34	35	34	36	38	39	38	33	31	31
Total Employees:	1,862	1,876	1,917	1,904	1,988	2,014	1,937	1,878	1,816	1,721

(1) Some minor re-classifications have resulted in the elimination, addition, and modification of some group names in the above table. Eliminated areas will remain so as to reflect past numbers.

Schedule 21
COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY
Operating and Capital Indicators
Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Sewerage Operations										
Miles of trunk lines (approximately)	1,320	1,320	1,380	1,386	1,360	1,360	1,395	1,407	1,408	1,410
Number of pump stations	51	53	53	54	53	53	52	52	52	49
Number of treatment facilities	11	11	11	11	11	11	11	11	11	11
Amount of reclaimed water used (MGD) (1)	65	61	74	84	76	70	87	75	85	93
Number of reuse sites	493	500	516	531	539	571	624	650	703	720
Wastewater discharge inspections conducted	16,094	15,185	14,665	14,496	9,880	10,609	10,107	9,255	9,836	10,633
Solid Waste Operations										
Number of active landfills	3	3	3	3	3	3	3	3	3	3
Solid waste disposal tonnages (2)										
Puente Hills Landfill	3.77	3.94	3.85	3.84	3.53	2.79	2.34	1.66	1.80	2.19
Puente Hills MRF (3)	0.00	0.00	0.08	0.10	0.09	0.10	0.12	0.07	0.02	0.04
South Gate Transfer Station	0.12	0.13	0.14	0.12	0.13	0.14	0.12	0.11	0.10	0.11
DART Facility	0.35	0.38	0.34	0.28	0.27	0.21	0.16	0.16	0.13	0.08
Scholl Canyon Landfill	0.43	0.44	0.45	0.42	0.37	0.29	0.25	0.23	0.23	0.21
Calabasas Landfill	0.50	0.55	0.55	0.48	0.44	0.30	0.27	0.26	0.21	0.19
Total	5.17	5.44	5.41	5.24	4.83	3.83	3.26	2.49	2.49	2.82
Cumulative solid waste disposal tonnages (2)										
Puente Hills Landfill	97.36	101.30	105.15	108.99	112.52	115.31	117.65	119.31	121.11	123.30
Puente Hills MRF (3)	0.00	0.00	0.08	0.18	0.27	0.37	0.49	0.56	0.58	0.62
South Gate Transfer Station	4.76	4.89	5.03	5.15	5.28	5.42	5.54	5.65	5.75	5.86
DART Facility	1.35	1.73	2.07	2.35	2.62	2.83	2.99	3.15	3.28	3.36
Scholl Canyon Landfill	25.77	26.21	26.66	27.08	27.45	27.74	27.99	28.22	28.45	28.66
Calabasas Landfill	20.81	21.36	21.91	22.39	22.83	23.13	23.40	23.66	23.87	24.06
Percentage of total County solid waste disposed of at Districts' landfills	40%	40%	40%	40%	40%	35%	31%	31%	33%	37%
Household hazardous waste/electronic waste (HHW/EW)										
collections - number of households accommodated	60,108	71,580	64,380	77,574	66,479	62,792	60,726	57,677	57,891	52,850
Cost to conduct HHW/EW collections (millions)	\$4.0	\$4.5	\$4.0	\$5.0	\$4.3	\$4.2	\$4.0	\$3.8	\$3.9	\$3.6

(1) Millions of gallons per day.

(2) Millions of tons per year.

(3) Began commercial operations in July 2005.

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COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure

June 30, 2013

On April 14, 1993, various Districts of the Los Angeles County Sanitation Districts (Participating Districts) entered in a Joint Exercise of Powers Agreement to form the Los Angeles County Sanitation Districts Financing Authority. The Financing Authority is governed by a Commission that consists of the Chairperson from each Participating District. The Financing Authority was formed to assist the Participating Districts in the planning, financing, development, acquisition, construction, operation, and maintenance of projects relating to the Participating Districts' wastewater management system.

The Financing Authority has no daily operations and does not conduct business on its own behalf. Since the Financing Authority's governing body is entirely comprised of members of the Districts' Boards and the Financing Authority provides services entirely for the Districts, the Financing Authority's financial activities have been consolidated with the Districts' financial activities for financial reporting purposes.

This Bond Disclosure Section included within the Districts' Comprehensive Annual Financial Report (CAFR) provides the information required by the Continuing Disclosure Agreements (Disclosure Agreements) for the Los Angeles County Sanitation Districts Financing Authority Capital Projects Revenue Bonds, 2003 Series A Senior Ad Valorem Obligation Bonds (2003 Revenue Bonds), the 2005 Series A District 20 Subordinate Revenue Bonds (2005A District 20 Revenue Bonds), the 2005 Series B District 14 Subordinate Revenue Bonds (2005B District 14 Revenue Bonds), the 2007 Series A District 20 Subordinate Revenue Bonds (2007A District 20 Revenue Bonds), and the 2011 Series A Senior Ad Valorem Obligation Bonds (2011 Revenue Bonds). The material provided under the Disclosure Agreement is intended to comply with the requirements of the Securities and Exchange Commission Rule 15c2-12(b)(5) (the Rule). The CAFR will be filed with each National Repository specified in the Rule, and with any other repository that shall be identified in the future.

ANNUAL REPORT

As required by the Disclosure Agreements, this annual report is incorporated into the CAFR and thus, includes by reference, the audited financial statements of the Districts to comply with requirement 2 below. The annual report also contains the following eight (8) sections as required by the Disclosure Agreements:

- 1) The Financing Authority's audited financial statements, prepared in accordance with accounting principles generally accepted in the United States of America as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board.
- 2) The audited consolidated financial statements for the Districts, prepared in accordance with accounting principles generally accepted in the United States of America as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board.
- 3) The balance in the Reserve Fund, and a statement of the Reserve Requirement, as of December 31, 2013.
- 4) The principal amount of bonds outstanding as of December 31, 2013 and as of December 31, 2012.
- 5) A statement, with respect to each District, as to whether such District incurred any Additional Obligations during the calendar year ending on December 31, 2013.
- 6) The amount of each Senior Obligation and Subordinate Obligation for each District outstanding as of December 31, 2013.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

- 7) An update, for the most recently ended fiscal year, of the following information contained in the Official Statements (not including any projections):
- a. Connection Fee Revenue for District 14 and District 20;
 - b. Estimated Sewage Units by Customer Type, User Fees, and Ad Valorem Taxes;
 - c. Districts' Service Charge Rates;
 - d. Average Yearly Sewage Flow;
 - e. Ten Largest Wastewater Customers (this requirement is fulfilled by Schedule 13 in the Statistical Section of this Financial Statement (page 88));
 - f. Fund Balances on June 30, 2013;
 - g. Outstanding Obligations;
 - h. Districts' Historical Operating Data

REPORTING OF SIGNIFICANT EVENTS

In July 2013, the Authority issued \$107,600,000 in Capital Projects Revenue Bonds (Senior Ad Valorem Obligation Bonds). The purpose of these bonds is to refund and defease a portion of the Authority's outstanding 2003 Series A Bonds at substantially lower interest rates and pay costs of issuance. As a result of the refunding, the Districts' realized a present net worth savings of approximately \$28.8 million. These serial bonds mature in varying amounts on October 1 in the years 2013 through 2021 at coupon rates ranging from 1.0% to 5.0%.

SECTION I-The Financing Authority's audited financial statements

Statement of Net Position
June 30, 2013

Assets	
Cash and investments with Trustee, restricted as to use	
Cash and cash equivalents	\$ 37,514,195
Investments	10,303,650
Interest receivable	11
Deferred loss on refunding, net of accumulated amortization of \$14,371,341	20,313,797
Payments receivable from Participating Districts	647,412,541
Deferred bond issuance costs, net of accumulated amortization of \$2,389,509	4,799,704
Total assets	<u>720,343,898</u>
Liabilities	
Interest payable-current	7,200,240
Revenue bonds payable-current	25,854,400
Premium on issue, net of accumulated amortization of \$47,282,611	25,757,950
Due to Participating Districts	18,475,233
Revenue bonds payable-long-term	595,800,183
Total liabilities	<u>673,088,006</u>
Net Position	
Restricted for:	
Construction of capital assets	1,150
Debt services	42,239,283
Unrestricted	5,015,459
Total net position	<u>\$ 47,255,892</u>

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Statement of Revenues, Expenses, and Changes in Net Position Fiscal year ended June 30, 2013

Operating revenues-payments from Participating Districts	\$	28,866,364
Nonoperating revenues (expenses):		
Interest revenue		322,653
Interest expense		(29,377,451)
Drawdown expense		(2,044,388)
Unrealized gain on investments		(346,766)
Amortization of deferred loss on refunding		(1,980,178)
Amortization of bond premium and bond issuance costs		4,328,067
Net nonoperating expenses		(29,098,063)
Change in net assets		(231,699)
Net position, beginning of year		47,487,591
Net position, end of year	\$	47,255,892

Statement of Cash Flows Fiscal year ended June 30, 2013

Cash flows from operating activities:		
Receipts from Participating Districts	\$	28,866,364
Cash flows from capital and related financing activities:		
Receipts from Participating Districts		24,744,400
Construction drawdowns provided to Participating Districts		(228,550)
Principal payments on bonds		(24,744,400)
Interest paid on bonds		(29,653,377)
Net cash used by capital and related financing activities		(29,881,927)
Cash flows from investing activities:		
Purchases of investment securities		(47,500,000)
Maturities/sales of investment securities		84,300,000
Interest received on investments		322,863
Net cash provided by investing activities		37,122,863
Net increase in cash and cash equivalents, restricted as to use		36,107,300
Cash and cash equivalents, beginning of fiscal year, restricted as to use		1,406,895
Cash and cash equivalents, end of fiscal year, restricted as to use	\$	37,514,195
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$	28,866,364
Net cash provided by operating activities	\$	28,866,364

Supplemental disclosure of noncash items:

Amortization of bond issuance costs, premium on revenue bonds payable, and deferred loss on refunding of \$2,389,509, (\$47,282,611), and \$14,371,341, respectively.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

SECTION 2-Districts audited consolidated financial statements

The audited consolidated financial statements for the Districts are provided on pages 10-14 of the Financial Section of this CAFR.

SECTION 3-Balance in the Reserve Fund and Statement of Reserve Requirement

As of December 31, 2013, the Reserve Fund for the 2007A District 20 Revenue Bonds had a balance of \$10,661,443 and the Reserve Requirement was \$10,489,070. The Reserve Requirement is the lesser of (a) 10% of the original aggregate principal amount of the bonds (\$13,451,500), (b) the maximum annual debt service (\$12,164,962), or (C) 125% of the average annual debt service (\$10,489,070).

The reserve requirement for the 2005A District 20 Revenue Bonds and the 2005B District 14 Revenue Bonds have been satisfied by Reserve Sureties, therefore no deposits have been made into a Reserve Fund. There is no reserve requirement applicable to the 2011 Revenue Bonds and 2013 Revenue Bonds.

SECTION 4-Principal amount of bonds outstanding

As of December 31, 2013, the total principal amount of bonds outstanding was \$537,650,000.00 and as of December 31, 2012, the total principal amount of bonds outstanding was \$621,654,589.00.

SECTION 5-Additional Obligations

During the calendar year ended December 31, 2013, the Districts incurred the following additional obligations in the form of State Water Resources Control Board Loans.

