

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2021 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the 2021 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the 2021 Bonds is exempt from State of California personal income taxes. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2021 Bonds. See "TAX MATTERS."



\$41,645,000
LOS ANGELES COUNTY SANITATION DISTRICTS
FINANCING AUTHORITY
Capital Projects Revenue Bonds, 2021 Series A
(District No. 14 Revenue Bonds)
(Green Bonds)

Dated: Date of Delivery**Due: October 1, as shown below**

The Los Angeles County Sanitation Districts Financing Authority Capital Projects Revenue Bonds, 2021 Series A (District No. 14 Revenue Bonds) (Green Bonds) (the "2021 Bonds") are issued pursuant to the Indenture, dated as of September 1, 2021 (the "2021 Indenture"), by and between the Los Angeles County Sanitation Districts Financing Authority (the "Authority") and U.S. Bank National Association, as trustee (the "Trustee"). The 2021 Bonds are secured by Authority Revenues (as defined herein), which consist of 2021 Installment Payments (as defined herein) to be made by County Sanitation District No. 14 of Los Angeles County ("District No. 14") pursuant to the Installment Purchase Agreement, dated as of September 1, 2021 (the "2021 Installment Purchase Agreement"), by and between District No. 14 and the Authority, and the amounts on deposit in the funds and accounts established under the 2021 Indenture (other than the Rebate Fund). District No. 14 is obligated to make its 2021 Installment Payments solely from Net Revenues (defined herein). The 2021 Installment Agreement constitutes a Parity Obligation of District No. 14. District No. 14 also has entered into an installment purchase agreement in connection with the issuance of the Authority's Capital Projects Revenue Bonds, 2015 Series A (District No. 14 Subordinate Revenue Bonds), with an aggregate outstanding principal amount of \$129,760,000 (the "2015 Bonds"), which also constitutes a Parity Obligation and is payable from Net Revenues on a parity with the 2021 Installment Purchase Agreement. District No. 14 may incur Additional Parity Obligations payable from Net Revenues on a parity with the 2021 Installment Purchase Agreement. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2021 BONDS – Additional Parity Obligations."

The 2021 Bonds are being issued to (i) prepay certain loans with the California State Water Resources Control Board, with an aggregate outstanding principal amount of \$53,566,198.38 (the "Existing State Loans") and (ii) pay costs of issuance of the 2021 Bonds. See "PLAN OF FINANCE."

The 2021 Bonds will be issued as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Interest on the 2021 Bonds will be payable on each April 1 and October 1 (each an "Interest Payment Date"), commencing April 1, 2022. DTC will act as securities depository for the 2021 Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers will not receive physical delivery of the 2021 Bonds purchased by them. Payment of principal, premium, if any, and interest on the 2021 Bonds are payable directly to DTC by the Trustee. Upon receipt DTC is obligated to remit principal, premium, if any, and interest to DTC Participants (as defined herein) for subsequent disbursement to the purchasers of the 2021 Bonds as described herein. See Appendix B "BOOK-ENTRY ONLY SYSTEM."

The 2021 Bonds are special, limited obligations of the Authority, payable solely from the Authority Revenues and other assets pledged therefor under the 2021 Indenture. The 2021 Bonds do not constitute a debt or liability of District No. 14 or of the State of California (the "State") and neither the faith and credit nor the taxing power of the Authority, District No. 14 or the State, or any political subdivision thereof, is pledged to the payment of the principal of, or interest on, the 2021 Bonds. The obligation of District No. 14 to make the 2021 Installment Payments is a special obligation of District No. 14 payable solely from Net Revenues and other funds provided for in the 2021 Installment Purchase Agreement, and does not constitute a debt of District No. 14 or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction. Neither the faith and credit nor the taxing power of District No. 14 or the State or any political subdivision thereof is pledged to the payment of the 2021 Installment Payments or other payments required to be made under the 2021 Installment Purchase Agreement.

This cover page contains certain information for quick reference only and is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. See "CERTAIN RISK FACTORS" herein for a description of certain risks associated with an investment in the 2021 Bonds.

The 2021 Bonds are offered when, as and if issued and received by the Underwriter, subject to approval of legality by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Bond Counsel to the Authority. Certain legal matters will be passed upon for District No. 14 by its Disclosure Counsel, Stradling Yocca Carlson & Rauth, Sacramento, California. Certain legal matters will be passed upon for the Underwriter by Katten Muchin Rosenman LLP, New York, New York, and for the Authority and District No. 14 by Lewis Brisbois Bisgaard & Smith LLP, Los Angeles, California. Montague DeRose and Associates, LLC, Westlake Village, California is serving as Municipal Advisor to the Authority. It is anticipated that the 2021 Bonds in book-entry form will be available for delivery to DTC in New York, New York on or about September 15, 2021.

BofA Securities

MATURITY SCHEDULE

\$41,645,000

**Los Angeles County Sanitation Districts Financing Authority
Capital Projects Revenue Bonds, 2021 Series A
(District No. 14 Revenue Bonds)
(Green Bonds)**

Base CUSIP[†]: 545149

Maturity (October 1)	Principal	Interest	Yield	Price	CUSIP [†]
2022	\$1,600,000	5.000%	0.05%	105.167	KS4
2023	4,390,000	5.000	0.07	110.070	KT2
2024	4,610,000	5.000	0.09	114.924	KU9
2025	4,840,000	5.000	0.20	119.325	KV7
2026	5,080,000	5.000	0.30	123.512	KW5
2027	5,335,000	5.000	0.44	127.169	KX3
2028	3,665,000	5.000	0.56	130.626	KY1
2029	3,845,000	5.000	0.67	133.854	KZ8
2030	4,040,000	5.000	0.78	136.782	LA2
2031	4,240,000	5.000	0.83	140.106	LB0

[†] CUSIP is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by S&P Global Market Intelligence. Copyright © 2021 CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Service Bureau. CUSIP® numbers are provided for convenience of reference only. Neither District No. 14 or the Underwriter take any responsibility for the accuracy of such numbers.

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the 2021 Bonds, the Authority, or District No. 14 other than those contained herein and, if given or made, such other information or representation must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the 2021 Bonds, and the 2021 Bonds may not be sold in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale.

This Official Statement is not to be construed as a contract with the purchasers of the 2021 Bonds. Statements contained in this Official Statement that involve estimates, forecasts, or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact.

The information set forth herein has been furnished by the Authority, District No. 14, and other sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation, by the Underwriter. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in affairs of the Authority or District No. 14 since the date hereof. This Official Statement, including any supplement or amendment hereto, is intended to be deposited with one or more repositories.

Certain statements included or incorporated by reference in the following information constitute “forward-looking statements.” Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “budget” or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance, or achievements described to be materially different from any future results, performance, or achievements expressed or implied by such forward-looking statements. No assurance is given that actual results will meet District No. 14’s forecasts in any way. Except as set forth in the Continuing Disclosure Agreement, neither District No. 14 nor the Authority plan to issue any updates or revisions to those forward-looking statements if or when the expectations, or events, conditions, or circumstances on which such statements are based occur or do not occur.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

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**LOS ANGELES COUNTY SANITATION DISTRICTS
FINANCING AUTHORITY**

AUTHORITY OFFICERS

Margaret Finlay, *Chairperson*
Robert C. Ferrante, *President*
Charles E. Boehmke, *Vice President*
Alan C. Nyberg, *Treasurer*
Kimberly Christensen, *Secretary*

**COUNTY SANITATION DISTRICT NO. 14
OF LOS ANGELES COUNTY**

BOARD OF DIRECTORS

R. Rex Parris, *City of Lancaster, Chairman*
Steven D. Hofbauer, *City of Palmdale*
Hilda Solis, *Los Angeles County Board of Supervisors*

MANAGEMENT

Robert C. Ferrante, *Chief Engineer and General Manager*
Charles E. Boehmke, *Assistant Chief Engineer and Assistant General Manager*
Samuel Espinoza, *Engineering Department*
Raymond L. Tremblay, *Facilities Planning Department*
Kenneth P. Rademacher, *Wastewater Management Department*
Martha Tremblay, *Technical Services Department*
Matthew A. Eaton, *Financial Management Department*
Alan C. Nyberg, *Chief Accountant*

SPECIAL SERVICES

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Disclosure Counsel

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Corporation

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Lewis Brisbois Bisgaard & Smith LLP

Municipal Advisor

Montague DeRose and Associates, LLC

Trustee

U.S. Bank National Association

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\$41,645,000

**LOS ANGELES COUNTY SANITATION DISTRICTS
FINANCING AUTHORITY
Capital Projects Revenue Bonds, 2021 Series A
(District No. 14 Revenue Bonds)
(Green Bonds)**

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents described herein. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth in the 2021 Indenture and the 2021 Installment Purchase Agreement. See Appendix C – “SUMMARY OF CERTAIN LEGAL DOCUMENTS” attached hereto.

General

This Official Statement, including the cover page and all appendices hereto (the “Official Statement”), provides certain information concerning the sale and delivery of \$41,645,000 aggregate principal amount of Los Angeles County Sanitation Districts Financing Authority Capital Projects Revenue Bonds, 2021 Series A (District No. 14 Revenue Bonds) (Green Bonds) (the “2021 Bonds”) by the Los Angeles County Sanitation Districts Financing Authority (the “Authority”), a joint powers authority of which the 23 active sanitation districts (the “Sanitation Districts”) within the County of Los Angeles (the “County”) are members.

The 2021 Bonds are being issued pursuant to the Indenture, dated as of September 1, 2021 (the “2021 Indenture”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”). The 2021 Bonds are being issued by the Authority in accordance with the Marks-Roos Local Bond Pooling Act of 1985, constituting Article 4 of Chapter 5 of Division 7 of Title 1 of the California Government Code (commencing with Section 6584) (the “Act”).

Purpose of the 2021 Bonds

Proceeds of the 2021 Bonds will be used to provide funds to County Sanitation District No. 14 of Los Angeles County (“District No. 14”) to (i) prepay certain loans from the California State Water Resources Control Board (“SWRCB”), with an aggregate outstanding principal amount of \$53,566,198.38 (the “Existing State Loans”) and (ii) pay costs of issuance of the 2021 Bonds. See “PLAN OF FINANCE” and “ESTIMATED SOURCES AND USES OF PROCEEDS OF THE 2021 BONDS.”

The Authority

The Authority was formed in 1993 pursuant to the provisions of State law governing the joint exercise of powers, being Chapter 5, Division 7, Title 1 of the Government Code of the State (the “Joint Exercise of Powers Law”) and the Joint Exercise of Powers Agreement by and among the Sanitation

Districts, dated April 14, 1993 (the “Joint Powers Agreement”). The membership of the Authority is currently comprised of the Sanitation Districts. The Authority was created for the purpose of, among other things, assisting the member Sanitation Districts in the planning, financing, development, acquisition, construction, operation and maintenance of projects relating to the member Sanitation Districts’ wastewater management systems. The Authority is governed by a Commission, which consists of the Chairperson of each of the member Sanitation Districts. See “THE AUTHORITY.”

District No. 14

District No. 14 is one of 24 existing sanitation districts established in the County. See “DISTRICT NO. 14.” District No. 14’s service area covers slightly more than 60 square miles in the Antelope Valley, encompassing much of the City of Lancaster, California (“Lancaster”), portions of the City of Palmdale, California (“Palmdale”), and the surrounding unincorporated County territory. District No. 14 currently provides wastewater management services to approximately 199,000 people and 1,480 commercial and industrial parcels. In addition to owning and operating the Lancaster Water Reclamation Plant (the “Lancaster WRP”), District No. 14 owns approximately 76 miles of trunk sewers. See “DISTRICT NO. 14.”

Security for the 2021 Bonds

The 2021 Bonds are special, limited obligations of the Authority payable solely from the Authority Revenues (“Authority Revenues”) and the other assets pledged therefor under the 2021 Indenture. Authority Revenues consist of Installment Payments (the “2021 Installment Payments”) to be made by District No. 14 pursuant to the Installment Purchase Agreement, dated as of September 1, 2021 (the “2021 Installment Purchase Agreement”), by and between District No. 14 and the Authority. District No. 14 is obligated to make 2021 Installment Payments solely from Net Revenues (as defined herein).

The 2021 Bonds do not constitute a debt or liability of District No. 14 or of the State of California (the “State”) and neither the faith and credit nor the taxing power of the Authority, District No. 14 or the State, or any political subdivision thereof, is pledged to the payment of the principal of, or interest on, the 2021 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 BONDS.”

The 2021 Bonds

The 2021 Bonds will be dated their date of delivery, and will bear interest from their date at the interest rates set forth on the cover page of this Official Statement. Interest on the 2021 Bonds will be payable semiannually on April 1 and October 1, commencing on April 1, 2022 (each, an “Interest Payment Date”). The 2021 Bonds will be issued in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof and will bear interest at the rates per annum and will mature in the principal amounts in each year, as set forth on the cover of this Official Statement.

2021 Bonds Not Subject to Redemption

The 2021 Bonds are not subject to redemption prior to their respective stated maturities. See “THE 2021 Bonds – 2021 Bonds Not Subject to Redemption.”

Rate Covenant

Pursuant to the 2021 Installment Purchase Agreement, District No. 14, to the extent permitted by applicable law, is required to fix, prescribe and collect rates and charges for the services of its wastewater collection, conveyance, treatment and disposal facilities (the “Sewerage System”) that will be at least

sufficient to yield during each Fiscal Year (a) Revenues (herein defined) sufficient to make all payments in such Fiscal Year required by the 2021 Installment Purchase Agreement, including payments of Maintenance and Operations Costs (herein defined), Debt Service on Parity Obligations, any amounts payable under any Reserve Facility Agreement and debt service on Junior Obligations, and (b) Net Revenues equal to 110% of Debt Service on Parity Obligations for such Fiscal Year.

No Reserve Fund

No debt service reserve fund is being established in connection with the 2021 Bonds.

Existing Indebtedness

District No. 14 has previously entered into an Installment Purchase Agreement, dated as of July 1, 2015 (the “2015 Installment Purchase Agreement”), by and between District No. 14 and the Authority, in connection with the issuance of the Authority’s Capital Projects Revenue Bonds, 2015 Series A (District No. 14 Subordinate Revenue Bonds) (the “2015 Bonds”), currently outstanding in the aggregate principal amount of \$129,760,000. On the date of issuance of the 2021 Bonds, following the prepayment of the Existing State Loans, the only Parity Obligations outstanding will be the 2015 Installment Purchase Agreement and the 2021 Installment Purchase Agreement.

District No. 14 does not have any indebtedness payable from Net Revenues on a senior basis to the 2021 Installment Payments outstanding, nor does District No. 14 have any indebtedness payable from Net Revenues on a subordinate basis to the 2021 Installment Payments outstanding.

Additional Indebtedness

Pursuant to the 2021 Installment Purchase Agreement, District No. 14 will not incur any obligations payable from Net Revenues on a basis senior to the Parity Obligations. In addition, District No. 14 may incur Additional Parity Obligations payable on a parity with its obligation to make Installment Payments. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 BONDS – Additional Parity Obligations.”

Pursuant to the 2021 Installment Purchase Agreement, District No. 14 is permitted to incur Junior Obligations payable from Net Revenues. See “INSTALLMENT PURCHASE AGREEMENT – Junior Obligations” in Appendix C attached hereto.

Book-Entry Form Only

The 2021 Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the 2021 Bonds. Ownership interests in the 2021 Bonds may be purchased in book-entry form only. So long as DTC or its nominee is the Owner of the 2021 Bonds, principal and purchase price of and interest on the 2021 Bonds will be made as described in Appendix B – “BOOK-ENTRY ONLY SYSTEM” attached hereto.

