

Sanitation Districts of Los Angeles County California

Year Ended: June 30

2017

**Comprehensive Annual
Financial Report**



Converting Waste Into Resources

O U R M I S S I O N

To protect public health and the environment through innovative and cost-effective wastewater and solid waste management and, in doing so, convert waste into resources such as recycled water, energy, and recycled materials.

A B O U T T H E C O V E R

The Sanitation Districts are one of the world's largest producers of recycled water. We supply over 90 million gallons per day to more than 860 reuse sites throughout Los Angeles County. The recycled water can be used for groundwater replenishment, agricultural and landscape irrigation, and various industrial uses. Pictured on the cover (L-R) are three reuse sites: an alfalfa farm in the Antelope Valley, the San Gabriel Coastal Spreading Grounds, and the California Country Club.



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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2017

Prepared by the Accounting Section

Mr. David B. Bruns
Department Head of Financial Management

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Comprehensive Annual Financial Report

June 30, 2017

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Introduction





COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

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GRACE ROBINSON HYDE
Chief Engineer and General Manager

December 22, 2017

Boards of Directors
Sanitation Districts of Los Angeles County

Directors:

In accordance with the California Government Code, we hereby submit the Comprehensive Annual Financial Report (CAFR) of the Sanitation Districts of Los Angeles County for the fiscal year ended June 30, 2017. 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, 2017, 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 the MD&A and should be read in conjunction with it.

INTRODUCTION

Profile of the Government

The Sanitation Districts of Los Angeles County are a confederation of 24 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 5.6 million people in Los Angeles County. The Districts' service area covers approximately 850 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. All of the Districts, under the terms of the Amended Joint Administration Agreement, 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 1,656 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 wastewater management system consists of approximately 1,400 miles of main trunk sewers, 48 pumping plants, 11 wastewater treatment plants, and one biosolids composting facility. Through a Joint Powers Agreement, the Districts also participate in the operation of a second biosolids composting facility. The wastewater management system currently conveys and treats approximately 395 million gallons per day (mgd) of wastewater, of which approximately 140 mgd of the treated wastewater is available for reuse.

The solid waste management system, with the Districts acting either as owners or operators, consists of two active sanitary landfills, one refuse-to-energy facility, one recycling center, three materials recovery/transfer facilities, two gas-to-energy facilities, and four closed sanitary landfill sites maintained by the Districts. The Districts are also developing a waste-by-rail system, expected to be completed in 2019, which consists of one remote landfill and an intermodal facility. Through a Joint Powers Agreement, the Districts have participated in the development and implementation of a second refuse-to-energy facility. The solid waste management facilities process an average of 6,200 tons per day of refuse and recyclable materials.

The Districts have entered into six Joint Powers Agreements that form 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 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.

Los Angeles County Sanitation Districts Financing Authority

The Los Angeles County Sanitation Districts Financing Authority was created on April 14, 1993, by the 22 active Districts for the sole purpose of facilitating the issuance of long-term debt on behalf of the member Districts. It has no daily operations and does not conduct business on its own behalf. Since the Financing Authority's governing body is comprised of the chairs of the member Districts' Boards of Directors and because the Financing Authority provides services only to the Districts, the Financing Authority's financial activities have been consolidated with the Districts' financial activities for financial reporting purposes and are included in this CAFR.

Budgets

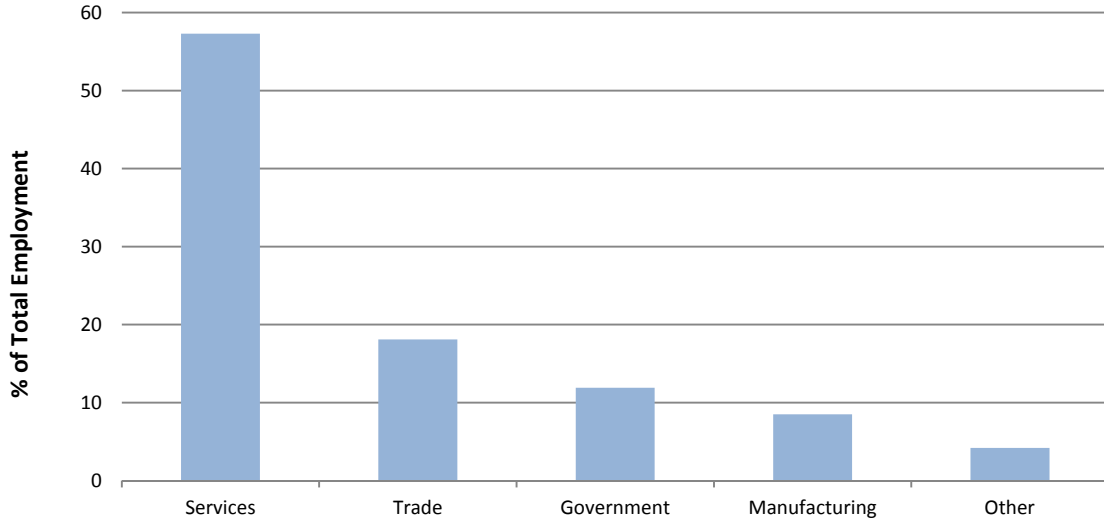
Each District annually adopts a wastewater budget that outlines the major elements of the forthcoming fiscal year's operating and capital programs. From that, management allocates the funds necessary for the next year's specific activities and projects. Additionally, an annual budget is prepared for 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 wastewater and solid waste management budgets for fiscal year 2016-2017 were \$609 million and \$133 million, respectively. Actual expenditures for wastewater and solid waste management were \$469 million and \$149 million, respectively.

GENERAL FACTORS IMPACTING ECONOMIC CONDITION**Overview of Los Angeles County**

The County's population and economy has been relatively stable in recent years, and a trend of modest growth is expected to continue. Population has increased 4.3% since 2010, with forecasts by the California Department of Finance showing an expected additional population increase of 3.9% by 2025. Per capita personal income has increased 42% during the past 10 years. A table showing more economic indicators is located on page 104 of the Statistical Section.

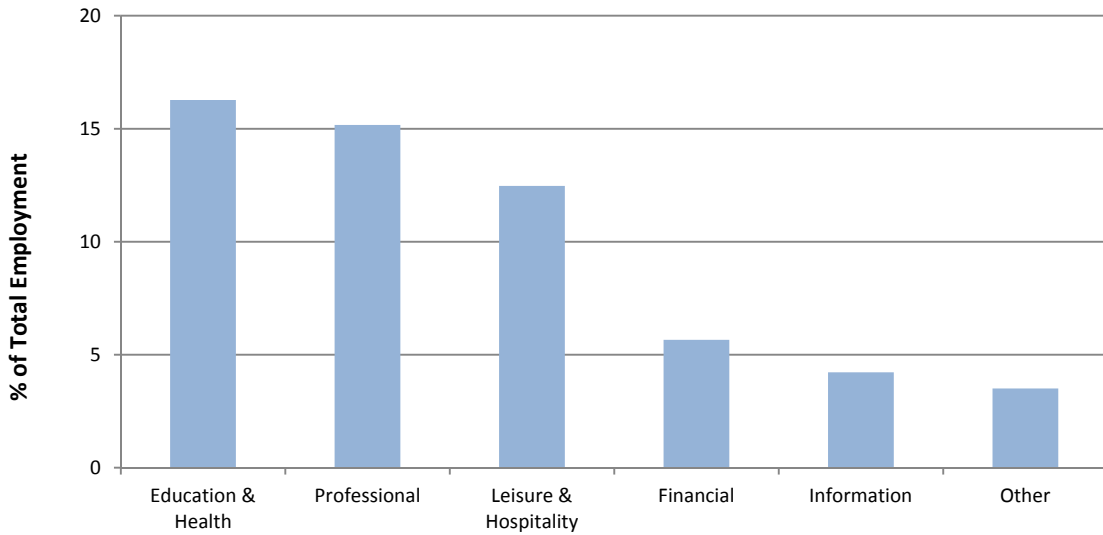
Historically, the job market in Los Angeles has been very diverse, with no one sector being dominant. However, as seen in Figure 1, that is no longer the case, as now more than half of the jobs in Los Angeles County fall within the broad category of "Services." Figure 2 provides a breakdown of the services into focused groups within that sector. During fiscal year 2016-2017, the unemployment rate dropped from 5.5% at the beginning of the year to 5.0% by year's end. This translates to more than 73,000 new jobs, an increase of 1.2% over the preceding year. The majority of this growth, in terms of total numbers, was concentrated in the services sector, with the most significant increases being seen in education/health and leisure/hospitality. However, the construction sector saw the largest percentage increase, reflecting the continued recovery of the building industry. According to the Los Angeles County Economic Development Corporation, construction, professional and business services, education/health services, and leisure/hospitality will see the most job growth over the next few years.

Figure 1
L.A. County Economic Employment Sectors
2017



Source: U.S. Department of Labor, Bureau of Labor Statistics

Figure 2
L.A. County Service Employment Sectors
2017



Source: U.S. Department of Labor, Bureau of Labor Statistics

WASTEWATER SYSTEM

Operational Undertakings and Capital Projects

Treated effluent from the Joint Water Pollution Control Plant (JWPCP) in Carson is conveyed to the ocean through two tunnels, one completed in 1937 and the other in 1958. Both tunnels have had continual flow in them since they were placed into operation and cannot be taken out of service under any condition. Construction of a new tunnel (the Clearwater Project) will ensure the overall reliability of the effluent disposal system and allow the existing tunnels to be taken out of service and rehabilitated as necessary. Construction of the tunnel, with an estimated cost of \$700 million, will take approximately 7.5 years beginning in 2018. During fiscal year 2016-2017, the Districts issued a prequalification package for potential bidders and entered into a Project Labor Agreement with the Los Angeles/Orange County Building and Construction Trades Council.

The Districts have developed the Tulare Lake Compost Facility, located in Kings County, to address long-term reliability for managing biosolids. It is a "state-of-the-art facility" to produce "exceptional quality" compost (as defined by USEPA) utilizing an indoor receiving and mixing facility and engineered fabric covers to control air emissions. The final product will be applied to the Districts' adjacent 14,500 acres of farmland. The primary benefit of using the compost is replenishment of the organic matter in the depleted topsoil, which increases productivity of the agricultural land by improving moisture retention, porosity, and nutrient conditions. Tulare Lake Compost, which began start-up operations in early 2016, is currently processing approximately 32,000 wet tons per year, about 6% of the biosolids produced by the Districts' wastewater treatment facilities. Unfortunately, due to a legal dispute that has arisen with the current lessee of the Districts' farmland, the permitting process to apply compost to the farmland has not yet been completed and compost being produced at the facility is currently being utilized offsite. The design of the facility is such that additional phases can be added incrementally in the future, for an ultimate capacity of 500,000 wet tons of biosolids annually.

In January 2017, the Districts commenced construction of a flow equalization project at the San Jose Creek Water Reclamation Plant (WRP) that will enhance the treatment process, provide for more reliable operations at higher wastewater flows, and make more recycled water available to reusers during peak demand periods. The project will cost approximately \$50 million, with \$3 million coming from a Proposition 84 grant and \$14.8 million coming from a Proposition 1 grant. The Districts have applied for funding through the State Revolving Fund (SRF) loan program to supplement the grants. Construction is anticipated to be completed in 2020.

The Lancaster and Palmdale 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. Management of the recycled water produced at both WRPs has been an ongoing issue, since the Antelope Valley is an enclosed watershed basin with no natural outlets. Both WRPs provide tertiary-level treatment, which provides high-quality recycled water that is suitable for many uses. Currently, the majority of the recycled water is used for irrigation of fodder crops; however, the Districts have been working with the two cities to expand their municipal reuse programs. There are now 52 municipal sites permitted to use recycled water in Lancaster and 24 in Palmdale.

The Santa Clarita Valley Sanitation District owns and operates the Saugus and Valencia WRPs, which discharge their tertiary-level treated effluent to the Santa Clara River. In 2007, the District received a regulatory mandate from the Los Angeles Regional Water Quality Control Board to reduce chloride levels in treated effluent entering the River. As the first step in complying with the new standard, the

District prepared a Facilities Plan and an Environmental Impact Report (EIR) (together the Chloride Compliance Project), which was approved and certified by the District's Board of Directors on October 28, 2013. The approved project, consisting of ultra-violet light disinfection at both the Saugus and the Valencia WRPs and advanced-treatment facilities at the Valencia WRP, will cost approximately \$130 million. To fund the Chloride Compliance Project, the Board, in 2014, approved a series of service charge rate increases. Additionally, the District has secured \$7.5 million in Proposition 84 grant funding for the ultra-violet light disinfection facilities. Design of the Project was scheduled for completion in 2017; however, following legal challenges, the Los Angeles County Superior Court ruled that additional environmental analysis must be performed to assess potential impacts on an endangered fish associated with reduction of river discharge to support water recycling. The Court found no deficiencies in the analysis of the chloride-removal facilities, but nevertheless halted all design work until the additional environmental analysis can be performed. To minimize the risk of fines to ratepayers due to the strict schedule imposed by the State for the Chloride Compliance Project, the District has decided to advance the Chloride Compliance Project and to pursue the Recycled Water Project separately. The District certified a Recirculated EIR for Chloride Compliance on August 28, 2017, and obtained Court approval to restart the Chloride Compliance Project. As of November 16, 2017 facility design activities on the project were restarted, with completion of construction and startup of all facilities expected by late 2020.

Water Conservation, Wastewater Flows, and Water Reuse

California's water supply continues to be a concern due to projected population increases and frequent periods of time with low precipitation levels. Although Southern California received above normal rainfall totals during the last wet weather season, which helped to mitigate recent drought impacts, many water conservation measures are still in place. Residents and businesses are continuing with their water conservation efforts, not only with landscape irrigation, but with indoor water uses as well. Reduction of indoor water use means that less wastewater is going into the sewer system, meaning that less recycled water is available for beneficial reuse applications at a time when there is increased interest in new recycled water projects. This trend has significantly impacted all of the Districts' WRPs, with a 31% decrease in recycled water production from a peak of 199 mgd in 2001 to 137 mgd in 2016.

The Districts are continuing to evaluate ways to manage flows that take into consideration this new reality while maintaining their commitment to the recycled water program. Working with local water agencies, a number of new projects are being considered to further displace the use of imported water with recycled water. This collaborative effort includes new distribution piping systems to meet irrigation and industrial supply needs that will serve areas within the County not previously served. As a result, beneficial use of the recycled water supply has increased overall 45%, from 67 mgd in 2001 to a peak of 97 mgd at 860 sites in 2016.

Efforts are underway to expand the recharge of groundwater basins with recycled water. In late 2015, the Districts and the Metropolitan Water District (MWD) entered into an agreement to develop a potential regional recycled water program with the goal of producing up to 150 mgd (168,000 acre feet per year) of advanced treated water from the Districts' JWPCP for groundwater recharge. MWD would potentially build a new purification plant adjacent to JWPCP, along with distribution lines to replenish groundwater basins in Los Angeles and Orange counties. Construction of a 0.5 mgd demonstration plant started in October 2017 and is scheduled to be completed in late 2018.

The Districts have also been working with the Water Replenishment District of Southern California on the Groundwater Reliability Improvement Program that would recycle an additional 10,000 acre feet per year of advanced treated water for replenishment of the Central Coast groundwater

basin. Construction of the advanced treatment plant began in 2016 and is scheduled to be completed in mid-2018. The Districts also continue to work with the Upper San Gabriel Valley Municipal Water District on plans to use recycled water for replenishment of the Main San Gabriel groundwater basin, and are also working with the Palmdale Water District on a project to recharge groundwater with recycled water in the Antelope Valley.

User Charge Rates and Funding

In the spring of 2017, nearly all of the Joint Outfall Districts adopted four-year rate ordinances covering fiscal years 2017-2018 through 2020-2021. Rate increases enacted by these ordinances were driven by the need to upgrade treatment facilities and infrastructure, to comply with increasingly stringent regulatory requirements, and to continue a phased approach to replenishing reserves to targeted levels. The average increase was approximately \$3.80 per year per single-family home. (A table reflecting each District's 10-year service charge rate history is located on page 95 of the Statistical Section.) Overall, the Districts' rates remain very favorable when compared to similar agencies.

In September 2016, the Financing Authority, on behalf of District No. 20, authorized the issuance of the Capital Projects Revenue Bonds, 2016 Series A, in order to refund the then-outstanding Capital Projects Revenue Bonds, 2005 Series A and 2007 Series A, and to prepay the then-outstanding SRF loans. The bonds were priced in October 2016, with a final closing date of November 16, 2016. The refunding reduced the annual debt service of District No. 20 by approximately \$1.3 million per year, affording the District the opportunity to enact a service charge rate adjustment. The Board of Directors took action in May 2017 to adopt an ordinance keeping the service charge rate in fiscal year 2017-2018 the same as it was in fiscal year 2016-2017 and to increase it by only \$10 per single-family home for fiscal year 2018-2019.

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. The State recently amended the SRF loan policy to extend the repayment period to 30 years, with no change in the interest rate. During fiscal year 2016-2017, the Districts received approximately \$14.85 million from SRF loans. In addition to the SRF loans, the Districts also received \$1.3 million in Proposition 84 grant funding.

SOLID WASTE SYSTEM

Operational Undertakings and Capital Projects

In the area of solid waste management, the Districts are continuing efforts to recycle materials and to finalize the development of a waste-by-rail system to be utilized when the capacities of more-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 Material Recovery Facility (MRF) and the Downey Area Recycling and Transfer facility will process waste to remove recyclable materials, and the residual waste will be put into sealed "intermodal containers", which will look like common 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.

The Districts have acquired a 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. The Mesquite Regional Landfill could provide 20,000 tons per day of permitted disposal capacity to Districts' cities and unincorporated County territories when needed. This site will provide more than 100 years of disposal capacity for Los Angeles County.

The Puente Hills Intermodal Facility (PHIMF), a 17-acre site located 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. Construction of the PHIMF was completed in 2017. Construction of the rail siding into PHIMF is expected to be completed in 2019. Approximately 1.5 miles of the three-mile rail siding connecting the PHIMF to Union Pacific Railroad's main line have yet to be constructed because of regulatory issues concerning track spacing. This should be resolved in 2018, allowing construction to be completed in 2019. To support this effort, the Districts were issued a Conditional Use Permit Amendment in October 2016 from the City of Industry allowing interim uses, and in March 2017, the PHIMF was leased to a third party for the storage of passenger vehicles on a short term basis.

Previously, a disposal capacity shortfall was expected to occur in the County when the Puente Hills Landfill closed in 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 into the future. 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 in standby mode, along with the option of truck hauling, to transport waste to the remote landfill. On April 28, 2016, the Districts executed an amendment to its Municipal Solid Waste Management Agreement with Orange County to serve the disposal needs of the Districts' materials recovery/transfer facilities for the next nine years. The Districts are evaluating longer-term interim uses of the intermodal facilities to enhance revenue. To support this effort, the Districts were issued a Conditional Use Permit Amendment in September 2017 from the City of Industry allowing interim use for up to ten years. The Districts have also retained the services of a local commercial real estate broker to aid in identifying prospective tenants.

The Districts were among the first in the nation 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, two of which are still in operation and continue to provide reliable and economic green power that helps to serve California's increasing energy needs. The Puente Hills Gas-to-Energy Facility Phase II was shut down permanently on December 31, 2016, because gas production at the closed landfill has been declining and it became more cost-effective to use the remaining gas at the Phase I Facility (PERG), which continues to operate. In addition to lower gas availability, new AQMD regulations would have required the addition of costly engine emissions control equipment in order to continue operating.

The Districts sold the electrical output from PERG to Southern California Edison (SCE) under a 30-year Qualifying Facility (QF) contract that expired at the end of 2016. The Districts entered into a new power purchase agreement with Southern California Public Power Authority, effective January 1, 2017, at a fixed price of 8 cents/kW-hr. The agreement provides more revenue than other alternatives for selling the power, and it will provide a reliable income stream that will allow the facility to operate cost-effectively through the next 10 years.

Major Initiatives and Legislative Mandates

In 2014, two laws were passed in California that are intended to divert organic waste away from landfill disposal: AB 1826, Mandatory Commercial Organic Recycling; and AB 1594, Green Waste Alternative Daily Cover. AB 1826 requires businesses to recycle organic waste such as food waste, wood waste, and green waste. Phase 1 of the law became effective April 1, 2016, and initially targets businesses that generate eight or more cubic yards of organic waste per week. The law later expands to include businesses that generate as little as four cubic yards per week. AB 1594 defines that green waste used as daily cover at landfills will no longer qualify as diversion and instead will be considered disposal starting January 2020. The Districts have programs in place at our two MRFs and transfer station to recover wood and green waste and transport these materials to compost and biomass facilities for recycling.

In February 2014, the Districts began a demonstration project to recycle clean processed food waste using anaerobic digestion at JWPCP. Food waste slurry is delivered via tanker trucks by a private waste company and is pumped into an existing treatment plant digester. There the food waste is co-digested with solids recovered from the wastewater treatment process. In this process, the food waste is consumed by bacteria in the digester and produces biogas that can be beneficially used to produce electricity or as a clean vehicle fuel. The Districts have also partnered with Los Angeles County on a pilot food waste recycling project serving unincorporated areas of the County. County franchise haulers collect food waste from businesses, such as restaurants and grocery stores, and deliver it to the Districts' Puente Hills MRF for recycling.

The Districts are currently implementing three new projects to recycle food waste using a combination of solid waste and wastewater facilities. The Districts own both types of facilities, a situation that provides a unique opportunity to provide food-waste recycling services, since most entities/agencies only have either solid waste or wastewater facilities. Food waste processing will initially start at the Puente Hills MRF using new pre-processing equipment that will be installed in late 2017 and be operational in early 2018. This equipment will produce a slurry from the food waste that will be transported by tanker trucks to JWPCP. A new food waste slurry receiving station will be constructed at JWPCP to pump the slurry into five digesters. Compliance with the California Environmental Quality Act (CEQA) for the new receiving station is expected to be processed in the spring of 2018, and if approved, the project is expected to be completed in 2020. The third new project is construction of a biogas conditioning system that will process the additional digester gas produced from the food waste and use it in the Districts' Compressed Natural Gas Facility currently in operation at the JWPCP. This project is expected to be operational in 2019.

Tipping Fee Rates

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 Los Angeles County after discussion with and recommendations by the Districts. On July 1, 2017, rates at most Districts-operated facilities (Puente Hills MRF, Downey Area Recycling and Transfer, South Gate Transfer Station, and Scholl Canyon Landfill) were increased to account for higher operating and maintenance costs and the need to replace aging equipment. The increases were needed to offset increased disposal and transportation costs at Orange County landfills, increased labor costs due to the increase in minimum wage, replacement of aging recycling equipment, and significant stormwater improvement projects required under the new stormwater permits issued by the State. A rate increase at Calabasas Landfill was approved by the Board of Supervisors of Los Angeles County in July 2017 and became effective on September 1, 2017.

STORMWATER

In 2015, SB 485 expanded the Districts' authority to include the ability to assist local jurisdictions with stormwater and urban runoff projects. The legislation, which was signed by the governor on October 10, 2015, affords the Districts the authority to acquire, construct, operate, and maintain facilities to divert, manage, discharge, and beneficially use stormwater and dry weather runoff from the stormwater drainage system. The Districts will provide these services to cities on a case-by-case, reimbursable basis. During fiscal year 2016-2017, the Districts entered into a Stormwater Services agreement with the City of Carson to assist the city with designing, permitting, and constructing a project at Carriage Crest Park in Carson. The project will divert stormwater from the storm drain to storage underneath the park and subsequently pump the captured stormwater to the sewer when capacity is available. In addition, the Districts are working with the City of Rolling Hills Estates to conduct preliminary evaluations for a project in their jurisdiction. Additional projects are being considered with the City of Lakewood and the County of Los Angeles.

RELEVANT FINANCIAL POLICIES

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. This policy is adopted annually by the respective Boards of Directors. See accompanying Note 3 to the basic financial statements for additional information.

California Senate Bill 1029 (Hertzberg), which was signed into law on September 12, 2016, requires all local agencies to formally adopt a debt management policy. The Districts have informally followed the metrics in *US Public Finance Waterworks, Sanitary Sewer, and Drainage Utility Systems: Rating Methodology and Assumptions*, as published by Standard and Poor's Rating Services. These metrics focus on the ability of the agency to generate sufficient revenues to make its annual debt payment (coverage test), the percentage of the operating budget attributable to debt service, and the percentage of the capital assets with outstanding liability. These metrics will be incorporated into a formal debt policy that will be adopted on an annual basis beginning in fiscal year 2017-2018.

As part of the overall goal to protect the long-term financial viability of the Districts, an informal policy has been established regarding wastewater reserves. The targeted wastewater reserves for each District are equal to its six months of operations and maintenance expenses and one year of debt service. While it would be desirable to reach this goal in a single year, it would not be practical for all Districts. Instead, reserves will be built up over a number of years so that the target can be reached in each District within six to ten years. Pursuant to a request from the Boards of Directors, this policy will be formally adopted annually beginning in fiscal year 2017-2018.

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). The Boards of Directors have consistently endorsed a policy whereby the costs of additional facilities necessitated by increased flows from new development are to 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.

AWARDS AND ACKNOWLEDGEMENTS

Peer Recognition

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 2016, the Districts received Platinum Awards for the Los Coyotes WRP and Saugus WRP; Gold Awards for the Lancaster WRP, Palmdale WRP, San Jose Creek WRP (West), Valencia WRP, Whittier Narrows WRP, and La Canada WRP; and Silver Awards for the JWPCP, Long Beach WRP, San Jose Creek WRP (East), and Pomona WRP.

In 2017, the Districts received the Engineering Achievement of the Year Award from the Los Angeles Basin Section of the California Water Environment Association for the Tulare Lake Compost facility. The Districts also received an award from the American Academy of Environmental Engineers and Scientists for research on a biotrickling filter for controlling hydrogen sulfide in digester gas.

Certificate of Achievement

The Districts' CAFR for the fiscal year ended June 30, 2017, has been completed by Districts' staff and audited by Moss, Levy & Hartzheim, LLP. The CAFR details all of the Districts' financial activities for the entire agency. The independent auditor concluded that the Districts' financial statements present fairly, in all material respects, the financial position of the Districts in accordance with generally accepted accounting principles. The Districts have also received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for the past 33 consecutive years and have submitted this year's CAFR for consideration as well.

Acknowledgments

In submitting this 2016-2017 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 Hyde
Chief Engineer and General Manager



David B. Bruns
Department Head,
Financial Management Department

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Boards of Directors Membership

As of June 30, 2017

<u>City</u>	<u>District(s)</u>	<u>Director/Mayor ^{1/}</u> <u>(2ND Director/Councilmembers)</u>	<u>Alternate Director ^{2/}</u> <u>(Councilmember/Surpervisor)</u>
Alhambra	2-16	David Mejia	Stephen Sham
Arcadia	15-22	Peter Amundson	Roger Chandler
Artesia	2-18-19	Ali Sajjad Taj	Sally Ann Flowers
Azusa	22	Joseph R. Rocha	Edward J. Alvarez
Baldwin Park	15-22	Manuel Lozano	Ricardo Pacheco
Bell	1-2	Fidencio Joel Gallardo	Ali Saleh
Bell Gardens	2	Jose J. Mendoza	Priscilla Flores
Bellflower	2-3-18	Ron Schnablegger	Raymond Dunton
Beverly Hills	4	Lili Bosse	Robert "Bob" Wunderlich
Bradbury	15-22	- - -vacant- - -	Richard G. Barakat
Carson	8	Albert Robles	Elito Santarina
Cerritos	2-3-18-19	Grace Hu	Mark Pulido
Claremont	21	Larry Schroeder	Opanyi Nasiali
Commerce (City of)	2	Oralia Y. Rebollo	- - -vacant- - -
Compton	1-2-8	Aja Brown	Janna Zurita
Covina	22	Jorge Marquez	Walter Allen
Cudahy	1	Chris Garcia	Cristian Markovich
Culver City	5	Jeffrey Cooper	Jim B. Clarke
Diamond Bar	21	Jimmy Lin	Nancy Lyons
Downey	2-18	Fernando Vasquez	Sean Ashton
Duarte	15-22	Margaret Finlay	Samuel Kang
El Monte	15	Andre Quintero	Victoria Martinez
El Segundo	SBC-5	Suzanne Fuentes	Don Brann
Gardena	5	Tasha Cerda	Dan Medina
Glendora	22	Gary Boyer	Mendell Thompson
Hawaiian Gardens	19	Henry "Hank" Trimble	Barry Bruce
Hawthorne	5	Alex Vargas	Haidar Awad

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Boards of Directors Membership

As of June 30, 2017

<u>City</u>	<u>District(s)</u>	<u>Director/Mayor^{1/}</u> <u>(2ND Director/Councilmembers)</u>	<u>Alternate Director^{2/}</u> <u>(Councilmember/Surpervisor)</u>
Hermosa Beach	SBC	Justin Massey	Carolyn Petty
Huntington Park	1	Marilyn Sanabria	Karina Macias
Industry (City of)	15-18-21	Mark D. Radecki	Cory Moss
Inglewood	5	James T. Butts	- - -vacant- - -
Irwindale	15-22	Mark A. Breceda	Albert F. Ambriz
La Cañada Flintridge*	28-34	Michael A. Davitt	not applicable
La Cañada Flintridge*	28-34	Jonathan C. Curtis	—”—
La Cañada Flintridge*	28-34	Teresa “Terry” Walker	—”—
La Cañada Flintridge*	28-34	- - -vacant- - -	—”—
La Cañada Flintridge*	28-34	Leonard Pieroni	—”—
La Habra Heights	18	Jane Williams	Roy Francis
La Mirada	18	Ed Eng	Steve De Ruse
La Puente	15-21	Valerie Munoz	Violeta Lewis
La Verne	21-22	Don A. Kendrick	- - -vacant- - -
Lakewood	3-19	Diane Dubois	Steve Croft
Lancaster	14	R. Rex Parris	Ken Mann
Lawndale	5	Robert Pullen-Miles	Pat Kearney
Lomita	5	Mark Waronek	James Gazeley
Long Beach	1-2-3-8-19	Robert Garcia	Dee Andrews
Los Angeles City	1-2-3-4-5-8-9-16	Herb Wesson, Jr.	Joe Buscaino
Lynwood	1	Maria Santillan-Beas	Edwin Hernandez
Manhattan Beach	SBC-5	David Lesser	Amy Howorth
Maywood	1	Ramon Medina	Ricardo Villarreal
Monrovia	15-22	Tom Adams	Becky A. Shevlin
Montebello	2-15	Vivian Romero	William Molinari
Monterey Park	2-15	Teresa Real Sebastian	Stephen Lam
Norwalk	2-18	Luigi Vernola	Leonard Shryock

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Boards of Directors Membership

As of June 30, 2017

<u>City</u>	<u>District(s)</u>		<u>Director/Mayor^{1/}</u> <u>(2ND Director/Councilmembers)</u>	<u>Alternate Director^{2/}</u> <u>(Councilmember/Surpervisor)</u>
Palmdale	14-20		James C. Ledford	Austin Bishop
Palmdale	20	2 nd Dir	Steven Hofbauer	Austin Bishop
Palos Verdes Estates	SBC-5		James D. Vandever	Betty Lin Peterson
Paramount	1-2		Peggy Lemons	Diane J. Martinez
Pasadena	15-16-17		Terry Tornek	- - - vacant - - -
Pico Rivera	2-18		Bob Archuleta	David Armenta
Pomona	21		Tim Sandoval	Ginna Escobar
Rancho Palos Verdes	SBC-5		Brian Campbell	Susan Brooks
Redondo Beach	SBC-5		Bill Brand	Laura Emdee
Rolling Hills	5		James Black	Patrick Wilson
Rolling Hills Estates	SBC-5		Frank Zerunyan	Britt Huff
Rosemead	15		Polly Low	Steven Ly
San Dimas	21-22		Curtis W. Morris	Denis Bertone
San Gabriel	2-15		Juli Costanzo	- - - vacant - - -
San Marino	15-16		Richard Sun	Richard Ward
Santa Clarita	SCV**		Cameron Smyth	Robert Kellar
Santa Clarita	SCV**	2 nd Dir	Laurene Weste	—”—
Santa Fe Springs	18		William K Rounds	Jay Sarno
Sierra Madre	15		Rachelle Arizmendi	- - - vacant - - -
Signal Hill*	3-29		Edward H.J. Wilson	Tina Hansen
Signal Hill*	29		Robert D. Copeland	not applicable
Signal Hill*	29		Larry Forester	—”—
Signal Hill*	29		Tina Hansen	—”—
Signal Hill*	29		Lori Y. Woods	—”—
South El Monte	15		Gloria Olmos	Hector Delgado
South Gate	1-2		Maria Davila	- - - vacant - - -
South Pasadena	16		Michael A. Cacciotti	Robert S. Joe

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Boards of Directors Membership

As of June 30, 2017

<u>City</u>	<u>District(s)</u>	<u>Director/Mayor ^{1/}</u> <u>(2ND Director/Councilmembers)</u>	<u>Alternate Director ^{2/}</u> <u>(Councilmember/Surpervisor)</u>
Temple City	15	Cynthia Sternquist	Tom Chavez
Torrance	SBC-5	Patrick J. Furey	Geoff Rizzo
Vernon*	1-2-23	Melissa Ybarra	William J Davis D1 Alternate William J. Davis D2 Alternate
Vernon*	23	Luz A. Martinez	not applicable
Vernon*	23	Leticia Lopez	—”—
Vernon*	23	William J. Davis	—”—
Vernon*	23	Yvette Woodruff-Perez	—”—
Walnut	21-22	Eric Ching	Nancy Tragarz
West Covina	15-21-22	Corey Warshaw	Mike Spence
West Hollywood	4	John Heilman	Lindsey P. Horvath
Whittier	2-15-18	Joe Vinatieri	Cathy Warner
Los Angeles County	5, 15, 16, 19	Mark Ridley-Thomas	Sheila Kuehl
	27**36**	“	Hilda Solis
		“	Janice Hahn
	14, 20, 21, 22, SCV	“	Kathryn Barger
	9 2 nd Dir	Sheila Kuehl	Hilda Solis
	17 2 nd Dir	Kathryn Barger	Janice Hahn

^{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.)

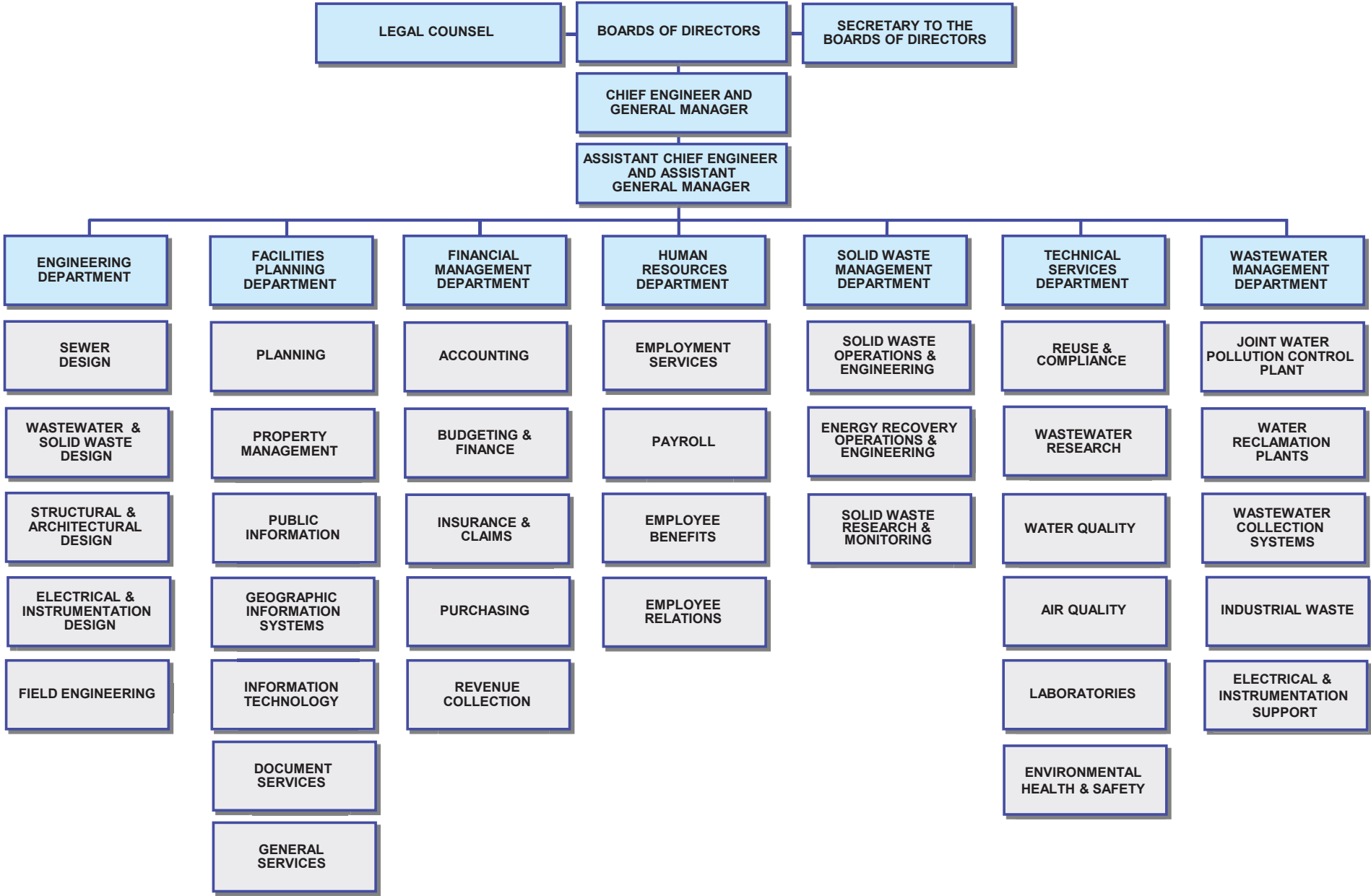
TOTAL CITIES IN SANITATION DISTRICTS: 78

* 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.

** Districts whose boundaries are composed of only unincorporated area: 27-35-36 (Newhall Ranch) (Board of Supervisors is Board of Directors)

Sanitation Districts of Los Angeles County Organization Chart

XX





Government Finance Officers Association

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

Presented to

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

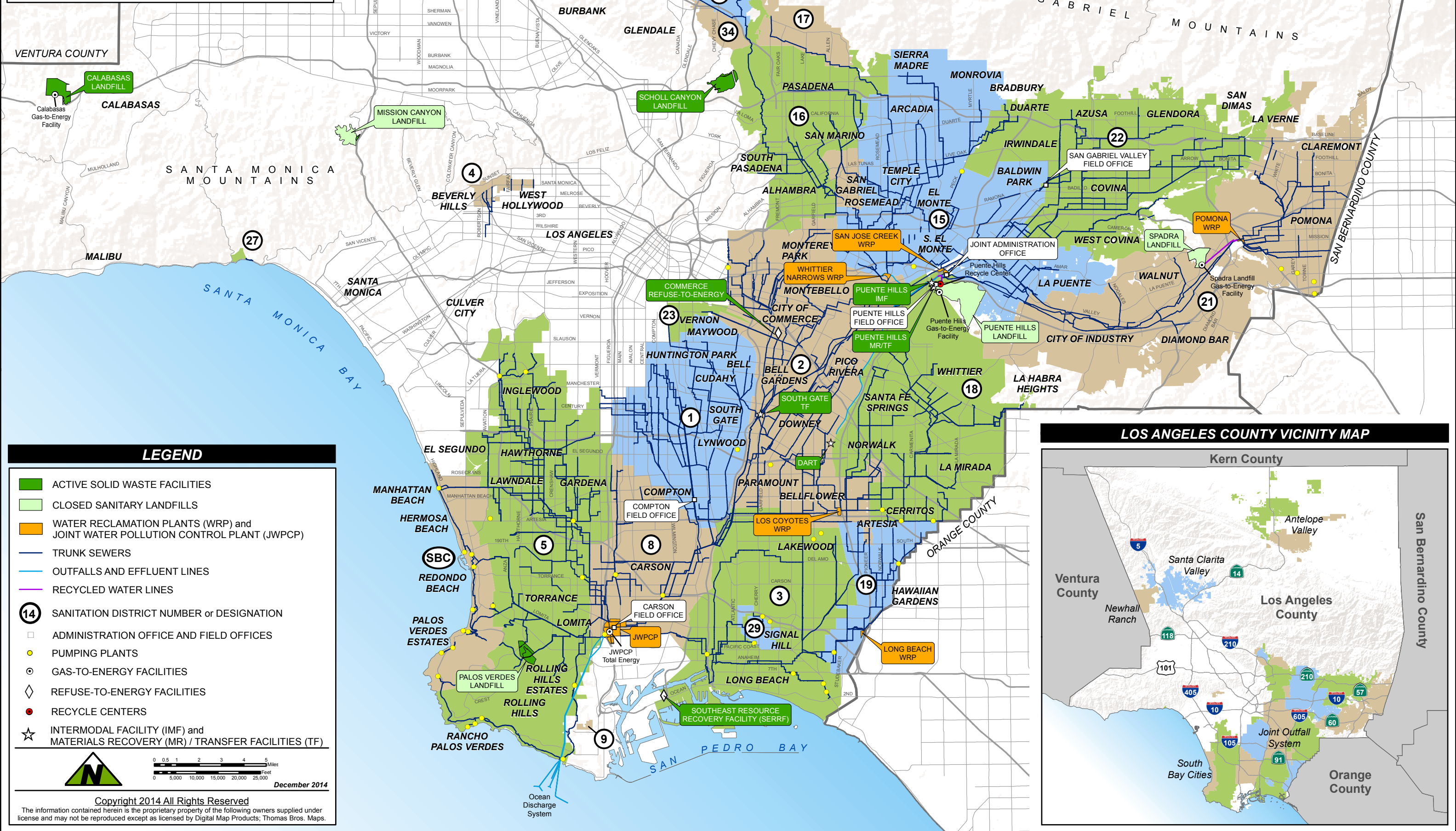
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2016

Christopher P. Morrill

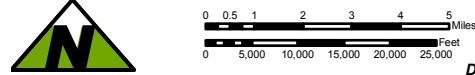
Executive Director/CEO

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)
- TRUNK SEWERS
- OUTFALLS AND EFFLUENT LINES
- RECYCLED WATER LINES
- 14 SANITATION DISTRICT NUMBER or DESIGNATION
- ADMINISTRATION OFFICE AND FIELD OFFICES
- PUMPING PLANTS
- GAS-TO-ENERGY FACILITIES
- REFUSE-TO-ENERGY FACILITIES
- RECYCLE CENTERS
- INTERMODAL FACILITY (IMF) and MATERIALS RECOVERY (MR) / TRANSFER FACILITIES (TF)