<u>District</u>		<u>Total Additional Obligation</u>
29	\$	968,563
SCV		3,636,896
		<u>4,605,459</u>

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

SECTION 6-Outstanding Senior and Subordinate Obligations for Each District as of December 31, 2013

	District No. 1	District No. 2	District No. 3	District No. 5	District No. 8	District No. 15
Obligations Constituting Senior A.V. Obligations and Senior Revenue Obligations						
2011 Series A Revenue Bonds	\$ 8,597,079	13,273,097	10,082,172	21,696,458	5,242,886	13,577,429
2013 Series A Revenue Bonds	5,487,742	8,472,567	6,435,716	13,849,421	3,346,673	8,666,831
Total Senior A.V. Obligation	<u>14,084,821</u>	<u>21,745,664</u>	<u>16,517,888</u>	<u>35,545,879</u>	<u>8,589,559</u>	<u>22,244,260</u>
Senior Revenue Obligations						
JW PCP Digestion Tanks 13-16	232,048	350,051	268,478	407,865	140,179	286,694
Primary Sedimentation Tank Covers	165,066	249,008	190,981	290,134	99,716	203,939
Secondary Effluent Pump Station	55,009	82,983	63,645	96,688	33,231	67,963
Biological Reactors/Secondary Clarifiers	4,587,049	6,919,712	5,307,200	8,062,560	2,771,016	5,667,275
Cryogenic Oxygen Generation	950,340	1,433,618	1,099,540	1,670,392	574,096	1,174,140
Power Generation Equipment Purchase	515,991	778,389	596,999	906,946	311,708	637,504
Waste Activated Sludge Thickening Expansion	184,196	277,866	213,115	323,758	111,272	227,574
Relocating and Installing High-Speed Centrifuge	92,693	139,831	107,246	162,925	55,995	114,522
Installation of Secondary Influent Pumping Equip	209,145	315,502	241,980	367,610	126,343	258,397
Fuel Gas Compressor Upgrade	32,359	48,814	37,439	56,877	19,548	39,979
Modifications of Electrical Power	179,044	270,093	207,153	314,702	108,160	221,208
Primary Screenings and Grit Dewatering Fac.	515,245	777,264	596,137	905,636	311,257	636,583
Environmental Laboratory Building	423,561	638,956	490,059	744,485	255,871	523,308
JW PCP Digestion Tanks 17-23	2,336,924	3,525,325	2,703,813	4,107,562	1,411,725	2,887,257
Modification of Biological Reactors	1,933,675	2,917,011	2,237,255	3,398,780	1,168,124	2,389,045
High-Speed Scroll Centrifuges Purch & Install	224,606	338,826	259,869	394,786	135,684	277,500
Secondary Infl Pump Station Equipment	529,609	798,932	612,756	930,883	319,934	654,329
Silo Odor Control Facilities, Phase I	305,345	460,623	353,283	536,699	184,458	377,253
Silo Odor Control Facilities, Phase II	187,139	282,305	216,519	328,930	113,050	231,209
La Canada Trunk Sewer	-	-	-	-	-	-
La Canada Foothill Main Trunk Sewer	-	-	-	-	-	-
Total Senior Revenue Obligations	<u>13,659,044</u>	<u>20,605,109</u>	<u>15,803,467</u>	<u>24,008,218</u>	<u>8,251,367</u>	<u>16,875,679</u>
Subordinate Revenue Obligations						
Install of Secondary Infl Pumping Equip Stg II	85,574	129,091	99,008	150,411	51,695	105,726
Central Odor Control System	605,560	913,507	700,631	1,064,380	365,816	748,166
Heat Recovery Steam Generation Equipment	247,917	373,991	286,839	435,758	149,766	306,300
Power Generation Steam Turbine Generator	184,732	278,674	213,734	324,699	111,596	228,235
Pomona WRP NDN Facilities	298,019	449,572	344,807	523,823	180,032	368,201
Pomona WRP NDN Facilities Equip. Purch.	11,036	16,648	12,768	19,397	6,667	13,635
Los Coyotes WRP NDN Facilities	1,156,247	1,744,236	1,337,773	2,032,311	698,484	1,428,537
Los Coyotes WRP Ammonia Addition Station	66,397	100,162	76,821	116,705	40,110	82,034
Long Beach WRP NDN Facilities	292,371	441,050	338,272	513,894	176,620	361,222
Long Beach WRP Ammonia Addition Station	45,829	69,134	53,024	80,552	27,685	56,621
Long Beach WRP NDN Facilities Equipment	29,562	44,596	34,203	51,961	17,858	36,524
Long Beach WRP Aeration System	20,245	30,540	23,423	35,584	12,230	25,013
Whittier Narrows WRP NDN Facilities	303,818	458,319	351,516	534,014	183,535	375,365
San Jose Creek WRP NDN Facilities	550,918	831,077	637,410	968,337	332,807	680,656
San Jose Creek WRP NDN Fac. Equipment	81,028	122,233	93,749	142,420	48,948	100,109
Los Coyotes WRP Interceptor Sewer Rehab Phase II *	1,009,732	1,523,214	1,168,257	1,774,786	609,975	1,247,519
Wright Road Truck Sewer Repair	587,624	-	-	-	-	-
Alamitos PP Force Main No. 2*	-	-	-	-	-	-
Total Subordinate Revenue Obligations	<u>5,576,609</u>	<u>7,526,044</u>	<u>5,772,235</u>	<u>8,769,032</u>	<u>3,013,824</u>	<u>6,163,863</u>
Total Obligations	\$ <u>33,320,474</u>	<u>49,876,817</u>	<u>38,093,590</u>	<u>68,323,129</u>	<u>19,854,750</u>	<u>45,283,802</u>

*Funds have been received as of December 31, 2013, however, this obligation is not yet in repayment.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

	District No. 16	District No. 17	District No. 18	District No. 19	District No. 21	District No. 22
Obligations Constituting Senior A.V. Obligations and Senior Revenue Obligations						
2011 Series A Revenue Bonds	\$ 8,461,240	1,082,798	7,421,544	2,392,867	8,004,087	6,926,513
2013 Series A Revenue Bonds	5,401,033	691,179	4,737,367	1,527,430	5,109,220	4,421,377
Total Senior A.V. Obligation	<u>13,862,273</u>	<u>1,773,977</u>	<u>12,158,911</u>	<u>3,920,297</u>	<u>13,113,307</u>	<u>11,347,890</u>
Senior Revenue Obligations						
JWPCP Digestion Tanks 13-16	153,114	20,327	190,073	53,326	229,672	194,825
Primary Sedimentation Tank Covers	108,918	14,460	135,208	37,933	163,376	138,588
Secondary Effluent Pump Station	36,297	4,819	45,058	12,641	54,446	46,185
Biological Reactors/Secondary Clarifiers	3,026,722	401,823	3,757,310	1,054,134	4,540,082	3,851,242
Cryogenic Oxygen Generation	627,073	83,249	778,435	218,394	940,609	797,896
Power Generation Equipment Purchase	340,472	45,201	422,654	118,578	510,707	433,221
Waste Activated Sludge Thickening Expansion	121,540	16,136	150,878	42,330	182,310	154,650
Relocating and Installing High-Speed Centrifuge	61,163	8,120	75,926	21,301	91,744	77,824
Installation of Secondary Influent Pumping Equip	138,002	18,321	171,313	48,063	207,003	175,596
Fuel Gas Compressor Upgrade	21,352	2,835	26,506	7,436	32,028	27,168
Modifications of Electrical Power	118,140	15,684	146,657	41,145	177,211	150,324
Primary Screenings and Grit Dewatering Fac.	339,980	45,135	422,044	118,407	509,970	432,595
Environmental Laboratory Building	279,483	37,104	346,944	97,337	419,224	355,618
JWPCP Digestion Tanks 17-23	1,541,997	204,713	1,914,204	537,040	2,312,996	1,962,059
Modification of Biological Reactors	1,275,917	169,389	1,583,898	444,371	1,913,876	1,623,495
High-Speed Scroll Centrifuges Purch & Install	148,204	19,675	183,978	51,616	222,306	188,577
Secondary Infl Pump Station Equipment	349,458	46,394	433,809	121,708	524,186	444,655
Silo Odor Control Facilities, Phase I	201,479	26,748	250,112	70,170	302,219	256,365
Silo Odor Control Facilities, Phase II	123,482	16,393	153,288	43,006	185,223	157,120
La Canada Trunk Sewer	-	-	-	-	-	-
La Canada Foothill Main Trunk Sewer	-	-	-	-	-	-
Total Senior Revenue Obligations	<u>9,012,793</u>	<u>1,196,526</u>	<u>11,188,295</u>	<u>3,138,936</u>	<u>13,519,188</u>	<u>11,468,003</u>
Subordinate Revenue Obligations						
Install of Secondary Infl Pumping Equip Stg II	56,465	7,496	70,094	19,665	84,697	71,847
Central Odor Control System	399,573	53,047	496,022	139,162	599,360	508,422
Heat Recovery Steam Generation Equipment	163,586	21,717	203,072	56,973	245,379	208,149
Power Generation Steam Turbine Generator	121,893	16,182	151,316	42,453	182,840	155,099
Pomona WRP NDN Facilities	196,645	26,106	244,111	68,487	294,968	250,214
Pomona WRP NDN Facilities Equip. Purch.	7,282	967	9,040	2,536	10,923	9,266
Los Coyotes WRP NDN Facilities	762,939	101,287	947,096	265,713	1,144,408	970,774
Los Coyotes WRP Ammonia Addition Station	43,812	5,816	54,387	15,259	65,717	55,747
Long Beach WRP NDN Facilities	192,918	25,612	239,484	67,189	289,377	245,471
Long Beach WRP Ammonia Addition Station	30,240	4,015	37,539	10,532	45,359	38,477
Long Beach WRP NDN Facilities Equipment	19,506	2,590	24,215	6,794	29,259	24,820
Long Beach WRP Aeration System	13,359	1,773	16,583	4,652	20,038	16,998
Whittier Narrows WRP NDN Facilities	200,471	26,614	248,861	69,819	300,707	255,082
San Jose Creek WRP NDN Facilities	363,518	48,260	451,264	126,605	545,277	462,545
San Jose Creek WRP NDN Fac. Equipment	53,465	7,098	66,371	18,621	80,198	68,030
Los Coyotes WRP Interceptor Sewer Rehab Phase II *	666,263	88,452	827,085	232,043	999,394	847,762
Wright Road Truck Sewer Repair	-	-	-	-	-	-
Alamitos PP Force Main No. 2*	-	-	-	-	-	-
Total Subordinate Revenue Obligations	<u>3,291,935</u>	<u>437,032</u>	<u>4,086,540</u>	<u>1,146,503</u>	<u>4,937,901</u>	<u>4,188,703</u>
Total Obligations	<u>\$ 26,167,001</u>	<u>3,407,535</u>	<u>27,433,746</u>	<u>8,205,736</u>	<u>31,570,396</u>	<u>27,004,596</u>

*Funds have been received as of December 31, 2013, however, this obligation is not yet in repayment.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