Continuing Disclosure

The Authority has agreed to provide audited financial statements of the Authority and certain financial and operating information with respect to the 2021 Bonds and District No. 14, not later than eight months after the end of each fiscal year, commencing with the report for fiscal year 2020-21 for purposes of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (the “Rule”) and to

provide notices of the occurrence of certain enumerated events. Such annual reports and notices of events will be filed with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (EMMA) system. These covenants have been made to assist the Underwriter in complying with the Rule. See “CONTINUING DISCLOSURE” and Appendix D – “FORM OF CONTINUING DISCLOSURE AGREEMENT.”

“Green Bond” Designation

District No. 14 is designating the 2021 Bonds as “Green Bonds” due to the environmental benefits of the capital improvement to the Sewerage System financed with the proceeds of the Existing State Loans.

Use of Proceeds. The proceeds of the 2021 Bonds, with the exception of proceeds used to fund costs of issuance, are expected to be applied to the prepayment of the Existing State Loans. The proceeds of the Existing State Loans were applied to partially fund various upgrades to the Sewerage System, including the construction of the expansion of the Lancaster WRP and two additional sewer projects. The sewer projects were necessary to ensure that District No. 14 could treat the flows in the Sewerage System and to prevent overflow in the existing sewer infrastructure. The Lancaster WRP expansion upgraded the treatment plant to provide tertiary treatment and reduce the nitrogen in the effluent, improving water quality. Upgrading Lancaster WRP allowed District No. 14 to provide the treated water for municipal reuse and is currently used for irrigation of parks and medians, construction, and other approved uses.

Green Bonds Sustainability. The purpose of designating the 2021 Bonds as “Green Bonds” is to allow owners of the 2021 Bonds to invest directly in bonds which finance environmentally beneficial projects. District No. 14 does not make any representation as to the sustainability of the 2021 Bonds to fulfill such environmental or sustainability criteria. The 2021 Bonds may not be a suitable investment for all investors seeking exposure to green or sustainable assets. There is currently no market consensus on what precise attributes are required for a particular project to be defined as “green” or “sustainable” and therefore no assurance can be provided to investors that the capital improvements to the Sewerage System financed with the proceeds of Existing State Loans will continue to meet investor expectations regarding sustainability performance.

The term “Green Bonds” is not defined in the Indenture, the 2021 Installment Purchase Agreement, or other legal documents executed by District No. 14 or the Authority in connection with the issuance of the 2021 Bonds. The term “Green Bonds” are solely for identification purposes and is not intended to provide or imply that the owners of the 2021 Bonds are entitled to any security other than that described under the heading “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 BONDS.”

Miscellaneous

The statements herein concerning the 2021 Bonds are summaries of certain provisions of the 2021 Installment Purchase Agreement and the 2021 Indenture which do not purport to be complete, and are qualified in their entirety by reference to such documents. Financial and statistical information set forth herein, except for the Audited Financial Statements included in Appendix A and information excerpted from such Audited Financial Statements, is unaudited. Unless otherwise indicated, the statistical and financial information set forth in this Official Statement has been provided by District No. 14.

THE 2021 BONDS

Description of the 2021 Bonds

The 2021 Bonds shall bear interest from their date of delivery, at the respective rates set forth on the cover page of this Official Statement. Interest on the 2021 Bonds is payable semi-annually beginning April 1, 2022 and on each April 1 and October 1 thereafter until maturity as provided for in the 2021 Indenture and as described herein. The 2021 Bonds shall mature in the respective aggregate principal amounts and on the respective dates set forth on the cover page of this Official Statement.

THE 2021 BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE AUTHORITY PAYABLE SOLELY FROM THE AUTHORITY REVENUES AND THE OTHER ASSETS PLEDGED THEREFOR UNDER THE 2021 INDENTURE. THE 2021 BONDS DO NOT CONSTITUTE A DEBT OR LIABILITY OF DISTRICT NO. 14 OR OF THE STATE AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE AUTHORITY DISTRICT NO. 14 OR THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, OR INTEREST ON, THE 2021 BONDS.

The 2021 Bonds will be issued in book-entry form only and, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the 2021 Bonds. While the 2021 Bonds are held in the book-entry system of DTC, all payments of principal and interest on the 2021 Bonds will be made to Cede & Co., as the registered Owner of the 2021 Bonds. See Appendix B – “BOOK-ENTRY ONLY SYSTEM.”

2021 Bonds Not Subject to Redemption

The 2021 Bonds are not subject to redemption prior to their respective stated maturities.

ESTIMATED SOURCES AND USES OF PROCEEDS OF THE 2021 BONDS

The estimated sources and uses of the proceeds of the 2021 Bonds are described in the following table.

<u>Sources</u>	
Principal Amount of 2021 Bonds	\$ 41,645,000.00
Plus: Original Issue Premium	10,402,563.55
Plus: District No. 14 Contribution	<u>2,309,755.07</u>
Total Sources	\$ 54,357,318.62
 <u>Uses</u>	
Prepayment of Existing State Loans ⁽¹⁾	\$ 53,921,550.73
Costs of Issuance ⁽²⁾	<u>435,767.89</u>
Total Uses	\$ 54,357,318.62

- ⁽¹⁾ Includes interest accrued to the prepayment date.
⁽²⁾ Includes costs of rating agencies, Underwriter’s discount, Municipal Advisor’s fee, initial fees and charges of the Trustee, Bond Counsel fees, printing costs and other miscellaneous expenses.

PLAN OF FINANCE

The 2021 Bonds are being issued to provide funds to (i) prepay the Existing State Loans, with an aggregate outstanding principal amount of \$53,566,198.38; and (ii) pay costs of issuance of the 2021 Bonds. See “ESTIMATED SOURCES AND USES OF PROCEEDS OF THE 2021 BONDS.”

A portion of the proceeds of the 2021 Bonds are expected to be applied to payment in full of the Existing State Loans on or about September 15, 2021. The Existing State Loans consist of loans evidenced by the following loan contracts each by and between the District No. 14 and SWRCB: (a) Loan Contract (Contract No. 03-846-550-0; Project No. 4783-110), (b) Loan Contract (Contract No. 03-847-550-0; Project No. 4783-210), (c) Loan Contract (Contract No. 03-848-550-0; Project No. 4783-310), and (d) Loan Contract (Contract No. 08-816-550-0; Project No. 4916-110). District No. 14 incurred the Existing State Loans to finance certain improvements to the Sewerage System.

SECURITY AND SOURCES OF PAYMENT FOR THE 2021 BONDS

General

The 2021 Bonds are special, limited obligations of the Authority payable solely from the Authority Revenues and the other assets pledged therefor under the 2021 Indenture, including all amounts on deposit in the Payment Fund established under the 2021 Indenture. Authority Revenues consist of 2021 Installment Payments to be made by District No. 14 pursuant to the 2021 Installment Purchase Agreement. District No. 14 is obligated to make 2021 Installment Payments solely from Net Revenues and other funds provided for in the 2021 Installment Purchase Agreement. The 2021 Installment Purchase Agreement provides that the 2021 Installment Payments are due on March 15 or September 15 of each year, commencing March 15, 2021 in an amount equal to the interest on, or the principal of and interest on, as applicable, the 2021 Bonds due on the following Interest Payment Date.

Pursuant to the 2021 Installment Purchase Agreement, District No. 14 is obligated to make 2021 Installment Payments solely from Net Revenues and other funds provided for in the 2021 Installment

Purchase Agreement. “Net Revenues” means, for any period, the Revenues for such period, less the Maintenance and Operations Costs for such period.

“Revenues” means, for any period, all income and revenue received by District No. 14 from the operation or ownership of the Sewerage System, determined in accordance with Generally Accepted Accounting Principles, including all rates and charges received by District No. 14 for the services of the Sewerage System, investment income (to the extent generally available to pay costs with respect to the Sewerage System) and all other money howsoever derived by District No. 14 from the operation or ownership of the Sewerage System or arising from the Sewerage System, together with (a) Ad Valorem Taxes received by District No. 14 during such period, (b) Connection Fees collected during such period to the extent that such Connection Fees could be properly applied to the payment of, or loaned from District No. 14’s Capital Improvement Fund for the payment of, outstanding Parity Obligations, and (c) amounts, if any, transferred during such period from the Rate Stabilization Account to the Revenue Account, but excluding (i) payments received under Financial Contracts, (ii) refundable deposits made to establish credit and advances or contributions in aid of construction, and (iii) ad valorem taxes to the extent required by law to pay any voter approved general obligation indebtedness of District No. 14.

“Maintenance and Operations Costs” means, for any period, the reasonable and necessary costs spent or incurred by District No. 14 for maintaining and operating the Sewerage System, calculated in accordance with Generally Accepted Accounting Principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Sewerage System in good repair and working order, and including Administrative Costs, salaries and wages of employees, payments to its employee retirement systems (to the extent paid from Revenues), overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys or engineers and insurance premiums, but excluding in all cases (a) depreciation, replacement and obsolescence charges or reserves therefor, (b) amortization of intangibles or other bookkeeping entries of a similar nature, (c) costs of capital additions, replacements, betterments, extensions or improvements to the Sewerage System, which under Generally Accepted Accounting Principles are chargeable to a capital account or to a reserve for depreciation, (d) charges for the payment of principal of or interest on any general obligation bond of District No. 14 heretofore or hereafter issued for purposes of the Sewerage System, and (e) charges for the payment of any debt service on debt obligations of the District.

For more information on the 2021 Indenture and the 2021 Installment Purchase Agreement, see APPENDIX C – “SUMMARY OF CERTAIN LEGAL DOCUMENTS.”

Unconditional Obligation

The obligation of District No. 14 to make the 2021 Installment Payments and other payments required to be made by it under the 2021 Installment Purchase Agreement, from Net Revenues, is absolute and unconditional, and until such time as the 2021 Installment Payments and such other payments shall have been paid in full (or the agreements, covenants and other obligations of District No. 14 under the 2021 Installment Purchase Agreement have been discharged and satisfied), District No. 14 shall not discontinue or suspend any Installment Payments or other payments required to be made by it under the 2021 Installment Purchase Agreement when due, whether or not the Purchased Improvements or any part thereof is operating or operable, or its use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such 2021 Installment Payments and other payments shall not be subject to reduction whether by offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

Limited Liability

Under the 2021 Installment Purchase Agreement, the obligation of District No. 14 to make 2021 Installment Payments and other payments required to be made by it under the 2021 Installment Purchase Agreement is a special obligation of District No. 14 payable solely from Net Revenues and other funds specified in the 2021 Installment Purchase Agreement and does not constitute a debt of District No. 14 or of the State of California or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction thereof. Neither the faith and credit nor the taxing power of District No. 14 or the State or any political subdivision thereof is pledged to the payment of the 2021 Installment Payments or other payments required to be made under the 2021 Installment Purchase Agreement.

The 2021 Installment Payments are not secured by, and Owners of the 2021 Bonds have no security interest in or mortgage on, the Purchased Improvements or the Sewerage System of District No. 14 or any other real property of District No. 14. Default by District No. 14 will not result in loss of the Purchased Improvements or its Sewerage System. For information relating to the remedies of Owners of Bonds and the Trustee upon failure of District No. 14 to pay Installment Payments, see “INDENTURE – Events of Default and Remedies” in Appendix C attached hereto.

Existing Parity Obligations

In addition to the Existing State Loans (which are being prepaid with a portion of the proceeds of the 2021 Bonds), District No. 14 has previously entered into the 2015 Installment Purchase Agreement in connection with the issuance of the 2015 Bonds, currently outstanding in the aggregate principal amount of \$129,760,000. On the date of issuance of the 2021 Bonds, following the prepayment of the Existing State Loans, the only Parity Obligations outstanding will be the 2015 Installment Purchase Agreement and the 2021 Installment Purchase Agreement.

District No. 14 does not have any indebtedness payable from Net Revenues on a senior basis to the 2021 Installment Payments outstanding, nor does District No. 14 have any indebtedness payable from Net Revenues on a subordinate basis to the 2021 Installment Payments outstanding.

Additional Parity Obligations

District No. 14 shall not incur any obligations payable from Net Revenues except as provided in the 2021 Installment Purchase Agreement. District No. 14 may at any time incur Parity Obligations, provided:

(a) There shall not have occurred and be continuing an Event of Default under the 2021 Installment Purchase Agreement.

(b) District No. 14 provides to each Obligation Trustee for Parity Obligations a Written Certificate of District No. 14 demonstrating that Adjusted Net Revenues for any 12 consecutive calendar months during the 24 calendar month period ending prior to the incurring of such Parity Obligations, determined in accordance with Generally Accepted Accounting Principles and as shown by the books of District No. 14, shall have amounted to at least 110% of Assumed Maximum Annual Debt Service on all Parity Obligations to be outstanding immediately after the incurring of such Parity Obligations. For purposes of demonstrating compliance with the foregoing, Adjusted Net Revenues may be adjusted for (i) any changes in rates and charges for the services of the Sewerage System which have been adopted prior to the date of incurring such Parity Obligations, (ii) customers added to the Sewerage System subsequent to the commencement of the applicable 12 month computation period but prior to the date of incurring

such Parity Obligations, and (iii) the estimated change in available Adjusted Net Revenues which will result from the connection of existing residences or businesses to the Sewerage System within one year following completion of any project to be funded or any system to be acquired from the proceeds of such Parity Obligations.

For purposes of preparing the Written Certificate of District No. 14 described above, District No. 14 may rely upon financial statements prepared by District No. 14 that have not been subject to audit by an independent certified public accountant if audited financial statements for the period are not available. Such Written Certificate of District No. 14 shall not be required if the Parity Obligations being incurred are Short-Term Obligations excluded from the calculation of Assumed Debt Service pursuant to clause (H) of the definition thereof. Such Written Certificate of District No. 14 shall also not be required if (i) the Parity Obligations being incurred are for the exclusive purpose of refunding then outstanding Parity Obligations, and (ii) at the time of the incurring of such Parity Obligations a Written Certificate of District No. 14 shall be delivered showing that the present value of Assumed Debt Service on the refunding Parity Obligations through maturity will be less than the present value of Assumed Debt Service on the refunded Parity Obligations through maturity.

(c) The Parity Obligation Payments for such Parity Obligations shall not be subject to acceleration in the event of a default by District No. 14.

(d) The Support Payments, if any, payable by District No. 14 in connection with such Parity Obligations shall be payable only on Support Payment Due Dates.

(e) Any required transfer of Net Revenues for replenishment of an Obligation Reserve Fund for such Parity Obligations or for reimbursement of a claim paid under a Reserve Facility on deposit therein, other than from delinquent Parity Obligation Payments with respect thereto, shall occur only on Payment Dates.

No Senior Obligations. District No. 14 shall not incur any obligations payable from Net Revenues on a basis senior to the Parity Obligations.

Junior Obligations. The District may, in accordance with the terms of the 2021 Installment Purchase Agreement, at any time and from time to time incur Junior Obligations; provided, however, that (i) such Junior Obligations shall be payable solely from Net Revenues in the Surplus Fund, but only after payment therefrom of Reserve Facility Costs due and payable, (ii) if any default with respect to any outstanding Parity Obligations shall have occurred and be continuing, all Debt Service payments and all other payments payable pursuant to such Parity Obligations shall be paid in full in cash of as the same become due and payable in accordance with the provisions of the instruments pursuant to which such Parity Obligations are incurred before any payment is paid with respect to such Junior Obligations, and (iii) that such Junior Obligations shall not be subject to acceleration in the event of a default by District No. 14.