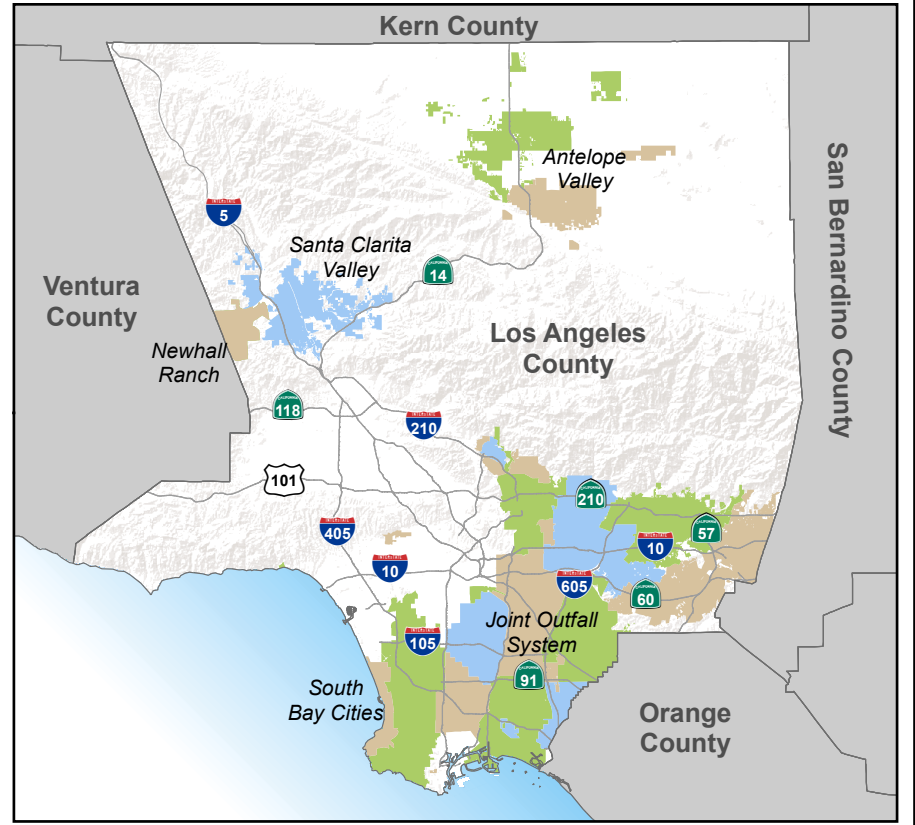


December 2014

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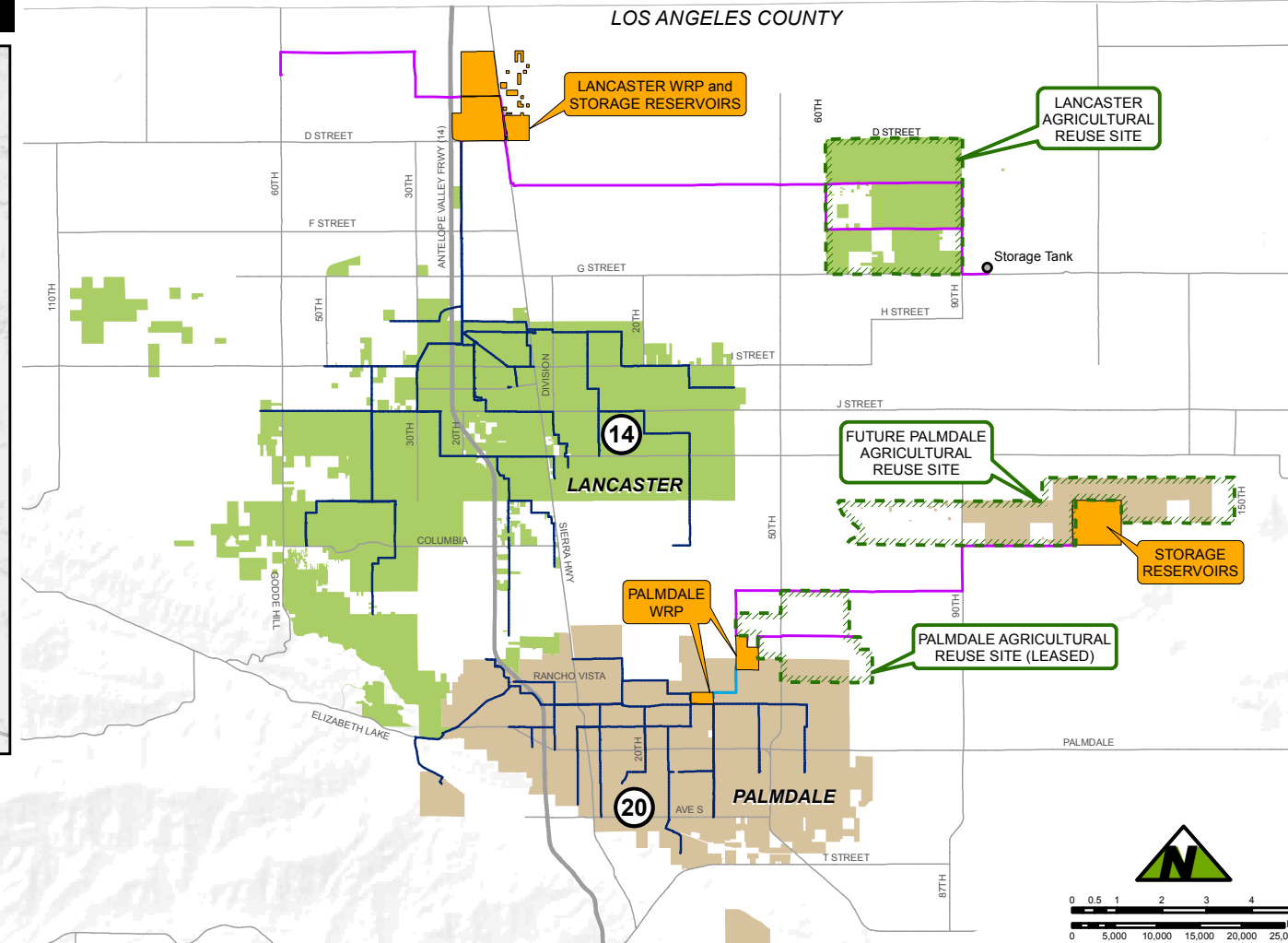
LOS ANGELES COUNTY VICINITY MAP



REGIONAL FACILITIES



KERN COUNTY LOS ANGELES COUNTY

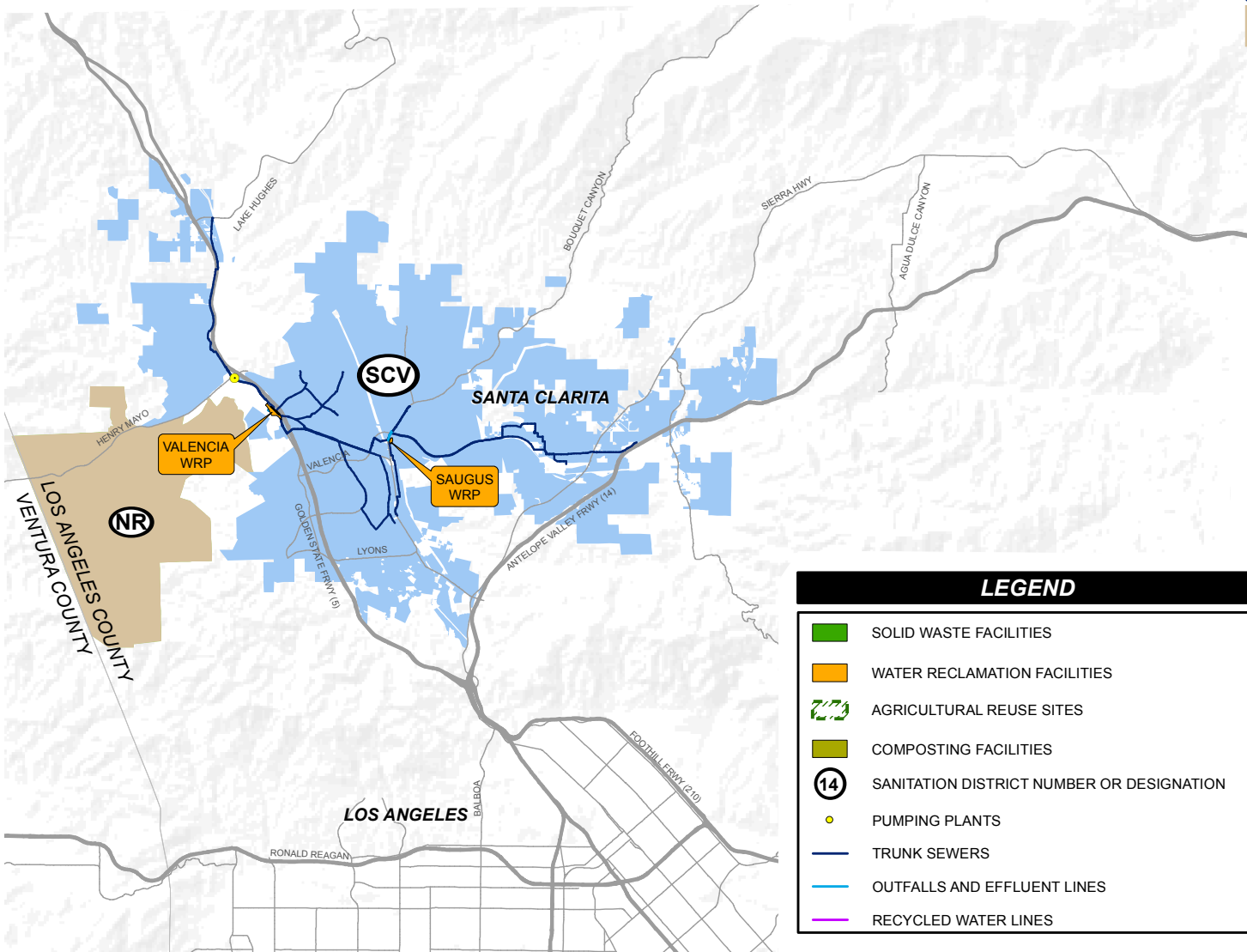


SOLID WASTE FACILITIES

Sanitary Landfills	Placed in Operation	Area in Acres	Status
Palos Verdes	5/15/1957	288	Closed 12/31/1980
Spadra	7/15/1957	338	Closed 4/8/2000
Puente Hills	5/19/1958	1,368	Closed 10/31/2013
Mission Canyon	6/1/1960	373	Closed 1/9/82
Scholl Canyon	3/22/1961	431	Operating
Calabasas	2/14/1961	500	Operating
Mesquite	Operational 2009	2,290	Operational

Energy Facility	Operational	Net Electricity Production
Commerce Refuse-to-Energy	1/1/1987	10 MW
Puente Hills Gas-to-Energy	1/1/1987	46 MW
SERRF Refuse-to-Energy	12/1/1988	30 MW
Spadra Gas-to-Energy	4/5/1991	6 MW
Puente Hills Engines	5/1/2005	5.4 MW
Calabasas Gas-to-Energy	7/12/2010	5.6 MW

Other Solid Waste Facilities	Operational
South Gate TF	1/2/1958
Puente Hills Recycle Center	10/25/1982
DART MR/TF	3/2/1998
Puente Hills MR/TF	7/11/2005
Puente Hills IMF	Under Construction



LEGEND

- SOLID WASTE FACILITIES
- WATER RECLAMATION FACILITIES
- ♻️ AGRICULTURAL REUSE SITES
- COMPOSTING FACILITIES
- 14 SANITATION DISTRICT NUMBER OR DESIGNATION
- PUMPING PLANTS
- TRUNK SEWERS
- OUTFALLS AND EFFLUENT LINES
- RECYCLED WATER LINES

COMPOSTING FACILITIES

Composting Facility	Placed in Operation
Inland Empire	4/16/2007
Tulare Lake	Operational 2015

WASTEWATER FACILITIES

Facility	Placed in Operation	Permitted Capacity	Area in Acres
JWPCP	2/4/1928	400 mgd	381
Long Beach WRP	5/22/1973	25 mgd	17
Los Coyotes WRP	10/14/1970	37.5 mgd	36
Whittier Narrows WRP	7/27/1962	15 mgd	27
San Jose Creek WRP	6/29/1971	100 mgd	51
Pomona WRP	4/15/1954	15 mgd	12
La Canada WRP	11/2/1962	0.2 mgd	0
Valencia WRP	3/25/1966	21.6 mgd	26
Saugus WRP	7/1/1962	6.5 mgd	4
Palmdale WRP	11/28/1952	12 mgd	278
Lancaster WRP	10/1/1959	18 mgd	1,392

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

SANITATION DISTRICTS DATA

District	Date of Formation	Placed in Operation	Area (Sq. Miles)	Population 2014	Cities/Partial Cities	Miles of District Sewers 2014	Pump Stations	Wastewater Management
SBC	12/24/1923	9/12/1926	14.6	117,671	8	25.4	11	Joint Outfall System
1	11/17/194	2/13/1928	41.3	571,853	11	105.5	1	Joint Outfall System
2	2/25/1924	2/13/1928	76.1	691,957	19	219.9	2	Joint Outfall System
3	5/19/1924	5/20/1948	52.3	509,518	4	78.3	6	Joint Outfall System
4	3/17/1924	12/9/1926	1.9	35,723	2	6.3	0	LA City Sewerage System
5	3/31/1924	2/13/1928	87.8	743,064	15	181.6	10	Joint Outfall System
8	9/21/1925	2/13/1928	31.3	140,803	4	87.6	3	Joint Outfall System
9	8/16/1926	5/10/1927	0.2	2,324	1	0.0	0	LA City Sewerage System
14	8/31/1938	12/2/1941	59.0	197,512	2	75.5	0	Lancaster Sewerage System
15	1/2/1945	2/27/1948	77.6	584,145	20	145.9	2	Joint Outfall System
16	1/2/1946	2/27/1948	37.4	268,140	5	43.6	0	Joint Outfall System
17	1/2/1946	11/23/1949	7.7	55,678	1	5.2	0	Joint Outfall System
18	11/23/1948	7/1/1950	60.1	338,844	11	83.9	3	Joint Outfall System
19	3/28/1950	5/19/1951	14.2	92,550	5	35.1	2	Joint Outfall System
20	8/7/1951	9/8/1952	41.3	127,655	1	45.6	0	Palmdale Sewerage System
21	11/13/1951	8/21/1954	84.7	410,055	9	85.6	4	Joint Outfall System
22	9/22/1953	12/6/1954	64.1	333,742	12	102.0	0	Joint Outfall System
23	7/10/1956	7/14/1959	2.5	122	1	2.1	0	Joint Outfall System
SCV	1/2/1961	5/10/1962	63.3	278,097	1	43.2	1	Santa Clarita Valley Sewerage System
27	4/20/1961	4/2/1962	0.2	2,241	0	0.4	0	LA City Sewerage System
28	9/14/1961	11/2/1962	4.1	11,447	1	4.1	0	Joint Outfall System
29	9/20/1962	11/12/1964	2.2	11,411	1	35.4	3	Joint Outfall System
34	10/31/1967	Inactive	4.0	7,696	1	0.0	0	Inactive
NR	9/10/2014	Inactive	18.7	3	0	0.0	0	Inactive
Total			846.9	5,532,252	78	1,411.9	48	

Financials



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

BASIC FINANCIAL STATEMENTS

JUNE 30, 2017



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

RONALD A LEVY, CPA
CRAIG A HARTZHEIM, CPA
HADLEY Y HUI, CPA
ALEXANDER C HOLM, CPA
ADAM V GUISE, CPA
TRAVIS J HOLE, CPA

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GOVERNMENTAL AUDIT SERVICES

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TEL: 310.670.2745
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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, 2017, 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, 2017, 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.

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, the Schedule of Changes in the Net Pension Liability and Related Ratios on page 53, and Schedule of Pension Contributions on page 54 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 combining and individual supplemental schedules 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 21, 2017 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 21, 2017

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Management's Discussion and Analysis

June 30, 2017

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

- In fiscal year 2016-2017, service charge rates were increased in 15 Districts in accordance with previously adopted rate ordinances. The rates remained the same in 5 Districts and decreased in 1 District (due to retirement of debt). For those districts with increased rates, the smallest increase was \$2 per single-family home and the largest increase was \$20 per single-family home. A table of annual service charge rates by district is included on page 95.
- On March 31, 2017, Standard & Poor's upgraded its rating of the Districts' 2011 Series A Senior Ad Valorem Obligation Bonds and 2013 Series A Senior Ad Valorem Obligation Bonds to AAA from AA+. The 2015 Series A Subordinate Revenue Bonds received an upgraded rating from Standard & Poor's to AA- from A+. The report explaining the rationale for the upgrade cited management's well-defined financial forecasts, the Districts' experienced management team, and history of strong wastewater plant performance and operations.
- On November 16, 2016, the Districts' Financing Authority issued \$170,265,000 of 2016 Series A Capital Projects District 20 Revenue Bonds (2016 Series A Bonds). The proceeds of the 2016 Series A Bonds were used to refund and defease the Authority's outstanding 2005 Series A District No. 20 Subordinate Revenue Bonds and 2007 Series A District 20 Subordinate Revenue Bonds, prepay an outstanding Clean Water State Revolving Fund loan, and pay for costs of issuance. The refunding allowed the District to take advantage of lower interest rates and reduce its annual debt service by approximately \$1.3 million per year.
- During fiscal year 2016-2017, the Districts secured low-interest loans totaling \$33.2 million for three trunk sewer rehabilitation projects. Another \$29.2 million in loans were finalized for a treatment plant flow equalization project, with the contracts to be signed in fiscal year 2017-2018. The Districts were also awarded \$2.9 million in Proposition 84 grants and \$14.8 million in Proposition 1 grants for the flow equalization project.

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 Uniform Guidance (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:

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Management's Discussion and Analysis, Continued

- **Statement of Net Position** — Reports the Districts' assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference representing 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 Districts' revenues and expenses and resulting 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.
- **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, stormwater, and solid waste operations. The operations-level financial statements can be found on pages 55-86 of this report.

Financial Analysis of the Districts

Net Position

Condensed Statement of Net Position (In millions of dollars)

	FY 2017	FY 2016	Dollar Change	Total Percent Change
Current and Other Assets	\$ 2,298.4	\$ 2,226.4	\$ 72.0	3.2 %
Capital Assets, net	3,354.4	3,352.1	2.3	0.1
Total Assets	<u>5,652.8</u>	<u>5,578.5</u>	<u>74.3</u>	<u>1.3</u>
Deferred Outflow of Resources	<u>105.0</u>	<u>34.2</u>	<u>70.8</u>	<u>207.0</u>
Current Liabilities	152.5	158.7	(6.2)	(3.9)
Other Liabilities	721.7	656.6	65.1	9.9
Long-Term Debt	<u>722.7</u>	<u>780.4</u>	<u>(57.7)</u>	<u>(7.4)</u>
Total Liabilities	<u>1,596.9</u>	<u>1,595.7</u>	<u>1.2</u>	<u>0.1</u>
Deferred Inflow of Resources	<u>32.6</u>	<u>42.0</u>	<u>(9.4)</u>	<u>(22.4)</u>
Invested in Capital Assets	2,569.6	2,510.6	59.0	2.4
Restricted	632.0	615.0	17.0	2.8
Unrestricted	<u>926.7</u>	<u>849.4</u>	<u>77.3</u>	<u>9.1</u>
Total Net Position	<u>\$ 4,128.3</u>	<u>\$ 3,975.0</u>	<u>\$ 153.3</u>	<u>3.9 %</u>

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Management's Discussion and Analysis, Continued

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 differences in deferred outflows of resources and deferred inflows of resources is primarily due to accounting for differences in pension plan projected versus actual investment earnings and differences between expected and actual retirement/mortality estimates.

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

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)

	FY 2017	FY 2016	Dollar Change	Total Percent Change
Operating Revenues:				
Industrial Waste Surcharge	\$ 64.4	\$ 64.5	\$ (0.1)	(0.2) %
Refuse Tipping Fees	106.2	95.1	11.1	11.7
Sale of Energy	23.4	23.2	0.2	0.9
Service Charges	353.9	335.5	18.4	5.5
Other	27.0	27.5	(0.5)	(1.8)
Total Operating Revenues	574.9	545.8	29.1	5.3
Operating Expenses:				
Depreciation	92.2	90.4	1.8	2.0
Operations & Maintenance	186.8	200.6	(13.8)	(6.9)
Salaries & Benefits	208.4	185.3	23.1	12.5
Other	10.9	20.0	(9.1)	(45.5)
Total Operating Expenses	498.3	496.3	2.0	0.4
Nonoperating Revenues:				
Interest Revenue	26.0	22.5	3.5	15.6
Taxes	73.0	70.1	2.9	4.1
Other	12.8	9.7	3.1	32.0
Total Nonoperating Revenues	111.8	102.3	9.5	9.3
Nonoperating Expenses:				
Interest Expense	28.0	33.2	(5.2)	(15.7)
Tax & Assessment Expense	11.0	7.5	3.5	46.7
Other	14.3	2.8	11.5	410.7
Total Nonoperating Expenses	53.3	43.5	9.8	22.5
Income Before Capital				
Contribution Revenue	135.1	108.3	26.8	24.7
Capital Contribution Revenue	36.3	35.9	0.4	1.1
Beginning Net Position	3,975.0	3,846.5	128.5	3.3
Prior-Period Adjustment	(18.1)	(15.7)	(2.4)	15.3
Ending Net Position	\$ 4,128.3	\$ 3,975.0	\$ 153.3	3.9 %

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Management's Discussion and Analysis, Continued

Operating Revenues: The Districts' operating revenues were primarily derived from wastewater service charges, industrial waste surcharges, and solid waste disposal tipping fees. These fees and charges were paid by users of the Districts' wastewater and solid waste facilities and collectively account for 91% of the Districts' operating revenue. Refuse tipping fees increased due to improved market conditions and increased tipping rates.

Operating Expenses: The change in salaries and benefits is due to the required method of recognizing changes in the defined benefit pension plan for changes in assumptions, differences between expected and actual retirement/mortality estimates, differences between projected and actual earnings on plan investments, and pension contributions made subsequent to the reporting measurement date. Other operating expenses decreased by 45.5% due to changes in estimates for landfill closure and postclosure expenses.

Nonoperating Revenues: An increase in the weighted composite yield earned on cash equivalents and investments, 1.4806% in fiscal year 2016-2017 compared to 1.3787% in fiscal year 2015-2016, resulted in an increase in interest revenue. Other nonoperating revenue increased by 32% due to a gain on the sale of approximately 7.6 acres of buffer land in the City of Walnut.

Nonoperating Expenses: The Spadra and Puente Hills energy facilities failed to meet contracted energy production and incurred energy capacity reduction penalties, which resulted in higher tax and assessment expense. An unrealized loss on investments for changes in market value at June 30, 2017, of \$10.1 million accounts for the increase in other nonoperating expenses.

Capital Assets and Debt Administration

As of June 30, 2017, the Districts had \$5.4 billion invested in a broad range of assets, as shown below:

Capital Assets (In millions of dollars)				
	FY 2017	FY 2016	Dollar Change	Total Percent Change
Buildings and Equipment	\$ 71.2	\$ 71.3	\$ (0.1)	(0.1) %
Capital Improvements	544.3	542.8	1.5	0.3
Composting Facility	121.9	121.4	0.5	0.4
Construction in Progress	447.4	399.1	48.3	12.1
Disposal Rights	86.6	83.3	3.3	4.0
Equipment Pool	63.0	68.0	(5.0)	(7.4)
Gas-to-Energy Facilities	222.7	222.6	0.1	0.0
Land	220.3	219.7	0.6	0.3
Other	56.4	52.2	4.2	8.0
Rail Facilities	54.1	54.1	0.0	0.0
Recycling and Transfer Stations	63.5	63.2	0.3	0.5
Treatment Plants	1,954.3	1,950.8	3.5	0.2
Trunk Lines	1,389.4	1,370.2	19.2	1.4
Use Rights	69.8	69.8	0.0	0.0
Subtotal	<u>5,364.9</u>	<u>5,288.5</u>	<u>76.4</u>	<u>1.4</u>
Less Accumulated Depreciation & Amortization	<u>2,010.5</u>	<u>1,936.4</u>	<u>74.1</u>	<u>3.8</u>
Net Capital Assets	<u>\$ 3,354.4</u>	<u>\$ 3,352.1</u>	<u>\$ 2.3</u>	<u>0.1</u> %

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Management's Discussion and Analysis, Continued

Major capital asset projects that were completed and placed in operation during fiscal year 2016-2017 included the following:

- \$19.2 million – various trunk sewer rehabilitations
- \$9.5 million – Joint Water Pollution Control Plant Modifications/Upgrades
- \$5.2 million – various treatment plant modifications/upgrades
- \$3.5 million – implementation of Enterprise Resource Planning system, Human Resources and Budgeting Phases

Expenditures to date of ongoing construction projects (construction in progress) of \$447.4 million as of June 30, 2017, included, in part, the following projects:

- \$186.0 million - Puente Hills Intermodal Facilities development
- \$143.8 million - various water reclamation and pumping plant modifications
- \$58.6 million - planning for Clearwater Program and design of JWPCP Effluent Outfall Tunnel
- \$26.1 million - various Districts' trunk sewer relief/rehabilitation projects
- \$9.8 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 28-29 of this report.

2017-2018 Capital Spending Plan (In millions of dollars)

Capital Project	Amount Planned
Sewer Relief and Rehabilitation	\$ 66.7
Clearwater Tunnel	10.0
Pumping Plant and Water Reclamation Plant Improvements and Expansions	80.8
Landfill General Improvements, Drainage, and Landscaping	2.4
Intermodal Facility Development	1.1
Material Recovery/Transfer Station General Improvements	12.8
Gas Control Measures	2.2
Administration and Field Operations Improvements	6.0
Sewage Disposal Contracts	2.5
Total	\$ 184.5

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 6.9%.

Outstanding Debt (In millions of dollars)				
	FY 2017	FY 2016	Dollar Change	Total Percent Change
Revenue Bonds	\$ 506.6	\$ 501.4	\$ 5.2	1.0 %
Notes Payable	-	1.3	(1.3)	(100.0)
State Water Resources Control Board Loans	278.7	341.0	(62.3)	(18.3)
Total Long-Term Debt	<u>\$ 785.3</u>	<u>\$ 843.7</u>	<u>\$ (58.4)</u>	<u>(6.9) %</u>

Revenue Bond obligations increased due to issuance of the 2016 Series A Revenue Bonds, net of scheduled principal payments and refunding of outstanding 2005 Series A Subordinate Revenue Bonds and 2007 Series A Subordinate Revenue Bonds. State Water Resources Control Board obligations had a net decrease due to scheduled principal payments, retirement of an outstanding loan from 2016 Series A Revenue Bond proceeds, and new obligations.

Bond Debt Ratings As of June 30, 2017

	Standard & Poor's	Moody's Investor Service	Fitch Ratings
2011 Series A Senior Ad Valorem Obligation Bonds	AAA	Aa1	N/A
2013 Series A Senior Ad Valorem Obligation Bonds	AAA	Aa1	N/A
2015 Series A Subordinate Revenue Bonds	AA-	N/A	AA-
2016 Series A Revenue Bonds	A+	N/A	AA-

The 2008 Clean Renewable Energy 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 29-33 of this report.

Currently Known Significant Facts

- Nearly all the Districts adopted four-year service charge rate ordinances beginning in fiscal year 2017-2018. The average increase is approximately \$3.80 per year per single-family home.
- Solid waste disposal rates will increase in 2017-2018 for all of the sites. The increases were needed to offset increased disposal and operating costs and the need to replace aging equipment. The average increase for municipal solid waste is \$4.20 per ton.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Management's Discussion and Analysis, Continued

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 Financial Management, Mr. David B. Bruns, Department Head, Sanitation Districts of Los Angeles County, P.O. Box 4998, Whittier, California, 90607-4998.

Exhibit A
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Statement of Net Position
June 30, 2017

Assets

Current assets:	
Cash in bank (note 3)	\$ 16,018,500
Cash on hand (note 3)	43,811
Cash and cash equivalents (note 3)	<u>172,853,057</u>
Total unrestricted cash and cash equivalents	<u>188,915,368</u>
Receivables:	
Accounts (note 6)	35,036,242
Interest	6,994,705
Service charges	17,283,846
Taxes	<u>5,218,259</u>
Total receivables	<u>64,533,052</u>
Inventory	<u>19,665,115</u>
Restricted cash and investments (note 3):	
Cash and cash equivalents	621,934,530
Specific investments	1,315,240,791
Bond proceeds with Trustee	
Cash and cash equivalents	<u>389</u>
Total restricted cash and investments	<u>1,937,175,710</u>
Other specific investments (note 3)	<u>32,895,023</u>
Total current assets	<u>2,243,184,268</u>
Noncurrent assets:	
Investment in joint ventures (note 17)	55,245,043
Other assets	5,098
Capital assets (note 7):	
Buildings and equipment	71,155,190
Capital improvements	544,257,339
Composting facility	121,851,468
Construction in progress (note 16)	447,432,971
Disposal rights	86,629,331
Equipment pool	62,970,361
Gas-to-energy facilities	222,696,149
Land	220,307,212
Other	56,426,923
Rail facilities	54,060,853
Recycling and transfer facility	63,537,106
Treatment plants	1,954,329,924
Trunk lines	1,389,436,208
Use rights	69,779,636
Less accumulated depreciation/amortization	<u>(2,010,460,583)</u>
Net capital assets	<u>3,354,410,088</u>
Total noncurrent assets	<u>3,409,660,229</u>
Total assets	<u>5,652,844,497</u>
Deferred Outflow of Resources	
Pension deferrals (note 11)	91,929,253
Deferred loss on refunding, net	<u>13,093,363</u>
	<u>\$ 105,022,616</u>

(Continued on following page)

Exhibit A-2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Statement of Net Position
June 30, 2017

Liabilities

Current liabilities:	
Accounts payable	\$ 22,598,419
Accrued employee absences (note 1J and 14)	22,000,000
Amounts held for others	6,645,098
Bonds payable (note 8)	34,449,400
Claims liabilities (note 9)	2,904,893
Construction contracts payable	12,506,289
Estimated liability for closure and postclosure costs (note 18)	14,154,531
Estimated liability for pollution remediation (note 19)	558,238
Interest payable	8,004,756
Loans payable to State of California (note 8)	28,255,090
Other	421,236
Total current liabilities	152,497,950
Long-term liabilities:	
Accrued employee absences (note 1J and 14)	14,722,140
Bonds payable, net (note 8)	472,205,580
Claims liabilities (note 9)	8,714,686
Estimated liability for closure and postclosure costs (note 18)	316,195,423
Estimated liability for pollution remediation (note 19)	1,166,504
Loans payable to State of California (note 8)	250,491,186
Pension liability (note 11)	380,945,657
Total noncurrent liabilities	1,444,441,176
Total liabilities	1,596,939,126

Deferred Inflow of Resources

Pension deferrals (note 11)	32,594,425
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Net Position

Net position (note 20):	
Net investment in capital assets	2,569,595,906
Restricted for capital projects	477,554,559
Restricted for closure/postclosure maintenance	94,524,319
Restricted for equipment pool	24,265,186
Restricted for site development	35,665,510
Unrestricted	926,728,082
Total net position	\$ 4,128,333,562

See accompanying notes to basic financial statements.

Exhibit B
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Statement of Revenues, Expenses,
and Changes in Net Position
Fiscal year ended June 30, 2017

Operating revenues:	
Commodities	\$ 5,864,873
Contract revenue	18,362,929
Industrial waste surcharge	64,355,631
Refuse tipping fees	106,168,695
Sale of energy	23,353,541
Service charges (note 4)	353,962,737
Other	<u>2,825,713</u>
Total operating revenues	<u>574,894,119</u>
Operating expenses:	
Chemicals	30,071,865
Insurance and claims	4,308,877
Landfill closure and postclosure costs (note 18)	1,553,972
Materials and supplies	27,403,067
Operations, repairs and maintenance	19,499,523
Pollution remediation costs (note 19)	366,280
Salaries and benefits (notes 11 and 12)	208,360,857
Services	90,028,709
Utilities	<u>19,834,406</u>
Total operations and maintenance	401,427,556
Charges for collections	1,185,208
Depreciation and amortization of use rights (note 7)	92,222,778
Tonnage	<u>3,483,041</u>
Total operating expenses	<u>498,318,583</u>
Operating income	<u>76,575,536</u>
Nonoperating revenues (expenses):	
Interest revenue	25,995,412
Investment in joint ventures	(70,190)
Taxes	73,029,420
Other nonoperating revenue	18,887
Amortization of bond premium	7,724,164
Amortization of deferred loss on refunding	(1,913,718)
Interest expense	(28,021,332)
Gain on sale of equipment/assets	5,050,406
Tax and assessment expense	(10,956,010)
Other nonoperating expense	(2,067,345)
Unrealized loss on investments	<u>(10,176,331)</u>
Net nonoperating revenues	<u>58,613,363</u>
Income before capital contribution revenue	135,188,899
Capital contribution revenue:	
Connection fees	34,804,198
Federal capital grants	<u>1,481,462</u>
Change in net position	<u>171,474,559</u>
Total net position, July 1, 2016, as previously stated	3,974,999,961
Prior-period adjustments (note 21)	<u>(18,140,958)</u>
Total net position, July 1, 2016, as restated	<u>3,956,859,003</u>
Total net position, June 30, 2017	<u>\$ 4,128,333,562</u>

See accompanying notes to basic financial statements.

Exhibit C
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Statement of Cash Flows
Fiscal year ended June 30, 2017

Cash flows from operating activities:	
Receipts from customers and users	\$ 569,134,800
Payments to suppliers	(218,109,309)
Payments to employees	(203,596,814)
Payments applied to closure/postclosure liability	(12,337,364)
	<hr/>
Net cash provided by operating activities	135,091,313
	<hr/>
Cash flows from noncapital financing activities:	
Receipts from property taxes	72,377,743
Payments for tax and assessment	(10,956,010)
	<hr/>
Net cash provided by noncapital financing activities	61,421,733
	<hr/>
Cash flows from capital and related financing activities:	
Borrowings on loans	14,745,653
Proceeds from bond sale	192,967,521
Bond issuance costs	(713,008)
Purchases of capital assets	(104,258,437)
Connection fees proceeds	33,803,056
Grant proceeds	1,481,462
Donations	11,500
Bond defeasement	(158,624,261)
Interest paid on capital-related debt	(22,533,772)
Principal payments on bonds	(29,929,000)
Principal payments on note	(1,328,375)
Principal payments on loans	(79,459,001)
Payment per joint powers agreement	(1,100,000)
Proceeds from sale of assets/equipment	7,174,031
Receipts from joint venture	150,000
	<hr/>
Net cash used by capital and related financing activities	(147,612,631)
	<hr/>
Cash flows from investing activities:	
Interest received	24,414,809
Purchases of investments	(782,635,678)
Proceeds from maturities of investments	555,543,610
	<hr/>
Net cash used by investing activities	(202,677,259)
	<hr/>
Net decrease in cash and cash equivalents	(153,776,844)
Cash and cash equivalents at beginning of fiscal year	964,627,131
	<hr/>
Cash and cash equivalents at end of fiscal year	\$ 810,850,287
	<hr/> <hr/>
Reconciliation of cash and cash equivalents at end of fiscal year:	
Current assets:	
Cash in bank	\$ 16,018,500
Cash on hand	43,811
Cash and cash equivalents	172,853,057
Restricted cash and investments:	
Cash and cash equivalents	621,934,530
Bond proceeds with Trustee	
Cash and cash equivalents	389
	<hr/>
	\$ 810,850,287
	<hr/> <hr/>

(Continued on following page)

Exhibit C-2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Statement of Cash Flows
Fiscal year ended June 30, 2017

Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 76,575,536
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	92,222,778
Landfill closure and postclosure costs	1,553,972
Increase in accounts receivable	(4,841,970)
Increase in service charge receivable	(1,952,519)
Increase in inventory	(532,254)
Increase in deferred outflows of resources	(80,353,110)
Decrease in accounts payable	(10,804,189)
Decrease in accrued employee absences	(8,658,326)
Decrease in estimated liability for closure and postclosure costs	(12,337,364)
Increase in claims liabilities	446,193
Decrease in estimated pollution remediation	(312,258)
Increase in pension liability	79,437,693
Increase in amounts held for others	1,282,951
Increase in other liabilities	54,585
Increase in deferred inflows of resources	3,309,595
Net cash provided by operating activities	\$ <u>135,091,313</u>
Schedule of noncash investing activity-	
Unrealized loss on fair value of investments	\$ (10,176,331)
Investment in joint ventures	(220,190)

See accompanying notes to basic financial statements.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements

June 30, 2017

(1) Organization and Summary of Significant Accounting Policies

(A) Description of the Reporting Entity

The 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 solid waste, wastewater, and stormwater 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

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 and deferred outflows of resources, less total reported liabilities and deferred inflows of resources) 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 services, including service charges, industrial waste surcharge, 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.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

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

Classification	Basis of Accounting	Purpose
Sewerage Operations	Accrual	To account for wastewater operations of the Districts, including debt service and capital improvement activities.
Stormwater Operations	Accrual	To account for operations of the Districts' stormwater 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.

(H) Capital Assets

Outlays for capital assets, including property, plant, equipment, and construction in progress, are recorded by the individual districts. Capital assets are recorded at cost. Capital assets acquired by

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

donation are recorded at acquisition 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 repairs	50 years
Trunk sewer lines, replacements, relocations, or reliefs	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.

The gas-to-energy facilities and related capital improvements are depreciated over a 40-year period using the straight-line method. The capital improvements related to recycling and transfer 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 the straight-line method, using years of useful life as a basis. The assets are depreciated over a period of 8 to 12 years, depending on the type of asset.

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.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Amortization of Use Rights

Use rights, as they apply to Sewerage Operations, are related to ground water adjudication in the Antelope Valley and are amortized over 20-years using the straight-line method.

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).

(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, 2017, accrued vacation and sick leave aggregated \$36,722,140 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

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

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

Original issue premium related to the sale of revenue bonds (see note 8) is 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.

(L) Amortization of Gain/Loss on Refunding

The advance refunding of revenue bonds in 2011, 2013, 2015, and 2016 (see note 8) resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This difference, reported in the accompanying financial statements as deferred loss on refunding (net), is being amortized by the straight-line method (which approximates the effective-interest method) over the life of the bonds.

(M) Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Districts' California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. For additional information, see note 11.

(N) 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.

(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

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

unit represents the average daily quantity of sewage flow and strength that would be discharged from a single-family home.

Joint Outfall Agreement

The following districts participate in the 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 Joint Outfall Agreement, they share in the joint ownership, use, and operations of certain trunk sewers, pumping plants, treatment plants, and ocean outfalls. The Joint Outfall 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

The County of Los Angeles and 15 of the Joint Outfall Districts participate in a Joint Powers Agreement (JPA) 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 its 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 that 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

District 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.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Joint Exercise of Powers Agreement

District Nos. 1, 2, 3, 4, 5, 8, 9, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 27, 28, 29, Santa Clarita Valley Sanitation District, and South Bay Cities Sanitation District 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 market rate of return. 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, 2017, specific investments primarily consist of U.S. Agency securities and AA-rated Corporate Bonds.

As of June 30, 2017, 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. Agency Securities	\$ 1,138,191,755 ⁽¹⁾	53,665,550	363,038,863	721,487,342
Los Angeles County Pooled Surplus Investment Fund	778,216,973	778,216,973	-	-
AA-Rated Corporate Bonds	209,944,059	-	209,944,059	-
U.S. Bank Commercial Paper	16,571,003	16,571,003	-	-
	<u>\$ 2,142,923,790</u>	<u>848,453,526</u>	<u>572,982,922</u>	<u>721,487,342</u>

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

July 1, 2017 - September 30, 2017	\$ 798,235,697
January 1, 2018 - March 31, 2018	82,670,960
April 1, 2018 - June 30, 2018	256,765,155
	<u>\$ 1,137,671,812</u>

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

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

nationally recognized statistical rating organization. As of June 30, 2017, 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 Districts' investments in Corporate Bonds were rated AA by Standard & Poor's, Moody's Investors Service, or Fitch Ratings. The Los Angeles County Pooled Surplus Investment Fund is not rated.

Concentration of Credit Risk. The investment policies for District Nos. 17, 27, and Newhall Ranch require that all investments in medium-term corporate notes rated AA or higher and all other investments shall be the same as the Los Angeles County Investment Policy. The remaining Districts' investment policies further restrict the concentration of investments in any one United States Agency to no more than 60% of the Districts' funds. These Districts' policies allow for investments in medium-term AAA-rated and AA-rated corporate and depository institution debt securities with remaining maturities of five years or less. No individual medium-term AAA-rated or AA-rated security may exceed 5% of Districts' funds and all medium- and short-term investments in aggregate may not exceed 20% of Districts' funds.

Fair Value of Investments. The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

Debt securities classified in Level 1 are valued using prices quoted in active markets for those securities.

At June 30, 2017, the District had the following recurring fair value measurements:

Investments by fair value level	Value 6/30/2017	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Debt Securities:				
U.S. Agency Securities	\$ 1,138,191,755	1,138,191,755	-	-
AA-Rated Corporate Bonds	209,944,059	209,944,059	-	-
	\$ <u>1,348,135,814</u>	<u>1,348,135,814</u>	<u>-</u>	<u>-</u>

The Districts' cash, cash equivalents, and specific investments at June 30, 2017, are classified on the accompanying statement of net position as follows:

Unrestricted cash and cash equivalents (operating funds)	\$ 172,853,057
Restricted cash, cash equivalents, and specific investments	1,937,175,710
Other specific investments	32,895,023
	<u>2,142,923,790</u>
Cash in bank	16,018,500
Cash on hand	43,811
	<u>\$ 2,158,986,101</u>

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, 2017:

	Cash and Cash Equivalents	Specific Investments	Total
Capital improvement fund	\$ 164,962,462	350,003,709	514,966,171
Closure/postclosure fund	69,390,601	337,962,021	407,352,622
Employee absences fund	11,195,836	-	11,195,836
Equipment pool fund	15,406,849	12,981,957	28,388,806
Rate stabilization fund	144,433,685	117,635,156	262,068,841
Pension liability	85,722,129	258,194,969	343,917,098
Waste-by-rail cost transition fund	25,039,785	213,549,793	238,589,578
Site development fund	29,433,612	6,231,898	35,665,510
Stabilization fund for contracted benefit costs	14,344,940	1,832,277	16,177,217
State loan fund	35,541,015	-	35,541,015
Other restricted funds	26,463,616	16,849,011	43,312,627
	<u>621,934,530</u>	<u>1,315,240,791</u>	<u>1,937,175,321</u>
Bond Reserve Fund	389	-	389
Total Restricted Cash, Cash Equivalents, and Specific Investments	<u>\$ 621,934,919</u>	<u>1,315,240,791</u>	<u>1,937,175,710</u>

Cash in Bank

At June 30, 2017, the carrying amount of the Districts' cash in bank deposits was \$16,018,500, while the bank balance was \$14,697,070. 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, 2017, the Districts had imprest cash funds in the amount of \$43,811.

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

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

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 U.S. Bank Commercial Paper. 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. Agency securities and AA-Rated Corporate Bonds.

Bond Funds 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. At fiscal year-end, the balance of these funds amounted to \$389.

At June 30, 2017, all monies are invested in U.S. Bank Commercial Paper, as permitted by the bond indentures.

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, 2017, the following Districts recorded service charge revenues:

District	Amount
1	\$ 24,822,992
2	35,151,639
3	28,934,604
4	3,757,659
5	39,425,964
8	9,915,257
9	102,847
14	31,938,977
15	28,213,754
16	16,611,640
17	2,227,119
18	19,458,064
19	6,768,776
20	23,300,433
21	23,779,823
22	19,733,911
23	340,656
28	803,842
29	1,903,329
Santa Clarita Valley	30,256,144
South Bay Cities	6,515,307
	\$ 353,962,737

(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.

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

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

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 2016 tax levy is for the fiscal year 2016-2017.

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):

	2017	2016
Sale of commodities	\$ 431	831
Sale of energy	1,320	389
Surcharge	21,043	20,285
Tipping fees	8,533	6,196
Other	3,709	4,123
Total accounts receivable	\$ 35,036	31,824

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, 2017, was as follows (in thousands):

	June 30, 2016	Prior Period Adjustment	Increases	Decreases	June 30, 2017
Capital assets, not being depreciated:					
Construction in progress (see note 16)	\$ 399,170	-	86,288	(38,025)	447,433
Land	219,655	-	1,352	(700)	220,307
Total capital assets, not being depreciated	<u>618,825</u>	<u>-</u>	<u>87,640</u>	<u>(38,725)</u>	<u>667,740</u>
Capital assets, being depreciated or amortized:					
Buildings and equipment	71,271	-	15	(131)	71,155
Capital improvements	542,754	-	1,503	-	544,257
Composting facility	121,421	-	431	-	121,852
Disposal rights	83,330	-	3,299	-	86,629
Equipment pool	68,025	-	2,301	(7,356)	62,970
Gas-to-energy facilities	222,570	-	126	-	222,696
Other	52,180	-	4,247	-	56,427
Rail Facilities	54,061	-	-	-	54,061
Recycling and transfer facility	63,238	-	299	-	63,537
Treatment plants	1,950,822	(21,506)	25,014	-	1,954,330
Trunk lines	1,370,223	-	19,213	-	1,389,436
Use rights	69,780	-	-	-	69,780
Total capital assets, being depreciated/amortized	<u>4,669,675</u>	<u>(21,506)</u>	<u>56,448</u>	<u>(7,487)</u>	<u>4,697,130</u>
Accumulated depreciation and amortization:					
Buildings and equipment	(45,249)	-	(1,663)	-	(46,912)
Capital improvements	(439,071)	-	(2,471)	-	(441,542)
Composting facility	(3,974)	-	(2,800)	-	(6,774)
Disposal rights	(34,803)	-	(1,994)	-	(36,797)
Equipment pool	(36,128)	-	(4,111)	6,084	(34,155)
Gas-to-energy facilities	(126,549)	-	(5,158)	-	(131,707)
Other	(25,221)	-	(1,702)	-	(26,923)
Recycling and transfer facility	(18,707)	-	(1,647)	-	(20,354)
Treatment plants	(657,572)	12,122	(48,588)	-	(694,038)
Trunk lines	(522,620)	-	(22,037)	-	(544,657)
Use rights	(26,549)	-	(52)	-	(26,601)
Total accumulated depreciation/amortization	<u>(1,936,443)</u>	<u>12,122</u>	<u>(92,223)</u>	<u>6,084</u>	<u>(2,010,460)</u>
Total capital assets, being depreciated, net	<u>2,733,232</u>	<u>(9,384)</u>	<u>(35,775)</u>	<u>(1,403)</u>	<u>2,686,670</u>
Total capital assets, net	<u>\$ 3,352,057</u>	<u>(9,384)</u>	<u>51,865</u>	<u>(40,128)</u>	<u>3,354,410</u>

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	\$	75,846
Solid Waste Facilities Operations		6,373
Trustee Solid Waste Facilities Operations		2,496
Service Operations		<u>7,508</u>
Total depreciation and amortization expense	\$	<u><u>92,223</u></u>

(8) Long-Term Debt

Revenue Bonds

In June 2005, the Financing Authority issued \$25,305,000 of 2005 Series A District No. 20 Subordinate Revenue Bonds (2005 Series A Bonds). The proceeds of the 2005 Series A Bonds were used 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. These bonds were defeased during fiscal year 2016-2017.

In March 2007, the Financing Authority issued \$134,515,000 of 2007 Series A District No. 20 Subordinate Revenue Bonds (2007 Series A Bonds). The proceeds of the 2007 Series A Bonds were used 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%. These bonds were defeased during fiscal year 2016-2017.

In November 2008, the Financing Authority issued \$19,661,583 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 of 2011 Series A Capital Projects Senior Ad Valorem Obligation Bonds (2011 Series A Bonds). The proceeds of the 2011 Series A Bonds were used to refund and defease a portion of the Financing Authority's outstanding 2003 Series A

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

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%. This advance refunding was undertaken to reduce total debt service payments over the next 12 years by \$12.5 million and resulted in an economic gain of \$10.6 million. In March 2017, Standard & Poor's upgraded its rating of the 2011 Series A Bonds to AAA from AA+.

In July 2013, the Financing Authority issued \$107,620,000 of 2013 Series A Senior Ad Valorem Revenue Bonds (2013 Series A Bonds). The proceeds of the 2013 Series A Bonds was used 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. 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%. In March 2017, Standard & Poor's upgraded its rating of the 2013 Series A Bonds to AAA from AA+.