	District No. 23	District No. 28	District No. 29	South Bay Cities
Obligations Constituting Senior A.V. Obligations and Senior Revenue Obligations				
2011 Series A Revenue Bonds	\$ 1,462,888	382,702	120,166	3,700,323
2013 Series A Revenue Bonds	933,800	244,289	76,705	2,362,014
Total Senior A.V. Obligation	<u>2,396,688</u>	<u>626,991</u>	<u>196,871</u>	<u>6,062,337</u>
Senior Revenue Obligations				
JWPCP Digestion Tanks 13-16	27,719	6,336	7,656	71,541
Primary Sedimentation Tank Covers	19,718	4,507	5,446	50,891
Secondary Effluent Pump Station	6,571	1,502	1,815	16,960
Biological Reactors/Secondary Clarifiers	547,941	125,244	151,336	1,414,210
Cryogenic Oxygen Generation	113,522	25,948	31,354	292,994
Power Generation Equipment Purchase	61,637	14,088	17,024	159,082
Waste Activated Sludge Thickening Expansion	22,003	5,029	6,077	56,789
Relocating and Installing High-Speed Centrifuge	11,073	2,531	3,058	28,578
Installation of Secondary Influent Pumping Equip	24,983	5,710	6,900	64,480
Fuel Gas Compressor Upgrade	3,865	884	1,068	9,976
Modifications of Electrical Power	21,387	4,889	5,907	55,200
Primary Screenings and Grit Dewatering Fac.	61,548	14,068	16,999	158,853
Environmental Laboratory Building	50,596	11,565	13,974	130,586
JWPCP Digestion Tanks 17-23	279,155	63,807	77,100	720,485
Modification of Biological Reactors	230,985	52,797	63,796	596,161
High-Speed Scroll Centrifuges Purch & Install	26,830	6,133	7,410	69,247
Secondary Infl Pump Station Equipment	63,264	14,460	17,473	163,281
Silo Odor Control Facilities, Phase I	36,475	8,337	10,074	94,139
Silo Odor Control Facilities, Phase II	22,354	5,110	6,174	57,696
La Canada Trunk Sewer	-	337,920	-	-
La Canada Foothill Main Trunk Sewer	-	757,113	-	-
Total Senior Revenue Obligations	<u>1,631,626</u>	<u>1,467,978</u>	<u>450,641</u>	<u>4,211,149</u>
Subordinate Revenue Obligations				
Install of Secondary Infl Pumping Equip Stg II	10,222	2,336	2,823	26,383
Central Odor Control System	72,337	16,534	19,979	186,697
Heat Recovery Steam Generation Equipment	29,615	6,769	8,179	76,434
Power Generation Steam Turbine Generator	22,067	5,044	6,095	56,954
Pomona WRP NDN Facilities	35,600	8,137	9,832	91,881
Pomona WRP NDN Facilities Equip. Purch.	1,318	301	364	3,402
Los Coyotes WRP NDN Facilities	138,118	31,570	38,147	356,477
Los Coyotes WRP Ammonia Addition Station	7,931	1,813	2,191	20,471
Long Beach WRP NDN Facilities	34,925	7,983	9,646	90,139
Long Beach WRP Ammonia Addition Station	5,474	1,251	1,512	14,129
Long Beach WRP NDN Facilities Equipment	3,531	807	975	9,114
Long Beach WRP Aeration System	2,418	553	668	6,242
Whittier Narrows WRP NDN Facilities	36,292	8,295	10,024	93,668
San Jose Creek WRP NDN Facilities	65,809	15,042	18,176	169,851
San Jose Creek WRP NDN Fac. Equipment	9,679	2,212	2,673	24,981
Los Coyotes WRP Interceptor Sewer Rehab Phase II *	120,616	27,569	33,313	311,305
Wright Road Truck Sewer Repair	-	-	-	-
Alamitos PP Force Main No. 2*	-	-	968,563	-
Total Subordinate Revenue Obligations	<u>595,952</u>	<u>136,216</u>	<u>1,133,160</u>	<u>1,538,128</u>
Total Obligations	<u>\$ 4,624,266</u>	<u>2,231,185</u>	<u>1,780,672</u>	<u>11,811,614</u>

*Funds have been received as of December 31, 2013, however, this obligation is not yet in repayment.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

	District No. 4	District No. 9	District No. 14	District No. 20	District No. 27	Santa Clarita Valley
Obligations Constituting Senior A.V. Obligations						
and Senior Revenue Obligations:						
2011 Series A Revenue Bonds	\$ 1,282,639	180,249	1,819,467	1,516,440	252,087	13,139,869
2013 Series A Revenue Bonds	818,742	115,058	1,161,414	967,983	160,914	8,387,525
Total Senior A.V. Obligation	<u>2,101,381</u>	<u>295,307</u>	<u>2,980,881</u>	<u>2,484,423</u>	<u>413,001</u>	<u>21,527,394</u>
Senior Revenue Obligations						
Valencia WRP Solids Processing Expansion	-	-	-	-	-	3,763,139
Valencia WRP Stage V Expansion-Equipment	-	-	-	-	-	634,622
Total Senior Revenue Obligations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,397,761</u>
Subordinate Revenue Obligations						
2005 Series A Revenue Bonds	-	-	-	21,245,000	-	-
2005 Series B Revenue Bonds	-	-	170,495,000	-	-	-
2007 Series A Revenue Bonds	-	-	-	131,920,000	-	-
Lancaster - Rosamond Outfall & TS, Phase 1	-	-	4,976,563	-	-	-
Lancaster - Rosamond Outfall & TS, Phase 2	-	-	8,646,379	-	-	-
Lancaster - Rosamond Outfall & TS, Phase 3	-	-	7,931,475	-	-	-
Valencia WRP Stage V Expansion	-	-	-	-	-	23,277,360
Saugus WRP Equipment Purchases	-	-	-	-	-	980,429
Lancaster WRP Stage V Expansion, Phase I	-	-	69,990,978	-	-	-
Palmdale WRP Stage V Expansion, Phase I *	-	-	-	58,440,757	-	-
Valencia WRP Steam Boiler Upgrade*	-	-	-	-	-	-
Total Subordinate Revenue Obligations	<u>-</u>	<u>-</u>	<u>262,040,395</u>	<u>211,605,757</u>	<u>-</u>	<u>24,257,789</u>
Total Obligations	<u>\$ 2,101,381</u>	<u>295,307</u>	<u>265,021,276</u>	<u>214,090,180</u>	<u>413,001</u>	<u>50,182,944</u>

*Funds have been received as of December 31, 2013, however, this obligation is not yet in repayment.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

SECTION 7-Updated Tables contained in the Official Statements.

DISTRICT 14 & 20 CONNECTION FEE REVENUE

Fiscal Year	District 14				District 20			
	Rates	Collected	Refunds ⁽¹⁾	Net Revenue	Rates	Collected	Refunds ⁽¹⁾	Net Revenue
2003-04	1,780	3,969,078	(613)	3,968,465	1,780	1,686,311	(32,049)	1,654,262
2004-05	2,250	8,392,604	(52,811)	8,339,793	2,250	4,739,932	(2,168)	4,737,764
2005-06	2,720	8,409,831	(71,191)	8,338,640	2,720	5,622,037	(576,748)	5,045,289
2006-07	3,190	5,507,244	(45,224)	5,462,020	3,190	5,031,582	(327,525)	4,704,057
2007-08	4,190	2,738,880	(411,489)	2,327,391	4,190	4,961,208	(12,858)	4,948,350
2008-09	5,190	2,426,772	(94,268)	2,332,504	5,190	727,392	(15,570)	711,822
2009-10	6,190	2,025,259	(121,825)	1,903,434	6,190	812,715	-	812,715
2010-11	6,190	971,121	(50,758)	920,363	6,190	588,102	-	588,102
2011-12	6,190	956,410	-	956,410	6,190	477,727	(1,532)	476,195
2012-13	6,190	2,159,862	-	2,159,862	6,190	1,098,476	-	1,098,476

(1) Refunds are reflected on this schedule during the fiscal year in which the fees were collected, not the fiscal year in which the refund was processed.

**ESTIMATED SEWAGE UNITS BY CUSTOMER TYPE,
USER FEES AND AD VALOREM TAXES**

Fiscal Year 2013-14

District	Number of Sewage Units ⁽¹⁾				Sewage Units	User Fees ⁽²⁾	A.V. Taxes ⁽²⁾
	Residential	Commercial	Industrial	Contract			
JO System	1,210,954	446,483	233,006	17,740	1,908,183	\$242,733,337	\$59,463,008
14	55,899	9,701	2,358	1,269	69,227	29,440,078	991,495
20	35,032	7,049	281	28	42,390	20,738,139	1,003,911
SCV	70,747	21,655	1,253	2,794	96,449	21,268,210	6,182,280
4	9,900	13,925			23,825	3,768,720	473,849
9	419	797			1,216	86,590	86,700
27	494	64			558	0	287,689
TOTAL:	1,383,445	499,674	236,898	21,831	2,141,848	\$318,035,074	\$68,434,932

⁽¹⁾ A sewage unit is the average daily quantity of sewage flow and strength from a single family home.

⁽²⁾ Amounts based on receipt of funds for Fiscal Year 2012-13 and actual billings.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' SERVICE CHARGE RATES
(Dollars Per Single Family Home Per Year)

District (JO) ⁽¹⁾	Fiscal Year 2008-09	Fiscal Year 2009-10	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13
1	\$ 126	\$ 138	\$ 152	\$ 154	\$ 156
2	121	133	147	148	149
3	122	134	148	150	152
5	108	118	130	132	134
8	109	121	135	139	143
15	110	119	130	132	134
16	113	122	133	135	137
17	114	123	134	136	138
18	122	134	148	149	150
19	120	132	146	148	150
21	119	131	145	146	147
22	121	131	143	145	147
23	92	101	112	114	116
28 ⁽³⁾	315	324	335	336	337
28 ⁽³⁾	107	116	127	128	129
29	262	322	328	340	340
SBC	99	108	119	121	121
 (Non-JO) ^{(1), (2)}					
4	150	150	150	150	150
9	78	78	78	78	78
14	260	310	360	360	448
20	271	326	381	429	477
SCV	179	199	199	215	231

⁽¹⁾ JO indicates Joint Outfall.

⁽²⁾ District No. 27 does not have any service charge rate in effect as its other revenues have been sufficient to meet expenses. District No. 27 does have a Master Service Charge Ordinance in place should the need for a service charge arise.

⁽³⁾ Beginning in Fiscal Year 1999-00 District No. 28 had two service charge rates. The first rate is for those users directly connected to the La Canada Outfall Trunk Sewer or the Foothill Main Trunk Sewer or tributary to the La Canada WRP; the second for those users within the City of La Canada Flintridge Assessment District.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

FUND BALANCES ON JUNE 30, 2013

Districts	Operating Fund		Capital Improvement
	Total Fund	Available as Rate	Fund
		Stabilization Fund	Total Fund
1	30,958,955	27,612,000	36,559,833
2	65,422,186	61,051,000	49,543,983
3	44,741,127	38,701,000	30,574,529
4	33,878,278	31,558,000	5,282,692
5	76,938,651	73,582,000	44,292,615
8	11,762,197	11,641,000	29,369,438
9	4,609,986	1,556,000	425,247
14	31,624,066	28,927,000	12,707,265
15	61,546,326	56,196,000	39,337,607
16	41,996,211	39,361,000	19,222,384
17	7,137,076	5,021,000	2,936,946
18	27,871,461	24,777,000	27,931,172
19	11,482,212	10,602,000	8,666,716
20	21,671,287	13,140,000	377,822
21	42,653,010	38,708,000	38,536,370
22	44,352,080	40,055,000	24,070,880
23	13,517,925	2,472,000	4,998,791
27	374,717	365,000	21,883
28	5,296,422	2,803,000	260,516
29	1,999,521	1,850,000	1,295,949
SBC	26,100,290	23,999,000	9,422,940
SCV	24,746,534	19,072,000	67,872,735
Total	630,680,518	553,049,000	453,708,313

AVERAGE YEARLY FLOW FROM THE PARTICIPATING DISTRICTS⁽¹⁾
 Fiscal Years 2008-09 Through 2012-13
 (In Millions Of Gallons Per Day)

District	Fiscal Year 2008-09	Fiscal Year 2009-10	Fiscal Year 2010-11	Fiscal Year 2011-12	Fiscal Year 2012-13
JO System ⁽²⁾	429.82	416.38	402.00	389.58	386.21
14	15.06	14.13	1.50	14.00	14.62
20	9.78	9.36	9.51	9.23	9.26
SCV	21.38	20.41	19.95	19.73	19.85
TOTAL:	476.05	460.28	444.96	432.54	429.94

⁽¹⁾ The flow from Districts Nos. 4, 9 and 27 is disposed of through the City sewerage system.