“Junior Obligations” means (a) the bonds and notes, including bond anticipation notes and commercial paper notes, and other substantively similar evidences of indebtedness of the District, howsoever denominated, the interest and principal payments payable by the District under and pursuant thereto are payable from Net Revenues in the Surplus Fund after payment therefrom of Reserve Facility Costs due and payable, and (b) the loan payments, installment payments, lease payments, rental payments or similar payments of interest and principal or, if there are no separate payments of interest and principal, the loan payments, installment payments, lease payments, rental payments or similar payments payable by the District under and pursuant to loan agreements, credit agreements, credit facilities, lines of credit,

installment purchase agreements, installment sales agreements, financing leases or other substantively similar agreements or contracts of entered into by the District, howsoever denominated, which payments are payable from Net Revenues in the Surplus Fund after payment therefrom of Reserve Facility Costs due and payable, and each of which is (i) issued, incurred or entered into in accordance with and subject to the provisions of the 2021 Installment Purchase Agreement, (ii) the obligations with respect to which are designated therein as Junior Obligations, and (iii) issued, incurred or entered into under and pursuant to applicable law.

See “INSTALLMENT PURCHASE AGREEMENT – Junior Obligations” in Appendix C attached hereto.

Rate Covenant

District No. 14 has covenanted in the 2021 Installment Purchase Agreement, to the extent permitted by applicable law, to fix, prescribe and collect rates and charges for the services of the Sewerage System that will be at least sufficient to yield during each Fiscal Year (a) Revenues sufficient to make all payments in such Fiscal Year required by the 2021 Installment Purchase Agreement, including payments of Maintenance and Operations Costs, Debt Service on Parity Obligations, any amounts payable under any Reserve Facility Agreement and debt service on Junior Obligations, and (b) Net Revenues equal to 110% of Debt Service on Parity Obligations for such Fiscal Year. District No. 14 may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless Revenues and Net Revenues from such reduced rates and charges will at all times be sufficient to meet the requirements of the 2021 Installment Purchase Agreement.

Funds and Accounts

Pursuant to the 2015 Installment Purchase Agreement and the 2021 Installment Purchase Agreement, District No. 14 agrees to establish and maintain, so long as any Obligations remain outstanding, an Operating Fund and a Capital Improvement Fund. District No. 14 also agrees, so long as any Parity Obligations remain outstanding, to establish and maintain within the Operating Fund, a Revenue Account, Parity Obligation Payment Account (referred to as the “Subordinate Revenue Obligation Payment Account” in the 2015 Installment Purchase Agreement), a Rate Stabilization Account and a Surplus Account. Pursuant to the 2021 Installment Purchase Agreement, District No. 14 need only establish a Rate Stabilization Account if and when it deems the establishment of such account to be necessary or appropriate for the management of its financial affairs.

Allocation of Revenues

The District, in order to carry out and effectuate the pledge contained in the 2015 Installment Purchase Agreement, has agreed and covenanted and, in order to carry out and effectuate such pledge and the pledge contained in the 2021 Installment Purchase Agreement, the District agrees and covenants that all Revenues received by it will be deposited when and as received in the Revenue Account. The District will pay from the Revenue Account all Maintenance and Operations Costs (including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operations Costs, the payment of which is not immediately required) as and when the same will be due and payable.

After having paid, or having made provision for the payment of, Maintenance and Operations Costs, the District will set aside and deposit or transfer, as the case may be, from the Revenue Account the amounts set forth below at the following times and in the following order of priority:

(a) Parity Obligation Payment Account. On or before each Payment Date, the District will transfer legally available Net Revenues to the Parity Obligation Payment Account in an amount that, together with other amounts on deposit therein, is at least equal to Debt Service due and payable on all Parity Obligations before the following Payment Date; provided, however, that no such deposit need be made if the amounts on deposit in such Parity Obligation Payment Account are at least equal to the amount of such Debt Service. If the District is notified that it is required to make a Support Payment for a Parity Obligation, then on or before the date such Support Payment is due, the District will transfer legally available Net Revenues to the Parity Obligation Payment Account in an amount equal to such Support Payment. In the event that the District has insufficient Net Revenues to make all of the transfers contemplated by this paragraph then such transfers will be made, as nearly as practicable, pro rata, based on the respective principal amounts of the Parity Obligations, payments with respect to which are required to be made.

(b) Parity Obligation Reserve Funds. After having made the transfers required by paragraph (a) above, the District shall, on or before each Payment Date, transfer to each Obligation Trustee for Parity Obligations, for deposit in the applicable Obligation Reserve Fund, legally available Net Revenues in an amount equal to the amount, if any, required to be deposited therein to build up or replenish such Obligation Reserve Fund, as and to the extent required by the applicable instrument pursuant to which such Parity Obligation was incurred, and to reimburse the issuer of any Reserve Facility on deposit in such Obligation Reserve Fund for any claims paid thereunder, as and to the extent required by the Reserve Facility Agreement pursuant to which such Reserve Facility was issued. In the event that there are insufficient Net Revenues to make all of the transfers contemplated by this paragraph, then said transfers will be made, as nearly as practicable, pro rata, based on the respective principal amounts of the Parity Obligations, deposits to the Obligation Reserve Funds for which are required to be made.

(c) Rate Stabilization Account. After having made the transfers required by paragraphs (a) and (b) above, the District may, on or before the Interest Payment Date immediately following the date on which said transfers are required to be made, transfer all or a portion of the Net Revenues remaining in the Revenue Account to the Rate Stabilization Account; provided, however, that the District must not make any such transfer to the Rate Stabilization Account if and to the extent that such transfer would result in there being insufficient amounts in the Surplus Account to pay Reserve Facility Costs then due and payable.

(d) Surplus Account. After having made the transfers required or permitted by paragraphs (a), (b) and (c) above, the District will, on or before the Interest Payment Date immediately following the date on which said transfers are required to be made, transfer all of the Net Revenues remaining in the Revenue Account to the Surplus Account.

Limitations on Owners' Right to Sue

No Owner of any 2021 Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the 2021 Indenture, the Act or any other applicable law with respect to such 2021 Bond, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default, (b) the Owners of a majority in aggregate principal amount of the 2021 Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted to the Trustee under the 2021 Indenture or to institute such suit, action or proceeding in its own name, (c) such Owner or said Owners shall have tendered to the Trustee indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request, and (d) the Trustee shall have refused or omitted to comply with such

request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared under the 2021 Indenture, in every case, to be conditions precedent to the exercise by any Owner of any remedy under the 2021 Indenture or under law; it being understood and intended that no one or more Owners shall have any right in any manner whatever by such Owner's or Owners' action to affect, disturb or prejudice the security of the 2021 Indenture or the rights of any other Owners, or to enforce any right under the 2021 Bonds, the 2021 Indenture, the Act or other applicable law with respect to the 2021 Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Owners, subject to the provisions of the 2021 Indenture. See "INDENTURE – Events of Default and Remedies – Limitations on Owners' Right to Sue" in Appendix C attached hereto. For a discussion of the Trustee's and the Owners' remedies upon an Event of Default under the 2021 Indenture, see "INDENTURE – Events of Default and Remedies" in Appendix C attached hereto.

Annual Budget

District No. 14 has covenanted in the 2021 Installment Purchase Agreement to adopt on or before July 1 of each fiscal year, commencing July 1, 2022, a budget approved by the Board of Directors of District No. 14 that appropriates amounts for the payment of Parity Obligations (including the 2021 Installment Payments) payable during such fiscal year. For information relating to the budgetary process of District No. 14, see "DISTRICT NO. 14 – Budgetary Process."

Other Covenants of District No. 14

For a further description of other covenants of District No. 14 under the 2021 Installment Purchase Agreement, see "INSTALLMENT PURCHASE AGREEMENT – Covenants" in Appendix C attached hereto. Among other things, subject to certain exceptions specified in the 2021 Installment Purchase Agreement, District No. 14 agrees that it will not sell, lease or otherwise dispose of its Sewerage System or any part thereof essential to the proper operation of its Sewerage System or to the maintenance of its Revenues.

Debt Service Schedule

The following table sets forth the debt service schedule for District No. 14's outstanding Parity Obligations following the issuance of the 2021 Bonds, including the 2015 Installment Purchase Agreement.

TABLE 1
SCHEDULE OF DISTRICT NO. 14 PARITY OBLIGATIONS PAYMENTS

Fiscal Year Ending June 30	2015 Installment Purchase Agreement	2021 Installment Payments		Total Debt Service
		Principal	Interest	
2022	\$ 9,998,000	\$ -	\$ 1,133,669	\$ 11,131,669
2023	9,998,375	1,600,000	2,042,250	13,640,625
2024	9,999,250	4,390,000	1,892,500	16,281,750
2025	10,453,500	4,610,000	1,667,500	16,731,000
2026	10,455,000	4,840,000	1,431,250	16,726,250
2027	10,454,250	5,080,000	1,183,250	16,717,500
2028	12,391,000	5,335,000	922,875	18,648,875
2029	12,392,000	3,665,000	697,875	16,754,875
2030	12,393,500	3,845,000	510,125	16,748,625
2031	12,389,625	4,040,000	313,000	16,742,625
2032	12,394,250	4,240,000	106,000	16,740,250
2033	17,310,125	-	-	17,310,125
2034	17,309,750	-	-	17,309,750
2035	17,311,125	-	-	17,311,125
2036	17,312,250	-	-	17,312,250
Total	\$ 192,562,000	\$ 41,645,000	\$11,900,294	\$ 246,107,294

Source: District No. 14.

THE AUTHORITY

The Authority was formed pursuant to the provisions of the Joint Exercise of Powers Law and the Joint Powers Agreement. The membership of the Authority is currently comprised of the Sanitation Districts, including the County Sanitation Districts Nos. 1, 2, 3, 4, 5, 8, 9, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 27, 28 and 29 of Los Angeles County, Newhall Ranch Sanitation District of Los Angeles County, South Bay Cities Sanitation District of Los Angeles County and Santa Clarita Valley Sanitation District of Los Angeles County. One sanitation district within the County (County Sanitation District No. 34 of Los Angeles County) is currently inactive and is not a member of the Authority.

The Authority was created for the purpose of, among other things, assisting the Sanitation Districts in the planning, financing, development, acquisition, construction, operation and maintenance of projects relating to the Sanitation Districts' wastewater management systems. The Joint Powers Agreement expires upon the later of April 14, 2043 or the date on which no obligations of the Authority remain outstanding and no material contracts to which the Authority is a party remain in effect. Additional sanitation districts may become parties to the Joint Powers Agreement upon the filing of certain documents with the Authority.

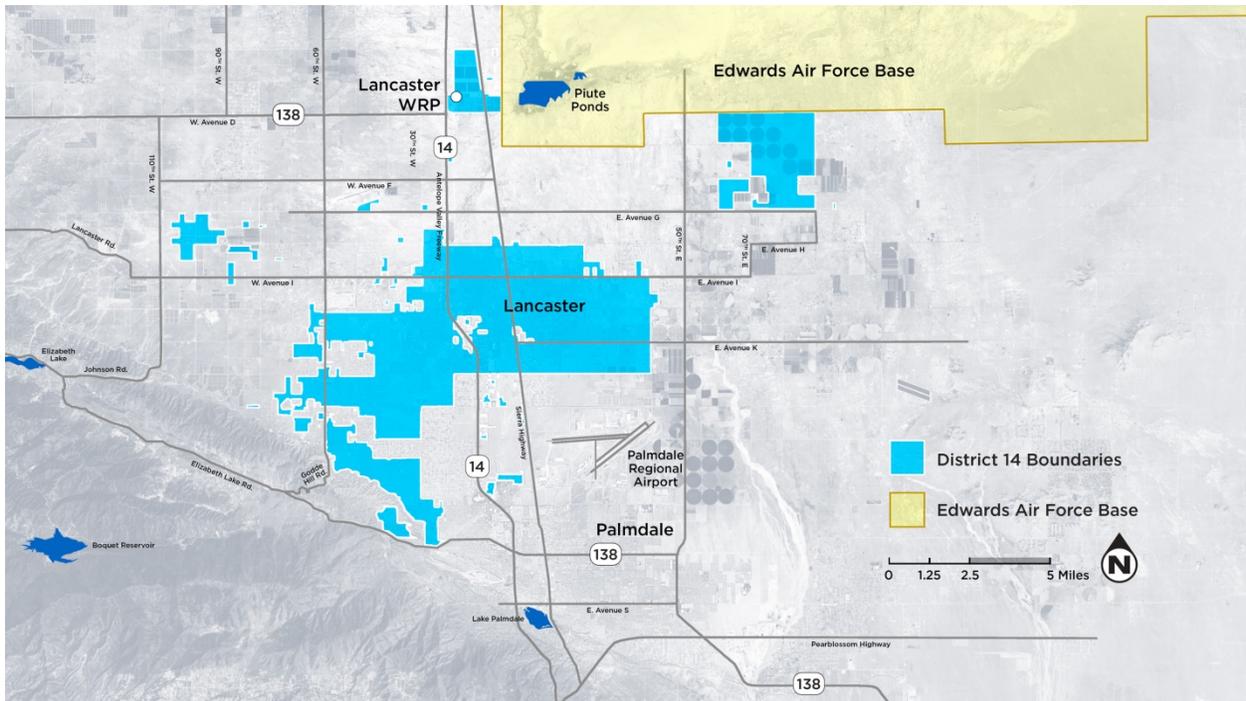
The Authority is governed by a Commission consisting of the Chairperson of each of the Sanitation Districts. The Commission may exercise all rights, powers, duties and privileges of the Commission set forth in the Joint Powers Agreement. The current officers of the Authority are listed under "LOS ANGELES COUNTY SANITATION DISTRICTS FINANCING AUTHORITY" at the beginning of this Official Statement.

DISTRICT NO. 14

Organization

District No. 14 is one of the 24 sanitation districts within the County (the 23 Sanitation Districts plus 1 inactive sanitation district, collectively the "LACSD"). It was formed on August 31, 1938 to serve what was then unincorporated Antelope Valley located in the northern portion of the County. District No. 14 presently serves most of the populated portions of Lancaster, smaller portions of Palmdale, and adjacent unincorporated County areas. A map of District No. 14's boundaries is on the following page. District No. 14 currently encompasses approximately 38,300 acres and serves approximately 199,000 people. District No. 14 is governed by a three-member Board of Directors comprised of the mayor of Lancaster, the mayor of Palmdale and the chairperson of the County Board of Supervisors. The following are the members of the Board of Directors of District No. 14:

<u>Jurisdiction</u>	<u>Director</u>	<u>Alternate</u>
Lancaster	R. Rex Parris (Chairperson)	Marvin Crist (Chair Pro Tem)
Palmdale	Steven D. Hofbauer	Austin Bishop
Los Angeles County	Hilda L. Solis	Kathryn A. Barger



Administration

District No. 14, along with the other 23 sanitation districts in Los Angeles County, is signatory to an agreement (the “Joint Administration Agreement”) providing for the joint administration for the LACSD. Under the Joint Administration Agreement, a single staff is employed to manage the day-to-day affairs of the LACSD. That staff maintains and operates the sewerage and solid waste management systems throughout the LACSD, is responsible for the design of the sewage conveyance and treatment facilities currently operating, and manages the construction of all of the capital projects undertaken by the LACSD. Overall, there are nearly 1,700 employees, including 236 engineers, to operate and maintain existing facilities, provide for the design and construction of new facilities, and provide for management of the LACSD sewerage and solid waste management systems. The LACSD presently are operating under seven memoranda of understanding with various employee unions and have with few exceptions experienced excellent labor relations over the last 30 years.

The following are brief resumes of key staff that provide services for District No. 14:

Robert C. Ferrante, B.S., M.S., Chief Engineer and General Manager. Mr. Ferrante is a Registered Mechanical Engineer, State of California, and a board-certified member of the American Academy of Environmental Engineers. He serves on the Board of the Southern California Salinity Coalition, WaterReuse California, and the Southern California Water Research Program.