In July 2015, the Authority issued \$149,940,000 of 2015 Series A Capital Projects District No. 14 Subordinate Revenue Bonds (2015 Series A Bonds). The proceeds of the 2015 Series A Bonds were used to refund and defease the Authority's outstanding 2005 Series B Subordinate Bonds and to pay costs of issuance. These serial bonds mature in varying amounts on October 1 in the years 2015 through 2035 at coupon rates ranging from 2.0% to 5.0%. In March 2017, Standard & Poor's upgraded its rating of the 2015 Series A Bonds to AA- from A+.

In November 2016, the Authority issued \$170,265,000 of 2016 Series A Capital Projects District No. 20 Revenue Bonds (2016 Series A Bonds). The proceeds of the 2016 Series A Bonds were used to refund all of the Authority's outstanding 2005 Series A Bonds, refund all of the Authority's outstanding 2007 Series A Bonds, refinance certain improvements to the Sewerage System of District No. 20 by prepaying in full District No. 20's outstanding Clean Water State Revolving Fund Loan, and pay costs of issuance. These serial bonds mature in varying amounts on October 1 in the years 2017 through 2036 at coupon rates ranging from 3.0% to 5.0%. The 2016A Bonds are rated A+ by Standard & Poor's and AA- by Fitch Ratings.

Total Bond Indebtedness

The Districts' bond indebtedness is summarized as follows:

	Balance at June 30, 2016	Additions	Redemptions	Balance at June 30, 2017	Due Within One Year
Revenue Bonds:					
2005 Series A	\$ 19,695,000	-	(19,695,000)	-	
2007 Series A	130,390,000	-	(130,390,000)	-	
2008 Series A	8,426,390	-	(1,404,400)	7,021,990	1,404,400
2011 Series A	126,625,000	-	(2,090,000)	124,535,000	24,175,000
2013 Series A	39,305,000	-	(23,635,000)	15,670,000	2,800,000
2015 Series A	145,280,000	-	(2,800,000)	142,480,000	2,945,000
2016 Series A	-	170,265,000	-	170,265,000	3,125,000
	<u>\$ 469,721,390</u>	<u>170,265,000</u>	<u>(180,014,400)</u>	<u>459,971,990</u>	<u>34,449,400</u>
Plus unamortized premium	31,704,639	22,702,521	(7,724,170)	46,682,990	-
Bonds payable, net	<u>\$ 501,426,029</u>	<u>192,967,521</u>	<u>(187,738,570)</u>	<u>506,654,980</u>	<u>34,449,400</u>

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Total Bond Debt Outstanding

The annual requirements to amortize all bond debt outstanding as of June 30, 2017, are as follows:

	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
Fiscal year ending June 30:			
2018	\$ 20,674,941	34,449,400	55,124,341
2019	19,126,137	35,909,400	55,035,537
2020	17,411,708	37,564,400	54,976,108
2021	15,581,840	39,334,400	54,916,240
2022	14,193,472	18,794,390	32,987,862
2023-2027	60,429,245	61,440,000	121,869,245
2028-2032	44,939,220	72,050,000	116,989,220
2033-2037	22,554,723	101,715,000	124,269,723
2038-2042	7,103,500	47,925,000	55,028,500
2043	215,800	10,790,000	11,005,800
	<u>\$ 222,230,586</u>	<u>459,971,990</u>	<u>682,202,576</u>
Plus unamortized premium	<u>-</u>	<u>46,682,990</u>	<u>46,682,990</u>
Bonds payable, net	<u>\$ 222,230,586</u>	<u>506,654,980</u>	<u>728,885,566</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%. The last payment under the installment agreement was made in fiscal year 2016-2017.

Notes payable are summarized as follows:

	<u>Maximum Principal Balance</u>	<u>Balance at July 1, 2016</u>	<u>Current-Year Draw Downs</u>	<u>Redemptions</u>	<u>Balance at June 30, 2017</u>	<u>Due Within One Year</u>
Geosano	\$ 1,586,020	1,328,375	-	1,328,375	-	-
Total Notes Payable	<u>\$ 1,586,020</u>	<u>1,328,375</u>	<u>-</u>	<u>1,328,375</u>	<u>-</u>	<u>-</u>

State Water Resources Control Board

The Districts also have several state revolving fund loans 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 period not exceeding 30 years. The funds are utilized in the construction and expansion of wastewater conveyance and reclamation facilities.

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, 2016	Current-Year Draw Downs	Redemptions	Balance at June 30, 2017
Lancaster - Outfall & Trunk Sewer	2.3000 %	\$ 31,319,657	18,638,489	-	1,508,404	17,130,085
Lancaster WRP Stage V Expansion	2.6000	142,090,956	63,713,105	-	3,261,878	60,451,227
Palmdale WRP Stage V Expansion	2.5000	70,000,000	51,404,379	-	51,404,379	-
La Canada Foothill Main Trunk Sewer	3.1000	3,785,566	189,281	-	189,281	-
Saugus Equipment Purchases	2.4000	1,766,705	802,169	-	89,130	713,039
Valencia	2.8000	10,699,908	2,150,369	-	537,591	1,612,778
Valencia Stage V	2.4000	45,909,746	18,621,889	-	2,327,736	16,294,153
Valencia Stage V Exp	2.4000	1,400,546	493,599	-	70,514	423,085
Valencia WRP Boiler Upgrade	1.7000	4,335,543	4,012,386	-	192,417	3,819,969
Alamitos Pumping Plant Force Main	1.7000	1,069,500	838,594	-	42,959	795,635
Biological Reactors	2.4000	109,095,000	41,435,541	-	5,506,639	35,928,902
Central Odor Control	2.4000	11,444,141	5,166,896	-	574,099	4,592,797
Cryogenic Oxygen Generation	2.4000	23,869,940	8,409,022	-	1,201,289	7,207,733
Environmental Lab Bldg	2.4000	9,591,013	3,854,939	-	481,867	3,373,072
Fuel Gas Compressor Upgrade	2.4000	722,927	257,696	-	36,813	220,883
Heat Recovery Steam Gen. Equip.	2.4000	3,983,711	2,386,529	-	216,957	2,169,572
High-Speed Centrifuge	2.4000	4,500,995	2,090,658	-	232,295	1,858,363
Install Secondary Infl. Pump Station	2.4000	4,719,816	1,665,545	-	237,935	1,427,610
Install Secondary Infl Pump Station II	2.4000	1,541,429	730,155	-	81,128	649,027
JO A, Unit 1A-Dist 5 Trunk Sewer	2.1000	12,196,850	10,798,074	1,493,325	450,549	11,840,850
Long Beach Main PP Facility Upgrades	1.9000	34,482,000	23,704,590	13,252,328	-	36,956,918
Long Beach WRP Aeration	2.4000	368,511	161,229	-	23,032	138,197
Long Beach WRP Ammonia	2.4000	834,196	417,100	-	52,137	364,963
Long Beach WRP NDN Fac	2.4000	4,735,275	2,851,002	-	237,584	2,613,418
Long Beach WRP NDN Fac Equip.	2.4000	504,474	235,418	-	33,632	201,786
Los Coyotes WRP Ammonia	2.4000	1,208,597	604,301	-	75,537	528,764
Los Coyotes WRP Interceptor	2.7000	12,381,145	9,934,004	-	545,967	9,388,037
Los Coyotes WRP NDN Fac	2.4000	17,538,820	10,523,292	-	876,941	9,646,351
Mod. of Electrical Power Services	2.4000	4,153,307	1,425,829	-	203,690	1,222,139
Pomona WRP NDN Fac	2.4000	4,931,545	2,465,769	-	308,222	2,157,547
Pomona WRP NDN Fac. Equip.	2.4000	182,616	91,305	-	11,413	79,892
Power Generation Equipment	2.4000	12,298,084	4,565,708	-	652,244	3,913,464
Power Generation Steam Turbine Gen.	2.4000	2,978,767	1,778,289	-	161,662	1,616,627
Primary Screenings & Grit Dewatering	2.4000	11,730,892	4,103,200	-	586,172	3,517,028
Purch. Secondary Infl Pump Station Equip	2.4000	11,012,050	4,929,652	-	547,739	4,381,913
Reloc. & Install High-Speed Centrifuge	2.4000	2,109,325	738,157	-	105,453	632,704
San Jose Creek WRP NDN Fac.	2.4000	9,401,328	4,700,664	-	522,296	4,178,368
San Jose Creek WRP NDN Fac. Equip.	2.4000	1,349,480	691,361	-	76,818	614,543
Secondary Effluent Pumps	2.6000	1,176,608	498,960	-	65,910	433,050

Continued on following page

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Description	Interest Rate	Maximum Principal Balance	Balance at July 1, 2016	Current-Year Draw Downs	Redemptions	Balance at June 30, 2017
Silo Odor Control Fac. Phase I	2.4000	5,330,364	2,779,024	-	347,378	2,431,646
Silo Odor Control Fac. Phase II	2.4000	2,947,840	1,637,688	-	163,769	1,473,919
W. A. S. Thickening Expansion	2.4000	4,173,801	1,466,865	-	209,552	1,257,313
Whittier Narrows WRP NDN Fac.	2.4000	4,309,558	3,024,351	-	216,025	2,808,326
Wright Road Trunk Sewer Repair	2.6000	672,500	507,531	-	28,098	479,433
Digestion Tanks 17-23	2.4000	53,930,932	21,268,931	-	2,658,616	18,610,315
Primary Tank Covers	2.4000	3,608,121	1,295,898	-	203,382	1,092,516
Mod. of Biological Reactors	2.4000	34,354,567	16,556,256	-	1,901,872	14,654,384
		\$ 736,748,652	360,615,689	14,745,653	79,459,001	295,902,341
Less unamortized discount		-	(19,547,373)	-	(2,391,308)	(17,156,065)
Loans payable to State, net		\$ 736,748,652	341,068,316	14,745,653	77,067,693	278,746,276

The annual debt service requirements as of June 30, 2017, for the Districts' indebtedness to the State are as follows:

	Interest	Principal	Total
Fiscal year ending June 30:			
2018	\$ 6,166,436	28,255,090	34,421,526
2019	6,530,061	30,129,875	36,659,936
2020	6,150,462	30,509,475	36,659,937
2021	5,672,000	30,360,579	36,032,579
2022	5,273,988	30,758,590	36,032,578
2023-2027	15,138,988	87,886,184	103,025,172
2028-2032	4,698,702	41,962,887	46,661,589
2033-2037	975,490	13,842,985	14,818,475
2038-2042	41,737	2,196,676	2,238,413
	\$ 50,647,864	295,902,341	346,550,205
Less unamortized discount	-	(17,156,065)	(17,156,065)
Loans payable to State, net	\$ 50,647,864	278,746,276	329,394,140

(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.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

The Districts are self-insured for workers' compensation benefits. As of June 30, 2017, the liability for workers' compensation claims was estimated at \$11,619,579. Accordingly, this amount has been accrued in the accompanying basic financial statements.

At June 30, 2017, there were no reportable claims other than workers' compensation benefits as follows (in thousands):

	2017	2016
Unpaid claims, beginning of fiscal year	\$ 11,173	11,111
Incurred claims	3,405	2,865
Claim payments	(2,958)	(2,803)
Unpaid claims, end of fiscal year	\$ 11,620	11,173
Due within one year	\$ 2,905	5,587

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, 2017:

Coverage	Facility	Limits
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	463,581,746
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	500,000 45,000 2,500
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	30,000,000
Business Interruption	Puente Hills Energy Recovery from Gas	18,651,000
Extra Expense	JWPCP Total Energy Facilities	23,100,000
Pollution Legal Liability	Wastewater System	5,000,000
Fiduciary Liability-Deferred Compensation Program		1,000,000
Rental Property Insurance	3 Single-Family Homes - Carson	641,240

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

(10) Litigation

The Districts are defendants in various 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

(A) General Information about the Pension Plan

Plan Description

The Districts' defined benefit pension plan, Public Employees' Retirement System (PERS), is available to all qualified permanent and probationary employees. 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.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2017, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5-years service	5-years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.4% to 2.4%	1.0% to 2.5%
Required employee contribution rates	7.00%	5.75%

The required employer blended contribution rate is 6.913%.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Employees Covered

At June 30, 2017, the following employees were covered by the benefit terms for each Plan:

Inactive employees or beneficiaries	
currently receiving benefits	1,496
Inactive employees entitled to but	
not yet receiving benefits	478
Active employees	<u>1,645</u>
Total	<u><u>3,619</u></u>

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined annually based on an actuarial study and shall be effective on July 1 following notice of a change in rate. Funding contributions are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Districts are required to contribute the difference between the actuarially determined rate and the contribution rate of the employees.

(B) Net Pension Liability

The Districts' net pension liability is measured as the total pension liability, less the pension plan's fiduciary net position. The net position liability is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2015, rolled forward to June 30, 2016, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

	<u>Employees</u>
Valuation date	June 30, 2015
Measurement date	June 30, 2016
Actuarial cost method	Entry-age Normal Cost Method
Actuarial assumptions:	
Discount rate	7.65%
Inflation	2.75%
Payroll	3.00%
Projected salary increase	Varies by entry age and service ⁽¹⁾
Investment rate of return	7.50% ⁽²⁾
Mortality	Derived by using CalPERS membership data for all funds

⁽¹⁾ Depending on age, service, and type of employment

⁽²⁾ Net of pension plan investment expenses, including inflation

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2015, valuation were based on an actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, the tested plan does not run out of assets. Therefore, the current 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle, which should be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB Statement No. 67 and No. 68 calculations through at least the 2017-2018 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations, as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation was adopted by the CalPERS Board and was calculated net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 (a)</u>	<u>Real Return Years 11+ (b)</u>
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	100.0%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

(C) Changes in the Net Pension Liability

The changes in the Net Pension Liability for the Plan are as follows:

	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability/(Asset)</u>
Balance at June 30, 2016	\$ 1,534,843,306	1,233,335,472	301,507,834
Changes in the year:			
Service cost	21,537,967	-	21,537,967
Administrative expenses	-	(751,740)	751,740
Interest on the total pension liability	114,458,616	-	114,458,616
Change of assumptions	-	-	-
Contribution-employer	-	24,285,923	(24,285,923)
Contribution-employee (paid by employer)	-	11,387,270	(11,387,270)
Difference between expected and actual experience	(15,215,092)	-	(15,215,092)
Net investment income	-	6,422,215	(6,422,215)
Benefit payments, including refunds of Employee contributions	(68,412,261)	(68,412,261)	-
Net Changes	52,369,230	(27,068,593)	79,437,823
Balance at June 30, 2017	\$ 1,587,212,536	1,206,266,879	380,945,657

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Sensitivity of the Net Pension Liability to changes in the Discount Rate

The following presents the net pension liability of the Districts' Plan, calculated using the discount rate, as well as what the Districts' net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate.

1% Decrease		6.65%
Net Pension Liability	\$	593,221,743
Current Discount Rate		7.65%
Net Pension Liability	\$	380,945,657
1% Increase		8.65%
Net Pension Liability	\$	204,909,494

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

(D) Pension Expenses and Deferred Outflows/Inflows of Resources

For the fiscal year ended June 30, 2017, the Districts recognized pension expense of \$29,242,674. At June 30, 2017, the Districts reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 26,848,459	-
Changes of assumptions	-	(15,328,153)
Difference between expected and actual experiences	-	(17,266,278)
Net differences between projected and actual earnings on plan investments	<u>108,297,839</u>	<u>(43,217,038)</u>
Total	<u>\$ 135,146,298</u>	<u>(75,811,469)</u>

Deferred outflows of resources of \$26,848,459 are related to contributions made subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	<u>Pension Expense</u>
2017	\$ (3,182,311)
2018	(3,182,313)
2019	22,609,759
2020	16,141,235

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

(E) Payable to the Pension Plan

The Districts did not have an outstanding payable for contributions to the pension plan for the fiscal year ended June 30, 2017.

(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 30 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).

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

Fiscal Year Ending	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB 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
6/30/14	21,052	100	0
6/30/15	23,087	100	0
6/30/16	23,990	100	0
6/30/17	22,344	100	0

Funded Status and Funding Progress

As of June 30, 2016, the plan was 41% funded. The actuarial accrued liability for benefits was \$357 million, and the actuarial value of assets was \$145 million, resulting in a UAAL of \$212 million. The covered payroll (annual payroll of active employees covered by the plan) was \$156 million, and the ratio of the UAAL to the covered payroll was 136.1%.

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)

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
6/30/06 ⁽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
6/30/13	318,019	88,465	229,554	27.8	162,437	141.3
6/30/15	339,049	127,767	211,282	37.7	156,411	135.1
6/30/16 ⁽²⁾	357,334	144,980	212,354	40.6	156,016	136.1

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, 2015.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

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 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, 2015, the entry age actuarial cost method was used. The actuarial assumptions included a 7.25% investment rate of return (net of administrative expenses) and actual healthcare premiums (depending on whether Medicare eligible), reduced by decrements to an ultimate rate of 5% after five 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 open period. Changes to the UAAL on future valuations that were not expected (i.e., gains and losses) are amortized over a 15-year closed period. The UAAL is being amortized as a level percentage of projected payroll on a 30-year closed basis. The remaining amortization period on the initial actuarial unfunded balance at June 30, 2016, was 20 years.

(13) Employee Deferred Compensation Plan

All monthly and hourly employees are eligible to participate in the 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 designated beneficiaries at the time of death. The annual IRS plan contribution limit for 2017 was \$18,000 and will increase to \$18,500 in 2018.

At June 30, 2017, assets with a fair value of \$289,431,345 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, 2017, were as follows:

	Balance at July 1, 2016	Earned	Taken	Balance at June 30, 2017	Due Within One Year
\$	38,811,277	20,291,995	22,381,132	36,722,140	22,000,000

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, 2017:

	Due From Other Districts	Due To Other Districts
Sewerage Operations:		
District No. 1	\$ -	2,262,867
District No. 2	-	3,427,667
District No. 3	-	2,591,770
District No. 4	-	9,175
District No. 5	-	4,202,920
District No. 8	-	1,622,175
District No. 9	-	2,107
District No. 14	-	409,442
District No. 15	-	3,010,796
District No. 16	-	1,533,224
District No. 17	-	206,410
District No. 18	-	1,976,274
District No. 19	-	547,138
District No. 20	-	439,434
District No. 21	-	2,436,881
District No. 22	-	2,073,067
District No. 23	-	357,539
District No. 27	-	2,152
District No. 28	-	62,677
District No. 29	-	93,619
Joint Outfall	8,206,691	-
Newhall Ranch	15,625	-
Santa Clarita Valley	-	61,262
South Bay Cities	-	732,903
Total Sewerage Operations	8,222,316	28,061,499
Stormwater Operations:	-	6,967
Total Stormwater Operations	-	6,967
Solid Waste Facilities Operations:		
Palos Verdes Landfill	-	96,770
Spadra Landfill	-	188,937
South Gate Transfer Station	-	36,990
Puente Hills Landfill	2,061,112	-
Puente Hills Material Recovery Facility	-	715,643
Downey Area Recycling & Transfer Station	-	79,140
Mesquite Landfill	-	29,588
Total Solid Waste Facilities Operations	18,505,744	1,147,068

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

	<u>Due From Other Districts</u>	<u>Due To Other Districts</u>
Trustee Solid Waste Facilities Operations:		
Scholl Canyon Landfill	-	57,513
Calabasas Landfill	-	117,106
Los Angeles County Equipment Pool	85,877	-
Los Angeles County Refuse Disposal	-	24,066
Total Trustee Solid Waste Facilities Operations	<u>85,877</u>	<u>198,685</u>
Service Operations:		
Joint Administration	14,765,579	-
Technical Support	3,416,769	-
Joint Refuse Disposal	431,447	-
Joint Refuse Equipment Pool	166,250	-
Joint Administration Equipment Pool	86,811	-
Joint Outfall Equipment Pool	178,058	-
Total Service Operations	<u>19,044,914</u>	<u>-</u>
	<u>\$ 29,414,219</u>	<u>29,414,219</u>

(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, 2017:

	<u>Transfers In</u>	<u>Transfers Out</u>
Sewerage Operations:		
District No. 1	\$ 2,171,141	9,747,295
District No. 2	3,352,043	14,355,342
District No. 3	2,546,193	11,249,517
District No. 4	323,923	382,082
District No. 5	5,479,312	18,271,924
District No. 8	1,324,060	6,050,214
District No. 9	45,521	77,626
District No. 14	10,453,331	10,582,234
District No. 15	3,428,900	12,721,821
District No. 16	2,136,836	7,094,521
District No. 17	273,454	910,995
District No. 18	1,874,268	7,884,179
District No. 19	604,304	2,310,701
District No. 20	49,454,177	49,536,191
District No. 21	2,021,385	9,327,488

Continued on the following page

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

	Transfers In	Transfers Out
District No. 22	1,749,250	7,726,155
District No. 23	369,443	1,143,147
District No. 27	63,663	63,992
District No. 28	96,649	296,631
District No. 29	30,347	272,172
District No. 34	-	1,054
Joint Outfall	74,764,281	4,627
Newhall Ranch	-	328
Santa Clarita Valley	3,318,396	3,512,243
South Bay Cities	934,495	3,221,822
Total Sewerage Operations	166,815,372	176,744,301
Stormwater Operations	6,280,408	-
Total Stormwater Operations	6,280,408	-
Solid Waste Facilities Operations:		
Palos Verdes Landfill	21,099,127	55,713,312
Spadra Landfill	3,952,720	2,756,681
South Gate Transfer Station	6,014,140	6,032,487
Puente Hills Landfill	732,501	1,003,122
Puente Hills Materials Recovery Facility	9,552,227	9,729,721
Downey Area Recycling & Transfer Station	3,746,129	1,788,206
Mesquite Landfill	-	-
Total Solid Waste Facilities Operations	45,096,844	77,023,529
Trustee Solid Waste Facilities Operations:		
Scholl Canyon Landfill	8,112,848	8,945,283
Calabasas Landfill	8,592,754	9,893,778
Los Angeles County Equipment Pool	1,978,000	-
Los Angeles County Refuse Disposal	-	6,184
Total Trustee Solid Waste Facilities Operations	18,683,602	18,845,245
Service Operations:		
Joint Administration	4,160,432	147,824
Technical Support	392,394	-
Joint Refuse Disposal	56,160,168	24,828,321
Joint Refuse Equipment Pool	-	-
Joint Administration Equipment Pool	-	-
Joint Outfall Equipment Pool	-	-
Total Service Operations	60,712,994	24,976,145
\$	297,589,220	297,589,220

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.

(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 its 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.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

(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, 2017, is as follows (see note 7):

Trunk sewer projects	\$ 27,516,326
Water reclamation plant projects	210,034,753
Solid waste projects	197,782,519
Joint Administration projects	<u>12,099,373</u>
Total Construction in Progress	<u>\$ 447,432,971</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 Sanitation Districts of Los Angeles County, the City of Los Angeles, Orange County Sanitation District, and the City of San Diego. A major portion of funding (\$2,000,000 in 2016-2017) is provided by the sponsoring agencies paying equal shares. Additional funding 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.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

- 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 through power agreements. The Districts and the City maintain an equal partnership in CREA. The Districts account for their investment by the equity method.

CREA's operating revenues exceeded expenses until the end of calendar year 2016. However, CREA's long-term agreement for the sale of power ended on December 31, 2016, and power revenue dropped significantly because new power agreements saw a decrease of over 50% in rates. This will make it difficult for CREA's revenue to consistently cover expenses. The long-term outlook for operation is questionable and alternative uses for the facility and site will continue to be evaluated.

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. 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 the Sanitation Districts 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 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 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.

- 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.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

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, are as follows (in thousands):

	CREA June 30 (Audited)	IERCA June 30 (Unaudited)	SCCWRPA June 30 (Audited)	SERRF September 30 (Unaudited)
Total assets	\$ 28,329	90,201	6,121	33,482
Other liabilities	1,377	1,226	2,208	371
Bonds payable	-	-	-	21,694
Total liabilities	\$ 1,377	1,226	2,208	22,065
Districts' investment	12,238	43,007	-	-
Other	14,714	45,968	3,913	11,417
Total net position	\$ 26,952	88,975	3,913	11,417
Operating revenues	14,702	8,523	7,785	640
Operating expenses	(16,585)	(10,038)	(7,962)	(78)
Nonoperating revenues (expenses)	(32)	40	27	(211)
Capital contribution revenue (expense)	(263)	10	-	-
Change in net position	\$ (2,178)	(1,465)	(150)	351

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

(18) Landfill Closure and Postclosure Care Cost

At June 30, 2017, 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:

<u>Landfills</u>	Estimated Closure/ Postclosure Costs	Total Estimated Capacity (Tonnage in Millions)	Percentage of Capacity Used to Date %	Closure/ Postclosure Liability Balance at July 1, 2016	Change in Estimated Closure/ Postclosure Cost	Closure/ Postclosure Costs Applied to Liability	Closure/ Postclosure Liability Balance at June 30, 2017
Trustee Landfills							
Calabasas	\$ 83,539,631	31.07	81.53	66,667,944	1,438,232	-	68,106,176
Scholl Canyon	12,568,242	33.78	88.40	10,994,021	115,740	-	11,109,761
Total Trustee Landfills	<u>96,107,873</u>			<u>77,661,965</u>	<u>1,553,972</u>	<u>-</u>	<u>79,215,937</u>
Districts' Landfills							
Puente Hills	227,073,533	142.05	100.00	214,856,913	-	(10,479,304)	204,377,609
Spadra	50,878,443	17.19	100.00	48,614,468	-	(1,858,060)	46,756,408
Total Districts' Landfills	<u>277,951,976</u>			<u>263,471,381</u>	<u>-</u>	<u>(12,337,364)</u>	<u>251,134,017</u>
Total Landfills	<u>\$ 374,059,849</u>			<u>341,133,346</u>	<u>1,553,972</u>	<u>(12,337,364)</u>	<u>330,349,954</u>

The \$330,349,954 reported on the statement of net position for the landfill closure and postclosure care liability at June 30, 2017, 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 Puente Hills 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 2016-2017. Actual costs may be higher due to inflation, changes in technology, or changes in regulation. The current liability due within one year is \$2,604,182 for Spadra, and \$11,550,349 for Puente Hills.

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, 2017, contributions of approximately \$407 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 or by contributions from Districts that are participants in the Sanitation Districts Solid Waste Management System Agreement or the Los Angeles County Refuse Disposal Trust Agreement. The estimated closure date for the open landfills is as follows: Scholl Canyon, 2028; and, Calabasas, 2033.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

(19) Environmental Liabilities

The Districts purchased the Fletcher Oil and Refining Company (FORCO) property, located immediately adjacent to the Joint Water Pollution Control Plant, in June 2000. Under the purchase agreement, 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 Districts assumed control of all site work beginning in January 2010.

Purchase orders have been issued to both Leymaster Environmental Consulting, LLC (Leymaster) and Worley-Parson 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, 2016	Additions or Adjustments	Payments Current Year	Balance at June 30, 2017	Due Within One Year
FORCO Property	\$ 2,037,000	366,280	(678,538)	1,724,742	558,238
Net Pollution Remediation Liability	\$ 2,037,000	366,280	(678,538)	1,724,742	558,238

(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 invested 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.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Notes to Basic Financial Statements, Continued

(21) Prior-Period Adjustment

Adjustments and corrections to previously reported financial activities are recorded as prior-period adjustments. The Districts have restated its net position for the fiscal year ended June 30, 2016, from amounts previously reported. The restatement includes an adjustment for changes to capital assets and related depreciation in the amount of \$(9,384,859), correction of previously recognized connection fee capital contribution revenue of \$(471,841), correction of previously recognized sale and use tax expense of \$16,576, correction of previously recognized salaries and benefits expense of \$(6,729,680) and correction of previously reported contract revenue of \$(1,571,154).

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

REQUIRED SUPPLEMENTAL SCHEDULES

JUNE 30, 2017

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Required Supplemental Disclosure

June 30, 2017

Schedule of Changes in Net Pension Liability and Related Ratios During the Measurement Period-Last 10 Years ⁽¹⁾

Measurement Period	2015-2016	2014-2015	2013-2014
Total Pension Liability			
Service Cost	\$ 21,537,967	22,319,935	23,304,566
Interest	114,458,616	110,522,731	105,962,106
Changes in Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(15,215,092)	(10,061,243)	-
Changes in Assumptions	-	(27,590,677)	-
Benefits Payments, Including Refunds of Employee Contributions	(68,412,261)	(63,161,978)	(55,255,873)
Net Changes in Total Pension Liability	52,369,230	32,028,768	74,010,799
Total Pension Liability, Beginning	1,534,843,306	1,502,814,538	1,428,809,739
Total Pension Liability, Ending (a)	\$ 1,587,212,536	1,534,843,306	1,502,820,538
Plan Fiduciary Net Position			
Contribution-Employer	\$ 24,285,923	21,082,283	20,091,038
Contribution-Employee	11,387,270	11,456,578	12,344,493
Net Investment Income	6,422,215	28,129,212	187,477,208
Administrative Expenses	(751,740)	(1,381,953)	-
Benefits Payments, Including Refunds of Employee Contributions	(68,412,261)	(63,161,978)	(55,255,873)
Other Changes in Fiduciary Net Position	-	-	-
Net Changes in Fiduciary Net Position	(27,068,593)	(3,875,858)	164,656,866
Plan Fiduciary Net Position, Beginning	1,233,335,472	1,237,211,330	1,072,554,464
Plan Fiduciary Net Position, Ending (b)	\$ 1,206,266,879	1,233,335,472	1,237,211,330
Plan Net Pension Liability/(Asset)-Ending (a)-(b)	\$ 380,945,657	301,507,834	265,609,208
Plan Fiduciary Net Position as a Percentage of the			
Total Pension Liability	76.00%	80.36%	82.33%
Covered-Employee Payroll	161,103,800	166,392,842	167,309,687
Plan Net Pension Liability/(Asset) as a Percentage of			
Covered-Employee Payroll	236.46%	181.20%	158.75%

⁽¹⁾ Fiscal year 2015 was the first year of implementation, therefore only three years are shown.

Notes to Schedule

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2015, valuation date.

Changes in Assumptions: In 2014-2015, the discount rate was changed from 7.50% (net of administrative expense) to 7.65%

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Required Supplemental Disclosure, Continued

Schedule of Plan Contributions

	2016-2017	2015-2016	2014-2015	2013-2014
Actuarially Determined Contribution	\$ 26,848,459	24,285,923	21,082,283	20,091,038
Contributions in Relation to the Actuarially Determined Contribution	(26,848,459)	(24,285,923)	(21,082,283)	(20,091,038)
Contributions Deficiency (Excess)	\$ -	-	-	-
 Covered-Employee Payroll	 \$ 160,696,932	 161,103,800	 166,392,842	 167,309,687
 Contributions as a Percentage of Covered-Employee Payroll	 16.71%	 15.07%	 12.67%	 12.01%

Notes to Schedule

The actuarial methods and assumptions used to set the actuarially determined contribution for fiscal year 2015-2016 were from the June 30, 2013, funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	See June 30, 2013, Funding Valuation Report
Asset Valuation Method	Actuarial Value of Assets. See June 30, 2013, Funding Valuation Report
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Retirement Age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries

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

COMBINING AND INDIVIDUAL
SUPPLEMENTAL SCHEDULES

JUNE 30, 2017

TYPES OF OPERATIONS

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

Stormwater Operations - To account for stormwater operations of the Districts.

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
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Combining Schedule of Net Position
June 30, 2017

Assets	Sewerage Operations	Stormwater Operations	Solid Waste Facilities Operations	Trustee Solid Waste Facilities Operations	Service Operations	Total
Current assets:						
Cash in bank	\$ -	-	1,834,813	1,302,572	12,881,115	16,018,500
Cash on hand	-	-	20,435	10,976	12,400	43,811
Cash and cash equivalents	<u>131,477,570</u>	<u>6,166,142</u>	<u>11,771,369</u>	<u>9,170,838</u>	<u>14,267,138</u>	<u>172,853,057</u>
Total unrestricted cash and cash equivalents	<u>131,477,570</u>	<u>6,166,142</u>	<u>13,626,617</u>	<u>10,484,386</u>	<u>27,160,653</u>	<u>188,915,368</u>
Receivables:						
Accounts	21,635,308	261,589	7,946,768	4,385,909	806,668	35,036,242
Due from other funds (1)	8,222,316	-	2,061,112	85,877	19,044,914	29,414,219
Interest	4,526,004	32,210	1,143,823	410,541	882,127	6,994,705
Service charges	17,283,846	-	-	-	-	17,283,846
Taxes	<u>5,218,259</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,218,259</u>
Total receivables	<u>56,885,733</u>	<u>293,799</u>	<u>11,151,703</u>	<u>4,882,327</u>	<u>20,733,709</u>	<u>93,947,271</u>
Inventory	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,665,115</u>	<u>19,665,115</u>
Restricted cash and investments:						
Cash and cash equivalents	401,859,700	-	101,835,090	32,706,986	85,532,754	621,934,530
Specific investments	709,043,412	-	302,208,843	56,365,921	247,622,615	1,315,240,791
Bond proceeds with Trustee:						
Cash and cash equivalents	<u>389</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>389</u>
Total restricted cash and investments	<u>1,110,903,501</u>	<u>-</u>	<u>404,043,933</u>	<u>89,072,907</u>	<u>333,155,369</u>	<u>1,937,175,710</u>
Other specific investments	<u>-</u>	<u>-</u>	<u>4,444,753</u>	<u>-</u>	<u>28,450,270</u>	<u>32,895,023</u>
Total current assets	<u>1,299,266,804</u>	<u>6,459,941</u>	<u>433,267,006</u>	<u>104,439,620</u>	<u>429,165,116</u>	<u>2,272,598,487</u>
Investment in joint ventures	43,007,465	-	-	-	12,237,578	55,245,043
Other assets	3,965	-	-	-	1,133	5,098
Capital assets:						
Buildings and equipment	-	-	7,349,881	-	63,805,309	71,155,190
Capital improvements	-	-	391,315,014	150,834,389	2,107,936	544,257,339
Composting facility	121,851,468	-	-	-	-	121,851,468
Construction in progress	236,864,008	-	918,206	5,619	209,645,138	447,432,971
Disposal rights	86,629,331	-	-	-	-	86,629,331
Equipment pool	-	-	-	9,907,338	53,063,023	62,970,361
Gas-to-energy facilities	-	-	182,287,946	-	40,408,203	222,696,149
Land	160,047,129	-	26,511,591	5,482,200	28,266,292	220,307,212
Other	22,259,663	-	-	-	34,167,260	56,426,923
Rail facilities	-	-	54,060,853	-	-	54,060,853
Recycling and transfer facility	-	-	63,537,106	-	-	63,537,106
Treatment plants	1,954,329,924	-	-	-	-	1,954,329,924
Trunk lines	1,389,436,208	-	-	-	-	1,389,436,208
Use rights	770,580	-	67,761,710	1,247,346	-	69,779,636
Less accumulated depreciation/amortization	<u>(1,304,067,633)</u>	<u>-</u>	<u>(485,089,846)</u>	<u>(132,396,265)</u>	<u>(88,906,839)</u>	<u>(2,010,460,583)</u>
Net capital assets	<u>2,668,120,678</u>	<u>-</u>	<u>308,652,461</u>	<u>35,080,627</u>	<u>342,556,322</u>	<u>3,354,410,088</u>
Total assets	<u>4,010,398,912</u>	<u>6,459,941</u>	<u>741,919,467</u>	<u>139,520,247</u>	<u>783,960,149</u>	<u>5,682,258,716</u>
Deferred Outflow of Resources						
Pension deferrals	51,091,083	-	7,781,997	3,643,782	29,412,391	91,929,253
Deferred loss on refunding, net	<u>13,093,363</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,093,363</u>
	<u>\$ 64,184,446</u>	<u>-</u>	<u>7,781,997</u>	<u>3,643,782</u>	<u>29,412,391</u>	<u>105,022,616</u>

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

(Continued on following page)

Exhibit D-1-2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Combining Schedule of Net Position
June 30, 2017

Liabilities	Sewerage Operations	Stormwater Operations	Solid Waste Facilities Operations	Trustee Solid Waste Facilities Operations	Service Operations	Total
Current liabilities:						
Accounts payable	\$ 4,199,698	25	612,217	2,685,438	15,101,041	22,598,419
Accrued employee absences	-	-	-	-	22,000,000	22,000,000
Amounts held for others	-	-	-	-	6,645,098	6,645,098
Bonds payable	33,045,000	-	-	-	1,404,400	34,449,400
Claims liabilities	1,656,961	-	727,428	136,061	384,443	2,904,893
Construction contracts payable	10,732,106	-	1,016,958	-	757,225	12,506,289
Due to other funds (1)	28,061,499	6,967	1,147,068	198,685	-	29,414,219
Estimated liability for closure and postclosure costs	-	-	14,154,531	-	-	14,154,531
Estimated liability for pollution remediation	558,238	-	-	-	-	558,238
Interest payable	8,000,611	-	-	-	4,145	8,004,756
Loans payable to State of California	28,255,090	-	-	-	-	28,255,090
Other	118,912	-	-	-	302,324	421,236
Total current liabilities	114,628,115	6,992	17,658,202	3,020,184	46,598,676	181,912,169
Long-term liabilities:						
Accrued employee absences	-	-	-	-	14,722,140	14,722,140
Bonds payable, net	466,587,986	-	-	-	5,617,594	472,205,580
Claims liabilities	4,970,882	-	2,182,286	408,187	1,153,331	8,714,686
Estimated liability for closure and postclosure costs	-	-	236,979,486	79,215,937	-	316,195,423
Estimated liability for pollution remediation	1,166,504	-	-	-	-	1,166,504
Loans payable to State of California	250,491,186	-	-	-	-	250,491,186
Pension liability	211,716,276	-	32,247,801	15,099,463	121,882,117	380,945,657
Total liabilities	1,049,560,949	6,992	289,067,775	97,743,771	189,973,858	1,626,353,345
Deferred Inflow of Resources						
Pension deferrals	18,114,851	-	2,759,182	1,291,938	10,428,454	32,594,425
Net Position						
Net position:						
Net investment in capital assets	1,892,102,673	-	307,635,503	35,080,627	334,777,103	2,569,595,906
Restricted for capital projects	470,740,559	-	3,140,000	1,030,000	2,644,000	477,554,559
Restricted for closure/postclosure maintenance	-	-	92,402,534	2,121,785	-	94,524,319
Restricted for equipment pool	-	-	-	4,436,713	19,828,473	24,265,186
Restricted for site development	-	-	35,665,510	-	-	35,665,510
Unrestricted	644,064,326	6,452,949	19,030,960	1,459,195	255,720,652	926,728,082
Total net position	\$ 3,006,907,558	6,452,949	457,874,507	44,128,320	612,970,228	4,128,333,562

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

Exhibit D-2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Combining Schedule of Revenues, Expenses,
and Changes in Net Position
Fiscal year ended June 30, 2017

	Sewerage Operations	Stormwater Operations	Solid Waste Facilities Operations	Trustee Solid Waste Facilities Operations	Service Operations	Total
Operating revenues:						
Commodities	\$ -	-	5,852,811	11,755	307	5,864,873
Contract revenue	15,224,380	870,521	372,295	1,895,733	-	18,362,929
Equipment pool (1)	-	-	-	3,074,618	10,476,070	13,550,688
Industrial waste surcharge	64,355,631	-	-	-	-	64,355,631
Internal services revenue (1)	143,296,428	-	-	-	86,514,345	229,810,773
Refuse tipping fees	-	-	63,689,421	42,479,274	-	106,168,695
Sale of energy	185,426	-	19,494,713	-	3,673,402	23,353,541
Service charges	353,962,737	-	-	-	-	353,962,737
Other	330,100	-	188,908	-	2,306,705	2,825,713
Total operating revenues	577,354,702	870,521	89,598,148	47,461,380	102,970,829	818,255,580
Operating expenses:						
Chemicals	29,939,418	-	118,136	6,918	7,393	30,071,865
Equipment and vehicle rentals (1)	5,164,045	-	4,246,655	3,282,396	857,592	13,550,688
Insurance and claims	2,133,975	-	522,370	166,355	1,486,177	4,308,877
Internal administrative costs (1)	220,127,048	-	7,238,934	2,084,842	359,949	229,810,773
Landfill closure and postclosure costs	-	-	-	1,553,972	-	1,553,972
Materials and supplies	15,631,803	70	2,614,407	750,855	8,405,932	27,403,067
Operations, repairs and maintenance	5,597,882	8,322	1,913,791	6,655,413	5,324,115	19,499,523
Pollution remediation costs	366,280	-	-	-	-	366,280
Salaries and benefits	111,775,820	57,134	19,917,665	9,397,761	67,212,477	208,360,857
Services	39,785,825	699,259	40,747,278	1,898,226	6,898,121	90,028,709
Utilities	16,122,455	-	1,831,303	681,395	1,199,253	19,834,406
Total operations and maintenance	446,644,551	764,785	79,150,539	26,478,133	91,751,009	644,789,017
Charges for collections	1,185,208	-	-	-	-	1,185,208
Depreciation and amortization of use rights	75,846,035	-	6,372,541	2,495,836	7,508,366	92,222,778
Tonnage	-	-	-	3,483,041	-	3,483,041
Total operating expenses	523,675,794	764,785	85,523,080	32,457,010	99,259,375	741,680,044
Operating income	53,678,908	105,736	4,075,068	15,004,370	3,711,454	76,575,536
Nonoperating revenues (expenses):						
Interest revenue	14,265,000	69,096	5,785,036	1,098,901	4,777,379	25,995,412
Investment in joint ventures	737,530	-	-	-	(807,720)	(70,190)
Taxes	73,029,420	-	-	-	-	73,029,420
Other nonoperating revenue	18,887	-	-	-	-	18,887
Amortization of bond premium	7,724,164	-	-	-	-	7,724,164
Amortization of deferred loss on refunding	(1,913,718)	-	-	-	-	(1,913,718)
Interest expense	(27,862,588)	-	-	-	(158,744)	(28,021,332)
Gain on sale of equipment/assets	3,656	-	10,335	75,910	4,960,505	5,050,406
Tax and assessment expense	(2,397,402)	(2,291)	(4,624,047)	(3,797,247)	(135,023)	(10,956,010)
Other nonoperating revenue (expense)	(719,133)	-	24,338	(1,100,000)	(272,550)	(2,067,345)
Unrealized loss on investments	(5,346,029)	-	(2,329,704)	(726,950)	(1,773,648)	(10,176,331)
Net nonoperating revenues (expenses)	57,539,787	66,805	(1,134,042)	(4,449,386)	6,590,199	58,613,363
Income before capital contribution revenue and transfers	111,218,695	172,541	2,941,026	10,554,984	10,301,653	135,188,899
Capital contribution revenue:						
Connection fees	34,804,198	-	-	-	-	34,804,198
Federal capital grants	1,481,462	-	-	-	-	1,481,462
Transfers in	166,815,372	6,280,408	45,096,844	18,683,602	60,712,994	297,589,220
Transfers out	(176,744,301)	-	(77,023,529)	(18,845,245)	(24,976,145)	(297,589,220)
Change in net position	137,575,426	6,452,949	(28,985,659)	10,393,341	46,038,502	171,474,559
Total net position, July 1, 2016, as previously stated	2,877,542,241	-	473,231,043	35,418,681	588,807,996	3,974,999,961
Prior-period adjustments	(8,210,109)	-	13,629,123	(1,683,702)	(21,876,270)	(18,140,958)
Total net position, July 1, 2016, as restated	2,869,332,132	-	486,860,166	33,734,979	566,931,726	3,956,859,003
Total net position, June 30, 2017	\$ 3,006,907,558	6,452,949	457,874,507	44,128,320	612,970,228	4,128,333,562