⁽²⁾ Joint Outfall System is comprised of Districts Nos. 1, 2, 3, 5, 8, 15, 16, 17, 18, 19, 21, 22, 23, 28, 29, 34 and SBC.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Outstanding Senior and Subordinate Obligations

	Outstanding Balance
	December 31, 2013
Obligations Constituting Senior A.V. Obligations and Senior Revenue Obligations:	
2011 Series A Revenue Bonds	\$ 130,615,000
2013 Series A Revenue Bonds	83,375,000
Total Senior A.V. Obligation	<u>213,990,000</u>
Senior Revenue Obligations	
JWPCP Digestion Tanks 13-16	2,639,905
Primary Sedimentation Tank Covers	1,877,889
Secondary Effluent Pump Station	625,812
Biological Reactors/Secondary Clarifiers	52,184,856
Cryogenic Oxygen Generation	10,811,601
Power Generation Equipment Purchase	5,870,200
Waste Activated Sludge Thickening Expansion	2,095,522
Relocating and Installing High-Speed Centrifuge	1,054,529
Installation of Secondary Influent Pumping Equip	2,379,350
Fuel Gas Compressor Upgrade	368,133
Modifications of Electrical Power	2,036,904
Primary Screenings and Grit Dewatering Fac.	5,861,722
Environmental Laboratory Building	4,818,672
JWPCP Digestion Tanks 17-23	26,586,161
Modification of Biological Reactors	21,998,577
High-Speed Scroll Centrifuges Purch & Install	2,555,247
Secondary Infl Pump Station Equipment	6,025,130
Valencia WRP Solids Processing Expansion	3,763,139
Valencia WRP Stage V Expansion-Equipment	634,622
La Canada Trunk Sewer	337,920
La Canada Foothill Main Trunk Sewer	757,113
Silo Odor Control Facilities, Phase I	3,473,780
Silo Odor Control Facilities, Phase II	2,128,996
Total Senior Revenue Obligations	<u>160,885,780</u>
Subordinate Revenue Obligations:	
2005 Series A Revenue Bonds	21,245,000
2005 Series B Revenue Bonds	170,495,000
2007 Series A Revenue Bonds	131,920,000
Install of Secondary Infl Pumping Equip Stg II	973,534
Central Odor Control System	6,889,191
Heat Recovery Steam Generation Equipment	2,820,443
Power Generation Steam Turbine Generator	2,101,612
Pomona WRP NDN Facilities	3,390,437
Pomona WRP NDN Facilities Equip. Purch.	125,549
Los Coyotes WRP NDN Facilities	13,154,115
Los Coyotes WRP Ammonia Addition Station	755,373
Long Beach WRP NDN Facilities	3,326,172
Long Beach WRP Ammonia Addition Station	521,373
Long Beach WRP NDN Facilities Equipment	336,316
Long Beach WRP Aeration System	230,319
Whittier Narrows WRP NDN Facilities	3,456,401

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

	Outstanding Balance
	December 31, 2013
	<hr/>
Subordinate Revenue Obligations (Continued):	
San Jose Creek WRP NDN Facilities	6,267,552
San Jose Creek WRP NDN Fac. Equipment	921,815
Lancaster - Rosamond Outfall & TS, Phase 1	4,976,563
Lancaster - Rosamond Outfall & TS, Phase 2	8,646,379
Lancaster - Rosamond Outfall & TS, Phase 3	7,931,475
Valencia WRP Stage V Expansion	23,277,360
Saugus WRP Equipment Purchases	980,429
Lancaster WRP Stage V Expansion, Phase 1	69,990,978
Palmdale WRP Stage V Expansion, Phase I*	58,440,757
Valencia WRP Steam Boiler Upgrade*	3,636,896
Los Coyotes WRP Interceptor Sewer Rehab Phase II	11,487,285
Wright Road Truck Sewer Repair	587,624
Alamitos PP Force Main No. 2*	968,563
	<hr/>
Total Subordinate Revenue Obligations	559,854,511
Total Obligations	\$ <u>934,730,291</u>

*Funds have been received as of December 31, 2013, however, this obligation is not yet in repayment.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA
\$000

District No. 1	Fiscal Year 2009/10	Fiscal Year 2010/11	Fiscal Year 2011/12	Fiscal Year 2012/13
REVENUE SOURCES				
Operating Revenues	\$ 26,326	\$ 30,251	\$ 28,932	\$ 29,407
A.V. Tax	2,834	2,458	2,607	3,352
Interest	1,183	989	668	489
Rate Stabilization Fund ⁽¹⁾	3,070	-	-	-
Subtotal	<u>33,413</u>	<u>33,698</u>	<u>32,207</u>	<u>33,248</u>
CIF Pledged for Debt ⁽²⁾	159	154	154	152
Total Revenue for Senior Calculation	<u>33,572</u>	<u>33,852</u>	<u>32,361</u>	<u>33,400</u>
CIF Connection Fee Revenue ⁽²⁾	1,681	1,557	1,409	1,408
Total Revenue for Subordinate Calculation	<u>35,094</u>	<u>35,255</u>	<u>33,616</u>	<u>34,656</u>
EXPENSES⁽³⁾				
Total O&M	21,521	20,764	21,513	21,238
Rate Stabilization Fund ⁽⁴⁾	-	3,833	1,169	3,347
Total	<u>21,521</u>	<u>24,597</u>	<u>22,682</u>	<u>24,585</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	1,978	1,977	2,042	1,995
Revenue Bonds	<u>2,257</u>	<u>2,250</u>	<u>2,209</u>	<u>2,194</u>
Total Senior Debt Payments	<u>4,235</u>	<u>4,227</u>	<u>4,251</u>	<u>4,189</u>
Subordinate				
State Loans	279	251	290	324
Revenue Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Subordinate Debt Payments	<u>279</u>	<u>251</u>	<u>290</u>	<u>324</u>
Total Debt Service	4,514	4,478	4,541	4,513
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	2.78	2.13	2.21	2.03
SUBORDINATE	3.01	2.38	2.41	2.23

⁽¹⁾ These funds were expensed in prior years and are being used to pay unexpected operating costs and thereby minimize the impact on the Districts' ratepayers.

⁽²⁾ Beginning fiscal year 2006-07, all connection fees pledged for repayment of debt were considered in calculating senior debt service coverage, while all connection fees collected were considered in calculating subordinate debt service coverage.

⁽³⁾ Does not include depreciation.

⁽⁴⁾ These funds are being set aside to minimize the impact on the Districts' ratepayers in the event of future unexpected operating costs.

⁽⁵⁾ Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA
\$000

District No. 2	Fiscal Year 2009/10	Fiscal Year 2010/11	Fiscal Year 2011/12	Fiscal Year 2012/13
REVENUE SOURCES				
Operating Revenues	\$ 38,575	\$ 45,404	\$ 41,384	\$ 43,603
A.V. Tax	5,204	4,909	5,084	6,944
Interest	2,033	1,795	1,220	833
Rate Stabilization Fund ⁽¹⁾	2,398	-	-	-
Subtotal	<u>48,210</u>	<u>52,108</u>	<u>47,688</u>	<u>51,380</u>
CIF Pledged for Debt ⁽²⁾	238	233	231	232
Total Revenue for Senior Calculation	<u>48,448</u>	<u>52,341</u>	<u>47,919</u>	<u>51,612</u>
CIF Connection Fee Revenue ⁽²⁾	2,289	2,063	1,996	2,351
Total Revenue for Subordinate Calculation	<u>50,499</u>	<u>54,171</u>	<u>49,684</u>	<u>53,731</u>
EXPENSES⁽³⁾				
Total O&M	31,784	32,052	32,538	32,728
Rate Stabilization Fund ⁽⁴⁾	-	5,999	2,471	4,371
Total	<u>31,784</u>	<u>38,051</u>	<u>35,009</u>	<u>37,099</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	2,956	2,988	3,007	2,977
Revenue Bonds	<u>3,483</u>	<u>3,472</u>	<u>3,411</u>	<u>3,386</u>
Total Senior Debt Payments	<u>6,439</u>	<u>6,460</u>	<u>6,418</u>	<u>6,363</u>
Subordinate				
State Loans	417	380	435	493
Revenue Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Subordinate Debt Payments	<u>417</u>	<u>380</u>	<u>435</u>	<u>493</u>
Total Debt Service	6,856	6,840	6,853	6,856
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	2.52	2.15	1.94	2.20
SUBORDINATE	2.73	2.36	2.14	2.43

⁽¹⁾ These funds were expensed in prior years and are being used to pay unexpected operating costs and thereby minimize the impact on the Districts' ratepayers.

⁽²⁾ Beginning fiscal year 2006-07, all connection fees pledged for repayment of debt were considered in calculating senior debt service coverage, while all connection fees collected were considered in calculating subordinate debt service coverage.

⁽³⁾ Does not include depreciation.

⁽⁴⁾ These funds are being set aside to minimize the impact on the Districts' ratepayers in the event of future unexpected operating costs.

⁽⁵⁾ Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA
\$000

District No. 3	Fiscal Year 2009/10	Fiscal Year 2010/11	Fiscal Year 2011/12	Fiscal Year 2012/13
REVENUE SOURCES				
Operating Revenues	\$ 29,138	\$ 34,830	\$ 33,070	\$ 33,314
A.V. Tax	4,055	3,612	3,928	6,083
Interest	1,220	1,082	732	526
Rate Stabilization Fund ⁽¹⁾	438	-	-	-
Subtotal	<u>34,851</u>	<u>39,524</u>	<u>37,730</u>	<u>39,923</u>
CIF Pledged for Debt ⁽²⁾	180	179	179	178
Total Revenue for Senior Calculation	<u>35,031</u>	<u>39,703</u>	<u>37,909</u>	<u>40,101</u>
CIF Connection Fee Revenue ⁽²⁾	2,107	1,444	1,473	1,860
Total Revenue for Subordinate Calculation	<u>36,958</u>	<u>40,968</u>	<u>39,203</u>	<u>41,783</u>
EXPENSES⁽³⁾				
Total O&M	23,026	23,651	23,987	24,123
Rate Stabilization Fund ⁽⁴⁾	-	5,366	3,418	6,040
Total	<u>23,026</u>	<u>29,017</u>	<u>27,405</u>	<u>30,163</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	2,238	2,307	2,317	2,281
Revenue Bonds	2,646	2,638	2,591	2,572
Total Senior Debt Payments	<u>4,884</u>	<u>4,945</u>	<u>4,908</u>	<u>4,853</u>
Subordinate				
State Loans	316	293	337	378
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	<u>316</u>	<u>293</u>	<u>337</u>	<u>378</u>
Total Debt Service	5,200	5,238	5,245	5,231
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	2.39	2.10	2.07	1.97
SUBORDINATE	2.68	2.28	2.25	2.22

⁽¹⁾ These funds were expensed in prior years and are being used to pay unexpected operating costs and thereby minimize the impact on the Districts' ratepayers.