Mr. Ferrante has been a member of the LACSD engineering staff since 1993, serving in roles throughout the agency. He served in the Air Quality Section responsible for permitting, regulatory review, and project development related to wastewater treatment and electrical power production. In 1998, Mr. Ferrante became the Operations Engineer for the Total Energy Facility, a 30-megawatt combined cycle gas turbine plant at the LACSD Joint Water Pollution Control Plant. He also was involved in the wastewater treatment processes. In 2003, he became Section Head of Energy Recovery Operations, under which he served as the Project Manager for the Commerce Refuse-to-Energy Authority. In 2008, Mr. Ferrante became the Department Head for Solid Waste Management Department, a position he held until 2012 when he was promoted to Assistant Chief Engineer and Assistant General Manager. In 2019, he was appointed as Chief Engineer and General Manager of the Districts. He is leading efforts on greater recycling of water and organic (food) waste.

Charles E. Boehmke, B.S., M.S., Assistant Chief Engineer and Assistant General Manager. Mr. Boehmke is a Registered Civil Engineer, State of California and is a board-certified member of the American Academy of Environmental Engineers.

Mr. Boehmke has been a member of the engineering staff of the LACSD since 1990, serving in various capacities. From December 2003 to February 2012, Mr. Boehmke was in charge of the Planning Section, responsible for the environmental review and permitting for wastewater and solid waste projects and facilities. From February 2012 to July 2019, Mr. Boehmke was head of the Solid Waste Management Department, responsible for the operation and maintenance of all solid waste facilities within the Districts. These facilities included landfills, material recovery facilities, a transfer station, energy recovery facilities, and recycle centers. From July 2019 to present, Mr. Boehmke is the Asst. Chief Engineer and Asst. General Manager of the Sanitation Districts, responsible for all wastewater management and solid waste management activities and all supporting groups within the agency. These activities include wastewater management services for over 5 million people and solid waste management for nearly one quarter of the solid waste in Los Angeles County.

Matthew A. Eaton, B.S., M.S., Department Head, Financial Management Department. Mr. Eaton is a Registered Mechanical Engineer, State of California, and is a member of the American Society of Mechanical Engineers, SWANA and Government Finance Officers Association.

Mr. Eaton has been a member of the LACSD engineering staff since 1991 and has held various positions throughout his professional career related to both wastewater and solid waste functions, primarily involved in energy recovery functions. In November 2011, Mr. Eaton became the Section Head of Energy Recovery Operations and the Project Manager for the Commerce-Refuse-to-Energy Authority. He was responsible for the management of the LACSD's solid waste energy facilities operations and for development of new projects. In May 2016, Mr. Eaton became the Assistant Department Head for the Financial Management Department, overseeing day-to-day operations of the LACSD's accounting, budget, purchasing, and revenue collection functions. In July 2019, he became the Department Head for the Department.

Raymond L. Tremblay, B.S., M.S., Department Head, Facilities Planning Department. Mr. Tremblay is a Registered Civil Engineer, State of California, and is a member of the Water Environment Federation, the California Water Environment Association, and American Society of Civil Engineers. Mr. Tremblay serves on the Board of Directors for the Urban Water Institute.

Mr. Tremblay has been a member of the LACSD engineering staff since 1993 serving in various capacities in wastewater treatment and solid waste facilities planning, construction, operation, and regulatory compliance. In 2005, Mr. Tremblay became the Monitoring Section Head, responsible for water quality at all LACSD wastewater treatment facilities. In 2008, he was promoted to Assistant Department Head of the Technical Services Department, management of water quality, water recycling, biosolids and air permit compliance, research programs, laboratory processes, public information, and regulatory and legislative advocacy functions. In December 2013, Mr. Tremblay became the Department Head of Facilities Planning, responsible for planning and environmental review for new facilities, property management, and all LACSD information services.

Samuel Espinoza, B.S., M.S., Department Head, Engineering Department. Mr. Espinoza is a Registered Civil Engineer, State of California and is a member of the Water Environment Federation, the California Water Environment Association, and the American Society of Civil Engineers. Mr. Espinoza has been a member of the engineering staff of the LACSD since 1995, serving in various capacities. From September 2004 to February 2012, Mr. Espinoza was in charge of the Wastewater Collections Systems Section, responsible for the operation and maintenance of the LACSD regional collection system. From February 2012 to February 2015, Mr. Espinoza was the Assistant Department Head in the Technical Services Department responsible for regulatory compliance, the recycled water use program and biosolids management. From February 2015 to September 2017, Mr. Espinoza was the Assistant Department Head of the Engineering Department and in September 2017, became the Department Head. The Engineering Department is responsible for the design and construction of all wastewater collection, wastewater treatment, and solid waste facilities in the LACSD.

Kenneth P. Rademacher, B.S., M.S., Department Head, Wastewater Management Department. Mr. Rademacher is a Registered Civil Engineer, State of California, Certified Grade V Wastewater Operator, State of California and is a member of the Water Environment Federation, the California Water Environment Association, and the American Society of Civil Engineers. Mr. Rademacher has been a member of the engineering staff of the LACSD since 1985, serving in various capacities. From 1999 to 2003, Mr. Rademacher was in charge of the Water Reclamation Plant Section, responsible for the operation and maintenance of 10 wastewater treatment plants located throughout Los Angeles County. From 2003 until February 2020, Mr. Rademacher was in charge of the Joint Water Pollution Control Plant, LACSD's largest wastewater treatment plant and one of the largest treatment plants in the country.

In February 2020, Rademacher became the Department Head of the Wastewater Management Department and is responsible for the operation and maintenance of all wastewater collection and wastewater treatment in the LACSD.

Martha R. Tremblay, B.S., M.S., Department Head, Technical Services Department. Ms. Tremblay is a Registered Civil Engineer, State of California, and is a member of the Water Environment Federation and the California Water Environment Association. She serves on the board of the Southern California Salinity Coalition.

Ms. Tremblay has been a member of the LACSD engineering staff since 1996 serving in various capacities. In 2007, Ms. Tremblay became the Sewer Design Section Head, responsible for the design of all sewer relief, replacement, and rehabilitation projects at the LACSD. From March 2012 to March 2015, Ms. Tremblay was in charge of the Wastewater Collection Systems Section, with responsibility for operation and maintenance of the LACSD regional collection system. In March 2015, she became the Assistant Department Head and then in July 2017, became Department Head of the Technical Services Department, where she is responsible for the management of water quality, water recycling, biosolids, air permit compliance, research programs, laboratory processes, safety, and regulatory and legislative advocacy functions.

Alan C. Nyberg, B.S., Chief Accountant. Mr. Nyberg is a member of the Government Finance Officers Association, the California Special Districts Association and the National Association of Government Defined Contribution Administrators. Mr. Nyberg joined LACSD in 2014 and assumed the role of Chief Accountant in 2018. He is responsible for managing all of the Districts' accounting functions, cash management, investments, internal audit, and the administration of the employees' deferred compensation plan.

Employees

Collectively, the LACSD have nearly 1,700 full-time monthly and hourly employees. The work force of the LACSD is diverse, with the largest concentration of employees serving in the operation and maintenance of the LACSD wastewater and solid waste facilities. As of July 1, 2021, the LACSD had an engineering staff of over 230 engineers including 183 licensed professional engineers and over 100 professionals in other technical and scientific disciplines (chemists, biologists, geologists, and accountants).

The monthly employees are divided into nine groups, seven of which are represented by national labor organizations. The Blue Collar unit, consisting of 673 employees, is represented by Service Employees International Union (SEIU) Local 721 The White Collar Unit, consisting of 99 employees; Technical Support Unit, consisting of 271 employees; the Energy Recovery Unit, consisting of 16 employees; the Professional Unit, consisting of 286 employees; the Professional Supervisory Unit, consisting of 72 employees; and the Supervisory Unit, consisting of 85 employees are represented by the American Federation of State, County & Municipal Employees (AFSCME) District Council 36. The Management Unit, consisting of 58 employees, is unrepresented and the Confidential Unit, consisting of 33 employees, is self-represented.

The Blue Collar, Professional, Professional Supervisory, and Supervisory units are working under Memorandums of Understanding that expire on June 30, 2022. The Energy Recovery, White Collar and Technical Support Units are working under Memorandums of Understanding that expire on June 30, 2024. The Confidential Unit is working under an agreement that expires on June 30, 2022.

Existing Wastewater Facilities

District No. 14 owns, operates, and maintains an extensive sewage collection and conveyance network, consisting of approximately 76 miles of trunk sewers. The sewage collection system currently conveys wastewater from approximately 51,600 residences, commercial and industrial sites. Local collector sewer lines, although tributary to District No. 14's trunk sewer network, are owned by Lancaster, Palmdale or the County, depending on the location of the applicable sewer line, and maintained by the County.

Historically, effluent from the Lancaster Water Reclamation Plant ("Lancaster WRP") was delivered to a marsh-like area known as Piute Ponds and, on occasion, onto Rosamond Dry Lake, located in the southwest corner of Edwards Air Force Base. In 2002, due to concerns raised by the Air Force over unauthorized effluent-induced flooding of Rosamond Dry Lake, the Lahontan Regional Water Quality Control Board ("Lahontan RWQCB") issued a revised waste discharge permit for the Lancaster WRP that effectively prohibited the overflow of recycled water onto the dry lake. In 2004, the Lahontan RWQCB issued a Cease and Desist Order for the Lancaster WRP related to unauthorized overflows.

In response to the Lahontan RWQCB requirements, District No. 14, after receiving community input developed a plan involving the construction of lined reservoirs for winter storage, expansion of agricultural irrigation, and worked with the Cities of Lancaster and Palmdale to encourage municipal reuse. At the community's request, the plan included replacing the then-existing oxidation ponds and upgrading treatment of the plant to tertiary treatment to provide a wider variety of reclaimed water uses for the community. Construction of these facilities (the "2005 Facilities") was completed in July 2012 and the Cease and Desist Order has been rescinded. In order to pay for a portion of the 2005 Facilities, District No. 14 entered into the 2005 Subordinate Acquisition Agreement with the Authority in connection with the issuance by the Authority of its 2005 Bonds and obtained a State Loan which constitutes a Subordinate Obligation. See "FINANCIAL INFORMATION – Existing Obligations."

For information relating to future plans with respect to District No. 14's Sewerage System, see "DISTRICT NO. 14 – Operations."

System Capacity and Demand

The 2005 Facilities increased the capacity of the Lancaster WRP to 18 million gallons per day (mgd), providing a reserve capacity of approximately 4 mgd above the existing flows. As shown in Table 2, flows increased in recent years, but remain lower than the flows experienced in the 2005-2010 time period. The overall relatively steady flows over the last 15 years is partially due to various water conservation efforts that have been implemented over the last decade, requiring the installation of low-flow devices in new construction and the retrofitting of existing buildings. The downturn in the economy in 2008 also played a role as the number of new housing starts, which had been significant in the Antelope Valley, slowed relative to previous trends. Based on population projections (and the concurrent increase in flow), no additional capacity will be required before 2029. See "DISTRICT NO. 14 – Growth" for additional information of potential growth and increases in demand.

TABLE 2
Average Daily Flow from District No. 14
in Millions of Gallons per Day;
Fiscal Years 2016-17 Through 2020-21

<u>Fiscal Year</u> <u>2016-17</u>	<u>Fiscal Year</u> <u>2017-18</u>	<u>Fiscal Year</u> <u>2018-19</u>	<u>Fiscal Year</u> <u>2019-20</u>	<u>Fiscal Year</u> <u>2020-21</u>
11.9	13.0	13.5	13.6	13.8

Source: District No. 14.

Operations

District No. 14 is the sole provider of wastewater management services within its service area. District No. 14’s wastewater treatment and disposal facilities are operated and maintained by District No. 14’s staff.

Customer Base. The estimated number of sewage units (billing units) served by District No. 14 and the corresponding user fees and ad valorem taxes related to each of fiscal years 2015-16 through 2019-20 are presented in the table below. A sewage unit is defined to be the average daily quantity of wastewater flow and strength from a single family home. For fiscal year 2020-21, District No. 14 received unaudited actual user fees in the amount of \$36,264,410 and unaudited actual ad valorem taxes of \$2,301,634.

TABLE 3
Estimated Sewage Units By Customer Type, User Fees and Ad Valorem Taxes
Fiscal Years 2015-16 Through 2019-20

<u>Fiscal Year</u>	<u>Number of Sewage Units^(1,2)</u>					<u>User Fees</u>	<u>A.V. Taxes⁽⁴⁾</u>
	<u>Residential⁽³⁾</u>	<u>Commercial⁽³⁾</u>	<u>Industrial</u>	<u>Contract</u>	<u>Total</u>		
2015-16	56,649	12,431	2,066	999	72,145	\$33,639,230	\$1,227,452
2016-17	56,726	12,705	2,357	918	72,861	34,132,005	1,498,247
2017-18 ⁽⁵⁾	57,035	12,502	2,653	128	72,318	34,730,808	1,565,072
2018-19	57,415	13,073	2,568	132	73,188	34,613,135	1,754,383
2019-20	58,157	13,295	2,421	135	74,008	36,680,255	1,951,556

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

⁽²⁾ 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.

⁽³⁾ Residential and commercial 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 preceding year.

⁽⁴⁾ Actual amount collected. See “DISTRICT NO. 14 – Revenues – Ad Valorem Taxes” for a discussion of the amount of ad valorem taxes retained by District No. 14.

⁽⁵⁾ Residential and Commercial Sewage Units were updated for fiscal year 2017-18 as they had been under reported in past documents.

Source: District No. 14.

The below table provides a list of the ten largest customers of District No. 14, their total billing for fiscal year 2019-20, and the percentage each represents of the total user charges collected that year.

TABLE 4
TEN LARGEST CUSTOMERS
Fiscal Year 2019-20⁽¹⁾

<u>Customer</u>	<u>Fiscal Year 2019-20 Billing</u>	<u>Percentage of Total User Charges</u>
1. California State Prison - Los Angeles County	\$ 1,317,048	3.4%
2. Northrop Grumman Systems Corporation (Site 4)	759,951	2.0
3. BYD Coach and Bus LLC (Bus Manufacturing)	304,418	0.8
4. Northrop Grumman Systems Corporation (Site 3)	228,343	0.6
5. Mission Linen Supply	189,477	0.5
6. Walmart Real Estate - 10th Street West (Shopping Center)	185,807	0.5
7. Walmart Real Estate - Valley Central Way (Shopping Center)	183,963	0.5
8. Antelope Valley Hospital	176,525	0.5
9. Mayflower RHF Housing Inc. (Mobile Home Park)	146,949	0.4
10. Caritas Affordable Housing Inc. (Mobile Home Park)	<u>135,826</u>	<u>0.4</u>
TOTAL	<u><u>\$3,628,306</u></u>	<u>9.4%</u>

⁽¹⁾ Most Current year for which information is available.
Source: District No. 14.

Supplies. All essential supplies for the operation and maintenance of the facilities of District No. 14 are presently readily available at reasonable market prices. All chemicals are stored in quantities sufficient to supply operations for several weeks. Back up supplies are maintained in case of emergency or system failure.