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

Exhibit D-3
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2017

	Sewerage Operations	Stormwater Operations	Solid Waste Facilities Operations	Trustee Solid Waste Facilities Operations	Service Operations	Total
Cash flows from operating activities:						
Receipts from customers and users	\$ 434,754,837	608,932	85,590,630	43,141,777	5,038,624	569,134,800
Receipts for internal services (1)	144,433,064	-	-	-	85,330,519	229,763,583
Receipts for equipment rental (1)	-	-	-	3,409,626	11,524,120	14,933,746
Payments to suppliers	(124,881,619)	(700,660)	(53,613,921)	(14,840,032)	(24,073,077)	(218,109,309)
Payments to employees	(100,230,386)	(57,134)	(19,333,481)	(9,486,068)	(74,489,745)	(203,596,814)
Payments applied to closure/postclosure liability	-	-	(12,337,364)	-	-	(12,337,364)
Payment for equipment rental (1)	(5,255,187)	-	(5,616,126)	(3,213,397)	(849,036)	(14,933,746)
Payment for internal administrative costs (1)	(221,395,797)	-	(6,709,864)	(1,411,556)	(246,366)	(229,763,583)
Net cash provided (used) by operating activities	<u>127,424,912</u>	<u>(148,862)</u>	<u>(12,020,126)</u>	<u>17,600,350</u>	<u>2,235,039</u>	<u>135,091,313</u>
Cash flows from noncapital financing activities :						
Receipts from property taxes	72,377,743	-	-	-	-	72,377,743
Payments for tax and assessment	(2,397,402)	(2,291)	(4,624,047)	(3,797,247)	(135,023)	(10,956,010)
Transfers from other funds	173,302,414	6,280,408	45,096,844	18,683,602	59,066,443	302,429,711
Transfers to other funds	(182,732,618)	-	(77,023,528)	(18,845,245)	(23,828,320)	(302,429,711)
Net cash provided (used) by noncapital financing activities	<u>60,550,137</u>	<u>6,278,117</u>	<u>(36,550,731)</u>	<u>(3,958,890)</u>	<u>35,103,100</u>	<u>61,421,733</u>
Cash flows from capital and related financing activities:						
Borrowings on loans	14,745,653	-	-	-	-	14,745,653
Proceeds from bond sale	192,967,521	-	-	-	-	192,967,521
Bond issuance costs	(713,008)	-	-	-	-	(713,008)
Purchases of capital assets	(82,661,838)	-	(1,290,127)	(924,005)	(19,382,467)	(104,258,437)
Connection fees proceeds	33,803,056	-	-	-	-	33,803,056
Grant proceeds	1,481,462	-	-	-	-	1,481,462
Donations	-	-	-	-	11,500	11,500
Bond defeasement	(158,624,261)	-	-	-	-	(158,624,261)
Interest paid on capital-related debt	(22,429,360)	-	-	-	(104,412)	(22,533,772)
Principal payments on bonds	(28,525,000)	-	-	-	(1,404,000)	(29,929,000)
Principal payments on note	-	-	-	-	(1,328,375)	(1,328,375)
Principal payments on loans	(79,459,001)	-	-	-	-	(79,459,001)
Payment per joint powers agreement	-	-	-	(1,100,000)	-	(1,100,000)
Proceeds from sale of assets/equipment	12,124	-	10,335	148,761	7,002,811	7,174,031
Receipts from joint venture	-	-	-	-	150,000	150,000
Net cash used by capital and related financing activities	<u>(129,402,652)</u>	<u>-</u>	<u>(1,279,792)</u>	<u>(1,875,244)</u>	<u>(15,054,943)</u>	<u>(147,612,631)</u>
Cash flows from investing activities:						
Interest received	11,964,254	36,887	5,677,603	794,976	5,941,089	24,414,809
Purchases of investments	(423,689,432)	-	(168,917,670)	(56,731,578)	(133,296,998)	(782,635,678)
Proceeds from maturities of investments	242,814,396	-	192,875,815	25,839,178	94,014,221	555,543,610
Net cash provided (used) by investing activities	<u>(168,910,782)</u>	<u>36,887</u>	<u>29,635,748</u>	<u>(30,097,424)</u>	<u>(33,341,688)</u>	<u>(202,677,259)</u>
Net increase (decrease) in cash and cash equivalents	<u>(110,338,385)</u>	<u>6,166,142</u>	<u>(20,214,901)</u>	<u>(18,331,208)</u>	<u>(11,058,492)</u>	<u>(153,776,844)</u>
Cash and cash equivalents at beginning of fiscal year	<u>643,676,044</u>	<u>-</u>	<u>135,676,608</u>	<u>61,522,580</u>	<u>123,751,899</u>	<u>964,627,131</u>
Cash and cash equivalents at end of fiscal year	<u>\$ 533,337,659</u>	<u>6,166,142</u>	<u>115,461,707</u>	<u>43,191,372</u>	<u>112,693,407</u>	<u>810,850,287</u>
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income	\$ 53,678,908	105,736	4,075,068	15,004,370	3,711,454	76,575,536
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation and amortization	75,846,035	-	6,372,541	2,495,836	7,508,366	92,222,778
Landfill closure and postclosure costs	-	-	-	1,553,972	-	1,553,972
Increase in accounts receivable	(948,521)	(261,589)	(2,522,623)	(953,492)	(155,745)	(4,841,970)
Increase in service charge receivable	(1,952,519)	-	-	-	-	(1,952,519)
Increase in inventory	-	-	-	-	(532,254)	(532,254)
Decrease in due from other funds	-	-	-	-	1,362,822	1,362,822
Increase in deferred outflows of resources	(44,657,466)	-	(6,802,051)	(3,184,941)	(25,708,652)	(80,353,110)
Increase (decrease) in accounts payable	(7,400,944)	24	(4,376,366)	109,924	863,173	(10,804,189)
Decrease in accrued employee absences	-	-	-	-	(8,658,326)	(8,658,326)
Decrease in estimated liability for closure and postclosure costs	-	-	(12,337,364)	-	-	(12,337,364)
Increase (decrease) in claims liabilities	491,444	-	(10,007)	(50,690)	15,446	446,193
Decrease in estimated pollution remediation	(312,258)	-	-	-	-	(312,258)
Increase in pension liability	44,148,708	-	6,724,562	3,148,656	25,415,767	79,437,693
Increase in amounts held for others	-	-	-	-	1,282,951	1,282,951
Increase (decrease) in other liabilities	(14,120)	-	-	-	68,705	54,585
Increase (decrease) in due to other funds	6,706,287	6,967	(3,424,050)	(654,466)	(3,997,560)	(1,362,822)
Increase in deferred inflows of resources	1,839,358	-	280,164	131,181	1,058,892	3,309,595
Net cash provided (used) by operating activities	<u>\$ 127,424,912</u>	<u>(148,862)</u>	<u>(12,020,126)</u>	<u>17,600,350</u>	<u>2,235,039</u>	<u>135,091,313</u>
Schedule of noncash investing activity-						
Unrealized loss on fair value of investments	\$ (5,346,029)	-	(2,329,704)	(726,950)	(1,773,648)	(10,176,331)
Investment in joint ventures	737,530	-	-	-	(957,720)	(220,190)

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

Exhibit E-1
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Net Position
June 30, 2017

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	\$ 9,772,642	16,825,559	10,540,619	1,410,510	17,474,463	5,304,000	780,528	8,368,331	11,183,602
Receivables:									
Accounts	1,441,661	2,679,643	1,216,380	5,486	2,499,847	3,095,640	-	615,071	1,824,930
Due from other funds	-	-	-	-	-	-	-	-	-
Interest	174,449	274,784	203,836	129,897	291,140	120,275	17,143	231,302	259,461
Service charges	2,191,550	1,776,553	1,405,936	188,396	1,759,382	520,170	6,893	1,814,076	1,164,483
Taxes	195,326	495,898	323,723	37,592	885,636	149,296	7,864	66,245	633,155
Total receivables	4,002,986	5,226,878	3,149,875	361,371	5,436,005	3,885,381	31,900	2,726,694	3,882,029
Restricted cash and investments:									
Cash and cash equivalents	18,021,701	18,653,179	18,742,624	4,099,063	20,776,219	18,421,776	138,385	24,455,930	18,549,346
Specific investments	27,183,930	47,147,797	28,289,811	35,471,961	37,629,770	5,449,710	3,970,757	16,967,240	45,375,281
Bond proceeds with Trustee:									
Cash and cash equivalents	-	-	-	-	-	-	-	237	-
Total restricted cash and investments	45,205,631	65,800,976	47,032,435	39,571,024	58,405,989	23,871,486	4,109,142	41,423,407	63,924,627
Total current assets	58,981,259	87,853,413	60,722,929	41,342,905	81,316,457	33,060,867	4,921,570	52,518,432	78,990,258
Investment in joint venture	-	-	-	-	-	-	-	-	-
Capital assets:									
Composting facility	-	-	-	-	-	-	-	-	-
Construction in progress	55,074	2,983,496	3,009,027	-	680,809	213,544	-	2,320,612	-
Disposal rights	-	60,119	-	67,593,638	7,796,684	-	2,030,913	-	-
Land	-	235,159	2,520	-	28,125	405,564	-	64,956,221	-
Other	737,931	1,136,064	841,117	3,348	1,222,294	530,662	281	13,130	863,801
Treatment plants	62,978	3,597,392	7,450,700	-	14,394,480	4,929,997	-	326,336,602	1,718,306
Trunk lines	26,179,241	34,996,056	21,619,419	1,284,217	56,590,426	15,092,923	-	56,514,049	12,167,715
Use rights	-	-	-	-	-	-	-	411,790	-
Less accumulated depreciation	(9,079,876)	(12,226,467)	(10,843,612)	(29,999,834)	(27,885,563)	(8,180,449)	(891,150)	(68,684,171)	(4,622,485)
Net capital assets	17,955,348	30,781,819	22,079,171	38,881,369	52,827,255	12,992,241	1,140,044	381,868,233	10,127,337
Total assets	76,936,607	118,635,232	82,802,100	80,224,274	134,143,712	46,053,108	6,061,614	434,386,665	89,117,595
Deferred Outflow of Resources									
Pension deferrals	342,593	1,003,435	665,972	17,843	1,099,676	356,116	1,241	2,350,254	321,017
Deferred loss/(gain) on refunding, net	749,209	1,156,710	878,631	111,778	1,890,781	456,902	15,708	(3,147,284)	1,183,232
Total	\$ 1,091,802	2,160,145	1,544,603	129,621	2,990,457	813,018	16,949	(797,030)	1,504,249

(Continued on following page)

Exhibit E-1-2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Net Position
June 30, 2017

Assets	Districts								
	No. 16	No. 17	No. 18	No. 19	No. 20	No. 21	No. 22	No. 23	No. 27
Current assets:									
Cash and cash equivalents	\$ 6,942,377	907,748	7,303,377	3,199,723	5,892,102	8,931,813	7,172,201	481,199	198,123
Receivables:									
Accounts	221,406	-	1,531,732	95,572	43,595	1,695,157	1,199,806	1,217,315	-
Due from other funds	-	-	-	-	-	-	-	-	-
Interest	161,406	41,211	131,309	53,906	84,497	229,049	222,979	50,893	4,805
Service charges	690,349	114,476	915,606	223,806	1,420,813	937,300	700,578	24,123	-
Taxes	386,649	43,385	223,145	100,520	60,076	303,749	275,907	23,536	33,342
Total receivables	1,459,810	199,072	2,801,792	473,804	1,608,981	3,165,255	2,399,270	1,315,867	38,147
Restricted cash and investments:									
Cash and cash equivalents	14,286,402	3,060,425	12,940,146	4,403,367	10,800,547	19,356,634	22,271,190	2,715,058	427,641
Specific investments	30,150,082	4,398,351	21,436,027	8,918,688	7,261,522	39,777,930	31,065,406	10,331,532	347,388
Bond proceeds with Trustee:									
Cash and cash equivalents	-	-	-	-	152	-	-	-	-
Total restricted cash and investments	44,436,484	7,458,776	34,376,173	13,322,055	18,062,221	59,134,564	53,336,596	13,046,590	775,029
Total current assets	52,838,671	8,565,596	44,481,342	16,995,582	25,563,304	71,231,632	62,908,067	14,843,656	1,011,299
Investment in joint venture	-	-	-	-	-	-	-	-	-
Capital assets:									
Composting facility	-	-	-	-	-	-	-	-	-
Construction in progress	5,562	-	1,244,364	-	171,268	589,673	-	-	-
Disposal rights	7,139,315	-	-	-	-	-	-	-	2,008,662
Land	-	-	-	5,600	16,396,185	79,240	-	-	-
Other	460,551	66,929	595,454	157,174	4,668	843,898	605,212	179,252	41
Treatment plants	-	-	-	379,443	246,115,360	12,586,617	-	-	2,569,204
Trunk lines	13,528,541	597,520	17,083,672	2,570,710	16,620,287	12,709,461	15,726,591	-	16,900
Use rights	-	-	-	-	358,790	-	-	-	-
Less accumulated depreciation	(6,900,601)	(395,326)	(5,813,548)	(2,390,856)	(50,876,345)	(12,859,310)	(6,630,282)	(174,220)	(2,045,147)
Net capital assets	14,233,368	269,123	13,109,942	722,071	228,790,213	13,949,579	9,701,521	5,032	2,549,660
Total assets	67,072,039	8,834,719	57,591,284	17,717,653	254,353,517	85,181,211	72,609,588	14,848,688	3,560,959
Deferred Outflow of Resources									
Pension deferrals	125,805	19,875	362,670	149,266	1,888,420	514,887	180,797	11,546	1,462
Deferred loss/(gain) on refunding, net	737,371	94,363	646,765	208,531	5,148,659	697,532	603,625	127,486	21,969
	\$ 863,176	114,238	1,009,435	357,797	7,037,079	1,212,419	784,422	139,032	23,431

(Continued on following page)

Exhibit E-1-3
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Net Position
June 30, 2017

Assets	Districts							Total
	No. 28	No. 29	No. 34	Joint Outfall	Newhall Ranch	Santa Clarita Valley	South Bay Cities	
Current assets:								
Cash and cash equivalents	\$ 274,413	658,984	1,438	(5,022,317)	63,337	9,057,500	3,755,298	131,477,570
Receivables:								
Accounts	-	21,846	-	1,582,667	-	614,705	32,849	21,635,308
Due from other funds	-	-	-	8,206,691	15,625	-	-	8,222,316
Interest	24,530	24,313	15	1,233,620	267	450,942	109,975	4,526,004
Service charges	26,498	126,647	-	-	-	1,020,054	256,157	17,283,846
Taxes	50,550	4,199	-	-	-	502,180	416,286	5,218,259
Total receivables	101,578	177,005	15	11,022,978	15,892	2,587,881	815,267	56,885,733
Restricted cash and investments:								
Cash and cash equivalents	1,945,476	1,968,762	-	95,516,972	-	63,310,522	6,998,335	401,859,700
Specific investments	4,814,812	3,269,594	-	240,816,503	-	36,725,403	22,243,917	709,043,412
Bond proceeds with Trustee:								
Cash and cash equivalents	-	-	-	-	-	-	-	389
Total restricted cash and investments	6,760,288	5,238,356	-	336,333,475	-	100,035,925	29,242,252	1,110,903,501
Total current assets	7,136,279	6,074,345	1,453	342,334,136	79,229	111,681,306	33,812,817	1,299,266,804
Investment in joint venture	-	-	-	43,007,465	-	-	-	43,007,465
Other assets	-	-	-	3,965	-	-	-	3,965
Capital assets:								
Composting facility	-	-	-	121,851,468	-	-	-	121,851,468
Construction in progress	-	-	-	193,067,786	60,499	32,462,294	-	236,864,008
Disposal rights	-	-	-	-	-	-	-	86,629,331
Land	20,000	25,000	-	77,294,712	-	598,803	-	160,047,129
Other	929	26,450	-	13,719,608	-	41,387	209,482	22,259,663
Treatment plants	377,363	2,417,404	525	1,122,026,971	92,736	196,590,879	12,682,967	1,954,329,924
Trunk lines	6,886,922	8,962,571	-	1,038,055,961	38,833	28,999,122	3,195,071	1,389,436,208
Use rights	-	-	-	-	-	-	-	770,580
Less accumulated depreciation	(2,258,767)	(2,067,708)	(341)	(935,741,270)	(5,672)	(95,219,365)	(8,275,268)	(1,304,067,633)
Net capital assets	5,026,447	9,363,717	184	1,630,275,236	186,396	163,473,120	7,812,252	2,668,120,678
Total assets	\$ 12,162,726	15,438,062	1,637	2,015,620,802	265,625	275,154,426	41,625,069	4,010,398,912
Deferred Outflow of Resources								
Pension deferrals	8,936	168,083	-	37,168,140	22,155	3,962,813	348,081	51,091,083
Deferred loss/(gain) on refunding, net	33,351	10,472	-	-	-	1,145,100	322,472	13,093,363
Total	\$ 42,287	178,555	-	37,168,140	22,155	5,107,913	670,553	64,184,446

(Continued on following page)

Exhibit E-1-4
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Net Position
June 30, 2017

Liabilities	Districts								
	No. 1	No. 2	No. 3	No. 4	No. 5	No. 8	No. 9	No. 14	No. 15
Current liabilities:									
Accounts payable	\$ 95	8,277	297,436	2,559	4,271	177	-	119,858	6,269
Bonds payable	1,775,495	2,741,199	2,082,200	264,894	4,480,817	1,082,777	37,225	3,320,762	2,804,051
Claims liabilities	-	-	-	-	-	-	-	1,500	-
Construction contracts payable	-	104,719	805,354	-	63,829	-	-	-	-
Due to other funds	2,262,867	3,427,667	2,591,770	9,175	4,202,920	1,622,175	2,107	409,442	3,010,796
Estimated liability for pollution remediation	-	-	-	-	-	-	-	-	-
Interest payable	114,819	170,533	129,536	16,479	278,757	67,361	2,316	3,533,041	174,443
Loans payable to State of California	28,829	-	-	-	-	-	-	4,889,784	-
Other	-	-	117,358	-	-	-	-	-	-
Total current liabilities	4,182,105	6,452,395	6,023,654	293,107	9,030,594	2,772,490	41,648	12,274,387	5,995,559
Long-term liabilities:									
Bonds payable, net	7,918,049	12,224,737	9,285,843	1,181,331	19,982,789	4,828,783	166,012	159,554,319	12,505,033
Claims liabilities	-	-	-	-	-	-	-	4,500	-
Estimated liability for pollution remediation	-	-	-	-	-	-	-	-	-
Loans payable to State of California	450,606	-	-	-	-	-	-	72,691,527	-
Pension liability	1,419,670	4,158,135	2,759,722	73,942	4,556,947	1,475,707	5,143	9,739,216	1,330,262
Total liabilities	13,970,430	22,835,267	18,069,219	1,548,380	33,570,330	9,076,980	212,803	254,263,949	19,830,854
Deferred Inflow of Resources									
Pension deferrals	121,470	355,778	236,127	6,327	389,901	126,264	440	833,306	113,820
Net Position									
Net position:									
Net investment in capital assets	8,531,578	16,867,874	10,784,405	37,546,922	30,190,601	7,537,583	952,515	138,264,557	(3,998,515)
Restricted for capital projects	17,091,780	23,056,857	8,743,084	8,449,423	5,800,513	20,023,050	516,091	4,205,688	8,485,537
Unrestricted	38,313,151	57,679,601	46,513,868	32,802,843	67,182,824	10,102,249	4,396,714	36,022,135	66,190,148
Total net position	\$ 63,936,509	97,604,332	66,041,357	78,799,188	103,173,938	37,662,882	5,865,320	178,492,380	70,677,170

(Continued on following page)

Exhibit E-1-5
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Net Position
June 30, 2017

Liabilities	Districts								
	No. 16	No. 17	No. 18	No. 19	No. 20	No. 21	No. 22	No. 23	No. 27
Current liabilities:									
Accounts payable	\$ 1,285	-	16	102	54,301	563	5	-	-
Bonds payable	1,747,440	223,623	1,532,720	494,182	3,438,180	1,653,028	1,430,484	302,120	52,062
Claims liabilities	-	-	-	-	32,955	-	-	-	-
Construction contracts payable	-	-	276,606	-	-	-	-	-	-
Due to other funds	1,533,224	206,410	1,976,274	547,138	439,434	2,436,881	2,073,067	357,539	2,152
Estimated liability for pollution remediation	-	-	-	-	-	-	-	-	-
Interest payable	108,710	13,910	95,352	30,744	1,926,374	102,837	88,992	18,797	3,241
Loans payable to State of California	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total current liabilities	3,390,659	443,943	3,880,968	1,072,166	5,891,244	4,193,309	3,592,548	678,456	57,455
Long-term liabilities:									
Bonds payable, net	7,792,940	997,275	6,835,362	2,203,869	189,807,561	7,371,894	6,379,431	1,347,344	232,176
Claims liabilities	-	-	-	-	98,864	-	-	-	-
Estimated liability for pollution remediation	-	-	-	-	-	-	-	-	-
Loans payable to State of California	-	-	-	-	-	-	-	-	-
Pension liability	521,324	82,360	1,502,868	618,541	7,825,421	2,133,638	749,206	47,847	6,057
Total liabilities	11,704,923	1,523,578	12,219,198	3,894,576	203,623,090	13,698,841	10,721,185	2,073,647	295,688
Deferred Inflow of Resources									
Pension deferrals	44,605	7,047	128,588	52,924	669,558	182,558	64,103	4,094	518
Net Position									
Net position:									
Net investment in capital assets	5,430,359	(857,412)	5,112,019	(1,767,449)	40,693,131	5,622,189	2,495,231	(1,516,946)	2,287,391
Restricted for capital projects	3,264,778	557,292	13,188,583	3,155,921	3,757,159	18,354,750	6,624,963	-	53,712
Unrestricted	47,490,550	7,718,452	27,952,331	12,739,478	12,647,658	48,535,292	53,488,528	14,426,925	947,081
Total net position	\$ 56,185,687	7,418,332	46,252,933	14,127,950	57,097,948	72,512,231	62,608,722	12,909,979	3,288,184

Exhibit E-1-6
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Net Position
June 30, 2017

Liabilities	Districts							Total
	No. 28	No. 29	No. 34	Joint Outfall	Newhall Ranch	Santa Clarita Valley	South Bay Cities	
Current liabilities:								
Accounts payable	\$ -	2,908	-	3,495,580	16,230	188,648	1,118	4,199,698
Bonds payable	79,037	24,817	-	-	-	2,713,685	764,202	33,045,000
Claims liabilities	-	-	-	1,492,482	-	130,024	-	1,656,961
Construction contracts payable	-	-	-	7,218,975	-	2,262,623	-	10,732,106
Due to other funds	62,677	93,619	-	-	-	61,262	732,903	28,061,499
Estimated liability for pollution remediation	-	-	-	558,238	-	-	-	558,238
Interest payable	4,915	4,925	-	878,504	-	188,483	47,542	8,000,611
Loans payable to State of California	-	43,689	-	20,072,129	-	3,220,659	-	28,255,090
Other	-	-	-	1,554	-	-	-	118,912
Total current liabilities	146,629	169,958	-	33,717,462	16,230	8,765,384	1,545,765	114,628,115
Long-term liabilities:								
Bonds payable, net	352,475	110,674	-	-	-	12,102,032	3,408,057	466,587,986
Claims liabilities	-	-	-	4,477,445	-	390,073	-	4,970,882
Estimated liability for pollution remediation	-	-	-	1,166,504	-	-	-	1,166,504
Loans payable to State of California	-	751,946	-	160,129,154	-	16,467,953	-	250,491,186
Pension liability	37,028	696,521	-	154,021,005	91,808	16,421,496	1,442,412	211,716,276
Total liabilities	536,132	1,729,099	-	353,511,570	108,038	54,146,938	6,396,234	1,049,560,949
Deferred Inflow of Resources								
Pension deferrals	3,168	59,596	-	13,178,333	7,855	1,405,055	123,416	18,114,851
Net Position								
Net position:								
Net investment in capital assets	4,628,286	8,443,063	184	1,442,854,978	186,396	127,851,268	3,962,465	1,892,102,673
Restricted for capital projects	20,051	917,780	-	242,506,531	-	79,445,558	2,521,458	470,740,559
Unrestricted	7,017,376	4,467,079	1,453	737,530	(14,509)	17,413,520	29,292,049	644,064,326
Total net position	\$ 11,665,713	13,827,922	1,637	1,686,099,039	171,887	224,710,346	35,775,972	3,006,907,558

Exhibit E-2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Revenues, Expenses, and
Changes in Net Position
Fiscal year ended June 30, 2017

	Districts								
	No. 1	No. 2	No. 3	No. 4	No. 5	No. 8	No. 9	No. 14	No. 15
Operating revenues:									
Contract revenue	\$ -	-	-	-	-	3,426	-	804,829	-
Industrial waste surcharge	5,409,637	8,030,818	3,074,902	39,833	5,021,334	9,625,791	-	2,193,028	4,505,431
Internal services revenue	-	-	-	-	-	-	-	-	-
Sale of energy	-	-	-	-	-	-	-	-	-
Service charges	24,822,992	35,151,639	28,934,604	3,757,659	39,425,964	9,915,257	102,847	31,938,977	28,213,754
Other	4	1,910	734	-	1,506	7	-	28,566	9,367
Total operating revenues	30,232,633	43,184,367	32,010,240	3,797,492	44,448,804	19,544,481	102,847	34,965,400	32,728,552
Operations and maintenance:									
Chemicals	41,895	113,938	58,487	-	14,533	21,163	-	997,967	13,313
Equipment and vehicle rentals	115,875	206,185	55,051	9,811	206,987	62,863	-	205,653	102,156
Insurance and claims	30,869	48,479	41,426	1,920	59,376	265,736	-	48,295	35,629
Internal administrative costs	19,306,352	27,889,467	21,524,442	10,855	31,502,223	14,140,303	2,928	2,456,277	23,306,829
Materials and supplies	35,960	83,175	42,503	1,761	200,432	52,997	1,506	737,705	19,840
Operations, repairs and maintenance	14,087	27,978	32,106	5,445	71,456	-	1,115	157,416	13,849
Pollution remediation costs	-	-	-	-	-	-	-	-	-
Salaries and benefits	844,076	1,622,251	972,001	44,299	2,470,705	780,634	3,218	5,070,746	803,798
Services	146,816	288,970	38,701	1,725,301	621,722	64,568	149,046	1,389,021	77,031
Utilities	10,184	19,434	66,460	62	160,625	79,944	-	1,743,731	20,073
Total operations and maintenance	20,546,114	30,299,877	22,831,177	1,799,454	35,308,059	15,491,029	157,813	12,806,811	24,392,518
Charges for collections	61,880	111,152	84,022	9,782	182,372	33,195	1,385	24,810	123,570
Depreciation	437,505	623,206	517,986	1,558,488	1,289,604	380,566	47,533	9,263,198	225,469
Total operating expenses	21,045,499	31,034,235	23,433,185	3,367,724	36,780,035	15,904,790	206,731	22,094,819	24,741,557
Operating income (loss)	9,187,134	12,150,132	8,577,055	429,768	7,668,769	3,639,691	(103,884)	12,870,581	7,986,995
Nonoperating revenues (expenses):									
Gain on sale of equipment/assets	-	-	-	-	-	-	-	-	-
Interest revenue	544,569	846,451	501,767	482,876	712,265	296,200	55,374	543,242	772,028
Investment in joint venture	-	-	-	-	-	-	-	-	-
Taxes	3,253,060	6,785,725	5,298,447	596,647	11,197,442	1,906,505	94,086	1,498,247	7,246,350
Other nonoperating revenue	-	-	-	-	-	-	-	-	-
Amortization of bond premium	216,047	333,557	253,368	32,233	545,239	131,755	4,530	2,070,906	341,205
Amortization of deferred loss on refunding	(129,487)	(199,916)	(151,855)	(19,319)	(326,787)	(78,967)	(2,715)	153,738	(204,500)
Interest expense	(470,158)	(705,901)	(536,199)	(68,215)	(1,153,880)	(278,832)	(9,586)	(9,257,816)	(722,087)
Other nonoperating expense	-	-	-	-	-	-	-	-	-
Tax and assessment expense	(12,514)	(15,425)	(15,111)	(2,105)	(17,516)	(13,032)	-	(137,869)	(13,224)
Unrealized loss on investments	(258,082)	(290,029)	(245,061)	(313,794)	(181,698)	(22,945)	(36,375)	(103,434)	(281,263)
Net nonoperating revenues (expenses)	3,143,435	6,754,462	5,105,356	708,323	10,775,065	1,940,684	105,314	(5,232,986)	7,138,509
Income (loss) before capital contribution revenue and transfers	12,330,569	18,904,594	13,682,411	1,138,091	18,443,834	5,580,375	1,430	7,637,595	15,125,504
Capital contribution revenue:									
Connection fees	598,380	741,901	414,401	191,266	539,440	390,940	-	1,645,057	421,738
Federal capital grants	-	-	-	-	-	-	-	-	-
Transfers in	2,171,141	3,352,043	2,546,193	323,923	5,479,312	1,324,060	45,521	10,453,331	3,428,900
Transfers out	(9,747,295)	(14,355,342)	(11,249,517)	(382,082)	(18,271,924)	(6,050,214)	(77,626)	(10,582,234)	(12,721,821)
Change in net position	5,352,795	8,643,196	5,393,488	1,271,198	6,190,662	1,245,161	(30,675)	9,153,749	6,254,321
Total net position, July 1, 2016, as previously stated	59,334,253	91,252,762	62,452,564	77,519,843	99,081,149	37,548,766	5,897,915	170,768,583	66,558,149
Prior-period adjustments	(750,539)	(2,291,626)	(1,804,695)	8,147	(2,097,873)	(1,131,045)	(1,920)	(1,429,952)	(2,135,300)
Total net position, July 1, 2016, as restated	58,583,714	88,961,136	60,647,869	77,527,990	96,983,276	36,417,721	5,895,995	169,338,631	64,422,849
Total net position, June 30, 2017	\$ 63,936,509	97,604,332	66,041,357	78,799,188	103,173,938	37,662,882	5,865,320	178,492,380	70,677,170

(Continued on following page)

Exhibit E-2-2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Revenues, Expenses, and
Changes in Net Position
Fiscal year ended June 30, 2017

	Districts								
	No. 16	No. 17	No. 18	No. 19	No. 20	No. 21	No. 22	No. 23	No. 27
Operating revenues:									
Contract revenue	-	-	-	-	457,906	751,459	-	-	-
Industrial waste surcharge	416,925	(10,192)	3,273,875	61,128	230,502	3,915,117	3,453,376	3,539,029	-
Internal services revenue	-	-	-	-	-	-	-	-	-
Sale of energy	-	-	-	-	-	-	-	-	-
Service charges	16,611,640	2,227,119	19,458,064	6,768,776	23,300,433	23,779,823	19,733,911	340,656	-
Other	1,451	-	136	(15)	5,880	2,338	17,886	-	-
Total operating revenues	17,030,016	2,216,927	22,732,075	6,829,889	23,994,721	28,448,737	23,205,173	3,879,685	-
Operations and maintenance:									
Chemicals	2,339	1,414	38,081	16,012	672,553	-	-	-	-
Equipment and vehicle rentals	35,411	7,860	105,884	25,526	364,845	86,409	102,123	16	-
Insurance and claims	18,953	2,609	25,792	7,537	15,322	29,757	24,486	2,774	32
Internal administrative costs	11,787,252	1,513,631	15,076,604	4,071,502	1,497,385	18,150,907	14,817,305	2,683,507	2,928
Materials and supplies	7,089	1,631	14,115	13,538	771,205	29,128	7,905	1,542	1,359
Operations, repairs and maintenance	8,678	5,654	20,391	32,237	279,297	40,644	10,175	5,098	2,434
Pollution remediation costs	-	-	-	-	-	-	-	-	-
Salaries and benefits	328,414	52,067	737,693	389,229	4,788,450	854,232	473,820	30,434	3,806
Services	279,815	4,384	139,457	15,177	920,504	42,852	94,506	1,094	11,846
Utilities	679	99	763	19,555	1,384,521	55,131	336	11	1
Total operations and maintenance	12,468,630	1,589,349	16,158,780	4,590,313	10,694,082	19,289,060	15,530,656	2,724,476	22,406
Charges for collections	78,680	10,471	66,808	22,572	18,465	81,344	67,812	4,404	4,393
Depreciation	370,359	6,273	248,105	27,371	6,913,809	434,181	225,999	4,800	78,576
Total operating expenses	12,917,669	1,606,093	16,473,693	4,640,256	17,626,356	19,804,585	15,824,467	2,733,680	105,375
Operating income (loss)	4,112,347	610,834	6,258,382	2,189,633	6,368,365	8,644,152	7,380,706	1,146,005	(105,375)
Nonoperating revenues (expenses):									
Gain on sale of equipment/assets	-	-	-	-	3,656	-	-	-	-
Interest revenue	515,469	90,537	392,835	167,218	314,351	693,263	902,778	154,343	10,071
Investment in joint venture	-	-	-	-	-	-	-	-	-
Taxes	5,782,989	558,777	4,006,996	1,476,096	1,302,648	4,149,075	4,210,961	423,571	342,956
Other nonoperating revenue	-	-	5,500	-	8,468	-	-	-	-
Amortization of bond premium	212,634	27,211	186,506	60,134	2,454,695	201,145	174,065	36,763	6,335
Amortization of deferred loss on refunding	(127,441)	(16,309)	(111,782)	(36,041)	(150,408)	(120,556)	(104,325)	(22,034)	(3,797)
Interest expense	(449,993)	(57,586)	(394,699)	(127,260)	(7,080,321)	(425,680)	(368,372)	(77,801)	(13,407)
Other nonoperating expense	-	-	-	-	(713,008)	-	-	-	-
Tax and assessment expense	(11,764)	(2,146)	(11,788)	(11,996)	(135,385)	(14,368)	(11,746)	(58)	-
Unrealized loss on investments	(254,397)	(61,088)	(161,251)	(59,455)	(61,798)	(274,483)	(199,224)	(68,288)	(4,633)
Net nonoperating revenues (expenses)	5,667,497	539,396	3,912,317	1,468,696	(4,057,102)	4,208,396	4,604,137	446,496	337,525
Income (loss) before capital contribution revenue and transfers	9,779,844	1,150,230	10,170,699	3,658,329	2,311,263	12,852,548	11,984,843	1,592,501	232,150
Capital contribution revenue:									
Connection fees	164,084	4,752	355,175	39,479	1,127,740	509,092	875,270	2,346	-
Federal capital grants	-	-	-	-	-	-	-	-	-
Transfers in	2,136,836	273,454	1,874,268	604,304	49,454,177	2,021,385	1,749,250	369,443	63,663
Transfers out	(7,094,521)	(910,995)	(7,884,179)	(2,310,701)	(49,536,191)	(9,327,488)	(7,726,155)	(1,143,147)	(63,992)
Change in net position	4,986,243	517,441	4,515,963	1,991,411	3,356,989	6,055,537	6,883,208	821,143	231,821
Total net position, July 1, 2016, as previously stated	51,433,067	6,961,744	43,102,585	12,533,740	53,526,833	67,186,191	57,296,159	12,217,175	3,058,921
Prior-period adjustments	(233,623)	(60,853)	(1,365,615)	(397,201)	214,126	(729,497)	(1,570,645)	(128,339)	(2,558)
Total net position, July 1, 2016, as restated	51,199,444	6,900,891	41,736,970	12,136,539	53,740,959	66,456,694	55,725,514	12,088,836	3,056,363
Total net position, June 30, 2017	\$ 56,185,687	7,418,332	46,252,933	14,127,950	57,097,948	72,512,231	62,608,722	12,909,979	3,288,184

(Continued on following page)

Exhibit E-2-3
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Revenues, Expenses, and
Changes in Net Position
Fiscal year ended June 30, 2017

	Districts							Total
	No. 28	No. 29	No. 34	Joint Outfall	Newhall Ranch	Santa Clarita Valley	South Bay Cities	
Operating revenues:								
Contract revenue	-	39,600	-	12,397,955	153,020	616,185	-	15,224,380
Industrial waste surcharge	-	56,776	-	11,077,506	-	493,318	(52,503)	64,355,631
Internal services revenue	-	-	-	143,296,428	-	-	-	143,296,428
Sale of energy	-	-	-	185,426	-	-	-	185,426
Service charges	803,842	1,903,329	-	-	-	30,256,144	6,515,307	353,962,737
Other	-	6	5,500	246,141	-	8,660	23	330,100
Total operating revenues	803,842	1,999,711	5,500	167,203,456	153,020	31,374,307	6,462,827	577,354,702
Operations and maintenance:								
Chemicals	-	4,241	-	26,127,426	-	1,802,776	13,280	29,939,418
Equipment and vehicle rentals	3,926	58,830	-	3,034,945	-	328,592	45,097	5,164,045
Insurance and claims	773	3,611	-	1,211,347	-	244,131	15,121	2,133,975
Internal administrative costs	477,122	588,416	2,928	-	2,928	3,890,869	5,424,088	220,127,048
Materials and supplies	846	30,074	-	12,477,575	58	1,039,153	60,706	15,631,803
Operations, repairs and maintenance	4,512	72,202	-	4,442,746	-	315,199	12,342	5,597,882
Pollution remediation costs	-	-	-	366,280	-	-	-	366,280
Salaries and benefits	23,347	431,923	-	81,279,997	13,350	8,850,956	906,374	111,775,820
Services	371	16,945	-	32,166,534	-	1,541,401	49,763	39,785,825
Utilities	246	12,331	-	10,012,717	-	2,390,079	145,473	16,122,455
Total operations and maintenance	511,143	1,218,573	2,928	171,119,567	16,336	20,403,156	6,672,244	446,644,551
Charges for collections	9,311	2,429	-	-	-	108,307	78,044	1,185,208
Depreciation	94,388	180,530	13	47,469,224	2,836	5,152,405	293,611	75,846,035
Total operating expenses	614,842	1,401,532	2,941	218,588,791	19,172	25,663,868	7,043,899	523,675,794
Operating income (loss)	189,000	598,179	2,559	(51,385,335)	133,848	5,710,439	(581,072)	53,678,908
Nonoperating revenues (expenses):								
Gain on sale of equipment/assets	-	-	-	-	-	-	-	3,656
Interest revenue	77,428	66,457	35	4,390,544	945	1,392,976	340,978	14,265,000
Investment in joint venture	-	-	-	737,530	-	-	-	737,530
Taxes	634,940	123,660	-	-	-	6,911,530	5,228,712	73,029,420
Other nonoperating revenue	-	-	-	4,919	-	-	-	18,887
Amortization of bond premium	9,617	3,020	-	-	-	330,209	92,990	7,724,164
Amortization of deferred loss on refunding	(5,764)	(1,810)	-	-	-	(197,910)	(55,733)	(1,913,718)
Interest expense	(51,900)	(20,465)	-	(3,950,115)	-	(1,445,521)	(196,794)	(27,862,588)
Other nonoperating expense	-	-	-	(6,125)	-	-	-	(719,133)
Tax and assessment expense	(2,104)	(3,754)	-	(1,756,352)	(9,354)	(182,730)	(17,061)	(2,397,402)
Unrealized loss on investments	(40,846)	(34,367)	-	(1,783,064)	-	(431,043)	(179,411)	(5,346,029)
Net nonoperating revenues (expenses)	621,371	132,741	35	(2,362,663)	(8,409)	6,377,511	5,213,681	57,539,787
Income (loss) before capital contribution revenue and transfers	810,371	730,920	2,594	(53,747,998)	125,439	12,087,950	4,632,609	111,218,695
Capital contribution revenue:								
Connection fees	3,372	19,993	-	22,531,238	-	4,205,750	22,784	34,804,198
Federal capital grants	-	-	-	1,481,462	-	-	-	1,481,462
Transfers in	96,649	30,347	-	74,764,281	-	3,318,396	934,495	166,815,372
Transfers out	(296,631)	(272,172)	(1,054)	(4,627)	(328)	(3,512,243)	(3,221,822)	(176,744,301)
Change in net position	613,761	509,088	1,540	45,024,356	125,111	16,099,853	2,368,066	137,575,426
Total net position, July 1, 2016, as previously stated	11,079,203	13,459,423	105	1,633,469,488	123,382	208,072,868	33,607,373	2,877,542,241
Prior-period adjustments	(27,251)	(140,589)	(8)	7,605,195	(76,606)	537,625	(199,467)	(8,210,109)
Total net position, July 1, 2016, as restated	11,051,952	13,318,834	97	1,641,074,683	46,776	208,610,493	33,407,906	2,869,332,132
Total net position, June 30, 2017	\$ 11,665,713	13,827,922	1,637	1,686,099,039	171,887	224,710,346	35,775,972	3,006,907,558

Exhibit E-3
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2017

	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	\$ 30,783,660	43,155,936	31,811,598	3,742,336	43,190,602	20,402,434	96,909	35,672,360	31,769,257
Receipts for internal services	-	-	-	-	-	-	-	-	-
Payments to suppliers	(482,968)	(780,488)	(391,773)	(2,345,052)	(1,332,740)	(625,434)	(151,711)	(5,828,299)	(324,912)
Payments to employees	1,020,535	942,547	905,047	(41,039)	621,103	456,865	(1,082)	(4,820,769)	1,461,382
Payment for equipment rental	(123,964)	(209,065)	(64,342)	(9,821)	(220,817)	(67,863)	(10)	(208,943)	(112,076)
Payment for internal administrative costs	(19,454,442)	(27,740,110)	(21,699,445)	(10,828)	(31,759,121)	(14,234,087)	(2,917)	(2,418,832)	(23,493,673)
Net cash provided (used) by operating activities	11,742,821	15,368,820	10,561,085	1,335,596	10,499,027	5,931,915	(58,811)	22,395,517	9,299,978
Cash flows from noncapital financing activities:									
Receipts from property taxes	3,226,475	6,709,574	5,303,512	596,716	11,085,413	1,892,799	92,903	1,489,137	7,122,212
Transfers from other funds	2,171,141	3,360,207	2,546,193	323,923	5,479,312	1,324,060	45,521	10,453,331	3,428,900
Transfers to other funds	(10,286,580)	(15,138,564)	(11,869,114)	(382,331)	(19,183,139)	(6,383,981)	(77,724)	(10,582,234)	(13,383,385)
Payments for tax and assessment	(12,514)	(15,425)	(15,111)	(2,105)	(17,516)	(13,032)	-	(137,869)	(13,224)
Net cash provided (used) by noncapital financing activities	(4,901,478)	(5,084,208)	(4,034,520)	536,203	(2,635,930)	(3,180,154)	60,700	1,222,365	(2,845,497)
Cash flows from capital and related financing activities:									
Borrowings on loans	-	-	-	-	-	-	-	-	-
Proceeds from bond sale	-	-	-	-	-	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-	-
Purchases of capital assets	(42,655)	(3,229,702)	(1,332,781)	(2,438,841)	(848,963)	(571,590)	(88,820)	(2,459,583)	(50,590)
Connection fees proceeds	209,721	128,212	330,466	191,266	280,546	(162,714)	-	1,645,058	(633,842)
Bond defeasement	-	-	-	-	-	-	-	-	-
Grant proceeds	-	-	-	-	-	-	-	-	-
Interest paid on capital-related debt	(491,118)	(737,868)	(560,480)	(71,303)	(1,206,132)	(291,459)	(10,020)	(9,380,372)	(754,786)
Proceeds from sale of assets	-	-	-	-	-	-	-	-	-
Principal payments on bonds	(1,693,217)	(2,614,175)	(1,985,713)	(252,620)	(4,273,180)	(1,032,602)	(35,500)	(3,158,350)	(2,674,113)
Principal payments on loans	(28,098)	-	-	-	-	-	-	(4,770,282)	-
Net cash used by capital and related financing activities	(2,045,367)	(6,453,533)	(3,548,508)	(2,571,498)	(6,047,729)	(2,058,365)	(134,340)	(18,123,529)	(4,113,331)
Cash flows from investing activities:									
Interest received	489,271	759,750	456,325	421,785	599,242	239,838	50,239	412,059	682,283
Purchase of investments	(10,995,982)	(21,137,383)	(18,288,463)	(27,105,629)	(23,457,457)	(1,947,219)	(3,017,585)	(11,934,370)	(24,463,628)
Proceeds from maturities of investments	10,089,857	15,730,621	17,739,901	16,710,753	15,162,938	71,500	1,926,399	11,682,300	18,670,270
Net cash provided (used) by investing activities	(416,854)	(4,647,012)	(92,237)	(9,973,091)	(7,695,277)	(1,635,881)	(1,040,947)	159,989	(5,111,075)
Net increase (decrease) in cash and cash equivalents	4,379,122	(815,933)	2,885,820	(10,672,790)	(5,879,909)	(942,485)	(1,173,398)	5,654,342	(2,769,925)
Cash and cash equivalents at beginning of fiscal year	23,415,221	36,294,671	26,397,423	16,182,363	44,130,591	24,668,261	2,092,311	27,169,919	32,502,873
Cash and cash equivalents at end of fiscal year	\$ 27,794,343	35,478,738	29,283,243	5,509,573	38,250,682	23,725,776	918,913	32,824,261	29,732,948
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:									
Operating income (loss)	\$ 9,187,134	12,150,132	8,577,055	429,768	7,668,769	3,639,691	(103,884)	12,870,581	7,986,995
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:									
Depreciation and amortization	437,505	623,206	517,986	1,558,488	1,289,604	380,566	47,533	9,263,198	225,469
Decrease (increase) in accounts receivable	572,515	221,098	148,746	1,230	(1,015,186)	927,429	-	640,851	(650,265)
Decrease (increase) in service charge receivable	(23,935)	(173,413)	(264,550)	(48,429)	(121,485)	(55,130)	(4,554)	(31,334)	(245,114)
Decrease (increase) in deferred outflows of resources	(299,452)	(877,078)	(582,110)	(15,597)	(961,200)	(311,272)	(1,085)	(2,054,300)	(280,593)
Increase (decrease) in accounts payable	(12,408)	9,846	(1,942)	(610,225)	(29,963)	(36,356)	-	(382,771)	(7,935)
Increase (decrease) in claims liabilities	-	-	-	-	-	-	-	(21,662)	-
Decrease in estimated pollution remediation	-	-	-	-	-	-	-	-	-
Increase in pension liability	296,041	867,086	575,478	15,419	950,250	307,726	1,072	2,030,896	277,396
Increase (decrease) in other liabilities	-	-	(15,674)	-	-	-	-	-	-
Increase (decrease) in due to/from other funds	1,573,088	2,511,818	1,582,120	4,300	2,678,648	1,066,440	2,062	(4,555)	1,982,468
Increase in deferred inflows of resources	12,333	36,125	23,976	642	39,590	12,821	45	84,613	11,557
Net cash provided (used) by operating activities	\$ 11,742,821	15,368,820	10,561,085	1,335,596	10,499,027	5,931,915	(58,811)	22,395,517	9,299,978
Schedule of noncash investing activity-									
Unrealized loss on fair value of investments	\$ (258,082)	(290,029)	(245,061)	(313,794)	(181,698)	(22,945)	(36,375)	(103,434)	(281,263)
Investment in joint venture	-	-	-	-	-	-	-	-	-

(Continued on following page)