⁽²⁾ Beginning fiscal year 2006-07, all connection fees pledged for repayment of debt were considered in calculating senior debt service coverage, while all connection fees collected were considered in calculating subordinate debt service coverage.

⁽³⁾ Does not include depreciation.

⁽⁴⁾ These funds are being set aside to minimize the impact on the Districts' ratepayers in the event of future unexpected operating costs.

⁽⁵⁾ Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA

\$000

District No. 5	Fiscal Year 2009/10	Fiscal Year 2010/11	Fiscal Year 2011/12	Fiscal Year 2012/13
REVENUE SOURCES				
Operating Revenues	\$ 39,789	\$ 48,678	\$ 44,632	\$ 46,579
A.V. Tax	9,292	8,882	8,906	10,480
Interest	2,371	2,018	1,335	894
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	<u>51,452</u>	<u>59,578</u>	<u>54,873</u>	<u>57,953</u>
CIF Pledged for Debt ⁽²⁾	266	265	267	273
Total Revenue for Senior Calculation	<u>51,718</u>	<u>59,843</u>	<u>55,140</u>	<u>58,226</u>
CIF Connection Fee Revenue ⁽²⁾	2,647	2,209	2,405	3,030
Total Revenue for Subordinate Calculation	<u>54,099</u>	<u>61,787</u>	<u>57,278</u>	<u>60,983</u>
EXPENSES⁽³⁾				
Total O&M	35,419	36,475	37,903	38,692
Rate Stabilization Fund ⁽⁴⁾	5,050	11,869	398	3,357
Total	<u>40,469</u>	<u>48,344</u>	<u>38,301</u>	<u>42,049</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	3,306	3,404	3,466	3,506
Revenue Bonds	5,693	5,677	5,576	5,535
Total Senior Debt Payments	<u>8,999</u>	<u>9,081</u>	<u>9,042</u>	<u>9,041</u>
Subordinate				
State Loans	467	433	503	581
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	<u>467</u>	<u>433</u>	<u>503</u>	<u>581</u>
Total Debt Service	9,466	9,514	9,545	9,622
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	1.20	1.22	1.81	1.73
SUBORDINATE	1.44	1.41	1.99	1.97

⁽¹⁾ These funds were expensed in prior years and are being used to pay unexpected operating costs and thereby minimize the impact on the Districts' ratepayers.

⁽²⁾ Beginning fiscal year 2006-07, all connection fees pledged for repayment of debt were considered in calculating senior debt service coverage, while all connection fees collected were considered in calculating subordinate debt service coverage.

⁽³⁾ Does not include depreciation.

⁽⁴⁾ These funds are being set aside to minimize the impact on the Districts' ratepayers in the event of future unexpected operating costs.

⁽⁵⁾ Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA

\$000

District No. 8	Fiscal Year 2009/10	Fiscal Year 2010/11	Fiscal Year 2011/12	Fiscal Year 2012/13
REVENUE SOURCES				
Operating Revenues	\$ 17,695	\$ 20,694	\$ 18,660	\$ 19,399
A.V. Tax	1,764	1,706	1,735	2,051
Interest	780	672	450	316
Rate Stabilization Fund ⁽¹⁾	1,551	-	-	645
Subtotal	<u>21,790</u>	<u>23,072</u>	<u>20,845</u>	<u>22,411</u>
CIF Pledged for Debt ⁽²⁾	103	102	99	96
Total Revenue for Senior Calculation	<u>21,893</u>	<u>23,174</u>	<u>20,944</u>	<u>22,507</u>
CIF Connection Fee Revenue ⁽²⁾	1,223	1,045	905	1,091
Total Revenue for Subordinate Calculation	<u>23,013</u>	<u>24,117</u>	<u>21,750</u>	<u>23,502</u>
EXPENSES⁽³⁾				
Total O&M	15,160	15,760	15,369	15,379
Rate Stabilization Fund ⁽⁴⁾	-	977	766	-
Total	<u>15,160</u>	<u>16,737</u>	<u>16,135</u>	<u>15,379</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	1,277	1,308	1,280	1,236
Revenue Bonds	1,376	1,372	1,348	1,338
Total Senior Debt Payments	<u>2,653</u>	<u>2,680</u>	<u>2,628</u>	<u>2,574</u>
Subordinate				
State Loans	180	166	186	205
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	<u>180</u>	<u>166</u>	<u>186</u>	<u>205</u>
Total Debt Service	<u>2,833</u>	<u>2,846</u>	<u>2,814</u>	<u>2,779</u>
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	2.47	2.34	1.76	2.69
SUBORDINATE	2.77	2.59	2.00	2.92

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⁽³⁾ Does not include depreciation.

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⁽⁵⁾ Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA

\$000

District No. 15	Fiscal Year 2009/10	Fiscal Year 2010/11	Fiscal Year 2011/12	Fiscal Year 2012/13
REVENUE SOURCES				
Operating Revenues	\$ 28,768	\$ 33,941	\$ 31,447	\$ 33,145
A.V. Tax	5,381	5,305	5,461	6,542
Interest	1,983	1,614	1,053	714
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	<u>36,132</u>	<u>40,860</u>	<u>37,961</u>	<u>40,401</u>
CIF Pledged for Debt ⁽²⁾	194	191	193	193
Total Revenue for Senior Calculation	<u>36,326</u>	<u>41,051</u>	<u>38,154</u>	<u>40,594</u>
CIF Connection Fee Revenue ⁽²⁾	2,024	1,565	1,691	1,852
Total Revenue for Subordinate Calculation	<u>38,156</u>	<u>42,425</u>	<u>39,652</u>	<u>42,253</u>
EXPENSES⁽³⁾				
Total O&M	25,226	25,395	26,175	26,281
Rate Stabilization Fund ⁽⁴⁾	3,610	8,150	4,450	5,350
Total	<u>28,836</u>	<u>33,545</u>	<u>30,625</u>	<u>31,631</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	2,416	2,459	2,505	2,475
Revenue Bonds	3,563	3,552	3,490	3,464
Total Senior Debt Payments	<u>5,979</u>	<u>6,011</u>	<u>5,995</u>	<u>5,939</u>
Subordinate				
State Loans	341	312	364	410
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	<u>341</u>	<u>312</u>	<u>364</u>	<u>410</u>
Total Debt Service	6,320	6,323	6,359	6,349
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	1.20	1.20	1.20	1.44
SUBORDINATE	1.47	1.40	1.42	1.67

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⁽³⁾ Does not include depreciation.

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⁽⁵⁾ Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA
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District No. 16	Fiscal Year 2009/10	Fiscal Year 2010/11	Fiscal Year 2011/12	Fiscal Year 2012/13
REVENUE SOURCES				
Operating Revenues	\$ 15,703	\$ 18,355	\$ 16,421	\$ 17,384
A.V. Tax	3,580	3,578	3,646	4,351
Interest	1,218	977	671	430
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	<u>20,501</u>	<u>22,910</u>	<u>20,738</u>	<u>22,165</u>
CIF Pledged for Debt ⁽²⁾	106	104	104	104
Total Revenue for Senior Calculation	<u>20,607</u>	<u>23,014</u>	<u>20,842</u>	<u>22,269</u>
CIF Connection Fee Revenue ⁽²⁾	983	881	866	1,127
Total Revenue for Subordinate Calculation	<u>21,484</u>	<u>23,791</u>	<u>21,604</u>	<u>23,292</u>
EXPENSES⁽³⁾				
Total O&M	13,224	13,568	13,705	13,707
Rate Stabilization Fund ⁽⁴⁾	2,950	5,000	2,570	2,635
Total	<u>16,174</u>	<u>18,568</u>	<u>16,275</u>	<u>16,342</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	1,317	1,339	1,424	1,330
Revenue Bonds	2,220	2,213	2,175	2,158
Total Senior Debt Payments	<u>3,537</u>	<u>3,552</u>	<u>3,599</u>	<u>3,488</u>
Subordinate				
State Loans	186	170	197	221
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	<u>186</u>	<u>170</u>	<u>197</u>	<u>221</u>
Total Debt Service	3,723	3,722	3,796	3,709
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	1.20	1.20	1.21	1.64
SUBORDINATE	1.43	1.40	1.40	1.87

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⁽³⁾ Does not include depreciation.

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COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA
\$000

District No. 17	Fiscal Year 2009/10	Fiscal Year 2010/11	Fiscal Year 2011/12	Fiscal Year 2012/13
REVENUE SOURCES				
Operating Revenues	\$ 1,955	\$ 2,394	\$ 2,272	\$ 2,330
A.V. Tax	430	411	426	487
Interest	197	170	110	70
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	<u>2,582</u>	<u>2,975</u>	<u>2,808</u>	<u>2,887</u>
CIF Pledged for Debt ⁽²⁾	<u>14</u>	<u>14</u>	<u>14</u>	<u>14</u>
Total Revenue for Senior Calculation	2,596	2,989	2,822	2,901
CIF Connection Fee Revenue ⁽²⁾	<u>133</u>	<u>108</u>	<u>104</u>	<u>135</u>
Total Revenue for Subordinate Calculation	2,715	3,083	2,912	3,022
EXPENSES⁽³⁾				
Total O&M	1,774	1,768	1,778	1,795
Rate Stabilization Fund ⁽⁴⁾	<u>243</u>	<u>640</u>	<u>435</u>	<u>535</u>
Total	2,017	2,408	2,213	2,330
DEBT SERVICE PAYMENTS				
Senior				
State Loans	178	177	209	176
Revenue Bonds	<u>284</u>	<u>283</u>	<u>278</u>	<u>276</u>
Total Senior Debt Payments	462	460	487	452
Subordinate				
State Loans	25	22	26	29
Revenue Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Subordinate Debt Payments	25	22	26	29
Total Debt Service	487	482	513	481
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	1.20	1.22	1.20	1.20
SUBORDINATE	1.43	1.40	1.36	1.44

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COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA
\$000

District No. 18	Fiscal Year 2009/10	Fiscal Year 2010/11	Fiscal Year 2011/12	Fiscal Year 2012/13
REVENUE SOURCES				
Operating Revenues	\$ 20,952	\$ 24,625	\$ 23,188	\$ 23,941
A.V. Tax	2,830	2,749	2,784	3,970
Interest	944	902	575	398
Rate Stabilization Fund ⁽¹⁾	1,365	-	-	-
Subtotal	<u>26,091</u>	<u>28,276</u>	<u>26,547</u>	<u>28,309</u>
CIF Pledged for Debt ⁽²⁾	129	127	128	125
Total Revenue for Senior Calculation	<u>26,220</u>	<u>28,403</u>	<u>26,675</u>	<u>28,434</u>
CIF Connection Fee Revenue ⁽²⁾	1,316	1,102	1,100	1,452
Total Revenue for Subordinate Calculation	<u>27,407</u>	<u>29,378</u>	<u>27,647</u>	<u>29,761</u>
EXPENSES⁽³⁾				
Total O&M	16,853	17,193	17,713	17,748
Rate Stabilization Fund ⁽⁴⁾	-	3,419	70	3,094
Total	<u>16,853</u>	<u>20,612</u>	<u>17,783</u>	<u>20,842</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	1,598	1,630	1,659	1,607
Revenue Bonds	<u>1,948</u>	<u>1,942</u>	<u>1,908</u>	<u>1,893</u>
Total Senior Debt Payments	<u>3,546</u>	<u>3,572</u>	<u>3,567</u>	<u>3,500</u>
Subordinate				
State Loans	226	207	241	266
Revenue Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Subordinate Debt Payments	<u>226</u>	<u>207</u>	<u>241</u>	<u>266</u>
Total Debt Service	<u>3,772</u>	<u>3,779</u>	<u>3,808</u>	<u>3,766</u>
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	2.58	2.12	2.43	2.09
SUBORDINATE	2.80	2.32	2.59	2.37

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⁽³⁾ Does not include depreciation.