Permits, Licenses and Other Regulations. The federal, state and local regulations relating to District No. 14 are revised regularly, and the costs to District No. 14 of compliance with such revisions can be substantial. The Lancaster WRP currently operates under Waste Discharge Requirements (WDRs) Nos. R6V-2002-0053 (including all amendments thereto) and R6V-2006-0051, and is permitted to provide recycled water for various uses (e.g. irrigation, agriculture) under Reuse Permit No. R6V-2009-0141. Both the WDRs and Reuse Permit have no expiration date and are amended only as needed. The State Water Resources Control Board – Lahontan Region has recently indicated to District No. 14 that it is considering commencing the process to amend District No. 14’s WDRs, although at this point the timing and impact of any potential amendments, if any, are uncertain. In the event that the WDRs are amended, there can be no assurance that such amendments will not contain more restrictive provisions than those in the current WDRs.

District No. 14 believes that it has obtained all permits and licenses presently necessary to operate the Sewerage System in accordance with federal and state laws. There can be no assurance that costs associated with compliance with federal, state and local regulations with respect to the Sewerage System will not materially exceed District No. 14’s estimates. Significant increases in such costs of compliance could adversely affect the ability of District No. 14 to generate Net Revenues in the amounts sufficient to pay Installment Payments. See “CERTAIN RISK FACTORS – Statutory and Regulatory Impact” herein and Appendix C “INSTALLMENT PURCHASE AGREEMENT – Covenants” attached hereto. The facilities plans developed by the Sanitation Districts, including District No. 14, contemplate the acquisition and maintenance of such permits and licenses to address wastewater management needs for

the next 20 years. District No. 14 intends to take into account as part of such facilities plan reasonably foreseeable changes in federal, state and local regulations. See “DISTRICT NO. 14 – Growth.”

PFAS. In July 2020, SWRCB issued an investigative order (the “Investigative Order”) that required public agencies operating publicly owned treatment works (“POTWs”) that have a design capacity at or exceeding one million gallons per day to sample and analyze water treated in the POTWs for the detection of certain Per- and polyfluoroalkyl substances (“PFAS”). District No. 14 was subject to the Investigative Order.

PFAS are part of a family of synthetic compounds that are water and lipid resistant substances. PFAS are used in a variety of manufacturing processes and are used in the production of a wide range of industrial and household applications. In 2017, the United States Environmental Protection Agency (the “EPA”) has previously released a statement that, based on peer-reviewed studies on laboratory animals and epidemiological evidence in human populations, exposure to Perfluorooctanoic acid (“PFOA”) and Perfluorooctanesulfonic acid (“PFOS”), which are in the PFAS family, over certain levels may result in adverse health effects. In 2019, SWRCB’s Division of Drinking Water established notification and response levels for PFOA and PFOS detected in drinking water, which required public agencies providing drinking water to take certain actions when PFOA or PFOS exceeded such levels. In 2020, the Division of Drinking water lowered the notification and response levels from those established in 2019.

SWRCB, in issuing the Investigative Order, was concerned that if PFAS-bearing wastes were discharged into a wastewater collection system, then such PFAS would potentially be discharged from the POTWs in the effluent and biosolids. According to SWRCB, the discharge of effluent could pose a threat to water quality if the effluent was discharged directly to surface waters or allowed to percolate to groundwater and land application of biosolids could potentially pose a threat to water quality by constituents percolating to groundwater or through water carry constituents to the surface.

The District is performing the sampling and analysis required by the Investigative Order and has submitted completed results to the SWRCB. As of the date of this Official Statement, the SWRCB has not contacted District No. 14 regarding District No. 14’s submissions to SWRCB.

Currently, State and federal regulatory agencies have not established maximum limits for PFAS detected in POTWs; however, no assurance can be provided that future regulatory action will not be taken. Compliance with any such future regulations by District No. 14 could result in an increase in capital expenditures and maintenance costs in order to comply with such regulations.

Growth

From the 1980s through the early 2000’s, the Antelope Valley was one of the fastest growing areas in California with Lancaster and Palmdale both seeing tremendous growth. However, beginning with the 2008 recession, the annual number of new connections decreased significantly and the rate of growth has remained relatively slow. The impact of new development has been further mitigated by the water conservation efforts that have been implemented in response to the prolonged drought throughout California. As a result, flows at the Lancaster WRP have remained relatively stable over the last five years. See “TABLE 2 - Average Daily Flow from District No. 14.”

To ensure that District No. 14 has sufficient facilities to properly manage the increased flows, staff has created a development monitoring system to track proposed development while such growth is still in its planning stages. Additionally, staff works closely with the Southern California Association of Governments, the regional agency responsible for developing population projections throughout Southern

California. This information is then utilized in the facility planning process to project anticipated wastewater flows.

Under existing law, District No. 14 is not empowered to control land use planning within its service area. Lancaster and Palmdale are responsible for land use planning in the incorporated areas of District No. 14, while the County is responsible for land use planning in the unincorporated areas of District No. 14. District No. 14 uses information provided by Lancaster, Palmdale and the County in developing its projections of wastewater flows and the resulting expansion capital plans.

District No. 14 has implemented financial policies to ensure that the new growth pays for itself and that existing users are not required to subsidize new developments. See “DISTRICT NO. 14 – Financial Policies.” Any territory outside of District No. 14’s current service area must first annex to District No. 14 before service can be provided (although in some cases facilities outside District No. 14 may discharge into District No. 14 facilities and pay for service through a contractual arrangement). In accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, District No. 14 has established certain policies and procedures relating to annexation of territory, including requiring that the other governmental agencies receiving a portion of the property taxes from the territory proposed for annexation sign a tax sharing agreement whereby District No. 14 will receive a pro rata share of the incremental increase in the ad valorem taxes. Before a new project can physically connect to the Sewerage System, the developer thereof must pay a connection fee equivalent to the development’s proportionate share of the District’s existing assets. The connection fees are accumulated in a designated fund and withdrawn as necessary for capital improvement projects.

Capital Improvement Program

District No. 14 routinely monitors the condition of its conveyance, treatment and disposal systems. Capital improvement projects are developed, as needed, to: (i) renovate or replace existing facilities; (ii) upgrade existing facilities to comply with new or changing laws or regulations; or (iii) provide additional capacity as demand for its services grows.

Staff engineers routinely inspect the sewers for physical damage, to monitor flows and to determine available capacity in the various sewers. Based on this information, a detailed report on the status of each sewer system is prepared. Capital improvement projects are developed and scheduled based on the need for relief (through expanded capacity) or rehabilitation of each sewer. These projects are then sent out for competitive bid and constructed. Staff engineers also routinely monitor the physical condition and performance of the existing treatment plants, their ability to comply with existing and emerging regulatory requirements, and the amount of treatment capacity remaining at the plants. As needs arise, the staff engineers evaluate alternatives and identify the most environmentally safe and cost-effective solution to meet such future needs of District No. 14. Once defined, detailed designs, cost estimates and construction schedules are prepared for the capital improvement projects, which are constructed by contractors selected through a competitive bidding process.

Current and Future Capital Improvement Activities. The facilities financed with the proceeds of the Authority’s Capital Projects Revenue Bonds, 2005 Series B (District No. 14 Subordinate Revenue Bonds) (the “2005 Facilities”) and one of the four Existing State Loans upgraded the level of treatment at the Lancaster WRP by replacing the oxidation ponds with conventional activated sludge operations and by adding filters. The Lancaster WRP continues to use the older, existing influent headworks/pump station, primary sedimentation tanks and solids dewatering equipment and will be undertaking efforts to repair and replace those components as needed. In addition to these projects, there will be upgrades to the power distribution system, replacement of electrical equipment, and the addition of a redundant power

source. The cost of capital improvements over the next five years (through fiscal year 2025-26) is estimated to be approximately \$13.3 million.

District No. 14 will fund all of these additional capital improvements with a combination of existing cash reserves and user chargers. No additional borrowings (either bonds or loans) are anticipated at this time. There can be no assurance that these identified projects will not exceed the amounts presently projected by District No. 14.

Cyber Security

The LACSD maintain a multi-tiered suite of tools to secure its computer network and underlying data. All internet traffic and email traffic are filtered by third-party services that scan for the latest threats. This scanning blocks malicious payloads and also prevents staff from accessing potentially dangerous content on the web. All web traffic entering the LACSD' network is filtered through a central firewall appliance. Internal network traffic is further scanned by an intrusion prevention appliance for malicious activity. The LACSD maintain an aggressive endpoint scanning solution that regularly scans workstations and servers for malware. The LACSD's Office 365 infrastructure is secured for external access with multifactor authentication. The LACSD's network is segmented to minimize the potential for the lateral spread of malware through the enterprise. LACSD' staff undergo annual cybersecurity training and receive monthly updates on cybersecurity principles.

LACSD' documents are secured in an enterprise document management system (DMS) with role-based security access. On-premise DMS documents, databases, and network drives are backed up regularly to on-site appliance-based archival servers. These servers, in turn, are regularly archived to tapes that are stored at an off-site third-party repository. Cloud-based Office 365 content (OneDrive, SharePoint, Exchange) is archived beyond standard Microsoft data management, via a third-party cloud-based service. The use of off-site tape backups coupled with additional cloud-based backups of Office 365 data further protects the LACSD from ransomware attacks. In the event that primary on-premise archives or even the LACSD' cloud-based Exchange email environment were infected with ransomware, additional physically-disconnected data backups are available for recovery.

COVID-19 Pandemic

As described further under the caption "CERTAIN RISK FACTORS—COVID-19 Pandemic," the spread of COVID-19 has had significant negative impacts throughout the world, including in California. The World Health Organization has declared the COVID-19 outbreak to be a pandemic, and states of emergency have been declared by the United States, the State, and numerous counties throughout the State, including the County of Los Angeles. The purposes behind these declarations are to coordinate and formalize emergency actions and across federal, state and local governmental agencies, and to proactively prepare for a wider spread of the virus.

Over the course of the pandemic, the State and the County have issued various stay-at-home orders and other guidance and restrictions on businesses and other activities, which severely restrict the movements of residents and operations of business and related activities. Due to these orders, the LACSD has implemented a telecommuting plan to reduce the number of District employees in office workplaces as needed and staggered plant and field staff schedules and modified work practices to reduce close contact. Standard safety precautions such as distancing, mask use, cleaning and sanitization are being practiced. Operations and maintenance activities have been able to continue without significant interruption and there have been no significant outbreaks at any LACSD facility.

District No. 14 did not experience any noticeable reduction in rate revenues for Fiscal Year ending June 30, 2021 and expects that it will also not experience any significant reduction of revenue in the future because sewer charges are primarily billed on the tax roll.

See “CERTAIN RISK FACTORS—COVID-19 Pandemic for a discussion of certain investor considerations relating to the COVID-19 Pandemic.

FINANCIAL INFORMATION

Following is information concerning the revenues of District No. 14 as well as a description of the budgetary process.

Revenues

Ad Valorem Taxes

One of the revenue sources of District No. 14 is the pro rata share of the 1% ad valorem property tax levied by the County pursuant to Proposition 13. All of the ad valorem taxes received are first used to help offset operation and maintenance expenses and then are used to pay the Obligations of the District.

Property values in District No. 14 declined as a result of local and state-wide impacts of the 2008 recession. Ad valorem taxes have since returned to pre-recession level and are steadily increasing. Additionally, District No. 14 has seen a significant increase in ad valorem taxes with the dissolution of redevelopment agencies and the redistribution of their ad valorem taxes. See “Historical and Projected Operating Data – Ad Valorem Taxes” for a discussion on the assumptions regarding future ad valorem taxes and Table 8 for the historical ad valorem receipts of District No. 14.

Service Charges

Subsequent to the passage of Proposition 13 in 1978, District No. 14 implemented a user fee program establishing the structure and mechanism for levying such a charge on all residential and commercial users. Each user’s cost is based on its proportionate usage of the Sewerage System, measured in terms of flow and strength (chemical oxygen demand and suspended solids). These two parameters are combined into a single factor, the sewage unit. A sewage unit is equal to the discharge from a single-family home, and all other users are proportioned according to that standard. Under this system, each discharger is placed in a user category with assumed loading factors per unit of usage (e.g., number of units, square footage) that reflect the expected discharge from that category. By determining the number of units of usage for a given parcel, the number of sewage units attributable to each parcel can be calculated. The charge per sewage unit is then calculated by dividing the required supplemental revenue by the total number of sewage units in District No. 14. The resulting service charge is designed to recoup the cost of operation and maintenance expenses and the cost of capital projects not financed with other funds or debt financing. Such service charges are the major source of Revenues available for payment of Installment Payments. To ensure complete and speedy payment of the service charge, it is collected as a separate line item on the property tax bill. Nonpayment of any portion of the bill results in the imposition of a specific lien on the property. See “DISTRICT NO. 14 – Financial Management” and “FINANCIAL INFORMATION – Tax Levies and Delinquencies.”

Set forth below is a summary of the historical and projected service charge rates in District No. 14. The service charge rate was reduced in fiscal year 2015-16 from \$496.00 to \$476.00 per year per sewage unit (equivalent single-family home). The rate was held at \$476.00 through fiscal year 2018-19. In spring of 2019, a new rate ordinance was adopted establishing annual increases of \$11.88 each year for

four years starting July 1, 2019. In spring of 2020, the rate increase planned for July 1, 2020 was re-evaluated in consideration of the economic impacts of COVID-19 to District No. 14’s residential and commercial users with the goal of mitigating those impacts. As a result, a new rate ordinance was adopted with no increase for fiscal year 2020-21. In the Spring of 2021, as the economic impacts of COVID-19 continued, the rate increase planned for July 1, 2021 was also re-evaluated and another rate ordinance was adopted with no increase in fiscal year 2021-22 and with rates of \$523.52 effective July 1, 2022.

District No. 14 is currently evaluating whether to increase the service charge rate on July 1, 2022 or to leave the current service charge rate of \$487.88 in place for Fiscal Year 2022-23. This evaluation will include consideration of District No. 14’s financial position following the prepayment of the Existing State Loans and the estimated costs of District No. 14’s planned capital improvements. District No. 14 expects to make a determination regarding the service rate charge for Fiscal Year 2022-23 in the Spring of 2022.

TABLE 5

**HISTORICAL AND PROJECTED SERVICE CHARGE RATES
(Dollars Per Single Family Home Per Year)**

Fiscal Year	Service Charge Rate
2013-14	\$ 472.00
2014-15	496.00
2015-16	476.00
2016-17	476.00
2017-18	476.00
2018-19	476.00
2019-20	487.88
2020-21	487.88
2021-22	487.88
2022-23*	523.52

* Service charge rate adopted. As discussed above, District No. 14 is evaluating whether to keep the service rate charge at \$487.88 for Fiscal Year 2022-23.
Source: District No. 14

In order to put these rates in perspective, a table has been provided comparing the total cost of service to a homeowner in District No. 14 with those of other sewerage agencies primarily located in Southern California. The total cost of service includes the cost of the local collection system (which may be provided by a different agency), the cost of treatment, and any other revenues such as ad valorem property taxes used to offset expenses. Agencies that treat storm water flows through a combined sewer system or use ocean discharge for ultimate disposal were not included in the survey as they are not comparable to the level of service provided by District No. 14.

The majority of the agencies shown in Table 6 are located in the Mojave Desert. Even though they are in the same geographical and climatic region as District No. 14, it is difficult to find a true “apples-to-apples” comparison. Some of the agencies provide a lower level of treatment, which minimizes their future opportunities for reuse. When the 2005 Facilities were being planned, District No. 14’s Board of Directors, with community support, opted to go with a higher (albeit more expensive) level of treatment with the foresight that municipal reuse will be a critical factor in the future for addressing California’s ongoing water shortage. Other agencies have nearby rivers into which they can discharge their effluent. District No. 14 is in an enclosed basin and does not have a river available for

discharge; it must use a system of storage reservoirs and agricultural reuse for its disposal. As municipal reuse continues to expand, the agricultural land represents an asset that can be used to generate revenue for the District. As a last comparison, the statewide average for all agencies that provide tertiary-level treatment was included. As seen in Table 6, District No. 14 is slightly below the statewide average.