Exhibit E-3-2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2017

	Districts								
	No. 16	No. 17	No. 18	No. 19	No. 20	No. 21	No. 22	No. 23	No. 27
Cash flows from operating activities:									
Receipts from customers and users	\$ 16,912,016	2,207,935	22,383,661	6,670,937	23,796,631	27,458,348	23,878,260	3,870,293	(4,327)
Receipts for internal services	-	-	-	-	-	-	-	-	-
Payments to suppliers	(356,752)	(29,888)	(362,417)	(137,618)	(4,691,254)	(295,314)	(190,283)	(37,080)	(16,029)
Payments to employees	871,012	100,384	724,532	20,275	(4,538,514)	860,738	1,014,105	225,079	(1,543)
Payment for equipment rental	(40,791)	(8,549)	(112,305)	(27,347)	(366,875)	(94,209)	(108,513)	(836)	(10)
Payment for internal administrative costs	(11,886,720)	(1,526,493)	(15,197,290)	(4,105,876)	(1,493,428)	(18,300,781)	(14,937,362)	(2,698,851)	(3,028)
Net cash provided (used) by operating activities	<u>5,498,765</u>	<u>743,389</u>	<u>7,436,181</u>	<u>2,420,371</u>	<u>12,706,560</u>	<u>9,628,782</u>	<u>9,656,207</u>	<u>1,358,605</u>	<u>(24,937)</u>
Cash flows from noncapital financing activities:									
Receipts from property taxes	5,737,691	553,832	4,006,996	1,467,192	1,267,864	4,122,243	4,192,983	411,629	332,989
Transfers from other funds	2,136,836	273,454	1,874,268	604,304	49,454,177	2,021,385	1,749,250	369,443	63,663
Transfers to other funds	(7,446,361)	(956,469)	(8,312,011)	(2,432,312)	(49,536,191)	(9,847,606)	(8,151,571)	(1,198,255)	(63,991)
Payments for tax and assessment	(11,764)	(2,146)	(11,788)	(11,996)	(135,385)	(14,368)	(11,746)	(58)	-
Net cash provided (used) by noncapital financing activities	<u>416,402</u>	<u>(131,329)</u>	<u>(2,442,535)</u>	<u>(372,812)</u>	<u>1,050,465</u>	<u>(3,718,346)</u>	<u>(2,221,084)</u>	<u>(417,241)</u>	<u>332,661</u>
Cash flows from capital and related financing activities:									
Borrowings on loans	-	-	-	-	-	-	-	-	-
Proceeds from bond sale	-	-	-	-	192,967,521	-	-	-	-
Bond issuance costs	-	-	-	-	(713,008)	-	-	-	-
Purchases of capital assets	(331,675)	-	(639,395)	(82)	(362,490)	(417,840)	(155)	-	(16,171)
Connection fees proceeds	145,798	(5,749)	25,174	(19,820)	1,127,740	164,544	(125,733)	(49,742)	-
Bond defeasement	-	-	-	-	(158,624,261)	-	-	-	-
Grant proceeds	-	-	-	-	-	-	-	-	-
Interest paid on capital-related debt	(470,371)	(60,194)	(412,573)	(133,023)	(3,952,001)	(444,956)	(385,055)	(81,324)	(14,013)
Proceeds from sale of assets	-	-	-	-	12,124	-	-	-	-
Principal payments on bonds	(1,666,465)	(213,260)	(1,461,695)	(471,282)	(298,666)	(1,576,428)	(1,364,197)	(288,120)	(49,650)
Principal payments on loans	-	-	-	-	(51,404,380)	-	-	-	-
Net cash used by capital and related financing activities	<u>(2,322,713)</u>	<u>(279,203)</u>	<u>(2,488,489)</u>	<u>(624,207)</u>	<u>(21,247,421)</u>	<u>(2,274,680)</u>	<u>(1,875,140)</u>	<u>(419,186)</u>	<u>(79,834)</u>
Cash flows from investing activities:									
Interest received	454,890	59,092	359,351	148,940	175,908	608,902	499,637	116,298	6,279
Purchase of investments	(19,679,494)	(5,185,000)	(10,273,485)	(4,942,254)	(3,518,802)	(24,346,464)	(18,792,140)	(7,733,348)	(315,000)
Proceeds from maturities of investments	15,504,743	2,000,000	8,209,052	3,502,535	2,918,802	17,437,497	13,503,531	1,580,697	-
Net cash provided (used) by investing activities	<u>(3,719,861)</u>	<u>(3,125,908)</u>	<u>(1,705,082)</u>	<u>(1,290,779)</u>	<u>(424,092)</u>	<u>(6,300,065)</u>	<u>(4,788,972)</u>	<u>(6,036,353)</u>	<u>(308,721)</u>
Net increase (decrease) in cash and cash equivalents	(127,407)	(2,793,051)	800,075	132,573	(7,914,488)	(2,664,309)	771,011	(5,514,175)	(80,831)
Cash and cash equivalents at beginning of fiscal year	<u>21,356,186</u>	<u>6,761,224</u>	<u>19,443,448</u>	<u>7,470,517</u>	<u>24,607,526</u>	<u>30,952,756</u>	<u>28,672,380</u>	<u>8,710,432</u>	<u>706,595</u>
Cash and cash equivalents at end of fiscal year	<u>\$ 21,228,779</u>	<u>3,968,173</u>	<u>20,243,523</u>	<u>7,603,090</u>	<u>16,693,038</u>	<u>28,288,447</u>	<u>29,443,391</u>	<u>3,196,257</u>	<u>625,764</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:									
Operating income (loss)	\$ 4,112,347	610,834	6,258,382	2,189,633	6,368,365	8,644,152	7,380,706	1,146,005	(105,375)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:									
Depreciation and amortization	370,359	6,273	248,105	27,371	6,913,809	434,181	225,999	4,800	78,576
Decrease (increase) in accounts receivable	32,448	11,129	(301,593)	(80,497)	140,867	(905,809)	552,191	(24,559)	-
Decrease (increase) in service charge receivable	(74,907)	(9,651)	-	(56,396)	(321,288)	(35,267)	(121,834)	(4,640)	-
Decrease (increase) in deferred outflows of resources	(109,963)	(17,372)	(317,001)	(130,469)	(1,650,622)	(450,050)	(158,030)	(10,092)	(1,278)
Increase (decrease) in accounts payable	(1,369)	(8,312)	(34,182)	(4,563)	(348,193)	(21,053)	(17,588)	(2,467)	(368)
Increase (decrease) in claims liabilities	-	-	-	-	(2,908)	-	-	-	-
Decrease in estimated pollution remediation	-	-	-	-	-	-	-	-	-
Increase in pension liability	108,710	17,174	313,389	128,983	1,631,817	444,923	156,230	9,977	1,263
Increase (decrease) in other liabilities	-	-	-	-	-	-	-	-	-
Increase (decrease) in due to/from other funds	1,056,611	132,598	1,256,024	340,935	(93,273)	1,499,168	1,632,024	239,165	2,192
Increase in deferred inflows of resources	4,529	716	13,057	5,374	67,986	18,537	6,509	416	53
Net cash provided (used) by operating activities	<u>\$ 5,498,765</u>	<u>743,389</u>	<u>7,436,181</u>	<u>2,420,371</u>	<u>12,706,560</u>	<u>9,628,782</u>	<u>9,656,207</u>	<u>1,358,605</u>	<u>(24,937)</u>
Schedule of noncash investing activity-									
Unrealized loss on fair value of investments	\$ (254,397)	(61,088)	(161,251)	(59,455)	(61,798)	(274,483)	(199,224)	(68,288)	(4,633)
Investment in joint venture	-	-	-	-	-	-	-	-	-

(Continued on following page)

Exhibit E-3-3
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Sewerage Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2017

	Districts							Total
	No. 28	No. 29	No. 34	Joint Outfall	Newhall Ranch	Santa Clarita Valley	South Bay Cities	
Cash flows from operating activities:								
Receipts from customers and users	\$ 802,287	2,027,244	5,500	27,057,231	153,020	30,568,816	6,341,893	434,754,837
Receipts for internal services	-	-	-	144,433,064	-	-	-	144,433,064
Payments to suppliers	(8,330)	(159,765)	(55)	(97,554,607)	(58)	(8,422,846)	(355,946)	(124,881,619)
Payments to employees	24,909	(362,269)	(31)	(90,333,596)	(35,356)	(8,985,388)	(359,312)	(100,230,386)
Payment for equipment rental	(4,146)	(59,090)	(10)	(3,034,944)	(10)	(333,112)	(47,539)	(5,255,187)
Payment for internal administrative costs	(481,180)	(593,230)	(2,919)	-	(2,919)	(3,882,264)	(5,470,001)	(221,395,797)
Net cash provided (used) by operating activities	<u>333,540</u>	<u>852,890</u>	<u>2,485</u>	<u>(19,432,852)</u>	<u>114,677</u>	<u>8,945,206</u>	<u>109,095</u>	<u>127,424,912</u>
Cash flows from noncapital financing activities:								
Receipts from property taxes	629,144	123,565	-	-	-	6,849,237	5,163,637	72,377,743
Transfers from other funds	96,649	30,347	-	81,243,159	-	3,318,396	934,495	173,302,414
Transfers to other funds	(310,948)	(289,492)	(2,983)	-	(328)	(3,512,242)	(3,384,806)	(182,732,618)
Payments for tax and assessment	(2,104)	(3,754)	-	(1,756,352)	(9,354)	(182,730)	(17,061)	(2,397,402)
Net cash provided (used) by noncapital financing activities	<u>412,741</u>	<u>(139,334)</u>	<u>(2,983)</u>	<u>79,486,807</u>	<u>(9,682)</u>	<u>6,472,661</u>	<u>2,696,265</u>	<u>60,550,137</u>
Cash flows from capital and related financing activities:								
Borrowings on loans	-	-	-	14,745,653	-	-	-	14,745,653
Proceeds from bond sale	-	-	-	-	-	-	-	192,967,521
Bond issuance costs	-	-	-	-	-	-	-	(713,008)
Purchases of capital assets	-	(5,769)	-	(59,774,234)	(37,310)	(10,011,742)	(1,450)	(82,661,838)
Connection fees proceeds	3,372	19,994	-	26,527,836	-	3,991,480	9,449	33,803,056
Bond defeasement	-	-	-	-	-	-	-	(158,624,261)
Grant proceeds	-	-	-	1,481,462	-	-	-	1,481,462
Interest paid on capital-related debt	(21,275)	(20,936)	-	(1,925,721)	-	(798,674)	(205,706)	(22,429,360)
Proceeds from sale of assets	-	-	-	-	-	-	-	12,124
Principal payments on bonds	(75,375)	(23,667)	-	-	-	(2,587,935)	(728,790)	(28,525,000)
Principal payments on loans	(189,278)	(42,959)	-	(19,806,616)	-	(3,217,388)	-	(79,459,001)
Net cash used by capital and related financing activities	<u>(282,556)</u>	<u>(73,337)</u>	<u>-</u>	<u>(38,751,620)</u>	<u>(37,310)</u>	<u>(12,624,259)</u>	<u>(926,497)</u>	<u>(129,402,652)</u>
Cash flows from investing activities:								
Interest received	64,836	53,297	39	3,651,961	944	1,346,631	306,457	11,964,254
Purchase of investments	(3,602,306)	(2,389,274)	-	(144,378,645)	-	(21,894,723)	(14,290,781)	(423,689,432)
Proceeds from maturities of investments	2,254,606	1,985,685	-	36,315,717	-	16,680,208	13,136,784	242,814,396
Net cash provided (used) by investing activities	<u>(1,282,864)</u>	<u>(350,292)</u>	<u>39</u>	<u>(104,410,967)</u>	<u>944</u>	<u>(3,867,884)</u>	<u>(847,540)</u>	<u>(168,910,782)</u>
Net increase (decrease) in cash and cash equivalents	(819,139)	289,927	(459)	(83,108,632)	68,629	(1,074,276)	1,031,323	(110,338,385)
Cash and cash equivalents at beginning of fiscal year	3,039,028	2,337,819	1,897	173,603,287	(5,292)	73,442,298	9,722,310	643,676,044
Cash and cash equivalents at end of fiscal year	<u>\$ 2,219,889</u>	<u>2,627,746</u>	<u>1,438</u>	<u>90,494,655</u>	<u>63,337</u>	<u>72,368,022</u>	<u>10,753,633</u>	<u>533,337,659</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	\$ 189,000	598,179	2,559	(51,385,335)	133,848	5,710,439	(581,072)	53,678,908
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation and amortization	94,388	180,530	13	47,469,224	2,836	5,152,405	293,611	75,846,035
Decrease (increase) in accounts receivable	296	15,253	-	(866,081)	-	(385,454)	16,870	(948,521)
Decrease (increase) in service charge receivable	7,461	14,702	-	-	-	(322,998)	(59,757)	(1,952,519)
Decrease (increase) in deferred outflows of resources	(7,810)	(146,918)	-	(32,487,762)	(19,365)	(3,463,798)	(304,249)	(44,657,466)
Increase (decrease) in accounts payable	(344)	(9,558)	(1)	(5,391,235)	-	(482,259)	(7,698)	(7,400,944)
Increase (decrease) in claims liabilities	-	-	-	518,809	-	(2,795)	-	491,444
Decrease in estimated pollution remediation	-	-	-	(312,258)	-	-	-	(312,258)
Increase in pension liability	7,721	145,244	-	32,117,649	19,144	3,424,337	300,783	44,148,708
Increase (decrease) in other liabilities	-	-	-	1,554	-	-	-	(14,120)
Increase (decrease) in due to/from other funds	42,506	49,407	(86)	(10,435,527)	(22,584)	(827,338)	438,076	6,706,287
Increase in deferred inflows of resources	322	6,051	-	1,338,110	798	142,667	12,531	1,839,358
Net cash provided (used) by operating activities	<u>\$ 333,540</u>	<u>852,890</u>	<u>2,485</u>	<u>(19,432,852)</u>	<u>114,677</u>	<u>8,945,206</u>	<u>109,095</u>	<u>127,424,912</u>
Schedule of noncash investing activity-								
Unrealized loss on fair value of investments	\$ (40,846)	(34,367)	-	(1,783,064)	-	(431,043)	(179,411)	(5,346,029)
Investment in joint venture	-	-	-	737,530	-	-	-	737,530

Exhibit F-1
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Stormwater Operations
Combining Schedule of Net Position
June 30, 2017

Assets

Current assets:		
Cash and cash equivalents	\$	<u>6,166,142</u>
Total unrestricted cash		<u>6,166,142</u>
Receivables:		
Accounts		261,589
Interest		<u>32,210</u>
Total current assets		<u>6,459,941</u>
Total assets		<u>6,459,941</u>

(Continued on following page)

Exhibit F-1-2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Stormwater Operations
Combining Schedule of Net Position
June 30, 2017

Liabilities

Current liabilities:		
Accounts payable	\$	25
Due to other funds		<u>6,967</u>
Total current liabilities		<u>6,992</u>
Total liabilities		<u>6,992</u>

Net Position

Net position:		
Unrestricted		<u>6,452,949</u>
Total net position	\$	<u><u>6,452,949</u></u>

Exhibit F-2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Stormwater Operations
Combining Schedule of Revenues, Expenses,
and Changes in Net Position
Fiscal year ended June 30, 2017

Operating revenues:		
Contract revenue	\$	870,521
		<u>870,521</u>
Total operating revenues		<u>870,521</u>
Operating expenses:		
Materials and supplies		70
Operations, repairs and maintenance		8,322
Salaries and benefits		57,134
Services		699,259
		<u>764,785</u>
Total operating expenses		<u>764,785</u>
Operating income		<u>105,736</u>
Nonoperating revenues (expenses):		
Interest revenue		69,096
Tax and assessment expense		(2,291)
		<u>66,805</u>
Net nonoperating revenues		<u>66,805</u>
Income before transfers		172,541
Transfers in		<u>6,280,408</u>
Change in net position		6,452,949
Total net position, July 1, 2016		<u>-</u>
Total net position, June 30, 2017	\$	<u><u>6,452,949</u></u>

Exhibit F-3
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Stormwater Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2017

Cash flows from operating activities:	
Receipts from customers and users	\$ 608,932
Payments to suppliers	(700,660)
Payments to employees	(57,134)
Net cash used by operating activities	<u>(148,862)</u>
Cash flows from noncapital financing activities:	
Payments for tax and assessment	(2,291)
Transfers from other funds	6,280,408
Net cash provided by noncapital financing activities	<u>6,278,117</u>
Cash flows from investing activities:	
Interest received	<u>36,887</u>
Net cash provided by investing activities	<u>36,887</u>
Net increase in cash and cash equivalents	6,166,142
Cash and cash equivalents at beginning of fiscal year	<u>-</u>
Cash and cash equivalents at end of fiscal year	<u>\$ 6,166,142</u>
Reconciliation of operating income to net cash used by operating activities:	
Operating income	<u>\$ 105,736</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in accounts receivable	(261,589)
Increase in accounts payable	24
Increase in due to other funds	<u>6,967</u>
Net cash used by operating activities	<u>\$ (148,862)</u>

Exhibit G-1
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Solid Waste Facilities Operations
Combining Schedule of Net Position
June 30, 2017

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	\$ -	-	510,846	266,701	837,309	219,957	-	1,834,813
Cash on hand	-	-	3,700	6,295	4,900	5,540	-	20,435
Cash and cash equivalents	<u>7,174,301</u>	<u>195,359</u>	<u>326,491</u>	<u>472,255</u>	<u>2,883,454</u>	<u>719,509</u>	-	<u>11,771,369</u>
Total unrestricted cash and cash equivalents	<u>7,174,301</u>	<u>195,359</u>	<u>841,037</u>	<u>745,251</u>	<u>3,725,663</u>	<u>945,006</u>	-	<u>13,626,617</u>
Accounts receivable	24	111	271,154	1,125,849	5,276,626	1,273,004	-	7,946,768
Due from other funds	-	-	-	2,061,112	-	-	-	2,061,112
Interest receivable	46,850	163,911	11,128	900,404	14,898	2,883	3,749	1,143,823
Restricted cash and investments:								
Cash and cash equivalents	727,303	15,395,731	2,201,307	83,165,633	-	-	345,116	101,835,090
Specific investments	4,882,112	61,297,329	-	235,783,007	-	-	246,395	302,208,843
Total restricted cash and investments	<u>5,609,415</u>	<u>76,693,060</u>	<u>2,201,307</u>	<u>318,948,640</u>	<u>-</u>	<u>-</u>	<u>591,511</u>	<u>404,043,933</u>
Other specific investments	<u>4,444,753</u>	-	-	-	-	-	-	<u>4,444,753</u>
Total current assets	<u>17,275,343</u>	<u>77,052,441</u>	<u>3,324,626</u>	<u>323,781,256</u>	<u>9,017,187</u>	<u>2,220,893</u>	<u>595,260</u>	<u>433,267,006</u>
Capital assets:								
Buildings	-	-	-	-	-	-	7,349,881	7,349,881
Capital improvements	23,711,151	41,233,503	2,260,241	247,308,706	-	-	76,801,413	391,315,014
Construction in progress	1,031	954	-	409,080	507,141	-	-	918,206
Gas-to-energy facilities	16,556,860	26,041,170	-	139,689,916	-	-	-	182,287,946
Land	-	-	77,665	-	16,203,794	7,236,414	2,993,718	26,511,591
Rail facilities	-	-	-	-	-	-	54,060,853	54,060,853
Recycling and transfer facility	-	-	-	-	53,575,023	9,962,083	-	63,537,106
Use rights	3,758,185	635,000	-	9,001,642	-	12,006,393	42,360,490	67,761,710
Accumulated depreciation/amortization	<u>(44,025,823)</u>	<u>(58,778,695)</u>	<u>(2,260,241)</u>	<u>(347,664,308)</u>	<u>(16,037,484)</u>	<u>(16,323,295)</u>	-	<u>(485,089,846)</u>
Net capital assets	<u>1,404</u>	<u>9,131,932</u>	<u>77,665</u>	<u>48,745,036</u>	<u>54,248,474</u>	<u>12,881,595</u>	<u>183,566,355</u>	<u>308,652,461</u>
Total assets	<u>\$ 17,276,747</u>	<u>86,184,373</u>	<u>3,402,291</u>	<u>372,526,292</u>	<u>63,265,661</u>	<u>15,102,488</u>	<u>184,161,615</u>	<u>741,919,467</u>
Deferred Outflow of Resources								
Pension contribution subsequent to measurement date	<u>\$ 904,262</u>	<u>80,677</u>	<u>438,512</u>	<u>2,435,703</u>	<u>2,832,865</u>	<u>933,928</u>	<u>156,050</u>	<u>7,781,997</u>

(Continued on following page)

Exhibit G-1-2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Solid Waste Facilities Operations
Combining Schedule of Net Position
June 30, 2017

Liabilities	<u>Palos Verdes Landfill</u>	<u>Spadra Landfill</u>	<u>South Gate Transfer Station</u>	<u>Puente Hills Landfill</u>	<u>Puente Hills Materials Recovery Facility</u>	<u>Downey Area Recycling and Transfer Station</u>	<u>Mesquite Regional Landfill</u>	<u>Total</u>
Current liabilities:								
Accounts payable	\$ 12,803	9,758	33,771	112,497	288,374	141,560	13,454	612,217
Claims liabilities	34,209	13,078	6,698	649,495	7,991	15,957	-	727,428
Construction contracts payable	-	-	-	1,016,958	-	-	-	1,016,958
Due to other funds	96,770	188,937	36,990	-	715,643	79,140	29,588	1,147,068
Estimated liability for closure and postclosure costs	-	2,604,182	-	11,550,349	-	-	-	14,154,531
Total current liabilities	<u>143,782</u>	<u>2,815,955</u>	<u>77,459</u>	<u>13,329,299</u>	<u>1,012,008</u>	<u>236,657</u>	<u>43,042</u>	<u>17,658,202</u>
Long-term liabilities:								
Claims liabilities	102,628	39,235	20,094	1,948,486	23,973	47,870	-	2,182,286
Estimated liability for closure and postclosure costs	-	44,152,226	-	192,827,260	-	-	-	236,979,486
Pension liability	3,747,171	334,318	1,817,148	10,093,304	11,739,103	3,870,102	646,655	32,247,801
Total liabilities	<u>3,993,581</u>	<u>47,341,734</u>	<u>1,914,701</u>	<u>218,198,349</u>	<u>12,775,084</u>	<u>4,154,629</u>	<u>689,697</u>	<u>289,067,775</u>
Deferred Inflow of Resources								
Pension deferrals	<u>320,615</u>	<u>28,605</u>	<u>155,478</u>	<u>863,602</u>	<u>1,004,420</u>	<u>331,133</u>	<u>55,329</u>	<u>2,759,182</u>
Net Position								
Net position:								
Net investment in capital assets	1,404	9,131,932	77,665	47,728,078	54,248,474	12,881,595	183,566,355	307,635,503
Restricted for capital projects	30,000	260,000	500,000	2,350,000	-	-	-	3,140,000
Restricted for closure / postclosure maintenance	-	28,860,963	-	63,541,571	-	-	-	92,402,534
Restricted for site development	-	-	-	35,665,510	-	-	-	35,665,510
Unrestricted	13,835,409	641,816	1,192,959	6,614,885	(1,929,452)	(1,330,941)	6,284	19,030,960
Total net position	<u>\$ 13,866,813</u>	<u>38,894,711</u>	<u>1,770,624</u>	<u>155,900,044</u>	<u>52,319,022</u>	<u>11,550,654</u>	<u>183,572,639</u>	<u>457,874,507</u>

Exhibit G-2
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, 2017

	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	\$ 1,060	727	38,489	121,109	3,883,000	1,808,426	-	5,852,811
Contract revenue	12,984	-	-	221,747	123,590	-	13,974	372,295
Refuse tipping fees	-	-	9,192,609	2,680,775	38,108,071	13,707,966	-	63,689,421
Sale of energy	-	-	-	19,494,713	-	-	-	19,494,713
Other	79,611	20	-	100,293	8,984	-	-	188,908
Total operating revenues	93,655	747	9,231,098	22,618,637	42,123,645	15,516,392	13,974	89,598,148
Operating expenses:								
Chemicals	1,843	-	20	116,185	88	-	-	118,136
Depreciation and amortization of use rights	-	652,264	-	4,072,633	1,377,011	270,633	-	6,372,541
Equipment and vehicle rentals	100,624	129,911	379,810	495,882	2,438,991	694,375	7,062	4,246,655
Insurance and claims	46,160	(759)	3,699	239,498	222,594	8,975	2,203	522,370
Internal administrative costs	572,932	369,761	224,393	3,384,689	2,171,368	515,791	-	7,238,934
Materials and supplies	97,723	15,168	28,018	1,116,936	760,508	595,905	149	2,614,407
Operations, repairs and maintenance	43,616	3,295	37,949	682,303	849,049	264,326	33,253	1,913,791
Salaries and benefits	2,358,010	213,536	1,144,127	6,348,786	7,068,486	2,385,792	398,928	19,917,665
Services	219,237	9,309	5,181,367	542,637	23,886,108	10,809,559	99,061	40,747,278
Utilities	252,858	452,276	50,681	713,682	57,754	96,641	207,411	1,831,303
Total operating expenses	3,693,003	1,844,761	7,050,064	17,713,231	38,831,957	15,641,997	748,067	85,523,080
Operating income (loss)	(3,599,348)	(1,844,014)	2,181,034	4,905,406	3,291,688	(125,605)	(734,093)	4,075,068
Nonoperating revenues (expenses):								
Interest revenue	447,015	1,029,857	21,676	4,237,204	31,466	6,497	11,321	5,785,036
Tax and assessment expense	(53,960)	(1,225,366)	(517,135)	(692,402)	(1,250,224)	(774,005)	(110,955)	(4,624,047)
Other nonoperating expense	-	497	-	1,341	22,500	-	-	24,338
Gain on sale of equipment/assets	-	10,335	-	-	-	-	-	10,335
Unrealized loss on investments	(26,136)	(415,242)	-	(1,884,691)	-	-	(3,635)	(2,329,704)
Net nonoperating revenues (expenses)	366,919	(599,919)	(495,459)	1,661,452	(1,196,258)	(767,508)	(103,269)	(1,134,042)
Income (loss) before transfers	(3,232,429)	(2,443,933)	1,685,575	6,566,858	2,095,430	(893,113)	(837,362)	2,941,026
Transfers in	21,099,127	3,952,720	6,014,140	732,501	9,552,227	3,746,129	-	45,096,844
Transfers out	(55,713,312)	(2,756,681)	(6,032,487)	(1,003,122)	(9,729,721)	(1,788,206)	-	(77,023,529)
Change in net position	(37,846,614)	(1,247,894)	1,667,228	6,296,237	1,917,936	1,064,810	(837,362)	(28,985,659)
Total net position, July 1, 2016, as previously stated	53,038,533	35,435,604	297,448	138,580,119	50,867,466	10,724,903	184,286,970	473,231,043
Prior-period adjustments	(1,325,106)	4,707,001	(194,052)	11,023,688	(466,380)	(239,059)	123,031	13,629,123
Total net position, July 1, 2016, as restated	51,713,427	40,142,605	103,396	149,603,807	50,401,086	10,485,844	184,410,001	486,860,166
Total net position, June 30, 2017	\$ 13,866,813	38,894,711	1,770,624	155,900,044	52,319,022	11,550,654	183,572,639	457,874,507

Exhibit G-3
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Solid Waste Facilities Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2017

	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	\$ 96,088	3,294	9,279,843	19,515,750	41,293,585	15,388,096	13,974	85,590,630
Payments to suppliers	(736,340)	(603,767)	(5,867,942)	(4,787,903)	(28,634,666)	(12,671,269)	(312,034)	(53,613,921)
Payments to employees	(2,430,708)	(77,734)	(1,136,553)	(6,282,090)	(6,662,123)	(2,348,490)	(395,783)	(19,333,481)
Payments applied to closure/postclosure liability	-	(1,858,060)	-	(10,479,304)	-	-	-	(12,337,364)
Payment for equipment rental	(100,624)	(129,911)	(379,809)	(495,880)	(3,808,465)	(694,375)	(7,062)	(5,616,126)
Payment for internal administrative costs	(572,185)	(368,788)	(249,360)	(3,383,478)	(1,621,152)	(515,041)	140	(6,709,864)
Net cash provided (used) by operating activities	<u>(3,743,769)</u>	<u>(3,034,966)</u>	<u>1,646,179</u>	<u>(5,912,905)</u>	<u>567,179</u>	<u>(841,079)</u>	<u>(700,765)</u>	<u>(12,020,126)</u>
Cash flows from noncapital financing activities:								
Payments for tax and assessment	(53,960)	(1,225,366)	(517,135)	(692,402)	(1,250,224)	(774,005)	(110,955)	(4,624,047)
Transfers from other funds	21,099,127	3,952,720	6,014,140	732,501	9,552,227	3,746,129	-	45,096,844
Transfers to other funds	(55,713,312)	(2,756,681)	(6,032,487)	(1,003,121)	(9,729,721)	(1,788,206)	-	(77,023,528)
Net cash provided (used) by noncapital financing activities	<u>(34,668,145)</u>	<u>(29,327)</u>	<u>(535,482)</u>	<u>(963,022)</u>	<u>(1,427,718)</u>	<u>1,183,918</u>	<u>(110,955)</u>	<u>(36,550,731)</u>
Cash flows from capital and related financing activities:								
Purchases of capital assets	(676)	23,090	-	(664,120)	(633,327)	(7,589)	(7,505)	(1,290,127)
Proceeds from sale of equipment	-	10,335	-	-	-	-	-	10,335
Net cash provided (used) by capital and related financing activities	<u>(676)</u>	<u>33,425</u>	<u>-</u>	<u>(664,120)</u>	<u>(633,327)</u>	<u>(7,589)</u>	<u>(7,505)</u>	<u>(1,279,792)</u>
Cash flows from investing activities:								
Interest received	599,658	1,014,305	12,964	4,010,414	22,753	6,306	11,203	5,677,603
Purchase of investments	(23,335,540)	(29,060,109)	-	(116,272,021)	-	-	(250,000)	(168,917,670)
Proceeds from maturities of investments	48,003,321	24,949,867	-	119,722,627	-	-	200,000	192,875,815
Net cash provided (used) by investing activities	<u>25,267,439</u>	<u>(3,095,937)</u>	<u>12,964</u>	<u>7,461,020</u>	<u>22,753</u>	<u>6,306</u>	<u>(38,797)</u>	<u>29,635,748</u>
Net increase (decrease) in cash and cash equivalents	(13,145,151)	(6,126,805)	1,123,661	(79,027)	(1,471,113)	341,556	(858,022)	(20,214,901)
Cash and cash equivalents at beginning of fiscal year	21,046,755	21,717,895	1,918,683	83,989,911	5,196,776	603,450	1,203,138	135,676,608
Cash and cash equivalents at end of fiscal year	<u>\$ 7,901,604</u>	<u>15,591,090</u>	<u>3,042,344</u>	<u>83,910,884</u>	<u>3,725,663</u>	<u>945,006</u>	<u>345,116</u>	<u>115,461,707</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	\$ (3,599,348)	(1,844,014)	2,181,034	4,905,406	3,291,688	(125,605)	(734,093)	4,075,068
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation and amortization	-	652,264	-	4,072,633	1,377,011	270,633	-	6,372,541
Decrease (increase) in accounts receivable	2,410	62	(35,680)	(751,119)	(1,629,060)	(109,236)	-	(2,522,623)
Increase in deferred outflows of resources	(790,393)	(70,518)	(383,292)	(2,128,988)	(2,476,138)	(816,323)	(136,399)	(6,802,051)
Increase (decrease) in accounts payable	(33,191)	30,423	(495,283)	(36,418)	(3,021,498)	(815,047)	(5,352)	(4,376,366)
Decrease in estimated liability for closure and postclosure costs	-	(1,858,060)	-	(10,479,304)	-	-	-	(12,337,364)
Increase (decrease) in claims liabilities	-	(4,599)	(5,930)	9,355	(5,512)	(3,321)	-	(10,007)
Increase in pension liability	781,389	69,715	378,926	2,104,735	2,447,928	807,024	134,845	6,724,562
Increase (decrease) in due to other funds	(137,191)	(13,144)	(9,383)	(3,696,894)	480,773	(82,827)	34,616	(3,424,050)
Increase in deferred inflows of resources	32,555	2,905	15,787	87,689	101,987	33,623	5,618	280,164
Net cash provided (used) by operating activities	<u>\$ (3,743,769)</u>	<u>(3,034,966)</u>	<u>1,646,179</u>	<u>(5,912,905)</u>	<u>567,179</u>	<u>(841,079)</u>	<u>(700,765)</u>	<u>(12,020,126)</u>
Schedule of noncash investing activity-								
Unrealized loss on fair value of investments	\$ (26,136)	(415,242)	-	(1,884,691)	-	-	(3,635)	(2,329,704)

Exhibit H-1
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Trustee Solid Waste Facilities Operations
Combining Schedule of Net Position
June 30, 2017

Assets	Scholl Canyon Landfill	Calabasas Landfill	Los Angeles County Equipment Pool	Los Angeles County Refuse Disposal Fund	Total
Current assets:					
Cash in bank	\$ 744,769	557,803	-	-	1,302,572
Cash on hand	5,870	5,106	-	-	10,976
Cash and cash equivalents	<u>7,297,678</u>	<u>1,822,714</u>	<u>-</u>	<u>50,446</u>	<u>9,170,838</u>
Total unrestricted cash and cash equivalents	<u>8,048,317</u>	<u>2,385,623</u>	<u>-</u>	<u>50,446</u>	<u>10,484,386</u>
Accounts receivable	2,195,545	1,470,748	-	719,616	4,385,909
Interest receivable	132,362	259,594	12,999	5,586	410,541
Due from other funds	-	-	85,877	-	85,877
Restricted cash and investments:					
Cash and cash equivalents	10,496,715	16,218,190	5,227,044	765,037	32,706,986
Specific investments	<u>12,453,378</u>	<u>43,912,543</u>	<u>-</u>	<u>-</u>	<u>56,365,921</u>
Total restricted cash and investments	<u>22,950,093</u>	<u>60,130,733</u>	<u>5,227,044</u>	<u>765,037</u>	<u>89,072,907</u>
Total current assets	<u>33,326,317</u>	<u>64,246,698</u>	<u>5,325,920</u>	<u>1,540,685</u>	<u>104,439,620</u>
Capital assets:					
Capital improvements	26,863,534	123,970,855	-	-	150,834,389
Construction in progress	2,757	1,908	-	954	5,619
Equipment pool	-	-	9,907,338	-	9,907,338
Use rights	300,131	947,215	-	-	1,247,346
Land	-	-	-	5,482,200	5,482,200
Accumulated depreciation/amortization	<u>(24,376,867)</u>	<u>(102,413,769)</u>	<u>(5,605,629)</u>	<u>-</u>	<u>(132,396,265)</u>
Net capital assets	<u>2,789,555</u>	<u>22,506,209</u>	<u>4,301,709</u>	<u>5,483,154</u>	<u>35,080,627</u>
Total assets	<u>\$ 36,115,872</u>	<u>86,752,907</u>	<u>9,627,629</u>	<u>7,023,839</u>	<u>139,520,247</u>
Deferred Outflow of Resources					
Pension deferrals	<u>\$ 1,569,490</u>	<u>1,576,072</u>	<u>251,693</u>	<u>246,527</u>	<u>3,643,782</u>

(Continued on following page)

Exhibit H-1-2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Trustee Solid Waste Facilities Operations
Combining Schedule of Net Position
June 30, 2017

Liabilities	<u>Scholl Canyon Landfill</u>	<u>Calabasas Landfill</u>	<u>Los Angeles County Equipment Pool</u>	<u>Los Angeles County Refuse Disposal Fund</u>	<u>Total</u>
Current liabilities:					
Accounts payable	\$ 2,596,370	72,991	8,669	7,408	2,685,438
Claims liabilities	52,480	76,467	-	7,114	136,061
Due to other funds	57,513	117,106	-	24,066	198,685
Total current liabilities	<u>2,706,363</u>	<u>266,564</u>	<u>8,669</u>	<u>38,588</u>	<u>3,020,184</u>
Long-term liabilities:					
Claims liabilities	157,441	229,402	-	21,344	408,187
Estimated liability for closure and postclosure costs	11,109,761	68,106,176	-	-	79,215,937
Pension liability	6,503,807	6,531,083	1,042,991	1,021,582	15,099,463
Total liabilities	<u>20,477,372</u>	<u>75,133,225</u>	<u>1,051,660</u>	<u>1,081,514</u>	<u>97,743,771</u>
 Deferred Inflow of Resources					
Pension deferrals	<u>556,478</u>	<u>558,812</u>	<u>89,240</u>	<u>87,408</u>	<u>1,291,938</u>
 Net Position					
Net position:					
Net investment in capital assets	2,789,555	22,506,209	4,301,709	5,483,154	35,080,627
Restricted for capital projects	1,030,000	-	-	-	1,030,000
Restricted for closure / postclosure maintenance	2,121,785	-	-	-	2,121,785
Restricted for equipment pool	-	-	4,436,713	-	4,436,713
Unrestricted	10,710,172	(9,869,267)	-	618,290	1,459,195
Total net position	<u>\$ 16,651,512</u>	<u>12,636,942</u>	<u>8,738,422</u>	<u>6,101,444</u>	<u>44,128,320</u>

Exhibit H-2
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, 2017

	Scholl Canyon Landfill	Calabasas Landfill	Los Angeles County Equipment Pool	Los Angeles County Refuse Disposal Fund	Total
Operating revenues:					
Commodities	\$ 10,703	1,052	-	-	11,755
Equipment pool	-	-	3,074,618	-	3,074,618
Refuse tipping fees	23,467,357	19,011,917	-	-	42,479,274
Contract revenue	110,876	321	338,454	1,446,082	1,895,733
Total operating revenues	23,588,936	19,013,290	3,413,072	1,446,082	47,461,380
Operating expenses:					
Chemicals	4,321	2,563	34	-	6,918
Depreciation and amortization of use rights	481,293	1,433,736	580,807	-	2,495,836
Equipment and vehicle rentals	1,656,632	1,591,675	12,175	21,914	3,282,396
Insurance and claims	79,987	75,087	11,159	122	166,355
Internal administrative costs	1,038,784	968,625	-	77,433	2,084,842
Landfill closure & postclosure costs	115,740	1,438,232	-	-	1,553,972
Materials and supplies	133,652	149,044	410,326	57,833	750,855
Operations, repairs and maintenance	5,571,350	40,132	1,024,454	19,477	6,655,413
Salaries and benefits	3,986,828	4,114,934	653,988	642,011	9,397,761
Services	1,056,961	529,107	41,096	271,062	1,898,226
Tonnage	3,483,041	-	-	-	3,483,041
Utilities	365,302	273,060	660	42,373	681,395
Total operating expenses	17,973,891	10,616,195	2,734,699	1,132,225	32,457,010
Operating income	5,615,045	8,397,095	678,373	313,857	15,004,370
Nonoperating revenues (expenses):					
Interest revenue	331,942	727,236	(3,201)	42,924	1,098,901
Gain on sale of equipment/assets	-	-	75,910	-	75,910
Tax and assessment expense	(1,119,386)	(2,515,426)	(31)	(162,404)	(3,797,247)
Other nonoperating expense	-	(1,100,000)	-	-	(1,100,000)
Unrealized loss on investments	(155,625)	(571,325)	-	-	(726,950)
Net nonoperating revenues (expenses)	(943,069)	(3,459,515)	72,678	(119,480)	(4,449,386)
Income before transfers	4,671,976	4,937,580	751,051	194,377	10,554,984
Transfers in	8,112,848	8,592,754	1,978,000	-	18,683,602
Transfers out	(8,945,283)	(9,893,778)	-	(6,184)	(18,845,245)
Change in net position	3,839,541	3,636,556	2,729,051	188,193	10,393,341
Total net position, July 1, 2016, as previously stated	13,204,812	9,331,491	6,113,516	6,768,862	35,418,681
Prior-period adjustments	(392,841)	(331,105)	(104,145)	(855,611)	(1,683,702)
Total net position, July 1, 2016, as restated	12,811,971	9,000,386	6,009,371	5,913,251	33,734,979
Total net position, June 30, 2017	\$ 16,651,512	12,636,942	8,738,422	6,101,444	44,128,320

Exhibit H-3
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Trustee Solid Waste Facilities Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2017

	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	\$ 23,609,585	18,758,236	5,448	768,508	43,141,777
Receipts for equipment rental	-	-	3,409,626	-	3,409,626
Payments to suppliers	(10,512,456)	(1,969,158)	(1,956,798)	(401,620)	(14,840,032)
Payments to employees	(4,161,989)	(4,020,324)	(679,046)	(624,709)	(9,486,068)
Payment for equipment rental	(1,587,636)	(1,591,672)	(12,175)	(21,914)	(3,213,397)
Payment for internal administrative costs	(1,037,480)	(296,907)	-	(77,169)	(1,411,556)
Net cash provided (used) by operating activities	<u>6,310,024</u>	<u>10,880,175</u>	<u>767,055</u>	<u>(356,904)</u>	<u>17,600,350</u>
Cash flows from noncapital financing activities:					
Payments for tax and assessment	(1,119,386)	(2,515,426)	(31)	(162,404)	(3,797,247)
Transfers from other funds	8,112,848	8,592,754	1,978,000	-	18,683,602
Transfers to other funds	(8,945,283)	(9,893,778)	-	(6,184)	(18,845,245)
Net cash provided (used) by noncapital financing activities	<u>(1,951,821)</u>	<u>(3,816,450)</u>	<u>1,977,969</u>	<u>(168,588)</u>	<u>(3,958,890)</u>
Cash flows from capital and related financing activities:					
Purchases of capital assets	(191,870)	(38,150)	(767,514)	73,529	(924,005)
Payment per joint powers agreement	-	(1,100,000)	-	-	(1,100,000)
Proceeds from sale of equipment	-	-	148,761	-	148,761
Net cash provided (used) by capital and related financing activities	<u>(191,870)</u>	<u>(1,138,150)</u>	<u>(618,753)</u>	<u>73,529</u>	<u>(1,875,244)</u>
Cash flows from investing activities:					
Interest received	245,190	519,157	(10,766)	41,395	794,976
Purchase of investments	(12,608,178)	(44,123,400)	-	-	(56,731,578)
Proceeds from maturities of investments	5,500,000	20,339,178	-	-	25,839,178
Net cash provided (used) by investing activities	<u>(6,862,988)</u>	<u>(23,265,065)</u>	<u>(10,766)</u>	<u>41,395</u>	<u>(30,097,424)</u>
Net increase (decrease) in cash and cash equivalents	(2,696,655)	(17,339,490)	2,115,505	(410,568)	(18,331,208)
Cash and cash equivalents at beginning of fiscal year	21,241,687	35,943,303	3,111,539	1,226,051	61,522,580
Cash and cash equivalents at end of fiscal year	<u>\$ 18,545,032</u>	<u>18,603,813</u>	<u>5,227,044</u>	<u>815,483</u>	<u>43,191,372</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income	\$ 5,615,045	8,397,095	678,373	313,857	15,004,370
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation and amortization	481,293	1,433,736	580,807	-	2,495,836
Landfill closure and postclosure costs	115,740	1,438,232	-	-	1,553,972
Decrease (increase) in accounts receivable	13,754	(289,676)	-	(677,570)	(953,492)
Increase in deferred outflows of resources	(1,371,853)	(1,377,606)	(219,999)	(215,483)	(3,184,941)
Increase (decrease) in accounts payable	163,490	(47,741)	(28,305)	22,480	109,924
Decrease in claims liabilities	(43,719)	(6,971)	-	-	(50,690)
Increase in pension liability	1,356,224	1,361,912	217,492	213,028	3,148,656
Decrease in due to other funds	(76,454)	(85,547)	(470,374)	(22,091)	(654,466)
Increase in deferred inflows of resources	56,504	56,741	9,061	8,875	131,181
Net cash provided (used) by operating activities	<u>\$ 6,310,024</u>	<u>10,880,175</u>	<u>767,055</u>	<u>(356,904)</u>	<u>17,600,350</u>
Schedule of noncash investing activity-					
Unrealized loss on fair value of investments	\$ (155,625)	(571,325)	-	-	(726,950)

Exhibit I-1
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Service Operations
Combining Schedule of Net Position
June 30, 2017

Assets	Joint Administration	Technical Support	Joint Refuse Disposal	Joint Refuse Equipment Pool	Joint Administration Equipment Pool	Joint Outfall Equipment Pool	Total
Current assets:							
Cash in bank	\$ 12,881,115	-	-	-	-	-	12,881,115
Cash on hand	12,400	-	-	-	-	-	12,400
Cash and cash equivalents	<u>(5,984,491)</u>	<u>(3,511,514)</u>	<u>23,771,899</u>	<u>-</u>	<u>(8,756)</u>	<u>-</u>	<u>14,267,138</u>
Total unrestricted cash	<u>6,909,024</u>	<u>(3,511,514)</u>	<u>23,771,899</u>	<u>-</u>	<u>(8,756)</u>	<u>-</u>	<u>27,160,653</u>
Receivables:							
Accounts	207,288	89,456	509,924	-	-	-	806,668
Due from other funds	14,765,579	3,416,769	431,447	166,250	86,811	178,058	19,044,914
Interest	226,354	28,374	563,937	59,299	330	3,833	882,127
Inventory	8,310,267	-	11,354,848	-	-	-	19,665,115
Restricted cash and investments:							
Cash and cash equivalents	50,311,136	-	25,041,813	8,758,136	-	1,421,669	85,532,754
Specific investments	16,405,698	-	218,234,960	12,981,957	-	-	247,622,615
Total restricted cash and investments	<u>66,716,834</u>	<u>-</u>	<u>243,276,773</u>	<u>21,740,093</u>	<u>-</u>	<u>1,421,669</u>	<u>333,155,369</u>
Other specific investments	<u>-</u>	<u>-</u>	<u>28,450,270</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,450,270</u>
Total current assets	<u>97,135,346</u>	<u>23,085</u>	<u>308,359,098</u>	<u>21,965,642</u>	<u>78,385</u>	<u>1,603,560</u>	<u>429,165,116</u>
Investment in joint ventures	-	-	12,237,578	-	-	-	12,237,578
Other assets	<u>1,133</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,133</u>
Capital assets:							
Buildings and equipment	53,416,763	-	10,388,546	-	-	-	63,805,309
Capital improvements	-	-	2,107,936	-	-	-	2,107,936
Construction in progress	12,099,373	687,071	196,858,694	-	-	-	209,645,138
Equipment pool	-	-	-	23,740,592	1,517,881	27,804,550	53,063,023
Gas-to-energy facility	-	-	40,408,203	-	-	-	40,408,203
Land	592,901	-	27,673,391	-	-	-	28,266,292
Other	17,983,714	16,183,546	-	-	-	-	34,167,260
Accumulated depreciation	<u>(38,042,958)</u>	<u>(3,756,400)</u>	<u>(18,557,713)</u>	<u>(13,339,115)</u>	<u>(807,523)</u>	<u>(14,403,130)</u>	<u>(88,906,839)</u>
Net capital assets	<u>46,049,793</u>	<u>13,114,217</u>	<u>258,879,057</u>	<u>10,401,477</u>	<u>710,358</u>	<u>13,401,420</u>	<u>342,556,322</u>
Total assets	<u>143,186,272</u>	<u>13,137,302</u>	<u>579,475,733</u>	<u>32,367,119</u>	<u>788,743</u>	<u>15,004,980</u>	<u>783,960,149</u>
Deferred Outflow of Resources							
Pension deferrals	\$ <u>11,014,219</u>	<u>16,148,395</u>	<u>1,103,694</u>	<u>607,625</u>	<u>10,995</u>	<u>527,463</u>	<u>29,412,391</u>