⁽⁴⁾ These funds are being set aside to minimize the impact on the Districts' ratepayers in the event of future unexpected operating costs.

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COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA
\$000

District No. 19	Fiscal Year 2009/10	Fiscal Year 2010/11	Fiscal Year 2011/12	Fiscal Year 2012/13
REVENUE SOURCES				
Operating Revenues	\$ 5,683	\$ 6,576	\$ 6,414	\$ 6,370
A.V. Tax	963	945	1,023	1,404
Interest	349	305	209	142
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	<u>6,995</u>	<u>7,826</u>	<u>7,646</u>	<u>7,916</u>
CIF Pledged for Debt ⁽²⁾	<u>35</u>	<u>35</u>	<u>35</u>	<u>36</u>
Total Revenue for Senior Calculation	7,030	7,861	7,681	7,952
CIF Connection Fee Revenue ⁽²⁾	<u>319</u>	<u>289</u>	<u>285</u>	<u>375</u>
Total Revenue for Subordinate Calculation	7,314	8,115	7,931	8,291
EXPENSES⁽³⁾				
Total O&M	4,447	4,647	5,016	4,759
Rate Stabilization Fund ⁽⁴⁾	<u>1,250</u>	<u>1,471</u>	<u>637</u>	<u>880</u>
Total	5,697	6,118	5,653	5,639
DEBT SERVICE PAYMENTS				
Senior				
State Loans	431	446	455	454
Revenue Bonds	<u>628</u>	<u>626</u>	<u>615</u>	<u>610</u>
Total Senior Debt Payments	1,059	1,072	1,070	1,064
Subordinate				
State Loans	61	57	66	75
Revenue Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Subordinate Debt Payments	61	57	66	75
Total Debt Service	1,120	1,129	1,136	1,139
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	1.20	1.57	1.83	2.10
SUBORDINATE	1.44	1.77	2.01	2.33

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⁽³⁾ Does not include depreciation.

⁽⁴⁾ These funds are being set aside to minimize the impact on the Districts' ratepayers in the event of future unexpected operating costs.

⁽⁵⁾ Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA

\$000

District No. 21	Fiscal Year 2009/10	Fiscal Year 2010/11	Fiscal Year 2011/12	Fiscal Year 2012/13
REVENUE SOURCES				
Operating Revenues	\$ 27,224	\$ 29,011	\$ 26,912	\$ 28,248
A.V. Tax	3,298	3,128	3,332	4,065
Interest	1,367	1,221	847	573
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	<u>31,889</u>	<u>33,360</u>	<u>31,091</u>	<u>32,886</u>
CIF Pledged for Debt ⁽²⁾	<u>156</u>	<u>154</u>	<u>155</u>	<u>153</u>
Total Revenue for Senior Calculation	32,045	33,514	31,246	33,039
CIF Connection Fee Revenue ⁽²⁾	<u>1,696</u>	<u>1,424</u>	<u>1,325</u>	<u>1,910</u>
Total Revenue for Subordinate Calculation	33,585	34,784	32,416	34,796
EXPENSES⁽³⁾				
Total O&M	19,802	20,251	20,953	20,648
Rate Stabilization Fund ⁽⁴⁾	<u>1,784</u>	<u>4,254</u>	<u>1,286</u>	<u>3,945</u>
Total	21,586	24,505	22,239	24,593
DEBT SERVICE PAYMENTS				
Senior				
State Loans	1,938	1,983	2,013	1,966
Revenue Bonds	<u>2,100</u>	<u>2,094</u>	<u>2,057</u>	<u>2,042</u>
Total Senior Debt Payments	4,038	4,077	4,070	4,008
Subordinate				
State Loans	274	252	293	326
Revenue Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Subordinate Debt Payments	274	252	293	326
Total Debt Service	4,312	4,329	4,363	4,334
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	2.52	2.15	2.14	2.03
SUBORDINATE	2.78	2.37	2.33	2.35

⁽¹⁾ These funds were expensed in prior years and are being used to pay unexpected operating costs and thereby minimize the impact on the Districts' ratepayers.

⁽²⁾ Beginning fiscal year 2006-07, all connection fees pledged for repayment of debt were considered in calculating senior debt service coverage, while all connection fees collected were considered in calculating subordinate debt service coverage.

⁽³⁾ Does not include depreciation.

⁽⁴⁾ These funds are being set aside to minimize the impact on the Districts' ratepayers in the event of future unexpected operating costs.

⁽⁵⁾ Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA

\$000

District No. 22	Fiscal Year 2009/10	Fiscal Year 2010/11	Fiscal Year 2011/12	Fiscal Year 2012/13
REVENUE SOURCES				
Operating Revenues	\$ 20,734	\$ 24,707	\$ 23,096	\$ 23,658
A.V. Tax	2,838	2,718	2,783	4,231
Interest	1,051	1,031	726	469
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	<u>24,623</u>	<u>28,456</u>	<u>26,605</u>	<u>28,358</u>
CIF Pledged for Debt ⁽²⁾	<u>129</u>	<u>128</u>	<u>128</u>	<u>130</u>
Total Revenue for Senior Calculation	24,752	28,584	26,733	28,488
CIF Connection Fee Revenue ⁽²⁾	<u>1,407</u>	<u>1,203</u>	<u>1,356</u>	<u>1,525</u>
Total Revenue for Subordinate Calculation	26,030	29,659	27,961	29,883
EXPENSES⁽³⁾				
Total O&M	16,438	17,210	17,559	17,731
Rate Stabilization Fund ⁽⁴⁾	<u>2,830</u>	<u>3,665</u>	<u>2,239</u>	<u>4,297</u>
Total	19,268	20,875	19,798	22,028
DEBT SERVICE PAYMENTS				
Senior				
State Loans	1,611	1,642	1,663	1,672
Revenue Bonds	<u>1,817</u>	<u>1,812</u>	<u>1,780</u>	<u>1,767</u>
Total Senior Debt Payments	3,428	3,454	3,443	3,439
Subordinate				
State Loans	227	208	242	277
Revenue Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Subordinate Debt Payments	227	208	242	277
Total Debt Service	3,655	3,662	3,685	3,716
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	1.53	2.17	1.94	1.80
SUBORDINATE	1.85	2.40	2.22	2.11

⁽¹⁾ These funds were expensed in prior years and are being used to pay unexpected operating costs and thereby minimize the impact on the Districts' ratepayers.

⁽²⁾ Beginning fiscal year 2006-07, all connection fees pledged for repayment of debt were considered in calculating senior debt service coverage, while all connection fees collected were considered in calculating subordinate debt service coverage.

⁽³⁾ Does not include depreciation.

⁽⁴⁾ These funds are being set aside to minimize the impact on the Districts' ratepayers in the event of future unexpected operating costs.

⁽⁵⁾ Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA

\$000

District No. 23	Fiscal Year 2009/10	Fiscal Year 2010/11	Fiscal Year 2011/12	Fiscal Year 2012/13
REVENUE SOURCES				
Operating Revenues	\$ 3,652	\$ 4,443	\$ 4,196	\$ 3,889
A.V. Tax	316	282	309	367
Interest	386	311	201	125
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	<u>4,354</u>	<u>5,036</u>	<u>4,706</u>	<u>4,381</u>
CIF Pledged for Debt ⁽²⁾	<u>21</u>	<u>21</u>	<u>19</u>	<u>19</u>
Total Revenue for Senior Calculation	4,375	5,057	4,725	4,400
CIF Connection Fee Revenue ⁽²⁾	<u>189</u>	<u>154</u>	<u>142</u>	<u>170</u>
Total Revenue for Subordinate Calculation	4,543	5,190	4,848	4,551
EXPENSES⁽³⁾				
Total O&M	3,264	3,431	3,340	3,236
Rate Stabilization Fund ⁽⁴⁾	<u>305</u>	<u>815</u>	<u>600</u>	<u>390</u>
Total	3,569	4,246	3,940	3,626
DEBT SERVICE PAYMENTS				
Senior				
State Loans	259	264	247	241
Revenue Bonds	<u>384</u>	<u>383</u>	<u>376</u>	<u>373</u>
Total Senior Debt Payments	643	647	623	614
Subordinate				
State Loans	37	34	36	39
Revenue Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Subordinate Debt Payments	37	34	36	39
Total Debt Service	680	681	659	653
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	1.20	1.20	1.20	1.20
SUBORDINATE	1.43	1.39	1.38	1.42

⁽¹⁾ These funds were expensed in prior years and are being used to pay unexpected operating costs and thereby minimize the impact on the Districts' ratepayers.

⁽²⁾ Beginning fiscal year 2006-07, all connection fees pledged for repayment of debt were considered in calculating senior debt service coverage, while all connection fees collected were considered in calculating subordinate debt service coverage.

⁽³⁾ Does not include depreciation.

⁽⁴⁾ These funds are being set aside to minimize the impact on the Districts' ratepayers in the event of future unexpected operating costs.

⁽⁵⁾ Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA
\$000

District No. 28	Fiscal Year 2009/10	Fiscal Year 2010/11	Fiscal Year 2011/12	Fiscal Year 2012/13
REVENUE SOURCES				
Operating Revenues	\$ 934	\$ 1,093	\$ 1,057	\$ 1,069
A.V. Tax	505	476	490	554
Interest	58	84	61	40
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	<u>1,497</u>	<u>1,653</u>	<u>1,608</u>	<u>1,663</u>
CIF Pledged for Debt ⁽²⁾	<u>4</u>	<u>4</u>	<u>4</u>	<u>4</u>
Total Revenue for Senior Calculation	1,501	1,657	1,612	1,667
CIF Connection Fee Revenue ⁽²⁾	<u>76</u>	<u>34</u>	<u>33</u>	<u>39</u>
Total Revenue for Subordinate Calculation	1,573	1,687	1,641	1,702
EXPENSES⁽³⁾				
Total O&M	548	501	520	539
Rate Stabilization Fund ⁽⁴⁾	<u>315</u>	<u>530</u>	<u>465</u>	<u>500</u>
Total	863	1,031	985	1,039
DEBT SERVICE PAYMENTS				
Senior				
State Loans	423	417	417	419
Revenue Bonds	<u>100</u>	<u>100</u>	<u>99</u>	<u>97</u>
Total Senior Debt Payments	523	517	516	516
Subordinate				
State Loans	8	6	7	9
Revenue Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Subordinate Debt Payments	8	6	7	9
Total Debt Service	531	523	523	525
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	1.20	1.20	1.20	1.20
SUBORDINATE	1.34	1.25	1.25	1.26

⁽¹⁾ These funds were expensed in prior years and are being used to pay unexpected operating costs and thereby minimize the impact on the Districts' ratepayers.

⁽²⁾ Beginning fiscal year 2006-07, all connection fees pledged for repayment of debt were considered in calculating senior debt service coverage, while all connection fees collected were considered in calculating subordinate debt service coverage.