TABLE 6
FISCAL YEAR 2021-22 ANNUAL COST OF SERVICE
IN CERTAIN OTHER JURISDICTIONS IN SOUTHERN CALIFORNIA
(Dollars Per Year Per Single Family Home)

<u>Agency</u>	<u>Total Cost⁽¹⁾</u>	<u>Level of Service</u>	<u>Disposal Means</u>
Apple Valley ⁽²⁾	\$446	Tertiary	River Discharge/Percolation
Tehachapi	519	Secondary	Flood Irrigation
Rosamond	560	Partial Tertiary	Evaporation Ponds
Victorville ⁽²⁾	562	Tertiary	River Discharge/Percolation
District No. 14	593	Tertiary	Agricultural Reuse
Statewide Average	615	Various	Various
District No. 20	726	Tertiary	Agricultural Reuse

⁽¹⁾ Includes service charge rates effective as of fiscal year 2021-22, any local sewer maintenance fees that may be charged by another entity, and any ad valorem property taxes dedicated to wastewater management.

⁽²⁾ Both agencies use the same regional system (Victor Valley Wastewater Authority). Difference in rates is due to the cost of local conveyance.

Source: District No. 14.

Connection Fees

Connection fees are levied upon all dischargers who either are connecting to the Sewerage System for the first time or who are significantly increasing their level of discharge. Anticipated discharge is measured in terms of flow and strength (chemical oxygen demand and suspended solids), and based on loadings per unit of usage (for residential and commercial users) or by an engineer’s evaluation of the actual facility (for industrial waste users). Through June 2020, the fees were designed such that each user paid for the cost of constructing the capacity required to accommodate the user’s anticipated discharge. The connection fee rate was based on the estimated cost of constructing an incremental expansion of the Sewerage System (both treatment and conveyance). All connection fees were placed in the Capital Improvement Fund and are only withdrawn to pay for expansion-related capital projects (including debt service for those projects). Starting July 1, 2020, a new connection fee ordinance was adopted with a connection fee calculated based on the new user’s proportionate share of the District No. 14’s net assets, and the fees received are no longer restricted to expansion capital – they can be used to pay for any capital project. There can be no assurance that the connection fees received by District No. 14 will be sufficient to pay for capital projects or that payment of any deficiency from Revenues will not materially adversely affect the ability of District No. 14 to generate Net Revenues in the amounts sufficient to pay Installment Payments.

Set forth below is a summary of the historical and projected additional added capacity units and connection fees in District No. 14. The data for fiscal year 2020-21 reflects the unaudited actual connection fees received during such fiscal year. Projected data starting with fiscal year 2021-22 is based on historical connections and expected growth and is discussed in more detail in the Historical and Projected Operating and Financial Data section. While District No. 14 believes these assumptions and forecasts are reasonable, there can be no assurances that growth will occur as projected. To the extent that actual future conditions differ from those assumed herein, actual results will vary.

TABLE 7

**HISTORICAL AND PROJECTED CONNECTION FEES
Fiscal Years 2016-17 Through 2025-26**

Fiscal Year	Connection Fee Rate (\$ per Capacity Unit)	Number of Additional Capacity Units	Total Connection Fees
2016-17	\$ 6,190	265.76	\$ 1,645,057
2017-18	6,190	231.43	1,432,576
2018-19	6,190	225.24	1,394,234
2019-20	6,190	369.87	2,289,516
2020-21*	2,652	774.29	2,066,581
2021-22**	2,652	323.60	858,181
2022-23**	2,652	323.60	858,181
2023-24**	2,652	323.60	858,181
2024-25**	2,652	323.60	858,181
2025-26**	2,652	323.60	858,181

* Reflects unaudited actual results for fiscal year 2020-21.

** Projected connection fee revenues based on District Capital component of the current adopted rate and projected additional capacity units based on past additional capacity units over the past 5 years.

Source: District No. 14.

Industrial Wastewater Surcharge

The District has a surcharge program for industrial wastewater discharges. The program requires industrial wastewater discharges to pay for operating, maintenance and capital according to their use of the Sewerage System. Usage is measured in terms of three parameters: flow, chemical oxygen demand and suspended solids. Also, discharges with excessive peak flows must pay an additional peak flow charge. Lastly, industrial wastewater dischargers must pay a supplemental charge if their wastewater contains either benzene or thiosulfate. The method for determining the surcharge rates is similar to that for determining the service charge rate. See “Revenues – Service Charges” above.

Contracts

District No. 14 generates contract revenue from the sale of recycled water and the leasing of agricultural lands owned by District No. 14. Such revenues are received through long-term contracts and are set by present market conditions. District No. 14 also generates a portion of its industrial waste and service charge revenue through the sale of sewage disposal services to certain facilities outside of the District’s boundaries.

Investment Income

District No. 14’s investment income is comprised of interest received on funds maintained by District No. 14 during each fiscal year. The amount of such income varies from year to year and depends on both the cash balances maintained by District No. 14 and the prevailing interest rate. District No. 14 has adopted an investment policy that provides for safety of principal, adequate liquidity, and earns a market rate of return. The investment policy further defines the permissible investments and establishes requirements for diversification to eliminate the risk of loss resulting from an overconcentration of assets in a specific issuer or a specific class of securities.

Budgetary Process

District No. 14's expense budget consists of three major categories: operation and maintenance; capital; and debt service. District No. 14 is also allocated certain joint costs pertaining to joint administration of the Sanitation Districts.

Operation and maintenance expense budget estimates are prepared each year by LACSD staff members based upon historical information and projected changes in the sewerage facilities or requirements for the upcoming fiscal year. As many of the costs (e.g., pumping and chemicals) are directly related to flow, projections of the anticipated flows at each facility are made concurrently. Staffing requirements and changes in salaries and benefits are also incorporated into the budget. These figures are projected over a five-year period, and anticipated changes or other anomalies are incorporated.

LACSD staff routinely prepares a detailed report on the status of the sewer system. This report is based on information gathered by field personnel who monitor flows and available capacity in the various sewers and who inspect the sewers for any sulfide corrosion. Each of the sewers is then prioritized for relief (through expanded capacity) or rehabilitation. This information is forwarded to the Sewer Design Section and a detailed sewer design and construction schedule is developed.

The Treatment Plant Operations Section identifies necessary improvements to the Lancaster WRP based on operational considerations. This information is forwarded to the Treatment Plant Design Section for preparation of a detailed design and construction schedule. Included in this schedule are any facilities that may be mandated by law or regulation. Information is also provided by the facilities Planning Section to project population growth and flow increases so that Lancaster WRP expansions can be scheduled appropriately.

Debt service currently consists of the installment payments (both the annual interest and principal payments) on the 2015 Bonds and the Existing State Loans. Each year these amounts are adjusted to include any new Obligations that may have been issued or incurred during the previous year. Adjustments are also made for any Obligations that may have been retired during the previous year. In the future, the installment payments on the Existing State Loans will be replaced with the 2021 Installment Payments.

Once all the costs (operations, maintenance and capital, including debt service) have been identified, the costs pertaining to the joint administration of the Sanitation Districts are apportioned to the respective Sanitation Districts. The apportionment is based on the proportionate usage, as measured by total sewage units in each Sanitation District. The joint costs apportioned to District No. 14 are then added to its individual costs (including debt service) to determine District No. 14's total budget.

The known revenue sources are identified after the budget expenditures are projected. The primary revenue sources (other than service charges and industrial waste surcharges) include District No. 14's share of ad valorem taxes, investment income and transfers from the designated purpose funds. To the degree that there are capital projects, the Capital Improvement Fund (accumulated connection fees) is also utilized as a revenue source. Proceeds from the issuance or incurrence of Obligations are used as a revenue source to offset capital expenses if they are available; the corresponding debt service is included as an expense in subsequent years. See "DISTRICT NO. 14 – Revenues." The remaining difference between the expenditures and known revenues equals the amount of supplemental revenue that must be collected through the user charge program. The user charge rate is equal to the required supplemental revenue divided by the total number of equivalent users (sewage units) in the District No. 14. In addition, adjustments may be made for rate stabilization.

Tax revenues and supplemental user charges are received from the County in periodic installments, with the largest receipts occurring in December and April. To provide sufficient revenues between July 1, the beginning of District No. 14's fiscal year, and December 31, District No. 14 includes in its operating fund target a cash flow requirement to cover the period from the beginning of the fiscal year (July 1) until the first installment is received (December). The cash flow requirement is equal to the estimated expenses from July 1 through December 31, less any anticipated revenues.

Every year District No. 14's Board of Directors is presented with a preliminary budget. If the rates in the adopted rate ordinances will not provide adequate revenue, a rate increase will be proposed. Likewise, a modification to the rate ordinances to reduce a planned increase in rates will be recommended if those rates are higher than necessary. If a rate increase is recommended, individual mailed notices that comply with the terms of Proposition 218 are sent to all property owners informing them of a scheduled public hearing. See "FINANCIAL INFORMATION – Legal Debt and Tax Limitations – Statutory Limitations – Proposition 218." After the public hearing and review by the Directors, the Board of Directors sets the service charge rates by ordinance. If no change to the rate in the adopted ordinance is proposed, the Board of Directors need only consider the adoption of a Service Charge Report pursuant to the California Health and Safety Code, § 5473. If the rate change that is proposed results in a decrease relative to the rate specified in the ordinance, the Board must consider adoption of the Service Charge Report followed by adoption of an ordinance with the new rates, but is not subject to any of the Proposition 218 requirements. In June, the Board of Directors is presented with a final budget (including any revisions to its preliminary budget) for its consideration and approval. At the same time, pursuant to California law, District No. 14's Board of Directors must adopt an appropriations limit relating to the proceeds of taxes. See "FINANCIAL INFORMATION – Legal Debt and Tax Limitations – Appropriations Limitations."

Relevant Financial Policies

District No. 14 has adopted an investment policy with safety of principal the primary objective, while maintaining liquidity and a market rate of return on its portfolio. District No. 14's investment policy is governed by and is in full compliance with the California Government Code. The District's 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 District's Board of Directors.

District No. 14 has adopted a Financial Reserve Policy describing the various reserve categories and targets for each type of reserve in order to ensure District No. 14 maintains prudent financial reserves and can continue to fulfill its commitment to deliver reliable and high-quality service to customers. The policy helps improve the stability of rates; minimizes risk and cost associated with borrowing; and improves liquidity to minimize effect of year-to-year fluctuations in revenue and expenses.

District No. 14 has also adopted a Debt Management Policy to provide guidelines in determining the appropriate use of debt financing. The policy describes the types of debt of allowed, criteria for issuing debt and provides for various measures and targets for the amount of debt and debt service.

Historical and Projected Operating and Financial Data

Set forth below in Table 8 is a summary of selected historical and projected operating data of District No. 14. The summary shows debt service coverage on a June 30 fiscal year (not bond year) basis. The preparation of such projected data was based upon certain assumptions and certain forecasts with respect to conditions that may occur in the future. While District No. 14 believes these assumptions and forecasts are reasonable for the purposes of the selected projected operating data, District No. 14 makes

no representations that they will occur. To the extent that actual future conditions differ from those assumed herein, actual results will vary.

Service Charges

The total service charge revenue is equal to the number of sewage units (equivalent users) multiplied times the service charge rate. For fiscal years 2021-22 through 2024-25, the number of sewage units is based on the most recent five-year average connections. The projected sewage units are projected to remain flat with growth being offset by reduced charges for existing users due to continued conservation efforts. See “FINANCIAL DATA – Historical and Projected Operating and Financial Data – Connection Fees” for additional information on projected growth.

The projections for fiscal years 2021-22 through 2023-24 assume that the rates during such fiscal years will remain unchanged from the rate charged in fiscal year 2021-22 due to projected savings realized from the refunding of the Existing State Loans and reductions in planned capital expenditures based on District No. 14’s current condition assessment information. See “FINANCIAL INFORMATION – Revenues–*Service Charges*.” The projection for fiscal year 2024-25 assumes rate increases of approximately 1%.

Ad Valorem Taxes

Ad valorem tax revenues have increased steadily since the 2008 recession, as property values in the region began to recover from the impacts of the financial downturn. District No. 14 has seen a significant increase in ad valorem taxes with the dissolution of redevelopment agencies and the redistribution of their ad valorem taxes.

The projections assume a decrease in ad valorem taxes in fiscal year 2021-22 as compared to the unaudited actual ad valorem taxes received during fiscal year 2020-21. Beginning in fiscal year 2022-23, ad valorem taxes are projected to increase by 2 to 2.5% per annum.

Other Revenues

Contract revenues related to the sale of reclaimed water and the lease of the agricultural land is assumed to remain relatively constant with slight increases of, on average, 1.6% per year.

Connection Fees

The number of new connections is based on the average connections from fiscal year 2016-17 through May 31, 2021. Based on the increased number of connection fees received through May 31, 2021, the continued growth of joint community facilities districts that District No. 14 participates in, and the lowering of the Connection Fee Rate on July 1, 2020, District No. 14 projects that approximately 90 percent of connection growth observed in fiscal year 2019-20 will continue for the foreseeable future. As a result, the projected new connections are 323.6 sewage units per year. The connection fee rate is projected to remain constant.

Operating Expenses

The projected operating expenses are estimated from projections of operating and maintenance costs made by LACSD staff for each of the processes, equipment, and expense category for the various District No. 14 facilities. Overall, operating expenses are expected to increase an average of approximately 2.8% per year during the forecast period.

Capital Improvements

The projections assume that District No. 14 will implement those capital improvements described in “DISTRICT NO. 14 - Current and Future Capital Improvement Activities”. The projections further assume that all of these future projects will be fully funded with service charge revenues and existing cash reserves.

Rate Stabilization Fund

Although District No. 14 has set aside \$42.8 million (as of June 30, 2021) in a Rate Stabilization Fund, the projections assume no use of those moneys.

Debt Service

The projections assume that the debt service will be as set forth in “Table 1 – Schedule of District No. 14 Parity Obligations Payments” for the 2015 Bonds and the 2021 Bonds.

Availability of Connection Fees for Payment of Debt Service and Calculation of Debt Service Coverage

The projections shown in Table 8 include all Connection Fees as available for debt service and have therefore included such amounts in the calculation of debt service coverage. The projections assume that new connections will annually occur as described above under “Connection Fees”.

Cautionary Statement

While District No. 14 believes that the assumptions used to prepare the projections are reasonable, actual conditions are likely to differ from those assumed in the projected operating results set forth in Table 8, and such differences may be significant. There can be no assurances that, if actual conditions materially differ from those assumed in connection with the preparation of Table 8, such circumstances would not materially adversely affect the financial condition of District No. 14. See “RISK FACTORS” herein.