(Continued on following page)

Exhibit I-1-2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Service Operations
Combining Schedule of Net Position
June 30, 2017

Liabilities	Joint Administration	Technical Support	Joint Refuse Disposal	Joint Refuse Equipment Pool	Joint Administration Equipment Pool	Joint Outfall Equipment Pool	Total
Current liabilities:							
Accounts payable	\$ 14,835,867	138,821	57,974	14,009	37,317	17,053	15,101,041
Accrued employee absences	22,000,000	-	-	-	-	-	22,000,000
Amounts held for others	6,645,098	-	-	-	-	-	6,645,098
Bonds payable	-	-	1,404,400	-	-	-	1,404,400
Claims liabilities	106,623	239,095	38,725	-	-	-	384,443
Construction contracts payable	728,301	-	28,924	-	-	-	757,225
Interest payable	-	-	4,145	-	-	-	4,145
Other	285,337	-	16,973	14	-	-	302,324
Total current liabilities	44,601,226	377,916	1,551,141	14,023	37,317	17,053	46,598,676
Long-term liabilities:							
Accrued employee absences	14,722,140	-	-	-	-	-	14,722,140
Bonds payable, net	-	-	5,617,594	-	-	-	5,617,594
Claims liabilities	319,870	717,285	116,176	-	-	-	1,153,331
Pension liability	45,641,809	66,917,466	4,573,594	2,517,936	45,561	2,185,751	121,882,117
Total long-term liabilities	60,683,819	67,634,751	10,307,364	2,517,936	45,561	2,185,751	143,375,182
Total liabilities	105,285,045	68,012,667	11,858,505	2,531,959	82,878	2,202,804	189,973,858
Deferred Inflow of Resources							
Pension deferrals	3,905,201	5,725,574	391,325	215,439	3,898	187,017	10,428,454
Net Position							
Net position:							
Net investment in capital assets	45,321,492	13,114,217	251,828,139	10,401,477	710,358	13,401,420	334,777,103
Restricted for capital projects	-	-	2,644,000	-	-	-	2,644,000
Restricted for equipment pool	-	-	-	19,825,869	2,604	-	19,828,473
Unrestricted	(311,247)	(57,566,761)	313,857,458	-	-	(258,798)	255,720,652
Total net position	\$ 45,010,245	(44,452,544)	568,329,597	30,227,346	712,962	13,142,622	612,970,228

Exhibit I-2
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Service Operations
Combining Schedule of Revenues, Expenses,
and Changes in Net Position
Fiscal year ended June 30, 2017

	Joint Administration	Technical Support	Joint Refuse Disposal	Joint Refuse Equipment Pool	Joint Administration Equipment Pool	Joint Outfall Equipment Pool	Total
Operating revenues:							
Commodities	\$ 307	-	-	-	-	-	307
Equipment pool	-	-	-	4,658,886	364,034	5,453,150	10,476,070
Sale of power	-	-	3,673,402	-	-	-	3,673,402
Internal services revenue	37,317,404	49,196,941	-	-	-	-	86,514,345
Other	93,646	102,838	1,587,808	443,069	48,930	30,414	2,306,705
Total operating revenues	37,411,357	49,299,779	5,261,210	5,101,955	412,964	5,483,564	102,970,829
Operating expenses:							
Chemicals	-	6,062	506	500	220	105	7,393
Depreciation	2,660,871	439,720	1,002,299	1,551,823	155,075	1,698,578	7,508,366
Equipment and vehicle rentals	194,602	383,393	56,684	123,217	84,337	15,359	857,592
Insurance and claims	362,489	735,802	12,883	111,462	41,514	222,027	1,486,177
Internal administrative costs	-	-	359,949	-	-	-	359,949
Materials and supplies	4,088,156	2,845,023	358,024	664,355	22,721	427,653	8,405,932
Operations, repairs and maintenance	849,695	1,824,650	73,252	1,408,047	140,743	1,027,728	5,324,115
Salaries and benefits	19,802,995	42,361,915	2,058,832	1,589,645	28,559	1,370,531	67,212,477
Services	4,306,786	1,447,524	461,561	428,915	3,277	250,058	6,898,121
Utilities	698,087	182,566	241,342	77,211	-	47	1,199,253
Total operating expenses	32,963,681	50,226,655	4,625,332	5,955,175	476,446	5,012,086	99,259,375
Operating income (loss)	4,447,676	(926,876)	635,878	(853,220)	(63,482)	471,478	3,711,454
Nonoperating revenues (expenses):							
Interest revenue	626,162	102,760	3,761,063	274,177	419	12,798	4,777,379
Investment in joint ventures	-	-	(807,720)	-	-	-	(807,720)
Interest expense	-	-	(158,744)	-	-	-	(158,744)
Gain (loss) on sale of equipment/assets	-	-	5,523,748	(509,366)	(1,583)	(52,294)	4,960,505
Tax and assessment expense	(4,963)	(84,665)	(16,482)	(17,389)	(32)	(11,492)	(135,023)
Unrealized loss on investments	(161,672)	-	(1,525,188)	(86,788)	-	-	(1,773,648)
Other nonoperating revenue (expense)	(289,839)	76	-	1,242	5,938	10,033	(272,550)
Net nonoperating revenue (expenses)	169,688	18,171	6,776,677	(338,124)	4,742	(40,955)	6,590,199
Income (loss) before transfers	4,617,364	(908,705)	7,412,555	(1,191,344)	(58,740)	430,523	10,301,653
Transfers in	4,160,432	392,394	56,160,168	-	-	-	60,712,994
Transfers out	(147,824)	-	(24,828,321)	-	-	-	(24,976,145)
Change in net position	8,629,972	(516,311)	38,744,402	(1,191,344)	(58,740)	430,523	46,038,502
Total net position, July 1, 2016, as previously stated	26,175,588	(12,955,150)	528,468,912	31,535,143	779,599	14,803,904	588,807,996
Prior-period adjustments	10,204,685	(30,981,083)	1,116,283	(116,453)	(7,897)	(2,091,805)	(21,876,270)
Total net position, July 1, 2016, as restated	36,380,273	(43,936,233)	529,585,195	31,418,690	771,702	12,712,099	566,931,726
Total net position, June 30, 2017	\$ 45,010,245	(44,452,544)	568,329,597	30,227,346	712,962	13,142,622	612,970,228

Exhibit I-3
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Service Operations
Schedule of Cash Flows
Fiscal year ended June 30, 2017

	Joint Administration	Technical Support	Joint Refuse Disposal	Joint Refuse Equipment Pool	Joint Administration Equipment Pool	Joint Outfall Equipment Pool	Total
Cash flows from operating activities:							
Receipts from customers and users	\$ 100,386	17,691	4,854,937	37,006	356	28,248	5,038,624
Receipts for internal services	36,263,986	49,066,533	-	-	-	-	85,330,519
Receipts for equipment rental	-	-	-	5,613,420	320,800	5,589,900	11,524,120
Payments to suppliers	(6,452,408)	(8,392,141)	(1,063,220)	(4,655,532)	(206,998)	(3,302,778)	(24,073,077)
Payments to employees	(23,143,676)	(45,153,913)	(2,953,737)	(1,691,432)	(26,007)	(1,520,980)	(74,489,745)
Payment for equipment rental	(194,602)	(383,394)	(53,564)	(123,217)	(84,337)	(9,922)	(849,036)
Payment for internal administrative costs	-	-	(246,366)	-	-	-	(246,366)
Net cash provided (used) by operating activities	6,573,686	(4,845,224)	538,050	(819,755)	3,814	784,468	2,235,039
Cash flows from noncapital financing activities:							
Payments for tax and assessment	(4,963)	(84,665)	(16,482)	(17,389)	(32)	(11,492)	(135,023)
Transfers from other funds	4,014,608	392,551	54,659,284	-	-	-	59,066,443
Transfers to other funds	-	-	(23,828,320)	-	-	-	(23,828,320)
Net cash provided (used) by noncapital financing activities	4,009,645	307,886	30,814,482	(17,389)	(32)	(11,492)	35,103,100
Cash flows from capital and related financing activities:							
Purchases of capital assets	(3,872,111)	(386,016)	(10,569,349)	(2,038,877)	(18,094)	(2,498,020)	(19,382,467)
Receipt from joint venture	-	-	150,000	-	-	-	150,000
Donations	11,500	-	-	-	-	-	11,500
Interest paid on capital related debt	-	-	(104,412)	-	-	-	(104,412)
Principal payments on bonds	-	-	(1,404,000)	-	-	-	(1,404,000)
Principal payments on note	-	-	(1,328,375)	-	-	-	(1,328,375)
Proceeds from sale of equipment/assets	892	-	6,223,771	455,383	24,819	297,946	7,002,811
Net cash provided (used) by capital and related financing activities	(3,859,719)	(386,016)	(7,032,365)	(1,583,494)	6,725	(2,200,074)	(15,054,943)
Cash flows from investing activities:							
Interest received	530,398	106,286	5,036,515	259,763	672	7,455	5,941,089
Purchase of investments	(10,616,396)	-	(122,140,602)	(540,000)	-	-	(133,296,998)
Proceeds from maturities/sale of investments	8,762,267	-	85,251,954	-	-	-	94,014,221
Net cash provided (used) by investing activities	(1,323,731)	106,286	(31,852,133)	(280,237)	672	7,455	(33,341,688)
Net increase (decrease) in cash and cash equivalents	5,399,881	(4,817,068)	(7,531,966)	(2,700,875)	11,179	(1,419,643)	(11,058,492)
Cash and cash equivalents at beginning of fiscal year	51,820,279	1,305,554	56,345,678	11,459,011	(19,935)	2,841,312	123,751,899
Cash and cash equivalents at end of fiscal year	\$ 57,220,160	(3,511,514)	48,813,712	8,758,136	(8,756)	1,421,669	112,693,407
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:							
Operating income (loss)	\$ 4,447,676	(926,876)	635,878	(853,220)	(63,482)	471,478	3,711,454
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation	2,660,871	439,720	1,002,299	1,551,823	155,075	1,698,578	7,508,366
Decrease (increase) in accounts receivable	334,029	(83,498)	(406,276)	-	-	-	(155,745)
Increase in inventory	(521,412)	-	(10,842)	-	-	-	(532,254)
Decrease (increase) in due from other funds	5,642,157	(3,416,769)	(431,447)	(166,250)	(86,811)	(178,058)	1,362,822
Increase in deferred outflows of resources	(9,627,260)	(14,114,918)	(964,712)	(531,110)	(9,610)	(461,042)	(25,708,652)
Increase (decrease) in accounts payable	997,941	(185,188)	19,972	4,915	66,466	(40,933)	863,173
Decrease in accrued employee absences	(8,658,326)	-	-	-	-	-	(8,658,326)
Increase (decrease) in claims liabilities	33,701	(14,168)	(4,087)	-	-	-	15,446
Increase in pension liability	9,517,582	13,954,114	953,721	525,059	9,501	455,790	25,415,767
Increase in other liabilities	67,247	-	1,444	14	-	-	68,705
Increase in amounts held for others	1,282,951	-	-	-	-	-	1,282,951
Decrease in due to other funds	-	(1,079,009)	(297,635)	(1,372,861)	(67,721)	(1,180,334)	(3,997,560)
Increase in deferred inflows of resources	396,529	581,368	39,735	21,875	396	18,989	1,058,892
Net cash provided (used) by operating activities	\$ 6,573,686	(4,845,224)	538,050	(819,755)	3,814	784,468	2,235,039
Schedule of noncash investing activity-							
Unrealized loss on fair value of investments	\$ (161,672)	-	(1,525,188)	(86,788)	-	-	(1,773,648)
Investment from joint ventures	-	-	(957,720)	-	-	-	(957,720)

Statistical



Statistical

STATISTICAL SECTION

This part of the 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.	87-93
<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.	94-99
<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.	100-101
<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.	102-105
<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.	106-107

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

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Primary government										
Net investment in capital assets	\$ 1,604,625	\$ 1,794,938	\$ 1,846,438	\$ 2,043,959	\$ 2,176,888	\$ 2,163,967	\$ 2,324,683	\$ 2,425,697	\$ 2,510,653	\$ 2,569,596
Restricted	1,638,978	1,313,829	1,431,817	1,487,066	1,406,583	1,489,800	882,206	830,382	614,964	632,009
Unrestricted	<u>229,275</u>	<u>438,486</u>	<u>418,262</u>	<u>311,704</u>	<u>334,042</u>	<u>371,308</u>	<u>883,243</u>	<u>590,578</u>	<u>849,383</u>	<u>926,728</u>
Total government net position	<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>	<u>\$ 4,090,132</u>	<u>\$ 3,846,657</u>	<u>\$ 3,975,000</u>	<u>\$ 4,128,333</u>

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Operating Revenues	\$492,236	\$492,598	\$525,810	\$560,563	\$534,890	\$554,282	\$ 530,264	\$ 541,086	\$ 545,758	\$ 574,894
Operating Expenses	510,505	520,681	439,072	485,580	489,657	477,068	538,751	539,460	496,260	498,319
Operating Income/(Loss)	(18,269)	(28,083)	86,738	74,983	45,233	77,214	(8,487)	1,626	49,498	76,575
Total Net Nonoperating Revenues	105,919	80,492	35,863	21,967	10,098	4,236	39,501	58,091	58,789	58,613
Income/(Loss) Before Capital Contributions	87,650	52,409	122,601	96,950	55,331	81,450	31,014	59,717	108,287	135,188
Capital Contributions	29,694	21,966	25,163	18,144	19,453	26,113	38,842	32,966	35,800	36,286
Change in Net Position	<u>117,344</u>	<u>74,375</u>	<u>147,764</u>	<u>115,094</u>	<u>74,784</u>	<u>107,563</u>	<u>69,856</u>	<u>92,683</u>	<u>144,087</u>	<u>171,474</u>

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Commodities	\$ 4,717	\$ 3,247	\$ 2,898	\$ 4,025	\$ 5,343	\$ 7,276	\$ 7,894	\$ 8,779	\$ 8,459	\$ 5,864
Contract Revenue	18,270	16,850	17,951	43,613	24,056	25,542	23,808	22,172	17,394	18,363
Industrial Waste Surcharge	49,860	49,394	54,305	59,508	57,861	56,999	58,092	63,505	64,477	64,356
Refuse Tipping Fees	152,097	136,917	134,835	108,808	102,539	112,160	87,798	80,316	95,119	106,169
Sale of Energy	44,068	42,880	43,061	43,241	45,511	30,429	35,285	30,356	23,173	23,354
Service Charges	217,996	237,218	268,269	297,474	295,831	318,035	312,890	331,261	335,526	353,963
Other	5,228	6,092	4,491	3,894	3,749	3,841	4,497	4,697	1,610	2,825
Total Operating Revenue	<u><u>492,236</u></u>	<u><u>492,598</u></u>	<u><u>525,810</u></u>	<u><u>560,563</u></u>	<u><u>534,890</u></u>	<u><u>554,282</u></u>	<u><u>530,264</u></u>	<u><u>541,086</u></u>	<u><u>545,758</u></u>	<u><u>574,894</u></u>

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Chemicals	\$ 33,279	\$ 32,579	\$ 33,314	\$ 31,790	\$ 33,394	\$ 34,778	\$ 33,912	\$ 33,675	\$ 32,300	\$ 30,072
Insurance and Claims	4,293	4,326	4,054	5,577	3,403	4,154	1,657	5,105	4,284	4,309
Landfill Closure and Postclosure Costs	11,655	34,349	(10,217)	4,193	23,894	8,842	22,764	34,395	10,419	1,554
Materials and Supplies	20,511	23,064	15,383	21,398	21,537	22,164	24,264	27,171	27,677	27,403
Operations, Repairs, and Maintenance	39,272	37,921	28,915	55,217	37,516	31,271	34,951	30,960	21,719	19,500
Salaries and Benefits	181,087	184,232	190,500	189,543	197,449	195,752	198,288	192,500	185,252	208,361
Services	90,009	77,329	64,990	65,110	58,499	62,468	81,166	91,973	96,658	90,029
Utilities	29,275	29,816	24,289	24,998	23,805	24,237	26,525	25,053	22,247	19,834
Miscellaneous (1)	11,421	12,203	6,547	5,409	6,494	8,668	4,429	5,039	5,345	5,034
Subtotal, Expenses before Depreciation	420,802	435,819	357,775	403,235	405,991	392,334	427,956	445,871	405,901	406,096
Depreciation and Amortization of Use Rights	89,703	84,862	81,297	82,345	83,666	84,734	110,795	93,589	90,359	92,223
Total Operating Expenses	<u>510,505</u>	<u>520,681</u>	<u>439,072</u>	<u>485,580</u>	<u>489,657</u>	<u>477,068</u>	<u>538,751</u>	<u>539,460</u>	<u>496,260</u>	<u>498,319</u>

(1) Miscellaneous expenses includes pollution remediation costs, tonnage, and charges for collections.

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Interest Revenue	\$107,498	\$ 73,406	\$ 45,632	\$ 35,269	\$ 23,940	\$ 16,139	\$ 15,727	\$ 17,646	\$ 22,561	\$ 25,995
Tax Revenue	54,012	59,328	60,493	53,197	54,770	68,435	55,211	67,962	70,121	73,029
Other Nonoperating Revenue	6,538	7,994	7,848	6,982	4,599	6,907	11,235	9,136	6,788	12,793
Interest Expense	(42,278)	(41,368)	(41,089)	(38,493)	(40,054)	(42,543)	(32,194)	(32,817)	(33,203)	(28,021)
Unrealized Gain/(Loss) on Investments	25,957	9,396	(4,139)	(4,098)	(6,546)	(19,491)	8,647	5,188	2,942	(10,176)
Tax and Assessment Expense	(43,161)	(26,729)	(24,538)	(20,731)	(21,274)	(20,899)	(14,014)	(7,050)	(7,702)	(10,956)
Other Nonoperating Expense	(2,647)	(1,535)	(8,344)	(10,159)	(5,337)	(4,312)	(5,111)	(1,974)	(2,718)	(4,051)
Total Net Nonoperating Revenue	<u>105,919</u>	<u>80,492</u>	<u>35,863</u>	<u>21,967</u>	<u>10,098</u>	<u>4,236</u>	<u>39,501</u>	<u>58,091</u>	<u>58,789</u>	<u>58,613</u>

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Cash Flows from Operating Activities										
Receipts from customers and users	\$ 486,427	\$ 492,780	\$ 516,600	\$ 562,483	\$ 529,296	\$ 565,158	\$ 534,475	\$ 544,623	\$ 547,724	\$ 569,134
Receipts for equipment rental	21,793	16,478	16,074	15,396	16,094	16,792	15,359	14,645	13,955	14,934
Payments to suppliers	(220,584)	(216,214)	(188,534)	(209,396)	(187,623)	(191,064)	(205,140)	(222,019)	(204,480)	(218,109)
Payments to employees	(179,225)	(182,367)	(191,919)	(188,357)	(196,690)	(195,775)	(198,736)	(200,429)	(182,087)	(203,597)
Payments applied to closure/postclosure liability	(8,874)	(8,143)	(6,254)	(6,357)	(6,567)	(5,722)	(6,960)	(6,844)	(14,964)	(12,337)
Payment for equipment rental within the Districts	(21,571)	(16,268)	(15,733)	(14,973)	(16,912)	(16,412)	(15,075)	(14,991)	(13,955)	(14,934)
Other payments	(37)	(42)	(38)	(34)	(19)	(19)	(19)	(19)	-	-
Net cash provided (used) by operating activities	77,929	86,224	130,196	158,762	137,579	172,958	123,904	114,966	146,193	135,091
Cash Flows from Noncapital Financing Activities										
Receipts from property taxes	52,739	58,064	61,672	54,337	53,784	71,082	57,527	67,042	69,817	72,378
Payments for tax and assessment	(38,611)	(28,249)	(25,298)	(21,491)	(21,649)	(20,898)	(14,827)	(7,050)	(8,442)	(10,956)
Net cash provided (used) by noncapital financing activities	14,128	29,815	36,374	32,846	32,135	50,184	42,700	59,992	61,375	61,422
Cash Flows from Capital and Related Financing Activities										
Borrowings on loans	50,045	49,582	64,662	37,094	10,664	2,351	9,664	18,879	8,967	14,746
Proceeds on bond sales	-	19,661	-	-	151,280	-	117,460	-	172,408	192,968
Contract proceeds from County of Los Angeles	10,513	2,613	2,709	361	-	-	2,700	1,500	-	-
Bond issuance costs	-	(162)	-	-	(717)	-	(457)	-	(654)	(713)
Purchases of capital assets	(242,914)	(351,829)	(305,465)	(261,729)	(168,072)	(134,346)	(129,324)	(135,584)	(141,401)	(104,258)
Principal payments on contracts/note	(1,365)	-	(1,643)	(743)	(713)	(316)	(39)	(41)	(44)	(1,328)
Connection fees proceeds	29,694	21,966	21,908	18,105	19,453	25,918	33,291	32,713	34,354	33,803
Grant proceeds	-	-	2,872	39	-	195	-	-	1,458	1,492
Interest paid on capital-related debt	(42,192)	(41,527)	(39,179)	(36,456)	(34,710)	(35,059)	(30,904)	(30,942)	(26,346)	(22,534)
Payment to joint venture	(2,957)	(1,586)	(1,363)	-	-	-	-	-	-	-
Principal payments on bonds	(15,870)	(18,684)	(19,364)	(22,559)	(174,229)	(24,744)	(184,152)	(29,264)	(203,934)	(188,553)
Principal payments on loans	(21,763)	(24,142)	(26,933)	(27,459)	(28,270)	(31,689)	(30,580)	(31,173)	(30,100)	(79,459)
Payment per joint powers agreement	-	-	(6,250)	-	-	-	-	-	-	(1,100)
Proceeds from sale of assets/equipment	459	144	758	329	4,080	3,823	2,630	2,385	1,001	7,174
Receipts from joint venture	2,456	3,767	3,229	2,170	165	2,306	2,930	131	150	150
Receipts from lease receivable	6,033	-	-	-	-	-	-	-	-	-
Receipts from settlement	-	-	-	1,508	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	(227,861)	(340,197)	(304,059)	(289,340)	(221,069)	(191,561)	(206,781)	(171,396)	(184,141)	(147,612)
Cash Flows from Investing Activities										
Interest received	107,929	81,011	53,846	36,161	31,520	16,468	14,567	15,940	24,734	24,415
Purchases of investments	(284,659)	(468,733)	(1,630,212)	(990,755)	(1,363,978)	(1,490,217)	(466,367)	(610,933)	(1,273,001)	(782,636)
Proceeds from maturities of investments	1,076,949	352,952	1,471,080	918,392	1,160,068	1,298,975	397,566	863,262	1,353,519	555,543
Net cash provided (used) by investing activities	900,219	(34,770)	(105,286)	(36,202)	(172,390)	(174,774)	(54,234)	268,269	105,252	(202,678)
Net increase (decrease) in cash and cash equivalents	764,415	(258,928)	(242,775)	(133,934)	(223,745)	(143,193)	(94,411)	271,831	128,679	(153,777)
Cash and cash equivalents at beginning of fiscal year	896,688	1,661,103	1,402,175	1,159,400	1,025,466	801,721	658,528	564,117	835,948	964,627
Cash and cash equivalents at end of fiscal year	\$1,661,103	\$1,402,175	\$1,159,400	\$1,025,466	\$ 801,721	\$ 658,528	\$ 564,117	\$ 835,948	\$ 964,627	\$ 810,850

Schedule 7
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>
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
2014	33,290	-	5,552	38,842
2015	30,942	-	-	30,942
2016	34,354	1,446	-	35,800
2017	34,804	1,481	-	36,285

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

Fiscal Year	Total Budgeted Sewerage Units (1)	Solid Waste Disposal Tonnages (2)	Industrial Waste Flow (3)	Average Rates	
				Sewerage (4)	Solid Waste (5)
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	176.47	41.81
2012	1,909,355	2.49	57.29	183.10	41.56
2013	1,905,839	2.82	57.25	201.41	40.90
2014	1,880,054	2.00	59.11	211.85	46.34
2015	1,901,403	1.45	58.46	220.48	49.26
2016	1,912,732	1.67	57.80	230.13	53.59
2017	1,933,995	1.71	N/A	243.95	56.51

(1) See Schedule 10 for breakdown by district.

(2) Millions of tons per year.

(3) Million gallons per day. Information for Fiscal Year 2016/2017 not available until 2018.

(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 solid waste disposal facilities; see Schedule 11 for detail by facility.

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

District ¹	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1	\$116.00	\$126.00	\$138.00	\$152.00	\$154.00	\$156.00	\$158.00	\$163.00	\$168.00	\$173.00
2	111.00	121.00	133.00	147.00	148.00	149.00	150.00	155.00	160.00	165.00
3	112.00	122.00	134.00	148.00	150.00	152.00	154.00	157.00	160.00	163.00
4	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00
5	100.00	108.00	118.00	130.00	132.00	134.00	136.00	141.00	146.00	151.00
8	99.00	109.00	121.00	135.00	139.00	143.00	147.00	154.00	163.00	174.00
9	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00
14	210.00	260.00	310.00	360.00	360.00	448.00	472.00	496.00	476.00	476.00
15	103.00	110.00	119.00	130.00	132.00	134.00	136.00	141.00	146.00	151.00
16	106.00	113.00	122.00	133.00	135.00	137.00	139.00	142.00	145.00	148.00
17	107.00	114.00	123.00	134.00	136.00	138.00	140.00	143.00	146.00	149.00
18	112.00	122.00	134.00	148.00	149.00	150.00	151.00	156.00	161.00	166.00
19	110.00	120.00	132.00	146.00	148.00	150.00	152.00	155.00	158.00	161.00
20	216.00	271.00	326.00	381.00	429.00	477.00	525.00	535.00	550.00	565.00
21	109.00	119.00	131.00	145.00	146.00	147.00	148.00	153.00	158.00	163.00
22	113.00	121.00	131.00	143.00	145.00	147.00	149.00	152.00	155.00	158.00
23	85.00	92.00	101.00	112.00	114.00	116.00	118.00	120.00	122.00	124.00
28 ²	308.00	315.00	324.00	335.00	336.00	337.00	338.00	340.00	342.00	242.00
28 ²	100.00	107.00	116.00	127.00	128.00	129.00	130.00	132.00	134.00	136.00
29	201.75	261.75	321.75	327.75	333.75	339.75	339.75	339.75	339.75	339.75
30	92.00	99.00	108.00	119.00	120.00	121.00	122.00	124.00	126.00	128.00
SCV	160.00	179.00	199.00	199.00	215.00	231.00	247.00	267.00	287.00	307.00

- (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) District No. 28 has 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
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Number of Budgeted Sewage Units
Last Ten Fiscal Years

District ¹	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
1	137,336	142,916	143,577	142,747	142,853	143,258	143,429	144,702	144,833	144,635
2	204,343	215,916	215,348	214,597	214,923	215,551	215,730	217,082	217,943	219,329
3	172,709	179,758	179,295	178,736	180,446	179,597	176,037	177,585	180,568	181,192
4	21,677	22,692	22,643	22,675	22,767	23,778	23,830	24,556	24,844	25,619
5	253,285	267,927	266,577	267,358	267,878	268,676	262,048	266,716	267,707	272,623
8	57,762	60,556	61,652	60,059	60,029	59,831	58,296	59,108	59,017	60,103
9	917	917	909	911	1,254	1,273	1,216	1,015	1,017	1,101
14	62,753	66,216	66,803	67,362	67,880	66,680	65,615	67,130	67,793	67,176
15	180,866	188,796	187,478	186,848	187,229	186,714	183,592	187,253	187,112	190,227
16	105,766	113,412	113,124	113,225	114,751	113,741	109,897	112,893	112,929	115,410
17	14,701	15,634	15,485	14,958	14,926	15,064	14,511	14,629	14,656	15,012
18	119,949	125,216	123,601	123,578	123,789	121,399	121,021	121,371	121,923	122,694
19	35,406	37,658	37,140	37,103	37,335	37,761	37,247	37,269	38,159	37,976
20	40,099	42,156	42,079	42,082	42,658	42,854	42,094	43,010	43,297	42,997
21	144,323	151,966	150,530	150,858	151,244	149,715	148,776	149,972	150,812	154,451
22	121,671	125,271	124,263	124,500	125,206	125,193	123,768	124,183	125,283	126,972
23	3,071	3,127	3,298	3,220	3,308	3,270	3,271	3,198	3,285	3,264
28 ²	1,503	1,560	1,562	1,566	1,584	1,611	1,596	1,682	1,681	1,720
28 ²	2,478	3,238	3,254	3,276	2,830	2,881	2,866	3,021	2,989	3,059
29	4,934	5,454	5,411	5,349	5,430	5,515	5,144	5,380	5,408	5,797
30	49,018	53,537	50,584	50,314	50,631	50,864	50,504	50,920	51,616	50,441
SCV	83,179	91,232	89,207	91,265	93,234	93,494	92,432	91,749	92,849	95,256

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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) District No. 28 has 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
 SANITATION DISTRICTS OF LOS ANGELES COUNTY
 Municipal Solid Waste Rates (per ton; effective start of fiscal year unless otherwise noted)
 Last Ten Fiscal Years

Facility (projected or actual closure date)	2008 ¹	2009 ²	2010 ³	2011	2012	2013	2014	2015	2016	2017
Puente Hills Landfill (2013)	\$29.42	\$33.86	\$38.26	\$38.26	\$38.41 ⁵	\$38.41	\$0.00	\$0.00	\$0.00	\$0.00
Puente Hills MRF	29.42	33.86	38.26	42.14 ⁴	42.44 ⁵	42.44	45.75 ⁷	49.25 ⁸	55.50 ⁹	58.40 ¹⁰
South Gate Transfer Station	41.54	45.98	50.38	50.38	50.68 ⁵	51.91 ⁶	51.91	53.91 ⁸	58.66 ⁹	63.16 ¹⁰
DART Facility	45.31	49.75	54.15	54.15	54.45 ⁵	54.45	47.14 ⁷	53.64 ⁸	58.39 ⁹	62.49 ¹⁰
Scholl Canyon Landfill (2033)	40.07	44.83	48.99	48.99	49.18 ⁵	49.18	49.18	49.18	49.18	53.83 ¹⁰
Calabasas Landfill (2041)	36.42	38.88	40.82	40.82	40.82	40.82	40.82	43.32 ⁸	47.32 ⁹	47.32

(1) Rates effective January 1, 2008.

(2) Rates effective January 1, 2009 (Scholl Canyon Landfill January 9, 2009).

(3) Rates effective January 1, 2010 (Scholl Canyon Landfill February 12, 2010).

(4) Rate effective January 1, 2011.

(5) Rate effective January 1, 2012.

(6) Rate effective February 1, 2013.

(7) Rates effective November 1, 2013.

(8) Rates effective January 1, 2015.

(9) Rates effective January 1, 2016.

(10) Rates effective August 1, 2017.

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

District	Unit Rate	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	
JO ¹	(a) Dollars/Million Gallons (Volume)	\$ 571.00	\$ 619.00	\$ 619.00	\$ 746.00	\$ 755.00	\$ 764.00	\$ 773.00	\$ 796.00	\$ 819.00	\$ 843.00	
	(b) Dollars/1,000 lbs. of Chemical Oxygen Demand (COD)	101.00	109.40	109.40	131.90	133.50	135.10	136.70	140.80	144.90	149.00	
	(c) Dollars/1,000 lbs. of Suspended Solids (SS)	285.40	309.20	309.20	372.70	377.40	382.10	386.70	398.30	409.90	421.50	
	(d) Dollars per Gallon per Minute of Peak Flow (P)	75.80	82.10	82.10	98.90	100.10	101.30	102.50	105.60	108.70	111.70	
	Flat Rate Charge in Dollars/Million Gallons	2,422.00	2,624.00	2,624.00	3,163.00	3,203.00	3,243.00	3,282.00	3,380.00	3,479.00	3,577.00	
	Sanitary Flow Charge per Employee	0.025	0.027	0.027	0.032	0.033	0.033	0.033	0.033	0.034	0.035	0.036
	Hospital (Acute) Dollars/Bed	190.92	206.90	206.90	249.30	252.40	255.40	258.40	266.20	273.90	281.70	
	Hospital (Intermediate) Dollars/Bed	61.20	66.30	66.30	79.90	80.90	81.90	82.90	85.30	87.80	90.30	
	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)	1,391.00	1,722.00	1,722.00	2,384.00	2,384.00	2,967.00	3,126.00	3,285.00	3,153.00	3,153.00
	(b) Dollars/1,000 lbs. of Chemical Oxygen Demand (COD)	156.50	193.80	193.80	268.40	268.40	334.00	351.90	369.80	354.90	354.90	
	(c) Dollars/1,000 lbs. of Suspended Solids (SS)	378.00	468.00	468.00	648.00	648.00	806.40	849.60	892.80	856.60	856.60	
	(d) Dollars per Gallon per Minute of Peak Flow (P)	267.50	331.20	331.20	458.60	458.60	570.70	601.30	631.80	606.50	606.50	
	Flat Rate Charge in Dollars/Million Gallons	3,094.00	3,831.00	3,831.00	5,305.00	5,305.00	6,602.00	6,955.00	7,309.00	7,015.00	7,015.00	
	Sanitary Flow Charge per Employee	0.044	0.054	0.054	0.075	0.075	0.093	0.098	0.103	0.099	0.099	
	Hospital (Acute) Dollars/Bed	395.65	489.86	489.86	678.30	678.30	844.10	889.30	934.50	896.90	896.90	
	Hospital (Intermediate) Dollars/Bed	120.77	149.53	149.53	207.00	207.00	257.70	271.50	285.30	273.80	273.80	
	20	(a) Dollars/Million Gallons (Volume)	986.00	1,237.00	1,237.00	1,739.00	1,958.00	2,177.00	2,396.00	2,442.00	2,511.00	2,579.00
(b) Dollars/1,000 lbs. of Chemical Oxygen Demand (COD)		219.90	275.90	275.90	387.90	436.80	485.60	534.50	544.70	559.90	575.20	
(c) Dollars/1,000 lbs. of Suspended Solids (SS)		441.80	554.30	554.30	779.30	877.50	975.70	1,073.80	1,094.30	1,125.00	1,155.00	
(d) Dollars per Gallon per Minute of Peak Flow (P)		210.20	263.70	263.70	370.70	417.40	464.10	510.80	520.50	535.00	549.70	
Flat Rate Charge in Dollars/Million Gallons		3,137.00	3,936.00	3,936.00	5,534.00	6,231.00	6,928.00	7,626.00	7,771.00	7,989.00	8,206.00	
Sanitary Flow Charge per Employee		0.044	0.055	0.055	0.077	0.087	0.097	0.107	0.109	0.112	0.115	
Hospital (Acute) Dollars/Bed		375.62	471.26	471.26	662.50	746.00	829.40	912.90	930.30	956.40	982.40	
Hospital (Intermediate) Dollars/Bed		115.75	145.21	145.21	204.10	229.90	255.60	281.30	286.70	294.70	302.70	
SCV ²		(a) Dollars/Million Gallons (Volume)	615.00	688.00	688.00	765.00	861.00	903.00	946.00	1,023.00	1,099.00	1,176.00
	(b) Dollars/1,000 lbs. of Chemical Oxygen Demand (COD)	140.10	156.70	156.70	174.20	196.10	205.70	215.30	233.10	250.50	268.00	
	(c) Dollars/1,000 lbs. of Suspended Solids (SS)	346.40	385.50	385.50	428.60	482.40	506.10	529.80	572.70	615.60	658.50	
	(d) Dollars per Gallon per Minute of Peak Flow (P)	87.00	97.30	97.30	108.20	121.80	127.80	133.80	144.60	155.50	166.30	
	Flat Rate Charge in Dollars/Million Gallons	2,084.00	2,331.00	2,331.00	2,591.00	2,917.00	3,060.00	3,203.00	3,462.00	3,722.00	3,981.00	
	Sanitary Flow Charge per Employee	0.030	0.033	0.033	0.037	0.042	0.044	0.046	0.050	0.053	0.057	
	Hospital (Acute) Dollars/Bed	231.27	258.41	258.41	287.29	323.40	339.20	355.20	384.20	412.90	441.70	
	Hospital (Intermediate) Dollars/Bed	73.71	82.31	82.31	91.50	103.00	108.00	113.10	122.40	131.50	140.70	

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

Fiscal Year 2017

Solid Waste Management Facilities Revenue			Wastewater Treatment Facilities Revenue		
Customer	Amount	%	Customer	Amount	%
NASA Disposal Service, Inc.	\$ 1,990,150	1.87%	Torrance Refining Company, LLC	\$ 3,860,868	6.00%
Metro Waste/Calmet Services	1,644,410	1.55%	Tesoro Refining - Carson	3,218,312	5.00%
City of Glendale	1,216,180	1.15%	MillerCoors LLC	2,380,384	3.70%
CR&R	1,059,633	1.00%	DeMenno/Kerdoon	2,017,341	3.13%
United Pacific Waste	974,981	0.92%	Tesoro Refining - Wilmington	1,819,910	2.83%
Ware Disposal Co.	741,330	0.70%	Phillips 66 Company	1,536,783	2.39%
City of Pasadena	689,531	0.65%	California State Prison	1,293,558	2.01%
Athens Disposal	610,469	0.57%	Clougherty Packing Co.	1,260,192	1.96%
Key Disposal, Inc.	415,531	0.39%	Alta-Dena Certified Dairy	1,225,400	1.90%
Serv-Well Disposal	392,223	0.37%	Safeway, Inc.	1,190,855	1.85%
Subtotal (10 largest)	9,734,438	9.17%	Subtotal (10 largest)	19,803,603	30.77%
Balance from other customers	96,434,257	90.83%	Balance from other customers	44,552,028	69.23%
Grand total	<u>\$ 106,168,695</u>	<u>100.00%</u>	Grand total	<u>\$ 64,355,631</u>	<u>100.00%</u>

Fiscal Year 2008

Solid Waste Management Facilities Revenue			Wastewater Treatment Facilities Revenue		
Customer	Amount	%	Customer	Amount	%
Athens Disposal	\$ 19,799,068	13.02%	Exxon Mobil Oil Corp.	\$ 2,933,879	5.88%
Calmet/Calsan	11,080,163	7.28%	BP West Coast Products	1,931,123	3.87%
Valley Vista Services	9,045,432	5.95%	Tesoro Refining	1,828,471	3.67%
Waste Management	6,712,242	4.41%	Conoco Phillips Co.	1,312,932	2.63%
County Sanitation Districts	6,611,410	4.35%	Clougherty Packing	1,198,816	2.40%
United Pacific Waste	4,653,255	3.06%	Miller Brewing	1,167,901	2.34%
Universal Waste Systems	4,332,392	2.85%	California State Prison	873,961	1.75%
City of Glendale	3,153,323	2.07%	Demeno Kerdoon	857,833	1.72%
Key Disposal	3,112,973	2.05%	Baker Commodities	799,728	1.60%
Mesa Disposal Service	2,673,632	1.76%	General Mills Operations	765,290	1.53%
Subtotal (10 largest)	71,173,890	46.80%	Subtotal (10 largest)	13,669,934	27.42%
Balance from other customers	80,922,884	53.20%	Balance from other customers	36,189,866	72.58%
Grand total	<u>\$ 152,096,774</u>	<u>100.00%</u>	Grand total	<u>\$ 49,859,800</u>	<u>100.00%</u>

Schedule 14
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
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	101.51	0.23%
2014	-	-	0.00%	556,668	1,414	369,712	927,794	92.14	0.19%
2015	-	-	0.00%	539,029	1,373	359,810	900,212	88.33	0.17%
2016	-	-	0.00%	501,426	1,328	341,068	843,822	82.40	0.15%
2017	-	-	0.00%	506,655	-	278,746	785,401	76.25	0.13%

Source: California Statistical Abstract - California Department of Finance

(1) Includes general bonded debt.

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
REVENUE SOURCES⁽¹⁾										
Ad Valorem Tax	\$ 54,012	\$ 59,328	\$ 60,493	\$ 53,197	\$ 54,770	\$ 68,435	\$ 55,210	\$ 67,963	\$ 70,121	\$ 73,029
CIF ⁽²⁾	11,101	13,483	14,889	15,734	15,667	14,996	12,664	12,627	10,489	9,987
Service Charge	217,996	237,218	268,268	297,494	295,831	318,034	312,889	331,260	335,524	353,962
Industrial Waste	49,860	49,394	54,305	59,508	57,861	56,998	58,091	63,505	64,477	64,356
Contract	17,933	16,822	17,925	43,569	23,982	24,615	23,367	21,759	14,063	15,224
Interest	64,064	39,919	21,170	17,608	11,512	7,679	7,513	9,343	13,078	14,265
Rate Stabilization Fund ⁽³⁾	9,995	7,742	8,822	-	-	1,488	14,161	-	7,923	3,946
Miscellaneous	3,176	3,305	3,906	3,642	3,390	3,486	4,345	4,616	1,075	518
Total	428,137	427,211	449,778	490,752	463,013	495,731	488,240	511,073	516,750	535,287
EXPENSES⁽⁴⁾										
Total O&M	282,903	286,517	270,723	275,663	284,926	287,411	303,506	298,081	307,980	304,998
Rate Stabilization Fund ⁽⁵⁾	33,901	19,947	36,735	68,630	31,839	56,593	12,921	41,328	14,701	27,057
Total	316,804	306,464	307,458	344,293	316,765	344,004	316,427	339,409	322,681	332,055
NET REVENUES	111,333	120,747	142,320	146,459	146,248	151,727	171,813	171,664	194,069	203,232
DEBT SERVICE										
State Loans	27,569	30,530	30,669	30,843	31,660	36,633	36,535	36,747	35,416	32,162
Installment Payments	50,583	51,226	51,212	53,557	53,075	52,826	52,793	52,530	51,390	49,757
Total Debt Service	78,152	81,756	81,881	84,400	84,735	89,459	89,328	89,277	86,806	81,919
COVERAGE	1.4	1.5	1.7	1.7	1.7	1.7	1.9	1.9	2.2	2.5

- (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 expended 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
 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>
2008	5.694	10.364	\$ 411,000	\$ 39.66	7.3%	7.0%
2009	5.716	10.393	392,000	37.72	11.7%	11.3%
2010	5.733	10.441	405,000	38.79	12.3%	12.0%
2011	5.445	9.858	420,900	42.70	12.4%	12.0%
2012	5.452	9.912	435,300	43.92	11.1%	10.6%
2013	5.490	10.019	451,100	45.02	10.2%	9.2%
2014	5.532	10.069	487,900	48.46	8.2%	7.4%
2015	5.571	10.192	521,900	51.21	6.9%	6.3%
2016	5.606	10.240	557,382	54.43	5.4%	5.6%
2017	5.597	10.300	587,755	57.06	4.6%	4.9%

Source: Schedule 17; Los Angeles Economic Development Corporation Economic Forecast; Bureau of Labor Statistics

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

Schedule 17
 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, 2017

CITY	POPULATION	CITY	POPULATION
Alhambra	86,922	Lomita	20,403
Arcadia	57,309	Long Beach	479,738
Artesia	16,809	Los Angeles	151,399
Azusa	49,698	Lynwood	71,997
Baldwin Park	75,537	Manhattan Beach	35,488
Bell	36,408	Maywood	28,016
Bell Gardens	42,824	Monrovia	38,506
Bellflower	76,657	Montebello	63,917
Beverly Hills	780	Monterey Park	61,606
Bradbury	465	Norwalk	105,395
Carson	93,674	Palmdale	156,278
Cerritos	50,039	Palos Verdes Estates	13,663
Claremont	35,931	Paramount	55,923
Commerce	13,064	Pasadena	143,314
Compton	100,050	Pico Rivera	64,046
Covina	48,764	Pomona	153,620
Cudahy	24,411	Rancho Palos Verdes	42,884
Culver City	0	Redondo Beach	68,907
Diamond Bar	56,627	Rolling Hills	1,922
Downey	113,832	Rolling Hills Estates	8,059
Duarte	21,691	Rosemead	54,984
El Monte	114,268	San Dimas	34,015
Gardena	60,721	San Gabriel	41,020
Glendora	51,792	San Marino	13,467
Hawaiian Gardens	14,753	Santa Clarita	211,336
Hawthorne	87,662	Santa Fe Springs	18,291
Hermosa Beach	19,616	Sierra Madre	11,004
Huntington Park	59,383	Signal Hill	11,609
Industry	440	South El Monte	20,862
Inglewood	114,900	South Gate	98,633
Irwindale	1,423	South Pasadena	25,992
La Canada-Flintridge	19,014	Temple City	36,389
La Habra Heights	370	Torrance	147,101
La Mirada	49,434	Vernon	209
La Puente	40,100	Walnut	30,131
La Verne	33,099	West Covina	107,582
Lakewood	79,269	West Hollywood	35,882
Lancaster	154,951	Whittier	87,708
Lawndale	33,365		
		77 Cities Subtotal	4,687,348
		Unincorporated	909,953
		TOTAL	<u>5,597,301</u>

Source: State of California, Department of Finance, E-1 Population Estimates for Cities, Counties, and the State, with Annual Percent Change -- January 1, 2016 and 2017. Sacramento, California, May 2017, and GIS analysis using L.A. County Assessor GIS parcel data (2016), L.A. County Department of Public Works 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
SANITATION DISTRICTS OF LOS ANGELES COUNTY
Economic Indicators
Last Ten Calendar Years

<u>Calendar Year</u>	<u>Total Nonfarm Employment (avg. 000's)</u>	<u>Total Taxable Sales (billions)</u>	<u>Value of Two-Way Trade* (billions)</u>	<u>Total Day & Overnight Visitors (millions)</u>	<u>Housing Unit Permits Issued</u>	<u>Value of Nonresidential Building Permits (millions)</u>
2008	4,185.4	\$ 131.9	\$ 355.8	36.5	13,704	\$ 4,491
2009	3,951.0	112.7	282.9	34.4	5,653	2,674
2010	3,890.0	116.9	346.8	38.5	7,468	2,677
2011	3,911.6	126.4	386.7	40.4	10,403	3,119
2012	4,010.5	135.3	403.5	41.4	10,709	1,803
2013	4,129.8	140.1	414.5	42.2	16,200	3,585
2014	4,226.4	147.1	416.6	44.2	18,707	6,658
2015	4,321.1	151.4	393.4	45.5	22,831	5,464
2016	4,394.5	159.8	393.7	46.6	26,000	5,967
2017	** 4,438.5	170.6	431.7	47.8	29,600	6,431

Source: Los Angeles County Economic Development Corp., Keyser Center for Economic Research

*Value of imports and exports combined.