⁽³⁾ Does not include depreciation.

⁽⁴⁾ These funds are being set aside to minimize the impact on the Districts' ratepayers in the event of future unexpected operating costs.

⁽⁵⁾ Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA
\$000

District No. 29	Fiscal Year 2009/10	Fiscal Year 2010/11	Fiscal Year 2011/12	Fiscal Year 2012/13
REVENUE SOURCES				
Operating Revenues	\$ 1,746	\$ 1,980	\$ 1,966	\$ 2,005
A.V. Tax	159	79	87	147
Interest	36	48	39	23
Rate Stabilization Fund ⁽¹⁾	-	-	-	277
Subtotal	<u>1,941</u>	<u>2,107</u>	<u>2,092</u>	<u>2,452</u>
CIF Pledged for Debt ⁽²⁾	5	5	5	5
Total Revenue for Senior Calculation	<u>1,946</u>	<u>2,112</u>	<u>2,097</u>	<u>2,457</u>
CIF Connection Fee Revenue ⁽²⁾	73	93	46	74
Total Revenue for Subordinate Calculation	<u>2,014</u>	<u>2,200</u>	<u>2,138</u>	<u>2,526</u>
EXPENSES⁽³⁾				
Total O&M	1,356	1,084	1,052	1,097
Rate Stabilization Fund ⁽⁴⁾	262	153	248	-
Total	<u>1,618</u>	<u>1,237</u>	<u>1,300</u>	<u>1,097</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	65	68	66	68
Revenue Bonds	31	31	31	31
Total Senior Debt Payments	<u>96</u>	<u>99</u>	<u>97</u>	<u>99</u>
Subordinate				
State Loans	9	8	9	11
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	<u>9</u>	<u>8</u>	<u>9</u>	<u>11</u>
Total Debt Service	105	107	106	110
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	3.32	8.76	8.12	13.63
SUBORDINATE	3.77	9.00	7.91	12.99

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⁽³⁾ Does not include depreciation.

⁽⁴⁾ These funds are being set aside to minimize the impact on the Districts' ratepayers in the event of future unexpected operating costs.

⁽⁵⁾ Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA
\$000

South Bay Cities	Fiscal Year 2009/10	Fiscal Year 2010/11	Fiscal Year 2011/12	Fiscal Year 2012/13
REVENUE SOURCES				
Operating Revenues	\$ 6,037	\$ 7,436	\$ 6,894	\$ 7,180
A.V. Tax	3,897	3,802	3,892	4,381
Interest	713	527	350	245
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	<u>10,647</u>	<u>11,765</u>	<u>11,136</u>	<u>11,806</u>
CIF Pledged for Debt ⁽²⁾	<u>47</u>	<u>46</u>	<u>47</u>	<u>47</u>
Total Revenue for Senior Calculation	10,694	11,811	11,183	11,853
CIF Connection Fee Revenue ⁽²⁾	<u>441</u>	<u>356</u>	<u>352</u>	<u>478</u>
Total Revenue for Subordinate Calculation	11,088	12,121	11,488	12,284
EXPENSES⁽³⁾				
Total O&M	6,643	6,786	6,923	7,019
Rate Stabilization Fund ⁽⁴⁾	<u>2,110</u>	<u>3,070</u>	<u>2,109</u>	<u>2,101</u>
Total	8,753	9,856	9,032	9,120
DEBT SERVICE PAYMENTS				
Senior				
State Loans	581	597	608	606
Revenue Bonds	<u>971</u>	<u>968</u>	<u>951</u>	<u>944</u>
Total Senior Debt Payments	1,552	1,565	1,559	1,550
Subordinate				
State Loans	82	76	88	100
Revenue Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Subordinate Debt Payments	82	76	88	100
Total Debt Service	1,634	1,641	1,647	1,650
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	1.20	1.20	1.32	1.70
SUBORDINATE	1.43	1.38	1.49	1.92

⁽¹⁾ These funds were expensed in prior years and are being used to pay unexpected operating costs and thereby minimize the impact on the Districts' ratepayers.

⁽²⁾ Beginning fiscal year 2006-07, all connection fees pledged for repayment of debt were considered in calculating senior debt service coverage, while all connection fees collected were considered in calculating subordinate debt service coverage.

⁽³⁾ Does not include depreciation.

⁽⁴⁾ These funds are being set aside to minimize the impact on the Districts' ratepayers in the event of future unexpected operating costs.

⁽⁵⁾ Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA
\$000

District No. 4	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2009/10	2010/11	2011/12	2012/13
REVENUE SOURCES				
Operating Revenues	\$ 3,581	\$ 3,601	\$ 3,556	\$ 3,813
A.V. Tax	424	398	405	474
Interest	510	495	360	253
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	<u>4,515</u>	<u>4,494</u>	<u>4,321</u>	<u>4,540</u>
CIF Pledged for Debt ⁽²⁾	-	-	-	-
Total Revenue for Senior Calculation	<u>4,515</u>	<u>4,494</u>	<u>4,321</u>	<u>4,540</u>
CIF Connection Fee Revenue ⁽²⁾	52	44	455	71
Total Revenue for Subordinate Calculation	<u>4,567</u>	<u>4,538</u>	<u>4,776</u>	<u>4,611</u>
EXPENSES⁽³⁾				
Total O&M	951	1,371	1,338	1,034
Rate Stabilization Fund ⁽⁴⁾	1,700	1,450	1,678	2,320
Total	<u>2,651</u>	<u>2,821</u>	<u>3,016</u>	<u>3,354</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	-	-	-	-
Revenue Bonds	336	336	329	327
Total Senior Debt Payments	<u>336</u>	<u>336</u>	<u>329</u>	<u>327</u>
Subordinate				
State Loans	-	-	-	-
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Debt Service	336	336	329	327
DEBT SERVICE COVERAGE:				
SENIOR	5.55	4.98	3.97	3.63

⁽¹⁾ These funds were expensed in prior years and are being used to pay unexpected operating costs and thereby minimize the impact on the Districts' ratepayers.

⁽²⁾ Beginning fiscal year 2006-07, all connection fees pledged for repayment of debt were considered in calculating senior debt service coverage, while all connection fees collected were considered in calculating subordinate debt service coverage.

⁽³⁾ Does not include depreciation.

⁽⁴⁾ These funds are being set aside to minimize the impact on the Districts' ratepayers in the event of future unexpected operating costs.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA

\$000

District No. 9	Fiscal Year 2009/10	Fiscal Year 2010/11	Fiscal Year 2011/12	Fiscal Year 2012/13
REVENUE SOURCES				
Operating Revenues	\$ 77	100	83	87
A.V. Tax	82	77	78	87
Interest	46	41	30	30
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	<u>205</u>	<u>218</u>	<u>191</u>	<u>204</u>
CIF Pledged for Debt ⁽²⁾	-	-	-	-
Total Revenue for Senior Calculation	<u>205</u>	<u>218</u>	<u>191</u>	<u>204</u>
CIF Connection Fee Revenue ⁽²⁾	-	1	-	-
Total Revenue for Subordinate Calculation	<u>205</u>	<u>219</u>	<u>191</u>	<u>204</u>
EXPENSES⁽³⁾				
Total O&M	90	84	96	69
Rate Stabilization Fund ⁽⁴⁾	58	77	40	80
Total	<u>148</u>	<u>161</u>	<u>136</u>	<u>149</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	-	-	-	-
Revenue Bonds	47	47	46	46
Total Senior Debt Payments	<u>47</u>	<u>47</u>	<u>46</u>	<u>46</u>
Subordinate				
State Loans	-	-	-	-
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Debt Service	47	47	46	46
DEBT SERVICE COVERAGE:				
SENIOR	1.21	1.21	1.20	1.20

⁽¹⁾ These funds were expensed in prior years and are being used to pay unexpected operating costs and thereby minimize the impact on the Districts' ratepayers.

⁽²⁾ Beginning fiscal year 2006-07, all connection fees pledged for repayment of debt were considered in calculating senior debt service coverage, while all connection fees collected were considered in calculating subordinate debt service coverage.

⁽³⁾ Does not include depreciation.

⁽⁴⁾ These funds are being set aside to minimize the impact on the Districts' ratepayers in the event of future unexpected operating costs.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA
\$000

District No. 14	Fiscal Year 2009/10	Fiscal Year 2010/11	Fiscal Year 2011/12	Fiscal Year 2012/13
REVENUE SOURCES				
Operating Revenues	\$ 22,516	\$ 27,595	\$ 26,330	\$ 32,491
A.V. Tax	2,728	861	911	991
Interest	1,694	1,019	471	249
Rate Stabilization Fund ⁽¹⁾	-	5,800	1,380	-
Subtotal	<u>26,938</u>	<u>35,275</u>	<u>29,092</u>	<u>33,731</u>
CIF Pledged for Debt ⁽²⁾	4,661	5,320	5,320	6,155
Total Revenue for Senior Calculation	<u>31,599</u>	<u>40,595</u>	<u>34,412</u>	<u>39,886</u>
CIF Connection Fee Revenue ⁽²⁾	1,857	959	710	2,160
Total Revenue for Subordinate Calculation	<u>28,795</u>	<u>36,234</u>	<u>29,802</u>	<u>35,891</u>
EXPENSES⁽³⁾				
Total O&M	8,728	9,084	9,420	10,714
Rate Stabilization Fund ⁽⁴⁾	7,300	-	-	2,697
Total	<u>16,028</u>	<u>9,084</u>	<u>9,420</u>	<u>13,411</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	-	-	-	-
Revenue Bonds	478	476	468	465
Total Senior Debt Payments	<u>478</u>	<u>476</u>	<u>468</u>	<u>465</u>
Subordinate				
State Loans	1,937	1,937	1,937	6,855
Revenue Bonds	9,179	11,115	11,115	11,113
Total Subordinate Debt Payments	<u>11,116</u>	<u>13,052</u>	<u>13,052</u>	<u>17,968</u>
Total Debt Service	11,594	13,528	13,520	18,433
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	9.32	38.78	25.51	18.29
<u>SUBORDINATE</u>	<u>1.10</u>	<u>2.01</u>	<u>1.51</u>	<u>1.22</u>

⁽¹⁾ These funds were expensed in prior years and are being used to pay unexpected operating costs and thereby minimize the impact on the Districts' ratepayers.

⁽²⁾ Beginning fiscal year 2005-06, all connection fees pledged for repayment of debt were considered in calculating senior debt service coverage, while all connection fees collected were considered in calculating subordinate debt service coverage.

⁽³⁾ Does not include depreciation.

⁽⁴⁾ These funds are being set aside to minimize the impact on the Districts' ratepayers in the event of future unexpected operating costs.