TABLE 8
DISTRICT NO. 14's HISTORICAL AND PROJECTED OPERATING DATA
(\$ in thousands)

DISTRICT NO. 14	<i>Historical Operating Data</i>						<i>Projected Operating Data*</i>			
	Fiscal Year 2015/16	Fiscal Year 2016/17	Fiscal Year 2017/18	Fiscal Year 2018/19	Fiscal Year 2019/20	Fiscal Year 2020/21⁽¹⁾	Fiscal Year 2021/22	Fiscal Year 2022/23	Fiscal Year 2023/24	Fiscal Year 2024/25
REVENUE SOURCES										
User Fees	\$33,639	\$34,132	\$34,731	\$34,613	\$36,680	\$36,264	\$36,397	\$36,397	\$36,397	\$36,770
Other Revenues	876	834	1,325	1,183	1,228	1,575	1,349	1,367	1,397	1,424
A.V. Tax	1,227	1,498	1,565	1,754	1,952	2,302	1,843	1,880	1,917	1,956
Interest	449	543	759	1,168	1,172	626	588	644	698	748
Rate Stabilization Fund	1,032	-	-	-	-	-	-	-	-	-
Subtotal	\$37,223	\$37,007	\$38,380	\$38,718	\$41,032	\$40,767	\$40,177	\$40,288	\$40,409	\$40,898
CIF Pledged for Debt	3,372	2,788	2,597	2,377	2,377	-	-	-	-	-
Revenue for Sr Debt⁽²⁾	\$40,595	\$39,795	\$40,997	\$41,095	\$43,409	\$40,767	\$40,177	\$40,288	\$40,409	\$40,898
Connection Fees	1,360	1,645	1,433	1,394	2,290	2,067	858	858	858	858
Revenue for Parity Debt	\$38,583	\$38,652	\$39,813	\$40,112	\$43,322	\$42,834	\$41,036	\$41,146	\$41,267	\$41,757
EXPENSES										
Total O&M	12,311	12,832	14,078	13,422	15,110	14,338	16,299	16,786	17,228	17,727
Rate Stabilization Fund	-	6,750	4,567	1,375	5,609	4,283	-	-	-	-
Total Expenses	\$12,311	\$19,582	\$18,645	\$14,797	\$20,719	\$18,161	\$16,299	\$16,786	\$17,228	\$17,727
DEBT SERVICE										
Senior ⁽²⁾										
AV Bonds	460	460	460	460	459	-	-	-	-	-
Total Senior Debt Service	\$460	\$460	\$460	\$460	\$459	-	-	-	-	-
Parity ⁽²⁾										
2015 Bonds	9,988	9,994	9,995	9,993	9,996	9,999	9,998	9,998	\$9,999	\$10,454
Existing State Loans ⁽³⁾	6,856	6,856	6,856	6,856	6,854	6,856	4,918	-	-	-
2021 Bonds							1,134	3,642	6,283	6,278
Total Parity Debt Service	\$16,844	\$16,850	\$16,851	\$16,849	\$16,850	\$16,854	\$16,050	\$13,641	\$16,282	\$16,731
SENIOR DEBT COVERAGE⁽²⁾	24.87	7.31	11.92	20.54	12.72	-	-	-	-	-
PARITY DEBT COVERAGE	1.52	1.10	1.22	1.46	1.31	1.41	1.54	1.79	1.48	1.44

⁽¹⁾ Reflects unaudited actual results for Fiscal Year 2020-21.

⁽²⁾ Until Fiscal Year 2019-20, District No. 14 had debt outstanding that was payable from Net Revenues on a senior basis to the Parity Obligations. Under the 2021 Installment Purchase Agreement, District No. 14 has covenanted not to incur any obligations payable from Net Revenues on a senior basis to the Parity Obligations.

⁽³⁾ Existing State Loans are expected to be prepaid with a portion of the proceeds of the 2021 Bonds.

* See "Historical and Projected Operating and Financial Data" for significant assumptions utilized in the preparation of projected operating results.

Certain Existing Reserves

District No. 14 maintains a variety of reserves for operating costs, capital costs, and rate stabilization. The reserves, totaling nearly \$77 million in aggregate, are maintained in various reserves. These reserves fall into three categories, Unrestricted, Designated and Restricted. Unrestricted reserves can be used for any authorized expense of the District. Designated reserves consist of revenues that have been set aside for specific purposes in the Board Approved Financial Reserve Policy. A portion of the Designated reserves consist of Net Revenues that have been transferred to the Rate Stabilization Fund (held as a portion of the O&M Financial Stability Fund and Operating Fund) in the fiscal year in which they were accrued and are therefore available to be recognized as Revenues in future fiscal years in accordance with the 2021 Installment Purchase Agreement. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2021 Bonds – General.” The Restricted reserves (Capital Improvement Fund) consists of accumulated connections fees and is designated for funding capital projects, including debt service for capital project related debt. Table 9 shows the fund balances as of June 30, 2021.

**TABLE 9
FUND BALANCES AS OF JUNE 30, 2021**

Unrestricted	Designated			Restricted	Total
Operating Fund	Emergency Fund	O&M Financial Stability Fund	Capital Project Financial Stability Fund	Capital Improvement Fund	
\$30,129,145	\$449,831	\$34,279,428	\$8,441,142	\$2,576,476	\$75,876,476

Existing Obligations

On the date of issuance of the 2021 Bonds, the only Parity Obligations outstanding will be the 2015 Installment Purchase Agreement and the 2021 Installment Purchase Agreement.

Tax Levies and Delinquencies

In accordance with the California Revenue and Taxation Code, the Los Angeles County Tax Collector (the “County Tax Collector”) collects secured levies for each fiscal year. One-half of the installment is due November 1 and becomes delinquent December 10; the second installment is due February 1 and becomes delinquent April 10. A 10% penalty is added to any late installment. If no payments have been made on delinquent taxes at the end of five years, the property is deeded to the State. Such properties may thereafter be conveyed to the County tax collector as provided by law. Property owners may redeem property upon payment of delinquent taxes and penalties. Properties sold to the State incur a redemption penalty of 1.5% of the delinquent taxes per month of delinquency. Properties may be redeemed under an installment plan by paying current taxes plus 20% of delinquent taxes over a five year period. Interest accrues at 1.5% per month on the unpaid balance.

For most parcels located in District No. 14’s service area, the annual service charge is placed on the property tax bill prepared by the County Tax Collector as a separate line item under the heading of “Direct Charges.” It is not part of the 1% general tax levy allowable under Proposition 13 nor is it considered voted indebtedness. However, the County Tax Collector considers the property tax bill as a single total quantity; the taxpayer cannot choose to withhold a portion of the charges due and designate how his/her partial payment is to be applied. Hence, any failure to pay the service charge is treated as a

property tax delinquency and is subject to the same penalty provisions described above. District No. 14 mails a direct bill to the property owners of the few parcels (generally non-local governmental parcels constituting less than 0.1% of the total number of parcels) that do not receive property tax bills. Pursuant to District No. 14's Master Service Charge Ordinances, delinquencies on direct bills are subject to a late payment penalty of 10% plus interest at the maximum rate allowed by law (currently 1.5% per month).

Pension Plan

For a description of the California Public Employees Retirement System ("CalPERS"), in which District No. 14 participates, see Note 11 to the basic financial statements of the Sanitation Districts for fiscal year 2019-20 set forth in Appendix A attached hereto. The Sanitation Districts have contributed 100% of the normal costs, plus the required Unfunded Accrued Liability contribution to the California Public Employees Retirement System every year. Pursuant to the Joint Administration Agreement, District No. 14 is responsible for retirement benefits in an amount equal to its portion of overhead charges, plus retirement benefits for personnel who work specifically on District No. 14 projects in proportion to these labor costs relative to total labor costs of the LACSD. The cost of providing retirement benefits has increased significantly over the last several years and there can be no assurance that District No. 14's required contributions to CalPERS will not materially exceed its estimates.

The Sanitation Districts are considering fully funding the Unfunded Accrued Liability using funds belonging to the 15 Solid Waste System Districts (which does not include District No. 14). In return for funding the Unfunded Accrued Liability, the Solid Waste System would collect from each Sanitation District a series of annual payments over a 40 to 60 -year period with a cumulative present value equivalent to the fair market cost of pension obligation bonds. If this funding mechanism proceeds as planned, District No. 14 projects realizing annual savings in its annual pension costs.

Other Post-Employment Benefits (OPEB)

Pursuant to the Joint Administration Agreement, District No. 14 pays a proportionate share of overhead charges plus health care benefits and certain dental care benefits for retired employees of the staff of the LACSD. The Sanitation Districts have contributed 100% of the OPEB actuarially required contribution every year. See Note 12 to the basic financial statements of the LACSD for fiscal year 2019-20 set forth in Appendix A attached hereto.

Accrued Employee Absences (Vacation and Sick Leave)

The LACSD employees' vacation and sick leave pay is recorded as an expense when earned. These employees, who work on behalf of all of the LACSD, may accumulate vacation and/or sick leave over time in accordance with their bargaining unit or salary resolution. Upon retirement or termination, employees may be paid for accumulated vacation and/or sick leave in accordance with their bargaining unit or salary resolution. District No. 14's share in the Accrued Employee Absences at June 30, 2020, was \$972,670.

Insurance

The risk management objectives of District No. 14 are to protect against financial consequences of accidental losses which are catastrophic in nature and to preserve District No. 14's assets and public service capabilities from loss, destruction or depletion. The Sanitation Districts currently have \$20 million of general liability insurance with a \$5,000,000 self-insured retention over the underlying \$1,000,000 automobile liability coverage. Fire and theft insurance has been purchased on specific buildings and their contents in the amount of \$526,748,905. Each of the aforementioned policies is available to District

No. 14 through the Sanitation Districts. See Note 9 to the basic financial statements of the Sanitation Districts for fiscal year 2019-20 set forth in Appendix A attached hereto. The Sanitation Districts are self-insured for workers' compensation and medical claims.

All the Sanitation Districts' construction contracts require the contractor to adhere strictly to the insurance and letter of credit requirements outlined in the projects' specifications, as set forth in the Special Provisions, as well as to the requirements listed in the most current edition of Standard Specifications for Public Works Construction.

State Financial Conditions

The State of California experiences financial stress from time to time, including multi-billion dollar budget shortfalls in recent fiscal years. From time to time legislative proposals have been made which would materially adversely impact the financial condition of District No. 14, including reducing property tax revenues received by District No. 14. There can be no assurances that actions taken by the State from time to time will not adversely affect the financial condition of District No. 14.

Legal Debt and Tax Limitations

The ability of District No. 14 to raise taxes and to impose rates, fees and charges is subject to statutory and constitutional limitations. Certain of these limitations are described below.

Property Tax Rate Limitation – Article XIII A

Article XIII A of the California Constitution limits the taxing powers of California public agencies. Article XIII A provides that the maximum ad valorem tax on real property cannot exceed 1% of the "full cash value" which is defined as "the county assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment," subject to exceptions for certain circumstances of transfer or reconstruction and except with respect to certain voter-approved debt. The "full cash value" is subject to annual adjustment to reflect increases, not to exceed 2% per year, or decreases in the consumer price index or comparable local data, or to reflect reduction in property value caused by damage, destruction or other factors.

Article XIII A requires a vote of two-thirds of the qualified electorate to impose special taxes, while generally precluding the imposition of any additional ad valorem, sales or transaction tax on real property. As amended, Article XIII A exempts from the 1% tax limitation any taxes above that level required to pay debt service on certain voter-approved general obligation bonds for the acquisition or improvement of real property. In addition, Article XIII A requires the approval of two-thirds of all members of the State Legislature to change any State laws resulting in increased tax revenues.

Appropriations Limitations

The State and most entities of local government are subject to an annual "appropriations limit" imposed by Article XIII B of the State Constitution. Article XIII B prohibits an entity of the government from spending "appropriations subject to limitation" in excess of the appropriations limit imposed. Article XIII B, originally adopted in 1979, was modified substantially by Propositions 98 and 111 in 1988 and 1990, respectively. "Appropriations subject to limitation" are authorizations to spend "proceeds of taxes," which consist of tax revenues, state subventions and certain other funds, including proceeds from regulatory licenses, user charges or other fees to the extent that such proceeds exceed "the cost reasonably borne by such entity in providing the regulation, product or service," but "proceeds of taxes" excludes tax

refunds and some benefit payments such as unemployment insurance. No limit is imposed on appropriations of funds that are not “proceeds of taxes,” such as reasonable user charges or fees, and certain other non-tax funds.

Not included in the Article XIII B limit are appropriations for the debt service costs of bonds existing or authorized by January 1, 1979, or subsequently authorized by the voters, appropriations required to comply with mandates of courts or the federal government and appropriations for qualified capital outlay projects. The appropriations limit may also be exceeded in certain cases of emergency.

The appropriations limit for District No. 14 in each year is based on its limit for the prior year, adjusted annually for changes in the cost of living and changes in population, and adjusted, where applicable, for transfer of financial responsibility of providing services to or from another unit of government. The change in the cost of living is, at District No. 14’s option, either (1) the percentage change in California per capita personal income, or (2) the percentage change in the local assessment roll on nonresidential property. Either test is likely to be greater than the change in the cost of living index, which was used prior to Proposition 111. Change in population is to be measured either within the jurisdiction of District No. 14 or the County as a whole.

As amended by Proposition 111, the appropriations limit is tested over consecutive two-year periods. Any excess of the aggregate “proceeds of taxes” received by District No. 14 over such two-year period above the combined appropriations limits for those two years is to be returned to taxpayers by reductions in tax rates or fee schedule over the subsequent two years. As originally enacted in 1979, each District No. 14’s appropriations limit was based on 1978-79 authorizations to expend proceeds of taxes and was adjusted annually to reflect changes in cost of living and population (using different definitions, which were modified by Proposition 111). The appropriations limit is recalculated annually by taking the actual Fiscal Year 1986-87 limit, and applying the annual adjustments provided for in Proposition 111. District No. 14 anticipates that any such appropriations limitations will not impair its ability to make its 2021 Installment.

Proposition 62

On November 4, 1986, California voters approved Proposition 62, which added Sections 53720 et seq. to the California Government Code and which: (i) requires that any new or higher taxes for general governmental purposes imposed by local governmental entities, such as District No. 14, be approved by a two-thirds vote of the governmental entity’s legislative body and by a majority vote of the voters of the governmental entity voting in an election on the tax; (ii) requires that any special tax (defined as taxes levied for other than general governmental purposes) imposed by a local governmental entity be approved by a two-thirds vote of the voters of the governmental entity voting in an election on the tax; (iii) restricts the use of revenues from a special tax to the purposes or for the services for which the special tax was imposed; (iv) prohibits the imposition of ad valorem taxes on real property by local governmental entities except as permitted by Article XIII A of the California Constitution; (v) prohibits the imposition of transaction taxes and sales taxes on the sale of real property by local governmental entities; and (vi) requires that any tax imposed by a local governmental entity on or after August 1, 1985 and prior to the effective date of Proposition 62 be ratified by a majority vote of the voters voting in an election on the tax within two years of the adoption of the initiative or be terminated by November 15, 1988.

District No. 14 does not believe that Proposition 62 will impair its ability to make its 2021 Installment Payments.

Proposition 218

On November 5, 1996, the voters of the California approved Proposition 218, a constitutional initiative, entitled the “Right to Vote on Taxes Act” (“Proposition 218”). Proposition 218 added Articles XIII C and XIII D to the California Constitution and contained a number of provisions affecting the ability of local governments, including District No. 14, to levy and collect both existing and future taxes, assessments, fees, and charges. Proposition 218 became effective on November 6, 1996. Senate Bill 919 was enacted to provide certain implementing provisions for Proposition 218 and became effective July 1, 1997. As described below, Proposition 218 provides for broad initiative powers to reduce or repeal any local tax, assessment, fee, or charge. This initiative power is not limited by the terms of Proposition 218 to fees imposed after November 6, 1996 and absent other legal authority could result in retroactive reduction in any existing taxes, assessments, fees or charges. However, other than an impact resulting from the exercise of this initiative power or the majority protest provisions of Proposition 218, as described below, District No. 14 does not believe that the potential financial impact of Proposition 218 will adversely affect its ability to make 2021 Installment Payments as and when due.