**Forecast

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

Industry	June 30, 2017			June 30, 2008		
	Number of Employees	Percentage of Total	Rank	Number of Employees	Percentage of Total	Rank
Trade, Transportation, and Utilities	821,400	16.86%	1	805,500	17.71%	1
Educational and Health Services	780,100	16.02%	2	637,500	14.01%	2
Professional and Business Services	614,400	12.61%	3	583,100	12.82%	4
Government	593,600	12.19%	4	613,500	13.49%	3
Leisure and Hospitality	524,700	10.77%	5	410,200	9.02%	6
Manufacturing	357,600	7.34%	6	444,000	9.76%	5
Information Services	230,000	4.72%	7	219,000	4.81%	8
Financial Activities	220,400	4.52%	8	234,500	5.15%	7
Other Services	159,400	3.27%	9	147,900	3.25%	9
Construction	143,200	2.94%	10	146,500	3.22%	10
Ten largest industries	4,444,800	91.25%		4,241,700	93.24%	
All other industries	426,200	8.75%		307,400	6.76%	
Total civilian employment	4,871,000	100.00%		4,549,100	100.00%	

Source: State of California, 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
 SANITATION DISTRICTS OF LOS ANGELES COUNTY
 Number of Employees by Identifiable Activity
 Last Ten Fiscal Years

	Full-Time-Equivalent Employees as of June 30,									
	2008	2009	2010	2011	2012	2013 ¹	2014	2015	2016	2017
Solid Waste Management:										
Solid Waste Management	4	2	2	2	2	3	2	2	2	2
Waste-By-Rail	11	10	9	9	7	6	0	0	0	0
Solid Waste Operations	344	299	277	240	215	205	209	183	190	199
Energy Recovery Operations	120	159	153	150	137	114	116	112	102	101
Solid Waste Monitoring & Research	14	0	0	0	0	0	0	0	0	0
Energy Recovery Facilities Engineering	7	0	0	0	0	0	0	0	0	0
Wastewater Management:										
Wastewater Management	7	9	8	7	7	3	3	3	3	2
Industrial Waste	74	76	70	71	70	67	66	66	63	64
Joint Water Pollution Control Plant	326	328	321	307	310	302	297	296	293	285
Wastewater Collection System	121	133	132	130	125	124	130	129	129	126
Water Reclamation Plants	204	208	205	220	219	219	224	223	234	240
Electrical/Instrumentation Engineering Support	0	0	0	0	0	4	6	8	8	8
Engineering:										
Engineering	3	5	5	6	6	6	6	7	7	7
Field Engineering	70	82	78	78	73	66	61	56	53	53
Wastewater & Solid Waste Design	0	0	0	0	61	34	29	27	22	21
Structural & Architectural Design	23	21	19	19	17	17	16	17	16	17
Electrical & Instrumentation Design	0	0	0	0	0	20	20	21	23	23
Mechanical & Civil Design	0	0	0	0	0	14	12	12	14	13
Sewer Design	0	0	0	0	0	23	24	23	22	25
Engineering Design	58	56	54	46	15	0	0	0	0	0
Electrical Design	20	22	22	21	22	0	0	0	0	0
Wastewater Design	28	25	24	23	0	0	0	0	0	0
Solid Waste Design	12	11	11	9	0	0	0	0	0	0
Technical Services:										
Technical Services	4	5	5	5	5	5	14	14	15	13
Air Quality Engineering	13	13	12	12	12	9	9	11	9	9
Laboratories	166	181	175	173	175	167	163	157	170	159
Monitoring	44	49	45	29	28	25	26	29	33	39
Wastewater Research	26	26	26	25	24	11	11	11	11	18
Water Quality	22	20	19	34	31	26	27	29	15	16
Public Information	12	12	10	10	10	10	0	0	0	0
Research	0	0	0	0	0	11	11	10	9	0
Administration:										
Financial Management & Facilities Planning	217	223	217	219	214	199	202	196	192	194
Human Resources	38	39	38	33	31	31	22	21	21	22
Total Employees:	1,988	2,014	1,937	1,878	1,816	1,721	1,706	1,663	1,656	1,656

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Sewerage Operations										
Miles of trunk lines (approximately) (1)	1,360	1,360	1,395	1,407	1,408	1,410	1,410	1,411	1,412	1,410
Number of active pump stations	53	53	52	52	52	49	49	48	48	48
Number of treatment facilities	11	11	11	11	11	11	11	11	11	11
Amount of reclaimed water used (MGD) (2)	76	70	87	75	85	93	91	79	90	96
Number of reuse sites	539	571	624	650	703	720	757	790	855	863
Wastewater discharge inspections conducted	9,880	10,609	10,107	9,255	9,836	10,633	11,070	10,769	11,516	11,162
Solid Waste Operations										
Number of active landfills	3	3	3	3	3	3	2	2	2	2
Solid waste disposal tonnages (3)										
Puente Hills Landfill	3.53	2.79	2.34	1.66	1.80	2.19	0.74	0.00	0.00	0.00
Puente Hills MRF (4)	0.09	0.10	0.12	0.07	0.02	0.04	0.55	0.73	0.73	0.63
South Gate Transfer Station	0.13	0.14	0.12	0.11	0.10	0.11	0.11	0.11	0.14	0.15
DART Facility	0.27	0.21	0.16	0.16	0.13	0.08	0.13	0.14	0.16	0.20
Scholl Canyon Landfill	0.37	0.29	0.25	0.23	0.23	0.21	0.23	0.24	0.33	0.38
Calabasas Landfill	0.44	0.30	0.27	0.26	0.21	0.19	0.24	0.23	0.31	0.35
Total	4.83	3.83	3.26	2.49	2.49	2.82	2.00	1.45	1.67	1.71
Cumulative solid waste disposal tonnages (3)										
Puente Hills Landfill	112.52	115.31	117.65	119.31	121.11	123.30	124.04	124.04	124.04	124.04
Puente Hills MRF (4)	0.27	0.37	0.49	0.56	0.58	0.62	1.17	1.90	2.63	3.26
South Gate Transfer Station	5.28	5.42	5.54	5.65	5.75	5.86	5.97	6.08	6.22	6.37
DART Facility	2.62	2.83	2.99	3.15	3.28	3.36	3.49	3.63	3.79	3.99
Scholl Canyon Landfill	27.45	27.74	27.99	28.22	28.45	28.66	28.89	29.13	29.46	29.84
Calabasas Landfill	22.83	23.13	23.40	23.66	23.87	24.06	24.30	24.53	24.76	25.11
Percentage of total County solid waste disposed of at Districts' landfills (5)										
	40%	35%	31%	31%	33%	37%	24%	7%	11%	12%
Household hazardous waste/electronic waste (HHW/EW)										
collections - number of households accommodated	66,479	62,792	60,726	57,677	57,891	52,850	50,056	51,054	43,705	49,516
Cost to conduct HHW/EW collections (millions)	\$4.3	\$4.2	\$4.0	\$3.8	\$3.9	\$3.6	\$3.7	\$3.5	\$3.2	\$3.5

- (1) Calculated using the GIS digitized length.
- (2) Millions of gallons per day.
- (3) Millions of tons per year.
- (4) Began commercial operations in July 2005.
- (5) Based on tonnage information through June 2017.

Bond Disclosure



SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure
June 30, 2017

On April 14, 1993, various Districts of the Los Angeles County Sanitation Districts (Participating Districts) entered into 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 financial activities of the Financing Authority 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 following Los Angeles County Sanitation Districts Financing Authority Capital Projects Revenue Bonds: the 2011 Series A Senior Ad Valorem Obligation Bonds (2011A Revenue Bonds), the 2013 Series A Senior Ad Valorem Obligation Bonds (2013A Revenue Bonds), the 2015 Series A District 14 Subordinate Revenue Bonds (2015A Revenue Bonds), and the 2016 Series A District 20 Subordinate Revenue Bonds (2016A 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 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 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 principal amount of bonds outstanding as of December 31, 2017, and as of December 31, 2016.
- 4) A schedule of the changes in debt obligation for the calendar year ending on December 31, 2017.
- 5) The amount of each senior obligation and subordinate obligation for each district outstanding as of December 31, 2017.
- 6) 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;
 - c. User fees and ad valorem taxes
 - d. Districts' service charge rates;
 - e. Fund balances on June 30, 2017;
 - f. Average yearly sewage flow;

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

- g. Ten largest wastewater customers for Districts 14 and 20; ten largest wastewater customers for all Districts is fulfilled by Schedule 13 in the Statistical Section of this financial statement (page 99);
- h. Outstanding obligations as of December 31, 2016 and December 31, 2017;
- i. Districts' historical operating data

REPORTING OF SIGNIFICANT EVENTS

On March 31, 2017, Standard & Poor's upgraded its rating of the Districts 2011A Revenue Bonds and 2013A Revenue Bonds to AAA from AA+ and upgraded its rating of the 2015A Revenue Bonds to AA- from A+. The report explaining the rationale for the upgrades cited management's well defined financial forecasts, the Districts' experienced management team, and history of strong wastewater plant performance and operations.

SECTION 1-The Financing Authority's audited financial statements

Statement of Net Position June 30, 2017

Assets	
Cash and cash equivalents with Trustee, restricted as to use	\$ 389
Payments receivable from Participating Districts	493,561,001
Total assets	493,561,390
Deferred Outflow of Resources	
Deferred loss on refunding, net of accumulated amortization of \$10,033,922	13,093,368
Liabilities	
Current liabilities, payable from restricted assets:	
Interest payable	5,389,986
Current portion of bonds payable	34,449,400
Total current liabilities, payable from restricted assets	39,839,386
Long-term liabilities:	
Premium on issue, net of accumulated amortization of \$28,992,581	46,682,986
Revenue bonds payable	425,522,594
Total long-term liabilities	472,205,580
Total liabilities	512,044,966
Net Position	
Unrestricted	(5,390,208)
Total net position	\$ (5,390,208)

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

Statement of Revenues, Expenses, and Changes in Net Position Fiscal year ended June 30, 2017

Operating revenues-payments from Participating Districts	\$	<u>20,750,245</u>
Nonoperating revenues (expenses):		
Interest revenue		226
Interest expense		(20,615,338)
Drawdown expense		(4,855,714)
Other income		737,996
Bond issuance expense		(713,009)
Amortization of deferred loss on refunding		(1,913,717)
Amortization of bond premium		<u>6,769,430</u>
Net nonoperating expenses		<u>(20,590,126)</u>
Change in net position		160,119
Total net position, beginning of fiscal year		<u>(5,550,327)</u>
Net position, end of year	\$	<u><u>(5,390,208)</u></u>

Statement of Cash Flows Fiscal year ended June 30, 2017

Cash flows from operating activities:		
Receipts from Participating Districts	\$	<u>20,750,245</u>
Cash flows from capital and related financing activities:		
Receipts from Participating Districts		31,564,400
Proceeds from bond sales		192,967,521
Bond issuance costs		(713,008)
Bond defeasement		(158,624,261)
Drawdowns provided to Participating Districts		(49,454,177)
Principal payments on bonds		(29,929,400)
Interest paid on bonds		<u>(17,380,505)</u>
Net cash used by capital and related financing activities		<u>(31,569,430)</u>
Cash flows from investing activities:		
Interest received on investments		<u>8,718</u>
Net cash provided by investing activities		<u>8,718</u>
Net decrease in cash and cash equivalents, restricted as to use		(10,810,467)
Cash and cash equivalents, beginning of fiscal year, restricted as to use		<u>10,810,856</u>
Cash and cash equivalents, end of fiscal year, restricted as to use	\$	<u><u>389</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$	20,750,245
Net cash provided by operating activities	\$	<u><u>20,750,245</u></u>

Supplemental disclosure of noncash items:

Amortization of premium on revenue bonds payable and deferred loss on refunding of (\$28,992,581) and (10,033,922), respectively.

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-Principal amount of bonds outstanding

As of December 31, 2017, the total principal amount of bonds outstanding was \$419,905,000, an overall decrease of \$33,045,000 from December 31, 2016, when the total principal amount of bonds outstanding was \$452,950,000.

SECTION 5-Changes in debt obligations

CHANGES IN DEBT OBLIGATIONS Calendar Year 2017

<u>System</u>	<u>New Debt</u>	<u>Principal Payments</u>	<u>Retirements</u>	<u>Net Change in Debt Obligations</u>
JO System ⁽¹⁾	\$ 1,709,537	(43,485,385)	-	(41,775,848)
4	-	(264,894)	-	(264,894)
9	-	(37,226)	-	(37,226)
14	-	(8,210,546)	-	(8,210,546)
20	-	(3,438,180)	-	(3,438,180)
27	-	(52,062)	-	(52,062)
SCV	-	(5,931,072)	-	(5,931,072)
Total	\$ <u>1,709,537</u>	<u>(61,419,365)</u>	<u>-</u>	<u>(59,709,828)</u>

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

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

SECTION 6-Outstanding senior and subordinate obligations for each District as of December 31, 2017

	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	\$ 6,605,692	10,198,584	7,746,788	16,670,800	4,028,451	10,432,423
2013 Series A Revenue Bonds	847,103	1,307,857	993,435	2,137,826	516,602	1,337,837
Total Senior A.V. Obligation	<u>7,452,795</u>	<u>11,506,441</u>	<u>8,740,223</u>	<u>18,808,626</u>	<u>4,545,053</u>	<u>11,770,260</u>
Senior Revenue Obligations						
Primary Sedimentation Tank Covers	98,326	142,792	112,966	166,281	60,853	120,614
Secondary Effluent Pump Station	32,888	47,761	37,785	55,618	20,354	40,343
Biological Reactors/Secondary Clarifiers	2,726,109	3,958,916	3,131,997	4,610,154	1,687,159	3,344,027
Cryogenic Oxygen Generation	540,580	785,042	621,066	914,181	334,559	663,112
Power Generation Equipment Purchase	293,510	426,242	337,210	496,358	181,650	360,039
Waste Activated Sludge Thickening Expansion	113,158	164,331	130,006	191,363	70,032	138,807
Relocating and Installing High-Speed Centrifuge	56,945	82,696	65,423	96,300	35,242	69,852
Installation of Secondary Influent Pumping Equip	128,485	186,589	147,615	217,282	79,518	157,608
Fuel Gas Compressor Upgrade	19,879	28,869	22,839	33,618	12,303	24,385
Modifications of Electrical Power	109,993	159,734	126,369	186,010	68,073	134,924
Primary Screenings and Grit Dewatering Fac.	316,533	459,676	363,661	535,292	195,899	388,280
Environmental Laboratory Building	260,208	377,880	298,950	440,041	161,040	319,189
JWPCP Digestion Tanks 17-23	1,435,653	2,084,887	1,649,405	2,427,848	888,510	1,761,067
Modification of Biological Reactors	1,318,895	1,915,328	1,515,263	2,230,397	816,249	1,617,844
High-Speed Scroll Centrifuges Purch & Install	146,346	212,527	168,135	247,487	90,572	179,518
Secondary Infl Pump Station Equipment	345,076	501,127	396,454	583,561	213,563	423,293
Silo Odor Control Facilities, Phase I	187,584	272,414	215,513	317,226	116,094	230,103
Silo Odor Control Facilities, Phase II	132,653	192,641	152,403	224,331	82,097	162,721
Total Senior Revenue Obligations	<u>8,262,821</u>	<u>11,999,452</u>	<u>9,493,060</u>	<u>13,973,348</u>	<u>5,113,767</u>	<u>10,135,726</u>
Subordinate Revenue Obligations						
Install of Secondary Infl Pumping Equip Stg II	58,412	84,827	67,109	98,781	36,151	71,652
Central Odor Control System	413,351	600,278	474,895	699,023	255,819	507,044
Heat Recovery Steam Generation Equipment	175,735	255,207	201,900	297,188	108,761	215,569
Power Generation Steam Turbine Generator	130,947	190,164	150,443	221,445	81,041	160,628
Pomona WRP NDN Facilities	194,180	281,992	223,091	328,379	120,176	238,194
Pomona WRP NDN Facilities Equip. Purch.	7,191	10,442	8,261	12,160	4,450	8,820
Los Coyotes WRP NDN Facilities	868,172	1,260,778	997,433	1,468,175	537,302	1,064,957
Los Coyotes WRP Ammonia Addition Station	40,790	59,237	46,863	68,981	25,245	50,036
Long Beach WRP NDN Facilities	213,825	310,522	245,661	361,602	132,334	262,292
Long Beach WRP Ammonia Addition Station	28,154	40,886	32,346	47,612	17,424	34,536
Long Beach WRP NDN Facilities Equipment	18,161	26,374	20,865	30,712	11,240	22,278
Long Beach WRP Aeration System	12,437	18,062	14,289	21,033	7,697	15,256
Long Beach Pumping Plant Upgrades*	3,479,981	5,053,706	3,998,111	5,885,034	2,153,722	4,268,777
Whittier Narrows WRP NDN Facilities	233,307	338,814	268,044	394,548	144,391	286,190
San Jose Creek WRP NDN Facilities	376,053	546,113	432,043	635,948	232,735	461,292
San Jose Creek WRP NDN Fac. Equipment	55,309	80,321	63,544	93,534	34,230	67,846
Los Coyotes WRP Interceptor Sewer Rehab Phase II	844,923	1,227,016	970,723	1,428,859	522,914	1,036,439
Wright Road Truck Sewer Repair	479,433	-	-	-	-	-
District 5 Interceptor Section 2A Rehab	1,019,154	1,480,038	1,170,894	1,723,502	630,743	1,250,162
Alamitos PP Force Main No. 2	-	-	-	-	-	-
Total Subordinate Revenue Obligations	<u>8,649,515</u>	<u>11,864,777</u>	<u>9,386,515</u>	<u>13,816,516</u>	<u>5,056,375</u>	<u>10,021,968</u>
Total Obligations	<u>\$ 24,365,131</u>	<u>35,370,670</u>	<u>27,619,798</u>	<u>46,598,490</u>	<u>14,715,195</u>	<u>31,927,954</u>

*Funds have been received as of December 31, 2017, however, this obligation is not yet in repayment.

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	\$ 6,501,321	831,984	5,702,455	1,838,595	6,150,061	5,322,090
2013 Series A Revenue Bonds	833,719	106,693	731,273	235,778	788,674	682,497
Total Senior A.V. Obligation	<u>7,335,040</u>	<u>938,677</u>	<u>6,433,728</u>	<u>2,074,373</u>	<u>6,938,735</u>	<u>6,004,587</u>
Senior Revenue Obligations						
Primary Sedimentation Tank Covers	64,240	8,303	78,006	22,178	94,830	77,569
Secondary Effluent Pump Station	21,487	2,777	26,091	7,418	31,719	25,945
Biological Reactors/Secondary Clarifiers	1,781,058	230,205	2,162,713	614,889	2,629,181	2,150,597
Cryogenic Oxygen Generation	353,179	45,649	428,860	121,931	521,359	426,458
Power Generation Equipment Purchase	191,760	24,785	232,851	66,203	283,074	231,547
Waste Activated Sludge Thickening Expansion	73,930	9,556	89,772	25,523	109,135	89,269
Relocating and Installing High-Speed Centrifuge	37,204	4,809	45,176	12,844	54,920	44,923
Installation of Secondary Influent Pumping Equip	83,943	10,850	101,931	28,980	123,917	101,360
Fuel Gas Compressor Upgrade	12,988	1,679	15,771	4,484	19,172	15,682
Modifications of Electrical Power	71,862	9,288	87,261	24,809	106,082	86,772
Primary Screenings and Grit Dewatering Fac.	206,802	26,729	251,116	71,396	305,278	249,709
Environmental Laboratory Building	170,003	21,973	206,432	58,691	250,956	205,275
JWPCP Digestion Tanks 17-23	937,960	121,233	1,138,951	323,819	1,384,607	1,132,570
Modification of Biological Reactors	861,678	111,373	1,046,323	297,484	1,272,001	1,040,461
High-Speed Scroll Centrifuges Purch & Install	95,613	12,358	116,101	33,009	141,143	115,451
Secondary Infl Pump Station Equipment	225,449	29,140	273,760	77,834	332,806	272,226
Silo Odor Control Facilities, Phase I	122,555	15,840	148,817	42,311	180,914	147,983
Silo Odor Control Facilities, Phase II	86,666	11,202	105,238	29,921	127,936	104,648
Total Senior Revenue Obligations	<u>5,398,377</u>	<u>697,749</u>	<u>6,555,170</u>	<u>1,863,724</u>	<u>7,969,030</u>	<u>6,518,445</u>
Subordinate Revenue Obligations						
Install of Secondary Infl Pumping Equip Stg II	38,163	4,933	46,340	13,175	56,335	46,081
Central Odor Control System	270,056	34,905	327,925	93,234	398,655	326,088
Heat Recovery Steam Generation Equipment	114,814	14,840	139,417	39,638	169,487	138,636
Power Generation Steam Turbine Generator	85,552	11,058	103,884	29,536	126,291	103,302
Pomona WRP NDN Facilities	126,864	16,397	154,049	43,798	187,275	153,186
Pomona WRP NDN Facilities Equip. Purch.	4,698	607	5,705	1,622	6,935	5,673
Los Coyotes WRP NDN Facilities	567,205	73,312	688,749	195,821	837,303	684,891
Los Coyotes WRP Ammonia Addition Station	26,650	3,445	32,360	9,200	39,340	32,179
Long Beach WRP NDN Facilities	139,699	18,056	169,635	48,229	206,223	168,684
Long Beach WRP Ammonia Addition Station	18,394	2,377	22,336	6,350	27,153	22,211
Long Beach WRP NDN Facilities Equipment	11,865	1,534	14,408	4,096	17,515	14,327
Long Beach WRP Aeration System	8,126	1,050	9,867	2,805	11,995	9,812
Long Beach Pumping Plant Upgrades*	2,273,588	293,865	2,760,785	784,929	3,356,248	2,745,318
Whittier Narrows WRP NDN Facilities	152,427	19,701	185,090	52,624	225,012	184,053
San Jose Creek WRP NDN Facilities	245,688	31,756	298,335	84,821	362,682	296,664
San Jose Creek WRP NDN Fac. Equipment	36,135	4,671	43,878	12,475	53,342	43,633
Los Coyotes WRP Interceptor Sewer Rehab Phase II	552,017	71,349	670,306	190,577	814,882	666,551
Wright Road Truck Sewer Repair	-	-	-	-	-	-
District 5 Interceptor Section 2A Rehab	665,847	86,062	808,529	229,876	982,917	803,999
Alamitos PP Force Main No. 2	-	-	-	-	-	-
Total Subordinate Revenue Obligations	<u>5,337,788</u>	<u>689,918</u>	<u>6,481,598</u>	<u>1,842,806</u>	<u>7,879,590</u>	<u>6,445,288</u>
Total Obligations	<u>\$ 18,071,205</u>	<u>2,326,344</u>	<u>19,470,496</u>	<u>5,780,903</u>	<u>22,787,355</u>	<u>18,968,320</u>

*Funds have been received as of December 31, 2017, however, this obligation is not yet in repayment.

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	\$ 1,124,032	294,055	92,331	2,843,202
2013 Series A Revenue Bonds	144,144	37,709	11,840	364,608
Total Senior A.V. Obligation	<u>1,268,176</u>	<u>331,764</u>	<u>104,171</u>	<u>3,207,810</u>
Senior Revenue Obligations				
Primary Sedimentation Tank Covers	10,051	2,622	3,168	29,716
Secondary Effluent Pump Station	3,362	877	1,060	9,940
Biological Reactors/Secondary Clarifiers	278,669	72,696	87,841	823,891
Cryogenic Oxygen Generation	55,259	14,415	17,419	163,375
Power Generation Equipment Purchase	30,003	7,827	9,458	88,705
Waste Activated Sludge Thickening Expansion	11,567	3,018	3,646	34,199
Relocating and Installing High-Speed Centrifuge	5,821	1,519	1,835	17,210
Installation of Secondary Influent Pumping Equip	13,134	3,426	4,140	38,831
Fuel Gas Compressor Upgrade	2,032	530	641	6,008
Modifications of Electrical Power	11,244	2,933	3,544	33,242
Primary Screenings and Grit Dewatering Fac.	32,357	8,441	10,199	95,663
Environmental Laboratory Building	26,599	6,939	8,384	78,641
JWPCP Digestion Tanks 17-23	146,756	38,284	46,260	433,886
Modification of Biological Reactors	134,820	35,171	42,498	398,599
High-Speed Scroll Centrifuges Purch & Install	14,960	3,903	4,716	44,229
Secondary Infl Pump Station Equipment	35,274	9,202	11,119	104,290
Silo Odor Control Facilities, Phase I	19,175	5,002	6,044	56,692
Silo Odor Control Facilities, Phase II	13,560	3,537	4,274	40,091
Total Senior Revenue Obligations	<u>844,643</u>	<u>220,342</u>	<u>266,246</u>	<u>2,497,208</u>
Subordinate Revenue Obligations				
Install of Secondary Infl Pumping Equip Stg II	5,971	1,558	1,882	17,653
Central Odor Control System	42,254	11,023	13,319	124,924
Heat Recovery Steam Generation Equipment	17,964	4,686	5,663	53,111
Power Generation Steam Turbine Generator	13,386	3,492	4,219	39,575
Pomona WRP NDN Facilities	19,849	5,178	6,257	58,685
Pomona WRP NDN Facilities Equip. Purch.	735	192	232	2,173
Los Coyotes WRP NDN Facilities	88,746	23,151	27,974	262,381
Los Coyotes WRP Ammonia Addition Station	4,170	1,088	1,314	12,328
Long Beach WRP NDN Facilities	21,858	5,702	6,890	64,623
Long Beach WRP Ammonia Addition Station	2,878	751	907	8,509
Long Beach WRP NDN Facilities Equipment	1,856	484	585	5,489
Long Beach WRP Aeration System	1,271	332	401	3,759
Long Beach Pumping Plant Upgrades*	355,731	92,799	112,133	1,051,728
Whittier Narrows WRP NDN Facilities	23,849	6,222	7,518	70,511
San Jose Creek WRP NDN Facilities	38,441	10,028	12,117	113,652
San Jose Creek WRP NDN Fac. Equipment	5,654	1,475	1,782	16,716
Los Coyotes WRP Interceptor Sewer Rehab Phase II	86,370	22,531	27,225	255,355
Wright Road Truck Sewer Repair	-	-	-	-
District 5 Interceptor Section 2A Rehab	104,180	27,177	32,839	308,011
Alamitos PP Force Main No. 2	-	-	795,635	-
Total Subordinate Revenue Obligations	<u>835,163</u>	<u>217,869</u>	<u>1,058,892</u>	<u>2,469,183</u>
Total Obligations	<u>\$ 2,947,982</u>	<u>769,975</u>	<u>1,429,309</u>	<u>8,174,201</u>

*Funds have been received as of December 31, 2017, however, this obligation is not yet in repayment.

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	\$ 985,536	138,497	1,398,014	1,165,179	193,694	10,096,216
2013 Series A Revenue Bonds	126,383	17,761	179,280	149,421	24,839	1,294,721
Total Senior A.V. Obligation	<u>1,111,919</u>	<u>156,258</u>	<u>1,577,294</u>	<u>1,314,600</u>	<u>218,533</u>	<u>11,390,937</u>
Senior Revenue Obligations						
Valencia WRP Solids Processing Expansion	-	-	-	-	-	1,612,774
Valencia WRP Stage V Expansion-Equipment	-	-	-	-	-	352,568
Total Senior Revenue Obligations	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,965,342</u>
Subordinate Revenue Obligations						
2015 Series A Revenue Bonds	-	-	139,535,000	-	-	-
2016 Series A Revenue Bonds	-	-	-	167,140,000	-	-
Lancaster - Rosamond Outfall & TS, Phase 1	-	-	3,598,725	-	-	-
Lancaster - Rosamond Outfall & TS, Phase 2	-	-	6,252,621	-	-	-
Lancaster - Rosamond Outfall & TS, Phase 3	-	-	5,735,639	-	-	-
Valencia WRP Stage V Expansion	-	-	-	-	-	13,966,416
Saugus WRP Equipment Purchases	-	-	-	-	-	623,909
Lancaster WRP Stage V Expansion, Phase I	-	-	57,104,541	-	-	-
Valencia WRP Steam Boiler Upgrade	-	-	-	-	-	3,819,969
Total Subordinate Revenue Obligations	<u>-</u>	<u>-</u>	<u>212,226,526</u>	<u>167,140,000</u>	<u>-</u>	<u>18,410,294</u>
Total Obligations	<u>\$ 1,111,919</u>	<u>156,258</u>	<u>213,803,820</u>	<u>168,454,600</u>	<u>218,533</u>	<u>31,766,573</u>

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
2007-08	4,190	2,738,880	(411,489)	2,327,391	4,190	4,961,208	(210,430)	4,750,778
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	587,559	-	587,559
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
2013-14	6,190	995,679	-	995,679	6,190	386,129	-	386,129
2014-15	6,190	812,219	(6,190)	806,029	6,190	674,087	-	674,087
2015-16	6,190	1,360,208	-	1,360,208	6,190	2,316,324	-	2,316,324
2016-17	6,190	1,645,057	-	1,645,057	6,190	1,134,699	(6,959)	1,127,740

(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.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

SEWAGE UNITS BY CUSTOMER TYPE Fiscal Year 2016-17 ⁽¹⁾

District	Sewage Units ⁽²⁾					Total Parcels
	Residential ⁽³⁾	Commercial	Industrial	Contract	Total	
JO System ⁽⁴⁾	1,218,641	514,276	233,362	15,907	1,982,186	1,081,843
14	56,726	12,705	2,512	918	72,861	50,905
20	35,388	8,000	330	28	43,746	32,445
SCV	74,092	24,127	1,058	3,433	102,710	72,864
4	10,131	16,581	71	-	26,783	9,640
9	421	897	-	-	1,318	444
27	494	64	-	-	558	558
Total	1,395,893	576,650	237,333	20,286	2,230,162	1,248,699

- (1) Sewage units are not static during the course of a fiscal year as new connections are made, parcels undergo changes in use, and low-water rebates become effective. These numbers represent sewage units that were present at the end of the fiscal year.
- (2) A sewage unit is the average daily quantity of sewage flow and strength from a single-family home.
- (3) The residential sewage units are adjusted each year to reflect reductions in sewage units for parcels that applied for and received a low-water rebate in the proceeding fiscal year.
- (4) Joint Outfall (JO) System is comprised of Districts Nos. 1, 2, 3, 5, 8, 15, 16, 17, 18, 19, 21, 22, 23, 28, 29, 34, and South Bay Cities.

USER FEES AND AD VALOREM TAXES Fiscal Year 2016-17

District	Service Charge Collected	Service Charge Rebates ⁽²⁾	Net Service Charge Revenue	IW Surcharge Revenue	Total User Fees	A.V. Taxes ⁽³⁾
JO System ⁽¹⁾	272,544,203	(7,937,526)	264,606,677	61,398,950	326,005,627	62,283,306
14	32,601,169	(662,192)	31,938,977	2,193,028	34,132,005	1,498,247
20	24,125,206	(824,773)	23,300,433	230,502	23,530,935	1,302,648
SCV	31,193,020	(936,876)	30,256,144	493,318	30,749,462	6,911,530
4	3,942,632	(184,973)	3,757,659	39,833	3,797,492	596,647
9	102,847	-	102,847	-	102,847	94,086
27	-	-	-	-	-	342,956
Total	364,509,077	(10,546,340)	353,962,737	64,355,631	418,318,368	73,029,420

- (1) Joint Outfall (JO) System is comprised of Districts Nos. 1, 2, 3, 5, 8, 15, 16, 17, 18, 19, 21, 22, 23, 28, 29, 34, and South Bay Cities.
- (2) Rebates issued pursuant to the low-water rebate program. Rebates are recorded in the year in which claims are processed, not in the years for which they are being made.
- (3) Actual amounts collected.

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 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17
1	\$ 156	\$ 158	\$ 163	\$ 168	\$ 173
2	149	150	155	160	165
3	152	154	157	160	163
5	134	136	141	146	151
8	143	147	154	163	174
15	134	136	141	146	151
16	137	139	142	145	148
17	138	140	143	146	149
18	150	151	156	161	166
19	150	152	155	158	161
21	147	148	153	158	163
22	147	149	152	155	158
23	116	118	120	122	124
28 ⁽³⁾	337	338	340	342	242
28 ⁽³⁾	129	130	132	134	136
29	340	340	340	340	340
SBC	121	122	124	126	128
(Non-JO)^{(1),(2)}					
4	150	150	150	150	150
9	78	78	78	78	78
14	448	472	496	476	476
20	477	525	535	550	565
SCV	231	247	267	287	307

⁽¹⁾ JO indicated 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.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

FUND BALANCES ON JUNE 30, 2017

Districts	Operating Fund		Capital Improvement Fund
	Total Fund	Available as Rate	
		Stabilization Fund	Total Fund
1	37,712,825	37,711,000	44,285,619
2	62,918,329	62,918,000	58,843,687
3	51,008,091	50,540,000	38,149,117
4	39,352,321	34,689,000	6,616,423
5	66,268,578	66,268,000	54,917,983
8	11,672,608	11,671,000	33,925,348
9	4,477,740	3,289,000	446,091
14	48,310,697	47,742,000	1,164,688
15	63,378,641	63,377,000	44,767,313
16	46,956,023	46,956,000	22,203,419
17	7,628,138	7,628,000	3,051,327
18	29,824,723	29,824,000	33,121,362
19	12,778,659	12,778,000	9,825,976
20	22,066,133	22,066,000	-
21	49,832,782	49,832,000	44,146,363
22	51,690,975	51,690,000	29,966,214
23	13,210,924	13,210,000	3,025,860
27	952,880	952,000	22,711
28	6,050,637	5,306,000	804,221
29	5,215,748	5,209,000	1,561,359
SBC	29,942,051	29,941,000	11,325,374
SCV	37,791,859	37,791,000	71,286,557
Total	699,041,362	691,388,000	513,457,012

AVERAGE YEARLY FLOW FROM THE PARTICIPATING DISTRICTS⁽¹⁾⁽²⁾ (In Millions Of Gallons Per Day)

District	Fiscal Year 2012-13	Fiscal Year 2013-14	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17
JO System ⁽³⁾	386.21	376.58	365.68	351.05	356.48
14	14.39	13.64	13.56	12.88	12.70
20	8.72	8.44	8.27	8.08	8.12
SCV	19.85	19.52	18.89	18.09	18.19
Total	429.17	418.18	406.40	390.10	395.49

(1) The flow from Districts No. 4, 9, and 27 is disposed of through the City of Los Angeles sewerage system.

(2) All flow values are effluent plant flows. Previous annual reports listed influent flows for Districts 14 and 20.

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

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

TEN LARGEST DISPOSAL CUSTOMERS

Fiscal Year 2016-2017

<u>District 14 Customer</u>	<u>Fiscal Year 2016-17 Billing</u>	<u>Percentage of Total User Charges</u>
California State Prison Los Angeles County	\$ 1,293,558	4.05 %
Northrup Grumman Corporation MASD (Site 4)	498,865	1.56
Provident Housing Resources, Inc.(Apartments)	228,480	0.72
Lancaster Mall Properties LP (Shopping Center)	226,751	0.71
Mission Linen & Uniform Service	221,194	0.69
Northrup Grumman Corporation MASD (Site 3)	187,975	0.59
Antelope Valley Hospital	179,380	0.56
The Caritas Corporation (Friendly Village Mobile Home Park)	132,518	0.41
Front Gate Plaza LLC (Shopping Center)	96,609	0.30
The Caritas Corporation (Brierwood Estates Mobile Home Park)	87,679	0.27
	<u>\$ 3,153,009</u>	<u>9.86 %</u>

<u>District 20 Customer</u>	<u>Fiscal Year 2016-17 Billing</u>	<u>Percentage of Total User Charges</u>
Lockheed Martin (Aerospace Manufacturing)	230,502	0.99 %
Antelope Valley Mall LLC (Shopping Center)	\$ 182,735	0.78
Target Corporation (Shopping Center)	181,625	0.78
Universal Health Care (Acute Care Hospital)	109,832	0.47
Palm Chaparral Apartments LLC	100,344	0.43
2200 Town Square East LLC (Shopping Center)	84,484	0.36
Canyon Creek Apartments	81,360	0.35
LY Developers and Management LLC (Store/Warehouse)	78,736	0.34
Caritas Acquisitions LLC (Mobile Home Park)	76,614	0.33
Ridgeview Apartments Inc.	73,920	0.32
	<u>\$ 1,200,152</u>	<u>5.15 %</u>

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

OUTSTANDING SENIOR AND SUBORDINATE OBLIGATIONS

	<u>Outstanding Balance</u> <u>December 31, 2016</u>	<u>Outstanding Balance</u> <u>December 31, 2017</u>	<u>Net Change</u>
Obligations Constituting Senior A.V. Obligations and Senior Revenue Obligations:			
2011 Series A Revenue Bonds	\$ 124,535,000	100,360,000	(24,175,000)
2013 Series A Revenue Bonds	15,670,000	12,870,000	(2,800,000)
Total Senior A.V. Obligation	<u>140,205,000</u>	<u>113,230,000</u>	<u>(26,975,000)</u>
Senior Revenue Obligations			
Primary Sedimentation Tank Covers	1,295,898	1,092,516	(203,382)
Secondary Effluent Pump Station	433,049	365,425	(67,624)
Biological Reactors/Secondary Clarifiers	35,928,901	30,290,102	(5,638,799)
Cryogenic Oxygen Generation	7,207,734	6,006,445	(1,201,289)
Power Generation Equipment Purchase	3,913,466	3,261,222	(652,244)
Waste Activated Sludge Thickening Expansion	1,466,865	1,257,313	(209,552)
Relocating and Installing High-Speed Centrifuge	738,170	632,717	(105,453)
Installation of Secondary Influent Pumping Equip	1,665,545	1,427,610	(237,935)
Fuel Gas Compressor Upgrade	257,693	220,880	(36,813)
Modifications of Electrical Power	1,425,832	1,222,142	(203,690)
Primary Screenings and Grit Dewatering Fac.	4,103,205	3,517,033	(586,172)
Environmental Laboratory Building	3,373,070	2,891,203	(481,867)
JWPCP Digestion Tanks 17-23	18,610,313	15,951,697	(2,658,616)
Modification of Biological Reactors	16,556,258	14,654,385	(1,901,873)
High-Speed Scroll Centrifuges Purch & Install	1,858,362	1,626,067	(232,295)
Secondary Infl Pump Station Equipment	4,381,913	3,834,174	(547,739)
Valencia WRP Solids Processing Expansion	2,150,365	1,612,774	(537,591)
Valencia WRP Stage V Expansion-Equipment	423,081	352,568	(70,513)
La Canada Foothill Main Trunk Sewer	189,278	-	(189,278)
Silo Odor Control Facilities, Phase I	2,431,646	2,084,268	(347,378)
Silo Odor Control Facilities, Phase II	1,637,689	1,473,920	(163,769)
Total Senior Revenue Obligations	<u>110,048,333</u>	<u>93,774,461</u>	<u>(16,273,872)</u>
Subordinate Revenue Obligations:			
2015 Series A Revenue Bonds	142,480,000	139,535,000	(2,945,000)
2016 Series A Revenue Bonds	170,265,000	167,140,000	(3,125,000)
Install of Secondary Infl Pumping Equip Stg II	730,151	649,023	(81,128)
Central Odor Control System	5,166,893	4,592,794	(574,099)
Heat Recovery Steam Generation Equipment	2,169,571	1,952,614	(216,957)
Power Generation Steam Turbine Generator	1,616,624	1,454,962	(161,662)
Pomona WRP NDN Facilities	2,465,773	2,157,551	(308,222)
Pomona WRP NDN Facilities Equip. Purch.	91,308	79,895	(11,413)
Los Coyotes WRP NDN Facilities	10,523,292	9,646,351	(876,941)
Los Coyotes WRP Ammonia Addition Station	528,762	453,225	(75,537)
Long Beach WRP NDN Facilities	2,613,420	2,375,836	(237,584)
Long Beach WRP Ammonia Addition Station	364,961	312,824	(52,137)
Long Beach WRP NDN Facilities Equipment	235,421	201,790	(33,631)
Long Beach WRP Aeration System	161,224	138,192	(23,032)
Long Beach Pumping Plant Upgrades*	36,956,918	38,666,455	1,709,537
Whittier Narrows WRP NDN Facilities	2,808,326	2,592,301	(216,025)

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

	<u>Outstanding Balance</u> <u>December 31, 2016</u>	<u>Outstanding Balance</u> <u>December 31, 2017</u>	<u>Net Change</u>
Subordinate Revenue Obligations (Continued):			
San Jose Creek WRP NDN Facilities	4,700,664	4,178,368	(522,296)
San Jose Creek WRP NDN Fac. Equipment	691,361	614,544	(76,817)
Lancaster - Rosamond Outfall & TS, Phase 1	3,954,995	3,598,725	(356,270)
Lancaster - Rosamond Outfall & TS, Phase 2	6,871,625	6,252,621	(619,004)
Lancaster - Rosamond Outfall & TS, Phase 3	6,303,462	5,735,639	(567,823)
Valencia WRP Stage V Expansion	16,294,152	13,966,416	(2,327,736)
Saugus WRP Equipment Purchases	713,039	623,909	(89,130)
Lancaster WRP Stage V Expansion, Phase I	60,451,228	57,104,541	(3,346,687)
Valencia WRP Steam Boiler Upgrade	4,012,386	3,819,969	(192,417)
Los Coyotes WRP Interceptor Sewer Rehab Phase II	9,934,004	9,388,037	(545,967)
Wright Road Truck Sewer Repair	507,531	479,433	(28,098)
District 5 Interceptor Section 2A Rehab	11,840,850	11,323,930	(516,920)
Alamitos PP Force Main No. 2	838,595	795,635	(42,960)
Total Subordinate Revenue Obligations	<u>506,291,536</u>	<u>489,830,580</u>	<u>(16,460,956)</u>
Total Obligations	<u>\$ 756,544,869</u>	<u>696,835,041</u>	<u>(59,709,828)</u>

*Funds have been received as of December 31, 2017, however, this obligation is not yet in repayment.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA (\$000)

<u>District No. 1</u>	<u>Fiscal Year 2013/14</u>	<u>Fiscal Year 2014/15</u>	<u>Fiscal Year 2015/16</u>	<u>Fiscal Year 2016/17</u>
REVENUE SOURCES				
User Fees ⁽¹⁾	\$ 27,908	\$ 29,096	\$ 29,357	\$ 30,233
Other Revenues	1,930	1,943	2,115	2,153
A.V. Tax	2,631	3,182	3,160	3,253
Interest	488	606	804	940
Rate Stabilization Fund ⁽²⁾	-	-	-	-
Subtotal	<u>32,957</u>	<u>34,827</u>	<u>35,436</u>	<u>36,579</u>
CIF Pledged for Debt ⁽³⁾	<u>40</u>	<u>41</u>	<u>-</u>	<u>-</u>
Total Revenue for Senior Calculation	32,997	34,868	35,436	36,579
CIF Connection Fee Revenue ⁽³⁾	<u>2,737</u>	<u>2,038</u>	<u>2,116</u>	<u>2,626</u>
Total Revenue for Subordinate Calculation	35,694	36,865	37,552	39,205
EXPENSES⁽⁴⁾				
Total O&M	22,586	22,408	23,136	23,155
Rate Stabilization Fund ⁽⁵⁾	<u>1,015</u>	<u>2,655</u>	<u>839</u>	<u>2,243</u>
Total	23,601	25,063	23,975	25,398
DEBT SERVICE PAYMENTS				
Senior				
State Loans	1,546	1,519	1,503	1,503
Revenue Bonds	<u>2,192</u>	<u>2,173</u>	<u>2,173</u>	<u>2,171</u>
Total Senior Debt Payments	3,738	3,692	3,676	3,674
Subordinate				
State Loans	468	433	433	494
Revenue Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Subordinate Debt Payments	468	433	433	494
Total Debt Service	4,206	4,125	4,109	4,168
DEBT SERVICE COVERAGE⁽⁶⁾:				
<u>SENIOR</u>	2.39	2.54	3.00	2.91
<u>SUBORDINATE</u>	2.88	2.86	3.30	3.31

⁽¹⁾ Fiscal Year 2013-2014 operating revenues includes service charge refunds related to prior years. The program that provided for these refunds ended July 1, 2015.