⁽⁵⁾ Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA
\$000

District No. 20	Fiscal Year 2009/10	Fiscal Year 2010/11	Fiscal Year 2011/12	Fiscal Year 2012/13
REVENUE SOURCES				
Operating Revenues	\$ 13,837	\$ 17,107	\$ 18,298	\$ 21,604
A.V. Tax	3,401	952	973	1,004
Interest	988	544	277	211
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	<u>18,226</u>	<u>18,603</u>	<u>19,548</u>	<u>22,819</u>
CIF Pledged for Debt ⁽²⁾	<u>3,648</u>	<u>3,863</u>	<u>3,832</u>	<u>2,343</u>
Total Revenue for Senior Calculation	<u>21,874</u>	<u>22,466</u>	<u>23,380</u>	<u>25,162</u>
CIF Connection Fee Revenue ⁽²⁾	<u>258</u>	<u>587</u>	<u>476</u>	<u>1,098</u>
Total Revenue for Subordinate Calculation	<u>18,484</u>	<u>19,190</u>	<u>20,024</u>	<u>23,917</u>
EXPENSES⁽³⁾				
Total O&M	6,164	6,388	8,855	9,300
Rate Stabilization Fund ⁽⁴⁾	<u>3,310</u>	<u>3,310</u>	<u>1,500</u>	<u>4,980</u>
Total	<u>9,474</u>	<u>9,698</u>	<u>10,355</u>	<u>14,280</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	-	-	-	-
Revenue Bonds	<u>398</u>	<u>397</u>	<u>389</u>	<u>387</u>
Total Senior Debt Payments	<u>398</u>	<u>397</u>	<u>389</u>	<u>387</u>
Subordinate				
State Loans	-	-	-	-
Revenue Bonds	<u>7,759</u>	<u>8,270</u>	<u>8,391</u>	<u>8,392</u>
Total Subordinate Debt Payments	<u>7,759</u>	<u>8,270</u>	<u>8,391</u>	<u>8,392</u>
Total Debt Service	<u>8,157</u>	<u>8,667</u>	<u>8,780</u>	<u>8,779</u>
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	11.66	11.33	11.91	6.43
SUBORDINATE	1.10	1.10	1.10	1.10

⁽¹⁾ These funds were expensed in prior years and are being used to pay unexpected operating costs and thereby minimize the impact on the Districts' ratepayers.

⁽²⁾ Beginning fiscal year 2005-06, all connection fees pledged for repayment of debt were considered in calculating senior debt service coverage, while all connection fees collected were considered in calculating subordinate debt service coverage.

⁽³⁾ Does not include depreciation.

⁽⁴⁾ These funds are being set aside to minimize the impact on the Districts' ratepayers in the event of future unexpected operating costs.

⁽⁵⁾ Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA

\$000

District No. 27	Fiscal Year 2009/10	Fiscal Year 2010/11	Fiscal Year 2011/12	Fiscal Year 2012/13
REVENUE SOURCES				
Operating Revenues	\$ 1	\$ 3	\$ 1	\$ 2
A.V. Tax	252	244	252	288
Interest	33	30	18	5
Rate Stabilization Fund ⁽¹⁾	-	-	-	843
Subtotal	<u>286</u>	<u>277</u>	<u>271</u>	<u>1,138</u>
CIF Pledged for Debt ⁽²⁾	-	-	-	-
Total Revenue for Senior Calculation	<u>286</u>	<u>277</u>	<u>271</u>	<u>1,138</u>
CIF Connection Fee Revenue ⁽²⁾	-	-	-	-
Total Revenue for Subordinate Calculation	<u>286</u>	<u>277</u>	<u>271</u>	<u>1,138</u>
EXPENSES⁽³⁾				
Total O&M	99	116	154	108
Rate Stabilization Fund ⁽⁴⁾	108	82	40	-
Total	<u>207</u>	<u>198</u>	<u>194</u>	<u>108</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	-	-	-	-
Revenue Bonds	<u>66</u>	<u>66</u>	<u>64</u>	<u>64</u>
Total Senior Debt Payments	<u>66</u>	<u>66</u>	<u>64</u>	<u>64</u>
Subordinate				
State Loans	-	-	-	-
Revenue Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Subordinate Debt Payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Debt Service	66	66	64	64
DEBT SERVICE COVERAGE:				
SENIOR	1.20	1.20	1.20	16.09

⁽¹⁾ These funds were expensed in prior years and are being used to pay unexpected operating costs and thereby minimize the impact on the Districts' ratepayers.

⁽²⁾ Beginning fiscal year 2006-07, all connection fees pledged for repayment of debt were considered in calculating senior debt service coverage, while all connection fees collected were considered in calculating subordinate debt service coverage.

⁽³⁾ Does not include depreciation.

⁽⁴⁾ These funds are being set aside to minimize the impact on the Districts' ratepayers in the event of future unexpected operating costs.

COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA
\$000

Santa Clarita Valley	Fiscal Year 2009/10	Fiscal Year 2010/11	Fiscal Year 2011/12	Fiscal Year 2012/13
REVENUE SOURCES				
Operating Revenues	\$ 19,476	\$ 21,363	\$ 22,245	\$ 23,615
A.V. Tax	6,258	5,627	5,655	6,182
Interest	2,009	1,731	1,107	644
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	<u>27,743</u>	<u>28,721</u>	<u>29,007</u>	<u>30,441</u>
CIF Pledged for Debt ⁽²⁾	<u>4,794</u>	<u>4,789</u>	<u>4,753</u>	<u>4,737</u>
Total Revenue for Senior Calculation	32,537	33,510	33,760	35,178
CIF Connection Fee Revenue ⁽²⁾	<u>1,136</u>	<u>987</u>	<u>2,323</u>	<u>3,712</u>
Total Revenue for Subordinate Calculation	28,879	29,708	31,330	34,153
EXPENSES⁽³⁾				
Total O&M	18,206	18,084	19,019	19,466
Rate Stabilization Fund ⁽⁴⁾	<u>3,550</u>	<u>4,500</u>	<u>5,250</u>	<u>5,674</u>
Total	21,756	22,584	24,269	25,140
DEBT SERVICE PAYMENTS				
Senior				
State Loans	1,011	1,011	1,011	1,011
Revenue Bonds	<u>3,448</u>	<u>3,437</u>	<u>3,378</u>	<u>3,352</u>
Total Senior Debt Payments	4,459	4,448	4,389	4,363
Subordinate				
State Loans	2,014	2,014	2,014	2,014
Revenue Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Subordinate Debt Payments	2,014	2,014	2,014	2,014
Total Debt Service	6,473	6,462	6,403	6,377
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	1.97	2.00	1.70	1.84
<u>SUBORDINATE</u>	<u>1.10</u>	<u>1.10</u>	<u>1.10</u>	<u>1.41</u>

⁽¹⁾ These funds were expensed in prior years and are being used to pay unexpected operating costs and thereby minimize the impact on the Districts' ratepayers.

⁽²⁾ Beginning fiscal year 2005-06, all connection fees pledged for repayment of debt were considered in calculating senior debt service coverage, while all connection fees collected were considered in calculating subordinate debt service coverage.

⁽³⁾ Does not include depreciation.

⁽⁴⁾ These funds are being set aside to minimize the impact on the Districts' ratepayers in the event of future unexpected operating costs.

⁽⁵⁾ Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

**COUNTY SANITATION DISTRICTS
OF LOS ANGELES COUNTY**

Single Audit Report

For The Fiscal Year Ended June 30, 2013

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**COUNTY SANITATION DISTRICTS
OF LOS ANGELES COUNTY**

Single Audit Report

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MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Honorable Boards of Directors
County Sanitation Districts of Los Angeles County:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the County Sanitation Districts of Los Angeles County (Districts) as of and for the fiscal year ended June 30, 2013, and have issued our report thereon dated December 9, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Districts' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Districts' internal control. Accordingly, we do not express an opinion on the effectiveness of the Districts' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Districts' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
December 9, 2013



MOSS, LEVY & HARTZHEIM LLP

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Honorable Boards of Directors
County Sanitation Districts of Los Angeles County:

Report on Compliance for Each Major Federal Program

We have audited the County Sanitation Districts of Los Angeles County's (Districts) compliance with the types of compliance requirements described in *the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2013. The Districts' major federal program is identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Districts' major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Districts' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Districts' compliance.

Opinion on Each Major Federal Program

In our opinion, the Districts complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the fiscal year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of the Districts is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Districts' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Districts' internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purposes. This report is intended solely for the information and use of the Districts' Boards and management, the State Controller's Office, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Moss, Levy & Hartzheim

Moss, Levy & Hartzheim, LLP
Culver City, California
December 9, 2013

**COUNTY SANITATION DISTRICTS
OF LOS ANGELES COUNTY**

Schedule of Expenditures of Federal Awards

For The Fiscal Year Ended June 30, 2013

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Loan/Grant Number	Federal Expenditures
U.S. Environmental Protection Agency passed through the State Water Resources Control Board:			
<u>Capitalization Grants for Clean Water State Revolving Funds:</u>			
Valencia WRP Steam Boiler System Upgrade	66.458	C-06-7045-110	\$ 2,351,230
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,351,230

See accompanying notes to schedule of expenditures of federal awards

**COUNTY SANITATION DISTRICTS
OF LOS ANGELES COUNTY**

Notes to the Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2013

1. REPORTING ENTITY

The financial reporting entity consists of (a) the primary government, County Sanitation Districts of Los Angeles County (Districts), and (b) entities which include organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The consolidated entity of the Districts is:

- The Los Angeles County Sanitation Districts Financing Authority (Authority)

The Authority exists solely to facilitate the issuance of long-term debt. The Authority has no daily operations and does not conduct business on its own behalf. Since the governing body of the Authority is entirely comprised of members of the Districts' Boards and the Authority provides services entirely for the Districts, the Authority's financial activities are consolidated with the Districts for financial reporting purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Districts utilize the accrual method of accounting. The accompanying Schedule of Expenditures of Federal Awards (Schedule) has been prepared accordingly.

Schedule of Expenditures of Federal Awards

The accompanying Schedule presents the activity of all federal financial assistance programs of the Districts. All Federal financial assistance received was passed through the State of California.

The Schedule was prepared from only the account of the grant program and, therefore, does not present the financial position or results of operations of the Districts.

3. PROGRAM DESCRIPTIONS

U.S. Environmental Protection Agency

Capitalization Grants For Clean Water State Revolving Funds (CFDA No. 66.458)

Capitalization grants are awarded to States to create and maintain Clean Water State Revolving Funds to: (1) enable States to encourage construction of wastewater treatment facilities to meet the enforceable requirements of the Clean Water Act; (2) increase the emphasis on nonpoint source pollution control and protection of estuaries; and (3) establish permanent financing institutions in each State to provide continuing sources of financing to maintain water quality. The Clean Water State Revolving Fund provides loans and other types of financial assistance (but not grants) to qualified communities and local agencies.

**COUNTY SANITATION DISTRICTS
OF LOS ANGELES COUNTY**

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2013

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued	<u>Unmodified</u>		
Internal control over financial reporting:			
Material weakness(es) identified	_____	Yes	<u> X </u> No
Significant deficiency(ies) identified not considered to be material weaknesses	_____	Yes	<u> X </u> None reported
Noncompliance material to financial statements noted	_____	Yes	<u> X </u> No

Federal Awards

Internal control over major programs:			
Material weakness(es) identified	_____	Yes	<u> X </u> No
Significant deficiency(ies) identified not considered to be material weaknesses	_____	Yes	<u> X </u> None reported

Type of auditor’s report issued on compliance for major programs:	<u>Unmodified</u>
---	--------------------------

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510 (a)	_____	Yes	<u> X </u> No
--	-------	-----	-----------------

Identification of major programs:

CFDA Number(s)

66,458

Name of Federal Program or Cluster

Capitalization Grants For State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 300,000</u>
--	--------------------------

Auditee qualified as low-risk auditee:	<u> X </u> Yes _____ No
--	---------------------------

SECTION II – FINDINGS – FINANCIAL STATEMENT AUDIT

None

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM AUDIT

None

**COUNTY SANITATION DISTRICTS
OF LOS ANGELES COUNTY**

Status of Prior Year's Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2013

**SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAM
AUDIT**

There were no federal award findings.

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SANITATION DISTRICTS OF LOS ANGELES COUNTY / CALIFORNIA