⁽²⁾ 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.

⁽³⁾ 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

⁽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.

⁽⁶⁾ 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.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA (\$000)

District No. 2	Fiscal Year 2013/14	Fiscal Year 2014/15	Fiscal Year 2015/16	Fiscal Year 2016/17
REVENUE SOURCES				
User Fees ⁽¹⁾	\$ 38,847	\$ 40,377	\$ 41,098	\$ 43,183
Other Revenues	2,908	2,882	2,899	3,127
A.V. Tax	5,248	6,509	6,466	6,786
Interest	784	954	1,335	1,420
Rate Stabilization Fund ⁽²⁾	3,542	-	940	-
Subtotal	<u>51,329</u>	<u>50,722</u>	<u>52,738</u>	<u>54,516</u>
CIF Pledged for Debt ⁽³⁾	61	60	-	-
Total Revenue for Senior Calculation	51,390	50,782	52,738	54,516
CIF Connection Fee Revenue ⁽³⁾	3,548	3,316	3,097	3,687
Total Revenue for Subordinate Calculation	<u>54,877</u>	<u>54,038</u>	<u>55,835</u>	<u>58,203</u>
EXPENSES⁽⁴⁾				
Total O&M	34,207	33,387	33,699	34,110
Rate Stabilization Fund ⁽⁵⁾	-	1,652	-	326
Total	<u>34,207</u>	<u>35,039</u>	<u>33,699</u>	<u>34,436</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	2,332	2,206	2,183	2,183
Revenue Bonds	3,384	3,356	3,356	3,352
Total Senior Debt Payments	<u>5,716</u>	<u>5,562</u>	<u>5,539</u>	<u>5,535</u>
Subordinate				
State Loans	644	570	570	658
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	<u>644</u>	<u>570</u>	<u>570</u>	<u>658</u>
Total Debt Service	6,360	6,132	6,109	6,193
DEBT SERVICE COVERAGE⁽⁶⁾:				
SENIOR	2.89	2.73	3.33	3.51
<u>SUBORDINATE</u>	<u>3.25</u>	<u>3.10</u>	<u>3.62</u>	<u>3.84</u>

⁽¹⁾ Fiscal Year 2013-2014 operating revenues includes service charge refunds related to prior years. The program that provided for these refunds will end July 1, 2015.

⁽²⁾ 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.

⁽³⁾ 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.

⁽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.

⁽⁶⁾ 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.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA (\$000)

District No. 3	Fiscal Year 2013/14	Fiscal Year 2014/15	Fiscal Year 2015/16	Fiscal Year 2016/17
REVENUE SOURCES				
User Fees ⁽¹⁾	\$ 30,767	\$ 32,545	\$ 31,134	\$ 32,010
Other Revenues	2,236	2,243	2,294	2,473
A.V. Tax	4,278	5,222	5,273	5,298
Interest	541	688	901	956
Rate Stabilization Fund ⁽²⁾	-	-	-	-
Subtotal	<u>37,822</u>	<u>40,698</u>	<u>39,602</u>	<u>40,737</u>
CIF Pledged for Debt ⁽³⁾	47	48	-	-
Total Revenue for Senior Calculation	37,869	40,746	39,602	40,737
CIF Connection Fee Revenue ⁽³⁾	2,478	2,342	1,919	2,743
Total Revenue for Subordinate Calculation	40,300	43,040	41,521	43,480
EXPENSES⁽⁴⁾				
Total O&M	25,805	24,986	26,408	25,841
Rate Stabilization Fund ⁽⁵⁾	853	4,262	548	136
Total	<u>26,658</u>	<u>29,248</u>	<u>26,956</u>	<u>25,977</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	1,788	1,745	1,727	1,727
Revenue Bonds	2,570	2,549	2,549	2,546
Total Senior Debt Payments	<u>4,358</u>	<u>4,294</u>	<u>4,276</u>	<u>4,273</u>
Subordinate				
State Loans	494	451	451	520
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	<u>494</u>	<u>451</u>	<u>451</u>	<u>520</u>
Total Debt Service	4,852	4,745	4,727	4,793
DEBT SERVICE COVERAGE⁽⁶⁾:				
SENIOR	2.46	2.57	2.85	3.33
SUBORDINATE	2.81	2.91	3.08	3.65

⁽¹⁾ Fiscal Year 2013-2014 operating revenues includes service charge refunds related to prior years. The program that provided for these refunds will end July 1, 2015.

⁽²⁾ 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.

⁽³⁾ 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.

⁽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.

⁽⁶⁾ 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.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA (\$000)

District No. 5	Fiscal Year 2013/14	Fiscal Year 2014/15	Fiscal Year 2015/16	Fiscal Year 2016/17
REVENUE SOURCES				
User Fees ⁽¹⁾	\$ 41,495	\$ 42,778	\$ 41,925	\$ 44,447
Other Revenues	3,406	3,364	3,419	3,641
A.V. Tax	8,661	10,658	10,719	11,197
Interest	849	1,018	1,343	1,380
Rate Stabilization Fund ⁽²⁾	6,107	-	2,743	2,763
Subtotal	<u>60,518</u>	<u>57,818</u>	<u>60,149</u>	<u>63,428</u>
CIF Pledged for Debt ⁽³⁾	71	70	-	-
Total Revenue for Senior Calculation	60,589	57,888	60,149	63,428
CIF Connection Fee Revenue ⁽³⁾	4,018	4,056	3,299	3,968
Total Revenue for Subordinate Calculation	64,536	61,874	63,448	67,396
EXPENSES⁽⁴⁾				
Total O&M	40,506	39,180	39,428	39,798
Rate Stabilization Fund ⁽⁵⁾	-	922	-	-
Total	<u>40,506</u>	<u>40,102</u>	<u>39,428</u>	<u>39,798</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	2,716	2,569	2,542	2,542
Revenue Bonds	5,530	5,486	5,486	5,479
Total Senior Debt Payments	<u>8,246</u>	<u>8,055</u>	<u>8,028</u>	<u>8,021</u>
Subordinate				
State Loans	751	663	663	766
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	<u>751</u>	<u>663</u>	<u>663</u>	<u>766</u>
Total Debt Service	8,997	8,718	8,691	8,787
DEBT SERVICE COVERAGE⁽⁶⁾:				
SENIOR	2.34	2.13	2.50	2.85
<u>SUBORDINATE</u>	<u>2.67</u>	<u>2.50</u>	<u>2.76</u>	<u>3.14</u>

⁽¹⁾ Fiscal Year 2013-2014 operating revenues includes service charge refunds related to prior years. The program that provided for these refunds will end July 1, 2015.

⁽²⁾ 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.

⁽³⁾ 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.

⁽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.

⁽⁶⁾ 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.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA (\$000)

<u>District No. 8</u>	<u>Fiscal Year 2013/14</u>	<u>Fiscal Year 2014/15</u>	<u>Fiscal Year 2015/16</u>	<u>Fiscal Year 2016/17</u>
REVENUE SOURCES				
User Fees ⁽¹⁾	\$ 18,276	\$ 19,647	\$ 20,156	\$ 19,541
Other Revenues	1,236	1,181	1,235	1,335
A.V. Tax	1,681	2,017	1,932	1,907
Interest	284	337	480	541
Rate Stabilization Fund ⁽²⁾	103	-	1,629	794
Subtotal	<u>21,580</u>	<u>23,182</u>	<u>25,432</u>	<u>24,118</u>
CIF Pledged for Debt ⁽³⁾	24	25	-	-
Total Revenue for Senior Calculation	21,604	23,207	25,432	24,118
CIF Connection Fee Revenue ⁽³⁾	1,545	1,595	1,898	1,646
Total Revenue for Subordinate Calculation	<u>23,125</u>	<u>24,777</u>	<u>27,330</u>	<u>25,764</u>
EXPENSES⁽⁴⁾				
Total O&M	15,293	15,622	16,679	17,100
Rate Stabilization Fund ⁽⁵⁾	-	2,439	-	-
Total	<u>15,293</u>	<u>18,061</u>	<u>16,679</u>	<u>17,100</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	934	940	930	930
Revenue Bonds	1,336	1,325	1,325	1,324
Total Senior Debt Payments	<u>2,270</u>	<u>2,265</u>	<u>2,255</u>	<u>2,254</u>
Subordinate				
State Loans	258	243	243	280
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	<u>258</u>	<u>243</u>	<u>243</u>	<u>280</u>
Total Debt Service	2,528	2,508	2,498	2,534
DEBT SERVICE COVERAGE⁽⁶⁾:				
SENIOR	2.67	2.16	3.77	2.99
SUBORDINATE	<u>3.10</u>	<u>2.68</u>	<u>4.26</u>	<u>3.42</u>

⁽¹⁾ Fiscal Year 2013-2014 operating revenues includes service charge refunds related to prior years. The program that provided for these refunds will end July 1, 2015.

⁽²⁾ 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.

⁽³⁾ 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.

⁽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.

⁽⁶⁾ 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.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA (\$000)

District No. 15	Fiscal Year 2013/14	Fiscal Year 2014/15	Fiscal Year 2015/16	Fiscal Year 2016/17
REVENUE SOURCES				
User Fees ⁽¹⁾	\$ 30,391	\$ 31,564	\$ 30,875	\$ 32,719
Other Revenues	2,385	2,408	2,451	2,650
A.V. Tax	5,548	6,628	7,194	7,246
Interest	700	848	1,184	1,257
Rate Stabilization Fund ⁽²⁾	<u>1,377</u>	<u>-</u>	<u>-</u>	<u>-</u>
Subtotal	<u>40,401</u>	<u>41,448</u>	<u>41,704</u>	<u>43,872</u>
CIF Pledged for Debt ⁽³⁾	<u>50</u>	<u>51</u>	<u>-</u>	<u>-</u>
Total Revenue for Senior Calculation	40,451	41,499	41,704	43,872
CIF Connection Fee Revenue ⁽³⁾	<u>2,890</u>	<u>2,587</u>	<u>3,466</u>	<u>2,908</u>
Total Revenue for Subordinate Calculation	43,291	44,035	45,170	46,780
EXPENSES⁽⁴⁾				
Total O&M	27,357	26,997	27,616	27,642
Rate Stabilization Fund ⁽⁵⁾	<u>-</u>	<u>2,398</u>	<u>623</u>	<u>187</u>
Total	<u>27,357</u>	<u>29,395</u>	<u>28,239</u>	<u>27,829</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	1,908	1,864	1,844	1,844
Revenue Bonds	<u>3,461</u>	<u>3,434</u>	<u>3,434</u>	<u>3,429</u>
Total Senior Debt Payments	5,369	5,298	5,278	5,273
Subordinate				
State Loans	528	481	481	556
Revenue Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Subordinate Debt Payments	528	481	481	556
Total Debt Service	5,897	5,779	5,759	5,829
DEBT SERVICE COVERAGE⁽⁶⁾:				
SENIOR	2.34	2.19	2.46	2.94
SUBORDINATE	2.70	2.53	2.94	3.25

⁽¹⁾ Fiscal Year 2013-2014 operating revenues includes service charge refunds related to prior years. The program that provided for these refunds will end July 1, 2015.

⁽²⁾ 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.

⁽³⁾ 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.

⁽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.

⁽⁶⁾ 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.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA (\$000)

<u>District No. 16</u>	<u>Fiscal Year 2013/14</u>	<u>Fiscal Year 2014/15</u>	<u>Fiscal Year 2015/16</u>	<u>Fiscal Year 2016/17</u>
REVENUE SOURCES				
User Fees ⁽¹⁾	\$ 15,586	\$ 16,461	\$ 16,341	\$ 17,029
Other Revenues	1,283	1,302	1,304	1,407
A.V. Tax	3,641	4,688	5,393	5,783
Interest	406	502	733	773
Rate Stabilization Fund ⁽²⁾	467	-	-	-
Subtotal	<u>21,383</u>	<u>22,953</u>	<u>23,771</u>	<u>24,992</u>
CIF Pledged for Debt ⁽³⁾	27	27	-	-
Total Revenue for Senior Calculation	21,410	22,980	23,771	24,992
CIF Connection Fee Revenue ⁽³⁾	1,637	1,626	1,186	1,489
Total Revenue for Subordinate Calculation	<u>23,020</u>	<u>24,579</u>	<u>24,957</u>	<u>26,481</u>
EXPENSES⁽⁴⁾				
Total O&M	14,056	14,225	14,416	14,212
Rate Stabilization Fund ⁽⁵⁾	-	1,765	1,544	2,118
Total	<u>14,056</u>	<u>15,990</u>	<u>15,960</u>	<u>16,330</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	1,020	993	982	982
Revenue Bonds	<u>2,157</u>	<u>2,140</u>	<u>2,140</u>	<u>2,137</u>
Total Senior Debt Payments	3,177	3,133	3,122	3,119
Subordinate				
State Loans	282	256	256	296
Revenue Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Subordinate Debt Payments	282	256	256	296
Total Debt Service	3,459	3,389	3,378	3,415
DEBT SERVICE COVERAGE⁽⁶⁾:				
SENIOR	2.23	2.15	2.42	2.68
SUBORDINATE	<u>2.59</u>	<u>2.53</u>	<u>2.66</u>	<u>2.97</u>

⁽¹⁾ Fiscal Year 2013-2014 operating revenues includes service charge refunds related to prior years. The program that provided for these refunds will end July 1, 2015.

⁽²⁾ 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.

⁽³⁾ 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.

⁽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.

⁽⁶⁾ 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.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA (\$000)

District No. 17	Fiscal Year 2013/14	Fiscal Year 2014/15	Fiscal Year 2015/16	Fiscal Year 2016/17
REVENUE SOURCES				
User Fees ⁽¹⁾	\$ 2,121	\$ 2,149	\$ 2,175	\$ 2,217
Other Revenues	169	168	211	181
A.V. Tax	429	508	533	559
Interest	72	85	88	124
Rate Stabilization Fund ⁽²⁾	-	-	-	-
Subtotal	<u>2,791</u>	<u>2,910</u>	<u>3,007</u>	<u>3,081</u>
CIF Pledged for Debt ⁽³⁾	4	3	-	-
Total Revenue for Senior Calculation	2,795	2,913	3,007	3,081
CIF Connection Fee Revenue ⁽³⁾	195	164	150	176
Total Revenue for Subordinate Calculation	<u>2,986</u>	<u>3,074</u>	<u>3,157</u>	<u>3,257</u>
EXPENSES⁽⁴⁾				
Total O&M	1,867	1,823	1,851	1,815
Rate Stabilization Fund ⁽⁵⁾	398	565	640	469
Total	<u>2,265</u>	<u>2,388</u>	<u>2,491</u>	<u>2,284</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	136	128	127	127
Revenue Bonds	<u>276</u>	<u>274</u>	<u>274</u>	<u>273</u>
Total Senior Debt Payments	412	402	401	400
Subordinate				
State Loans	37	33	33	38
Revenue Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Subordinate Debt Payments	37	33	33	38
Total Debt Service	449	435	434	438
DEBT SERVICE COVERAGE⁽⁶⁾:				
SENIOR	1.20	1.22	1.20	1.90
SUBORDINATE	<u>1.61</u>	<u>1.58</u>	<u>1.53</u>	<u>2.22</u>

⁽¹⁾ Fiscal Year 2013-2014 operating revenues includes service charge refunds related to prior years. The program that provided for these refunds will end July 1, 2015.

⁽²⁾ 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.

⁽³⁾ 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.

⁽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.

⁽⁶⁾ 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.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA (\$000)

District No. 18	Fiscal Year 2013/14	Fiscal Year 2014/15	Fiscal Year 2015/16	Fiscal Year 2016/17
REVENUE SOURCES				
User Fees ⁽¹⁾	\$ 21,032	\$ 22,027	\$ 21,853	\$ 22,732
Other Revenues	1,580	1,580	1,584	1,707
A.V. Tax	3,358	3,905	3,771	4,007
Interest	397	487	652	706
Rate Stabilization Fund ⁽²⁾	309	-	-	-
Subtotal	<u>26,676</u>	<u>27,999</u>	<u>27,860</u>	<u>29,152</u>
CIF Pledged for Debt ⁽³⁾	33	33	-	-
Total Revenue for Senior Calculation	26,709	28,032	27,860	29,152
CIF Connection Fee Revenue ⁽³⁾	2,113	1,626	2,009	1,964
Total Revenue for Subordinate Calculation	28,789	29,625	29,869	31,116
EXPENSES⁽⁴⁾				
Total O&M	18,574	18,041	18,545	18,247
Rate Stabilization Fund ⁽⁵⁾	-	1,392	378	492
Total	<u>18,574</u>	<u>19,433</u>	<u>18,923</u>	<u>18,739</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	1,266	1,205	1,192	1,192
Revenue Bonds	1,892	1,877	1,877	1,874
Total Senior Debt Payments	<u>3,158</u>	<u>3,082</u>	<u>3,069</u>	<u>3,066</u>
Subordinate				
State Loans	350	311	311	359
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	<u>350</u>	<u>311</u>	<u>311</u>	<u>359</u>
Total Debt Service	3,508	3,393	3,380	3,425
DEBT SERVICE COVERAGE⁽⁶⁾:				
SENIOR	2.47	2.69	2.81	3.28
SUBORDINATE	2.91	3.00	3.24	3.61

⁽¹⁾ Fiscal Year 2013-2014 operating revenues includes service charge refunds related to prior years. The program that provided for these refunds will end July 1, 2015.

⁽²⁾ 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.

⁽³⁾ 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.

⁽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.

⁽⁶⁾ 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.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA (\$000)

District No. 19	Fiscal Year 2013/14	Fiscal Year 2014/15	Fiscal Year 2015/16	Fiscal Year 2016/17
REVENUE SOURCES				
User Fees ⁽¹⁾	\$ 5,343	\$ 5,999	\$ 5,827	\$ 6,830
Other Revenues	443	439	450	486
A.V. Tax	1,043	1,316	1,404	1,476
Interest	140	170	236	256
Rate Stabilization Fund ⁽²⁾	227	-	156	-
Subtotal	<u>7,196</u>	<u>7,924</u>	<u>8,073</u>	<u>9,048</u>
CIF Pledged for Debt ⁽³⁾	<u>9</u>	<u>9</u>	<u>-</u>	<u>-</u>
Total Revenue for Senior Calculation	7,205	7,933	8,073	9,048
CIF Connection Fee Revenue ⁽³⁾	<u>621</u>	<u>454</u>	<u>506</u>	<u>496</u>
Total Revenue for Subordinate Calculation	7,817	8,378	8,579	9,544
EXPENSES⁽⁴⁾				
Total O&M	5,021	4,970	5,574	5,188
Rate Stabilization Fund ⁽⁵⁾	<u>-</u>	<u>756</u>	<u>-</u>	<u>923</u>
Total	5,021	5,726	5,574	6,111
DEBT SERVICE PAYMENTS				
Senior				
State Loans	355	343	339	339
Revenue Bonds	<u>610</u>	<u>605</u>	<u>605</u>	<u>604</u>
Total Senior Debt Payments	965	948	944	943
Subordinate				
State Loans	98	88	88	102
Revenue Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Subordinate Debt Payments	98	88	88	102
Total Debt Service	1,063	1,036	1,032	1,045
DEBT SERVICE COVERAGE⁽⁶⁾:				
SENIOR	2.16	2.24	2.55	3.01
<u>SUBORDINATE</u>	<u>2.63</u>	<u>2.56</u>	<u>2.91</u>	<u>3.29</u>

⁽¹⁾ Fiscal Year 2013-2014 operating revenues includes service charge refunds related to prior years. The program that provided for these refunds will end July 1, 2015.

⁽²⁾ 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.

⁽³⁾ 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.

⁽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.

⁽⁶⁾ 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.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA (\$000)

District No. 21	Fiscal Year 2013/14	Fiscal Year 2014/15	Fiscal Year 2015/16	Fiscal Year 2016/17
REVENUE SOURCES				
User Fees ⁽¹⁾	\$ 25,292	\$ 31,175	\$ 26,989	\$ 27,715
Other Revenues	1,988	2,722	2,668	2,829
A.V. Tax	3,313	4,317	4,282	4,149
Interest	563	709	1,051	1,074
Rate Stabilization Fund ⁽²⁾	266	-	-	-
Subtotal	<u>31,422</u>	<u>38,923</u>	<u>34,990</u>	<u>35,767</u>
CIF Pledged for Debt ⁽³⁾	40	40	-	-
Total Revenue for Senior Calculation	31,462	38,963	34,990	35,767
CIF Connection Fee Revenue ⁽³⁾	2,527	2,285	2,127	2,465
Total Revenue for Subordinate Calculation	<u>33,949</u>	<u>41,208</u>	<u>37,117</u>	<u>38,232</u>
EXPENSES⁽⁴⁾				
Total O&M	22,195	21,428	21,810	21,828
Rate Stabilization Fund ⁽⁵⁾	-	6,072	199	1,174
Total	<u>22,195</u>	<u>27,500</u>	<u>22,009</u>	<u>23,002</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	1,529	1,465	1,450	1,450
Revenue Bonds	2,041	2,024	2,024	2,021
Total Senior Debt Payments	<u>3,570</u>	<u>3,489</u>	<u>3,474</u>	<u>3,471</u>
Subordinate				
State Loans	423	378	378	437
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	<u>423</u>	<u>378</u>	<u>378</u>	<u>437</u>
Total Debt Service	3,993	3,867	3,852	3,908
DEBT SERVICE COVERAGE⁽⁶⁾:				
SENIOR	2.48	3.18	3.63	3.55
<u>SUBORDINATE</u>	<u>2.94</u>	<u>3.54</u>	<u>3.92</u>	<u>3.90</u>

⁽¹⁾ Fiscal Year 2013-2014 operating revenues includes service charge refunds related to prior years. The program that provided for these refunds will end July 1, 2015.

⁽²⁾ 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.

⁽³⁾ 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.

⁽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.

⁽⁶⁾ 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.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA (\$000)

District No. 22	Fiscal Year 2013/14	Fiscal Year 2014/15	Fiscal Year 2015/16	Fiscal Year 2016/17
REVENUE SOURCES				
User Fees ⁽¹⁾	\$ 20,713	\$ 21,539	\$ 22,476	\$ 23,187
Other Revenues	1,967	1,630	1,583	1,636
A.V. Tax	2,986	3,694	3,827	4,211
Interest	501	601	816	1,215
Rate Stabilization Fund ⁽²⁾	-	-	-	-
Subtotal	<u>26,167</u>	<u>27,464</u>	<u>28,702</u>	<u>30,249</u>
CIF Pledged for Debt ⁽³⁾	34	33	-	-
Total Revenue for Senior Calculation	<u>26,201</u>	<u>27,497</u>	<u>28,702</u>	<u>30,249</u>
CIF Connection Fee Revenue ⁽³⁾	<u>2,727</u>	<u>2,013</u>	<u>2,796</u>	<u>2,475</u>
Total Revenue for Subordinate Calculation	<u>28,894</u>	<u>29,477</u>	<u>31,498</u>	<u>32,724</u>
EXPENSES⁽⁴⁾				
Total O&M	18,988	17,796	17,618	17,608
Rate Stabilization Fund ⁽⁵⁾	<u>10</u>	<u>789</u>	<u>2,721</u>	<u>3,818</u>
Total	<u>18,998</u>	<u>18,585</u>	<u>20,339</u>	<u>21,426</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	1,297	1,199	1,186	1,186
Revenue Bonds	<u>1,766</u>	<u>1,751</u>	<u>1,751</u>	<u>1,749</u>
Total Senior Debt Payments	<u>3,063</u>	<u>2,950</u>	<u>2,937</u>	<u>2,935</u>
Subordinate				
State Loans	359	309	309	357
Revenue Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Subordinate Debt Payments	<u>359</u>	<u>309</u>	<u>309</u>	<u>357</u>
Total Debt Service	<u>3,422</u>	<u>3,259</u>	<u>3,246</u>	<u>3,292</u>
DEBT SERVICE COVERAGE⁽⁶⁾:				
SENIOR	2.23	2.92	2.74	2.88
SUBORDINATE	<u>2.89</u>	<u>3.34</u>	<u>3.44</u>	<u>3.43</u>

⁽¹⁾ Fiscal Year 2013-2014 operating revenues includes service charge refunds related to prior years. The program that provided for these refunds will end July 1, 2015.

⁽²⁾ 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.

⁽³⁾ 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.

⁽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.

⁽⁶⁾ 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.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA (\$000)

District No. 23	Fiscal Year 2013/14	Fiscal Year 2014/15	Fiscal Year 2015/16	Fiscal Year 2016/17
REVENUE SOURCES				
User Fees ⁽¹⁾	\$ 3,271	\$ 3,649	\$ 3,834	\$ 3,880
Other Revenues	229	215	205	220
A.V. Tax	306	459	398	424
Interest	107	150	203	194
Rate Stabilization Fund ⁽²⁾	120	-	-	-
Subtotal	<u>4,033</u>	<u>4,473</u>	<u>4,640</u>	<u>4,718</u>
CIF Pledged for Debt ⁽³⁾	5	4	-	-
Total Revenue for Senior Calculation	4,038	4,477	4,640	4,718
CIF Connection Fee Revenue ⁽³⁾	260	189	214	209
Total Revenue for Subordinate Calculation	<u>4,293</u>	<u>4,662</u>	<u>4,854</u>	<u>4,927</u>
EXPENSES⁽⁴⁾				
Total O&M	3,319	3,107	2,968	2,989
Rate Stabilization Fund ⁽⁵⁾	-	670	331	290
Total	<u>3,319</u>	<u>3,777</u>	<u>3,299</u>	<u>3,279</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	185	156	154	154
Revenue Bonds	373	370	370	369
Total Senior Debt Payments	<u>558</u>	<u>526</u>	<u>524</u>	<u>523</u>
Subordinate				
State Loans	51	40	40	46
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	<u>51</u>	<u>40</u>	<u>40</u>	<u>46</u>
Total Debt Service	609	566	564	569
DEBT SERVICE COVERAGE⁽⁶⁾:				
SENIOR	1.20	1.25	2.48	2.66
<u>SUBORDINATE</u>	<u>1.60</u>	<u>1.56</u>	<u>2.76</u>	<u>2.90</u>

⁽¹⁾ Fiscal Year 2013-2014 operating revenues includes service charge refunds related to prior years. The program that provided for these refunds will end July 1, 2015.

⁽²⁾ 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.

⁽³⁾ 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.

⁽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.

⁽⁶⁾ 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.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA (\$000)

<u>District No. 28</u>	<u>Fiscal Year 2013/14</u>	<u>Fiscal Year 2014/15</u>	<u>Fiscal Year 2015/16</u>	<u>Fiscal Year 2016/17</u>
REVENUE SOURCES				
User Fees ⁽¹⁾	\$ 983	\$ 1,008	\$ 1,019	\$ 804
Other Revenues	53	54	53	59
A.V. Tax	498	582	609	635
Interest	40	58	87	88
Rate Stabilization Fund ⁽²⁾	-	-	-	-
Subtotal	<u>1,574</u>	<u>1,702</u>	<u>1,768</u>	<u>1,586</u>
CIF Pledged for Debt ⁽³⁾	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>
Total Revenue for Senior Calculation	1,575	1,703	1,768	1,586
CIF Connection Fee Revenue ⁽³⁾	<u>64</u>	<u>56</u>	<u>56</u>	<u>57</u>
Total Revenue for Subordinate Calculation	1,638	1,758	1,824	1,643
EXPENSES⁽⁴⁾				
Total O&M	590	591	600	589
Rate Stabilization Fund ⁽⁵⁾	<u>368</u>	<u>490</u>	<u>550</u>	<u>595</u>
Total	958	1,081	1,150	1,184
DEBT SERVICE PAYMENTS				
Senior				
State Loans	408	407	407	229
Revenue Bonds	<u>98</u>	<u>97</u>	<u>97</u>	<u>97</u>
Total Senior Debt Payments	506	504	504	326
Subordinate				
State Loans	12	10	10	12
Revenue Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Subordinate Debt Payments	12	10	10	12
Total Debt Service	518	514	514	338
DEBT SERVICE COVERAGE⁽⁶⁾:				
SENIOR	1.20	1.21	1.21	1.20
<u>SUBORDINATE</u>	<u>1.31</u>	<u>1.32</u>	<u>1.31</u>	<u>1.36</u>

⁽¹⁾ Fiscal Year 2013-2014 operating revenues includes service charge refunds related to prior years. The program that provided for these refunds will end July 1, 2015.

⁽²⁾ 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.

⁽³⁾ 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.

⁽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.

⁽⁶⁾ 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.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA (\$000)

<u>District No. 29</u>	<u>Fiscal Year 2013/14</u>	<u>Fiscal Year 2014/15</u>	<u>Fiscal Year 2015/16</u>	<u>Fiscal Year 2016/17</u>
REVENUE SOURCES				
User Fees ⁽¹⁾	\$ 1,881	\$ 1,941	\$ 1,988	\$ 1,960
Other Revenues	64	66	64	109
A.V. Tax	83	114	118	124
Interest	32	45	62	79
Rate Stabilization Fund ⁽²⁾	-	-	-	-
Subtotal	<u>2,060</u>	<u>2,166</u>	<u>2,232</u>	<u>2,272</u>
CIF Pledged for Debt ⁽³⁾	<u>1</u>	<u>1</u>	-	-
Total Revenue for Senior Calculation	2,061	2,167	2,232	2,272
CIF Connection Fee Revenue ⁽³⁾	<u>68</u>	<u>75</u>	<u>84</u>	<u>85</u>
Total Revenue for Subordinate Calculation	2,128	2,241	2,316	2,357
EXPENSES⁽⁴⁾				
Total O&M	1,156	1,108	1,132	1,304
Rate Stabilization Fund ⁽⁵⁾	<u>737</u>	<u>885</u>	<u>935</u>	<u>653</u>
Total	1,893	1,993	2,067	1,957
DEBT SERVICE PAYMENTS				
Senior				
State Loans	51	49	48	48
Revenue Bonds	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>
Total Senior Debt Payments	81	79	78	78
Subordinate				
State Loans	71	71	71	72
Revenue Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Subordinate Debt Payments	71	71	71	72
Total Debt Service	152	150	149	150
DEBT SERVICE COVERAGE⁽⁶⁾:				
SENIOR	1.20	1.30	1.21	3.12
<u>SUBORDINATE</u>	<u>1.55</u>	<u>1.65</u>	<u>1.67</u>	<u>2.67</u>

⁽¹⁾ Fiscal Year 2013-2014 operating revenues includes service charge refunds related to prior years. The program that provided for these refunds will end July 1, 2015.

⁽²⁾ 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.

⁽³⁾ 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.

⁽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.

⁽⁶⁾ 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.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA (\$000)

<u>South Bay Cities</u>	<u>Fiscal Year 2013/14</u>	<u>Fiscal Year 2014/15</u>	<u>Fiscal Year 2015/16</u>	<u>Fiscal Year 2016/17</u>
REVENUE SOURCES				
User Fees ⁽¹⁾	\$ 6,428	\$ 6,334	\$ 5,995	\$ 6,462
Other Revenues	594	592	603	650
A.V. Tax	3,903	4,679	4,953	5,229
Interest	251	313	439	460
Rate Stabilization Fund ⁽²⁾	-	-	-	-
Subtotal	<u>11,176</u>	<u>11,918</u>	<u>11,990</u>	<u>12,801</u>
CIF Pledged for Debt ⁽³⁾	<u>12</u>	<u>12</u>	<u>-</u>	<u>-</u>
Total Revenue for Senior Calculation	11,188	11,930	11,990	12,801
CIF Connection Fee Revenue ⁽³⁾	<u>638</u>	<u>606</u>	<u>498</u>	<u>636</u>
Total Revenue for Subordinate Calculation	11,814	12,524	12,488	13,437
EXPENSES⁽⁴⁾				
Total O&M	7,480	7,422	7,566	7,520
Rate Stabilization Fund ⁽⁵⁾	<u>358</u>	<u>1,292</u>	<u>897</u>	<u>1,294</u>
Total	7,838	8,714	8,463	8,814
DEBT SERVICE PAYMENTS				
Senior				
State Loans	476	459	454	454
Revenue Bonds	<u>943</u>	<u>935</u>	<u>935</u>	<u>935</u>
Total Senior Debt Payments	1,419	1,394	1,389	1,389
Subordinate				
State Loans	132	119	119	137
Revenue Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Subordinate Debt Payments	132	119	119	137
Total Debt Service	1,551	1,513	1,508	1,526
DEBT SERVICE COVERAGE⁽⁶⁾:				
SENIOR	2.27	2.22	2.45	2.77
SUBORDINATE	<u>2.56</u>	<u>2.52</u>	<u>2.67</u>	<u>3.03</u>

⁽¹⁾ Fiscal Year 2013-2014 operating revenues includes service charge refunds related to prior years. The program that provided for these refunds will end July 1, 2015.

⁽²⁾ 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.

⁽³⁾ 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.

⁽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.

⁽⁶⁾ 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.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA (\$000)

District No. 4	Fiscal Year 2013/14	Fiscal Year 2014/15	Fiscal Year 2015/16	Fiscal Year 2016/17
REVENUE SOURCES				
User Fees ⁽¹⁾	\$ 3,733	\$ 3,728	\$ 3,773	\$ 3,798
Other Revenues	1	1	-	-
A.V. Tax	409	503	547	597
Interest	277	369	532	483
Rate Stabilization Fund ⁽²⁾	-	-	1,443	387
Subtotal	<u>4,420</u>	<u>4,601</u>	<u>6,295</u>	<u>5,265</u>
CIF Pledged for Debt ⁽³⁾	-	-	-	-
Total Revenue for Senior Calculation	4,420	4,601	6,295	5,265
CIF Connection Fee Revenue ⁽³⁾	301	1,034	408	191
Total Revenue for Subordinate Calculation	<u>4,721</u>	<u>5,635</u>	<u>6,703</u>	<u>5,456</u>
EXPENSES⁽⁴⁾				
Total O&M	1,507	1,467	3,901 ⁽⁵⁾	1,810
Rate Stabilization Fund ⁽⁶⁾	<u>1,364</u>	<u>1,277</u>	-	-
Total	<u>2,871</u>	<u>2,744</u>	<u>3,901</u>	<u>1,810</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	-	-	-	-
Revenue Bonds	<u>327</u>	<u>325</u>	<u>325</u>	<u>324</u>
Total Senior Debt Payments	327	325	325	324
Subordinate				
State Loans	-	-	-	-
Revenue Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Subordinate Debt Payments	-	-	-	-
Total Debt Service	327	325	325	324
DEBT SERVICE COVERAGE:				
SENIOR	4.74	5.71	7.37	10.66

⁽¹⁾ Fiscal Year 2013-2014 operating revenues includes service charge refunds related to prior years. The program that provided for these refunds will end July 1, 2015.

⁽²⁾ 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.

⁽³⁾ 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.

⁽⁴⁾ Does not include depreciation.

⁽⁵⁾ In fiscal years 2011-12, 2012-13, and 2013-14, the City of Los Angeles undercharged District No. 4 for services provided. They later realized their error and sent a corrected invoice for all the undercharged years, which was paid during fiscal year 2015-16.

⁽⁶⁾ These funds are being set aside to minimize the impact on the Districts' ratepayers in the event of future unexpected operating costs.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA (\$000)

District No. 9	Fiscal Year 2013/14	Fiscal Year 2014/15	Fiscal Year 2015/16	Fiscal Year 2016/17
REVENUE SOURCES				
User Fees ⁽¹⁾	\$ 66	86	103	103
Other Revenues	1	1	-	-
A.V. Tax	73	88	90	94
Interest	39	49	59	56
Rate Stabilization Fund ⁽²⁾	-	-	-	-
Subtotal	179	224	252	253
CIF Pledged for Debt ⁽³⁾	-	-	-	-
Total Revenue for Senior Calculation	179	224	252	253
CIF Connection Fee Revenue ⁽³⁾	6	3	-	-
Total Revenue for Subordinate Calculation	185	227	252	253
EXPENSES⁽⁴⁾				
Total O&M	87	133	138	159 ⁽⁵⁾
Rate Stabilization Fund ⁽⁶⁾	38	37	59	39
Total	125	170	197	198
DEBT SERVICE PAYMENTS				
Senior				
State Loans	-	-	-	-
Revenue Bonds	45	45	46	46
Total Senior Debt Payments	45	45	46	46
Subordinate				
State Loans	-	-	-	-
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	-	-	-	-
Total Debt Service	45	45	46	46
DEBT SERVICE COVERAGE:				
SENIOR	1.20	1.20	1.20	1.20

⁽¹⁾ Fiscal Year 2013-2014 operating revenues includes service charge refunds related to prior years. The program that provided for these refunds will end July 1, 2015.

⁽²⁾ 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.

⁽³⁾ 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.

⁽⁴⁾ Does not include depreciation.

⁽⁵⁾ In fiscal year 2014-15, the City of Los Angeles undercharged District No. 4 for services provided. They later realized their error and sent a corrected invoice for all the undercharged years, which was paid during fiscal year 2016-17.

⁽⁶⁾ These funds are being set aside to minimize the impact on the Districts' ratepayers in the event of future unexpected operating costs.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA (\$000)

District No. 14	Fiscal Year 2013/14	Fiscal Year 2014/15	Fiscal Year 2015/16	Fiscal Year 2016/17
REVENUE SOURCES				
User Fees ⁽¹⁾	\$ 33,476	\$ 34,818	\$ 33,639	\$ 34,132
Other Revenues	1,578	1,398	876	834
A.V. Tax	812	1,139	1,227	1,498
Interest	261	354	449	543
Rate Stabilization Fund ⁽²⁾	-	-	1,032	-
Subtotal	<u>36,127</u>	<u>37,709</u>	<u>37,223</u>	<u>37,007</u>
CIF Pledged for Debt ⁽³⁾	<u>3,488</u>	<u>3,488</u>	<u>3,372</u>	<u>2,788</u>
Total Revenue for Senior Calculation	39,615	41,197	40,595	39,795
CIF Connection Fee Revenue ⁽³⁾	<u>996</u>	<u>806</u>	<u>1,360</u>	<u>1,645</u>
Total Revenue for Subordinate Calculation	37,123	38,515	38,583	38,652
EXPENSES⁽⁴⁾				
Total O&M	12,279	12,654	12,311	12,832
Rate Stabilization Fund ⁽⁵⁾	<u>4,650</u>	<u>5,650</u>	<u>-</u>	<u>6,750</u>
Total	16,929	18,304	12,311	19,582
DEBT SERVICE PAYMENTS				
Senior				
State Loans	-	-	-	-
Revenue Bonds	<u>464</u>	<u>464</u>	<u>460</u>	<u>460</u>
Total Senior Debt Payments	464	464	460	460
Subordinate				
State Loans	6,856	6,856	6,856	6,856
Revenue Bonds	<u>11,110</u>	<u>11,110</u>	<u>9,988</u>	<u>9,994</u>
Total Subordinate Debt Payments	17,966	17,966	16,844	16,850
Total Debt Service	18,430	18,430	17,304	17,310
DEBT SERVICE COVERAGE⁽⁶⁾:				
SENIOR	10.17	10.62	24.87	7.31
<u>SUBORDINATE</u>	1.10	1.10	1.52	1.10

⁽¹⁾ Fiscal Year 2013-2014 operating revenues includes service charge refunds related to prior years. The program that provided for these refunds will end July 1, 2015.

⁽²⁾ 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.

⁽³⁾ 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.

⁽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.

⁽⁶⁾ 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.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA (\$000)

<u>District No. 20</u>	<u>Fiscal Year 2013/14</u>	<u>Fiscal Year 2014/15</u>	<u>Fiscal Year 2015/16</u>	<u>Fiscal Year 2016/17</u>
REVENUE SOURCES				
User Fees ⁽¹⁾	\$ 21,344	\$ 22,586	\$ 21,734	\$ 23,531
Other Revenues	584	652	523	464
A.V. Tax	846	1,103	1,173	1,303
Interest	168	186	265	314
Rate Stabilization Fund ⁽²⁾	800	-	-	-
Subtotal	<u>23,742</u>	<u>24,527</u>	<u>23,695</u>	<u>25,612</u>
CIF Pledged for Debt ⁽³⁾	<u>3,980</u>	<u>3,960</u>	<u>2,316</u>	<u>2,398</u>
Total Revenue for Senior Calculation	27,722	28,487	26,011	28,010
CIF Connection Fee Revenue ⁽³⁾	<u>185</u>	<u>674</u>	<u>2,316</u>	<u>1,128</u>
Total Revenue for Subordinate Calculation	23,927	25,201	26,011	26,740
EXPENSES⁽⁴⁾				
Total O&M	10,211	10,405	10,282	10,712
Rate Stabilization Fund ⁽⁵⁾	-	1,025	2,000	1,721
Total	<u>10,211</u>	<u>11,430</u>	<u>12,282</u>	<u>12,433</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	-	-	-	-
Revenue Bonds	<u>386</u>	<u>384</u>	<u>383</u>	<u>383</u>
Total Senior Debt Payments	386	384	383	383
Subordinate				
State Loans	3,749	3,749	3,749	-
Revenue Bonds	<u>8,389</u>	<u>8,391</u>	<u>8,391</u>	<u>6,779</u>
Total Subordinate Debt Payments	12,138	12,140	12,140	6,779
Total Debt Service	12,524	12,524	12,523	7,162
DEBT SERVICE COVERAGE⁽⁶⁾:				
SENIOR	13.92	12.80	4.15	22.97
<u>SUBORDINATE</u>	<u>1.10</u>	<u>1.10</u>	<u>1.10</u>	<u>2.00</u>

⁽¹⁾ Fiscal Year 2013-2014 operating revenues includes service charge refunds related to prior years. The program that provided for these refunds will end July 1, 2015.

⁽²⁾ 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.

⁽³⁾ 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.

⁽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.

⁽⁶⁾ 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.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA (\$000)

District No. 27	Fiscal Year 2013/14	Fiscal Year 2014/15	Fiscal Year 2015/16	Fiscal Year 2016/17
REVENUE SOURCES				
User Fees ⁽¹⁾	\$ -	\$ -	\$ -	\$ -
Other Revenues	1	1	1	-
A.V. Tax	255	305	319	343
Interest	2	3	4	10
Rate Stabilization Fund ⁽²⁾	-	-	-	-
Subtotal	258	309	324	353
CIF Pledged for Debt ⁽³⁾	-	-	-	-
Total Revenue for Senior Calculation	258	309	324	353
CIF Connection Fee Revenue ⁽³⁾	-	-	-	-
Total Revenue for Subordinate Calculation	258	309	324	353
EXPENSES⁽⁴⁾				
Total O&M	74	80	47	27
Rate Stabilization Fund ⁽⁵⁾	44	124	178	231
Total	118	204	225	258
DEBT SERVICE PAYMENTS				
Senior				
State Loans	-	-	-	-
Revenue Bonds	64	63	63	63
Total Senior Debt Payments	64	63	63	63
Subordinate				
State Loans	-	-	-	-
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	-	-	-	-
Total Debt Service	64	63	63	63
DEBT SERVICE COVERAGE:				
SENIOR	2.19	1.67	1.57	1.51

⁽¹⁾ Fiscal Year 2013-2014 operating revenues includes service charge refunds related to prior years. The program that provided for these refunds will end July 1, 2015.

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⁽³⁾ 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.

⁽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.

SANITATION DISTRICTS OF LOS ANGELES COUNTY

Bond Disclosure, Continued

DISTRICTS' HISTORICAL OPERATING DATA (\$000)

<u>Santa Clarita Valley</u>	<u>Fiscal Year 2013/14</u>	<u>Fiscal Year 2014/15</u>	<u>Fiscal Year 2015/16</u>	<u>Fiscal Year 2016/17</u>
REVENUE SOURCES				
User Fees ⁽¹⁾	\$ 22,027	\$ 25,258	\$ 27,616	\$ 30,749
Other Revenues	3,076	1,531	754	625
A.V. Tax	5,208	6,347	6,733	6,912
Interest	611	811	1,281	1,393
Rate Stabilization Fund ⁽²⁾	-	-	-	-
Subtotal	<u>30,922</u>	<u>33,947</u>	<u>36,384</u>	<u>39,679</u>
CIF Pledged for Debt ⁽³⁾	<u>4,737</u>	<u>4,721</u>	<u>4,801</u>	<u>4,801</u>
Total Revenue for Senior Calculation	35,659	38,668	41,185	44,480
CIF Connection Fee Revenue ⁽³⁾	<u>3,737</u>	<u>5,418</u>	<u>4,848</u>	<u>4,206</u>
Total Revenue for Subordinate Calculation	34,659	39,365	41,232	43,885
EXPENSES⁽⁴⁾				
Total O&M	20,348	20,251	20,255	20,512
Rate Stabilization Fund ⁽⁵⁾	<u>3,086</u>	<u>4,112</u>	<u>2,249</u>	<u>3,598</u>
Total	23,434	24,363	22,504	24,110
DEBT SERVICE PAYMENTS				
Senior				
State Loans	627	627	627	627
Revenue Bonds	<u>3,349</u>	<u>3,322</u>	<u>3,321</u>	<u>3,318</u>
Total Senior Debt Payments	3,976	3,949	3,948	3,945
Subordinate				
State Loans	2,398	2,660	2,660	2,659
Revenue Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Subordinate Debt Payments	2,398	2,660	2,660	2,659
Total Debt Service	6,374	6,609	6,608	6,604
DEBT SERVICE COVERAGE⁽⁶⁾:				
SENIOR	2.47	2.95	4.06	4.49
<u>SUBORDINATE</u>	<u>1.76</u>	<u>2.27</u>	<u>2.83</u>	<u>2.99</u>

⁽¹⁾ Fiscal Year 2013-2014 operating revenues includes service charge refunds related to prior years. The program that provided for these refunds will end July 1, 2015.

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⁽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.

⁽⁶⁾ 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.



SANITATION DISTRICTS OF LOS ANGELES COUNTY

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