Article XIII D of Proposition 218 adds several provisions affecting “fees” and “charges,” which are defined as “any levy other than an ad valorem tax, a special tax, or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including a user fee or charge for a property related service.” All new and, after June 30, 1998, existing property related fees and charges must conform to requirements prohibiting, among other things, fees and charges which (i) generate revenues exceeding the funds required to provide the property related service, (ii) are used for any purpose other than those for which the fees and charges are imposed, (iii) are for a service not actually used by, or immediately available to, the owner of the property in question, or (iv) are used for general governmental services, including police, fire or library services, where the service is available to the public at large in substantially the same manner as it is to property owners. Further, before any property related fee or charge may be imposed or increased, written notice must be given to the record owner of each parcel of land affected by such fee or charge. A hearing must then be held upon the proposed imposition or increase of such property based fee, and if written protests against the proposal are presented by a majority of the owners of the identified parcels, the jurisdiction may not impose or increase the fee or charge. Moreover, except for fees or charges for sewer, water and refuse collection services, no property related fee or charge may be imposed or increased without majority approval by the property owners subject to the fee or charge or, at the option of the local agency, two-thirds voter approval by the electorate residing in the affected area. District No. 14 has provided notice in compliance with the notice procedures outlined in Proposition 218.

“Fees” and “charges” are not defined in Article XIII C or SB 919. However, on July 24, 2006, the California Supreme Court ruled in *Bighorn-Desert View Water Agency v. Virjil (Kelley)* (the “Bighorn Decision”) that charges for ongoing water delivery are property related fees and charges within the meaning of Article XIII D and are also fees or charges within the meaning of Section 3 of Article XIII C. The California Supreme Court held that such water service charges may, therefore, be reduced or repealed through a local voter initiative pursuant to Section 3 of Article XIII C.

In the Bighorn Decision, the Supreme Court did state that nothing in Section 3 of Article XIII C authorizes initiative measures that impose voter-approval requirements for future increases in fees or charges for water delivery. The Supreme Court stated that water providers may determine rates and charges upon proper action of the governing body and that the governing body may increase a charge which was not affected by a prior initiative or impose an entirely new charge.

The Supreme Court further stated in the Bighorn Decision that it was not holding that the initiative power is free of all limitations and was not determining whether the initiative power is subject to

the statutory provision requiring that water service charges be set at a level that will pay debt service on bonded debt and operating expenses. Such initiative power could be subject to the limitations imposed on the impairment of contracts under the contract clause of the United States Constitution.

Pursuant to the 2021 Installment Purchase Agreement, District No. 14 has covenanted to impose rates and charge at specified levels. No assurance can be provided that District No. 14 will be able to meet such covenant if any proposed increased service charges cannot be imposed as a result of a majority protest under Proposition 218.

Proposition 26

On November 2, 2010, voters in the State approved Proposition 26. Proposition 26 amends Article XIII C of the State Constitution to expand the definition of “tax” to include “any levy, charge, or exaction of any kind imposed by a local government” except the following: (1) a charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege; (2) a charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product; (3) a charge imposed for the reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits, enforcing agricultural marketing orders, and the administrative enforcement and adjudication thereof; (4) a charge imposed for entrance to or use of local government property, or the purchase, rental, or lease of local government property; (5) A fine, penalty, or other monetary charge imposed by the judicial branch of government or a local government, as a result of a violation of law; (6) a charge imposed as a condition of property development; and (7) assessments and property-related fees imposed in accordance with the provisions of Article XIII D. Proposition 26 provides that the local government bears the burden of proving by a preponderance of the evidence that a levy, charge, or other exaction is not a tax, that the amount is no more than necessary to cover the reasonable costs of the governmental activity, and that the manner in which those costs are allocated to a payor bear a fair or reasonable relationship to the payor’s burdens on, or benefits received from, the governmental activity. District No. 14 does not believe it is currently charging any fees that will have to be reduced or eliminated as a result of Proposition 26.

No Default

None of the obligations for borrowed money of District No. 14 has been in default as to principal or interest payments or in any other material respect, and none of the agreements or legal proceedings of District No. 14 relating to any such obligations have been declared invalid or unenforceable.

CERTAIN RISK FACTORS

The following factors, which represent certain major risk factors, should be considered along with all other information in this Official Statement by potential investors in evaluating the 2021 Bonds. There can be no assurance made that other major risk factors do not currently exist or will not become evident at any future time.

COVID-19 Pandemic

The late 2019 outbreak of the new highly transmissible strain of coronavirus and the disease it causes (known as COVID-19), has spread across the globe. The World Health Organization (the “WHO”) declared the outbreak of COVID-19 to be a pandemic, and states of emergency were declared in the

United States (the “U.S.”), the State of California, and numerous counties throughout the State, including the County. The purposes behind these declarations are to coordinate and formalize emergency actions and across federal, state and local governmental agencies, and to proactively prepare for a wider spread of the virus.

The COVID-19 pandemic and the governmental actions to respond to and control the outbreak materially altered the behavior of people and disrupted business activity, resulting in a significant contraction of the national, state and local economies. Employment data released since the imposition of governmental restrictions on activities showed a dramatic increase in unemployment rates and, while some recovery of jobs has occurred, unemployment rates remain significantly above pre-pandemic levels. In addition, domestic and international stock markets experienced declines in market value following the onset of the outbreak. Although rebounds in the global financial markets have since occurred, price volatility remains.

With widespread vaccination currently underway worldwide, the domestic governmental-imposed “stay-at-home” orders and restrictions on operations of schools and businesses implemented to respond to and control the outbreak have been eased. The Governor of California lifted most statewide COVID-19 restrictions on June 15, 2021. Restrictions, however, may be re-imposed in various jurisdictions from time to time as local conditions warrant. It is not known with any level of certainty when a full re-opening of the economy will be achieved and sustained. The negative effects of the COVID-19 pandemic and its aftermath on global, national and local economies is widely expected to continue at least for the foreseeable future.

The COVID-19 pandemic and the restrictions described above have resulted in the closure of businesses, worker layoffs and a surge in unemployment claims. As a result, the COVID-19 pandemic and the impact on the economy may result in a decreased ability of customers of District No. 14 to pay bills for services provided by District No. 14. In addition, Governor Newsom signed Executive Order N-42-20 which enacts a statewide water disconnection moratorium and requires reconnection for households who had their water shutoff since March 4, 2020. (One or more of the Contributing Agencies utilized water disconnection for nonpayment of utility bills, including nonpayment of bills for services provided by the District.) On June 11, 2021, Governor Newsom signed Executive Order N-08-21, which among other things, provided that the provisions of Executive Order N-42-20 will expire on September 30, 2021. Executive Order N-42-20, and additional measures that may be taken in the future, may lead to the increase of uncollected accounts and the decrease of timely payments from customers of the Contributing Agencies of bills for services provided by District No. 14, until such measures expire.

The COVID-19 outbreak is ongoing and developments will continue. The ultimate degree of impact of COVID-19 on the operations and finances of District No. 14 is difficult to predict due to the evolving nature of the COVID-19 pandemic and there can be no assurance that the COVID-19 pandemic will not affect District No. 14’s ability to pay the 2021 Installment Payments.

District No. 14 cannot predict (i) the duration or extent of the COVID-19 outbreak; (ii) the effectiveness of and ability to reach wide spread distribution of vaccines and the period of time therefor (iii) whether and to what extent COVID-19 may have on the operations of District No. 14 and the revenues of District No. 14; (iv) whether and to what extent the economic impacts of the COVID-19 pandemic will result in a significant increase in late payment or non-payment by customers of bills for services provided by District No. 14; (v) whether and to what extent COVID-19 may disrupt the local, State, national or global economy, manufacturing or supply chain, or whether any such disruption may adversely impact construction, the cost, sources of funds, schedule or implementation of District No. 14’s capital improvement program, or other District No. 14 operations; (vi) the ramifications of future actions that may be taken or required by governmental authorities to respond to the effects of the pandemic,

including additional stimulus efforts by the federal government; (vii) the pace at which the economy can re-open; (viii) the speed of the ensuing economic recovery; or (iv) whether any of the foregoing may have a material adverse effect on the finances and operations of District No. 14.

Rate Covenant Not a Guarantee; Failure to Meet Projections

The ability of District No. 14 to make the 2021 Installment Payments and any other payments required to be made by it under the 2021 Installment Purchase Agreement depends on the ability of District No. 14 to generate Net Revenues at the levels required by the 2021 Installment Purchase Agreement. District No. 14's projected operating results, as set forth herein, contemplate that even with a reduction in service charges on residential and commercial users, District No. 14 will be able to make all of its required 2021 Installment Payments. Although, as more particularly described herein, District No. 14 expects that sufficient revenues will be generated through the imposition and collection of fees and charges described herein, there is no assurance that such imposition of such fees and charges will result in the generation of Net Revenues in the amounts sufficient to pay 2021 Installment Payments. As a result, District No. 14 may be unable to comply with the covenants under the 2021 Installment Purchase Agreement regarding generation of revenues and the District No. 14's covenant does not constitute a guarantee that sufficient Net Revenues will be available to pay the 2021 Installment Payments. Failure by District No. 14 to make its 2021 Installment Payments under the 2021 Installment Purchase Agreement could materially affect the Authority's ability to timely pay debt service on the 2021 Bonds.

In addition, District No. 14's financial projections are based on a number of assumptions. Changes in circumstances could have a material adverse impact on the ability of District No. 14 to pay the 2021 Installment Payments.

Statutory and Regulatory Impact

Laws and regulations governing wastewater management are enacted and promulgated by government agencies on the federal, state and local levels. Compliance with these laws and regulations may be costly. District No. 14's permits and other operating entitlements are subject to revision by applicable regulatory authorities to reflect increasingly stringent environmental standards. There can be no assurances any such revisions will not materially increase District No. 14's costs. In addition, claims against District No. 14 with respect to its wastewater facilities and services could be significant. Such claims are payable from assets of District No. 14 or from other legally available sources. See "DISTRICT NO. 14 – Operations – Permits, Licenses and Other Regulations" and "- PFAs."

Although rates are the major source of funding for regulatory costs and District No. 14 has covenanted in the 2021 Installment Purchase Agreement to establish such rates as are necessary to enable District No. 14 to make all payments required to be made pursuant to the 2021 Installment Purchase Agreement, no assurance can be given that the cost of remediation of identified environmental conditions or compliance with such laws and regulations will not materially adversely affect the ability of District No. 14 to generate Net Revenues in the amounts sufficient to pay 2021 Installment Payments.

Earthquake or Other Natural Disasters

The Los Angeles basin is traversed by many active faults that have generated large and moderate earthquakes in the past. Over the last 30 years, the most severe of these earthquakes was the January 17, 1994 Northridge earthquake.

The occurrence of an earthquake or other natural disaster which results in the temporary or permanent closure of major components of District No. 14 or its Sewerage System or results in

significantly increased costs could materially adversely affect the ability of District No. 14 to generate Net Revenues in the amounts sufficient to pay 2021 Installment Payments.

Hazardous Waste

Although District No. 14 has developed a hazardous waste management plan to prevent inadvertent acceptance of hazardous waste in its service area, no prediction can be made presently as to the adequacy of such plan or as to the cost of implementing such plan. In addition, in the event that hazardous waste is inadvertently deposited in the Sewerage System, which ultimately requires significant remediation costs for which District No. 14 may be responsible, no assurance can be given that such cost of remediation will not materially adversely affect the ability of District No. 14 to generate Net Revenues in the amounts sufficient to pay the 2021 Installment Payments.

Certain Limitations on Ability of District No. 14 to Impose Taxes, Fees and Charges

Certain statutory limitations on District No. 14's ability to impose taxes, fees and charges are discussed in "DISTRICT NO. 14 – Financial Management" and in "FINANCIAL INFORMATION – Legal Debt and Tax Limitations." There can be no assurances that further legislation or initiatives will not affect District No. 14's ability to raise rates and charges.

Limitations on Remedies Available; Bankruptcy

The enforceability of the rights and remedies of the Owners of the 2021 Bonds and the obligations of the Authority and District No. 14 may become subject to the following: the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; equitable principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State and its governmental bodies in the interest of servicing a significant and legitimate public purpose. Bankruptcy proceedings, or the exercising of powers by the federal or State government, if initiated, could subject the Owners of the 2021 Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise and consequently may entail risks of delay, limitation or modification of their rights.

The opinions to be delivered by Bond Counsel (as defined herein) concurrently with the issuance of the 2021 Bonds will be subject to such limitations and the various other legal opinions to be delivered concurrently with the issuance of the 2021 Bonds will be similarly qualified. See APPENDIX E – "FORM OF PROPOSED OPINION OF BOND COUNSEL." In the event that the Authority fails to comply with its covenants under the Indenture or fails to principal of and interest on the 2021 Bonds, there can be no assurance of the availability of remedies adequate to protect the interest of the Owners of the 2021 Bonds.

LITIGATION

There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, regulatory agency, public board or body, pending or, to the best knowledge of the Authority and District No. 14, threatened against the Authority or District No. 14, affecting the existence of the Authority or District No. 14 or the titles of their directors or officers to their respective offices or affecting or seeking to prohibit, restrain or enjoin the issuance of the 2021 Bonds, the application of the proceeds thereof in accordance with the 2021 Indenture, or in any way contesting or

affecting the validity or enforceability of the 2021 Bonds, the 2021 Indenture, the 2021 Installment Purchase Agreement, the 2021 Continuing Disclosure Agreement or any action of the Authority or District No. 14 contemplated by any of said documents, or in any way contesting the completeness or accuracy of this Official Statement, or contesting the powers of the Authority or District No. 14 or the authority of the Authority or District No. 14, as applicable, with respect to the 2021 Bonds, the execution and delivery of the 2021 Indenture, the 2021 Installment Purchase Agreement or the 2021 Continuing Disclosure Agreement, or any action of the Authority or District No. 14 contemplated by any of said documents, nor to the knowledge of the Authority and District No. 14, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the 2021 Bonds, the 2021 Indenture, the 2021 Installment Purchase Agreement or the 2021 Continuing Disclosure Agreement.

To the best knowledge of District No. 14, there is no action, suit, proceeding, inquiry or investigation, at law or in equity before or by any court, regulatory agency, public board or body pending or threatened against District No. 14 contesting or affecting the ability of District No. 14 to collect amounts from which 2021 Installment Payments are payable, or which would have a material adverse effect on District No. 14's ability to make 2021 Installment Payments.

CERTAIN LEGAL MATTERS

The validity of the 2021 Bonds and certain other matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. A copy of the proposed form of the opinion of Bond Counsel is contained in Appendix E attached hereto. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed upon for District No. 14 and the Authority by Stradling Yocca Carlson & Rauth, a Professional Corporation, Disclosure Counsel, and by Lewis Brisbois Bisgaard & Smith LLP. Certain legal matters will be passed upon for the Underwriter by its counsel, Katten Muchin Rosenman LLP, New York, New York.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel to the Authority ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2021 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the 2021 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix E hereto.

To the extent the issue price of any maturity of the 2021 Bonds is less than the amount to be paid at maturity of such 2021 Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2021 Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the 2021 Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the 2021 Bonds is the first price at which a substantial amount of such maturity of the 2021 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2021 Bonds accrues daily over the term to maturity of such 2021 Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2021 Bonds to determine

taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2021 Bonds. Beneficial owners of the 2021 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2021 Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such 2021 Bonds in the original offering to the public at the first price at which a substantial amount of such 2021 Bonds is sold to the public.

2021 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2021 Bonds. District No. 14 and the Authority have each made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2021 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2021 Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2021 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the 2021 Bonds may adversely affect the value of, or the tax status of interest on, the 2021 Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 2021 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the 2021 Bonds may otherwise affect a beneficial owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the beneficial owner or the beneficial owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2021 Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2021 Bonds. Prospective purchasers of the 2021 Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel is expected to express no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the 2021 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service

(“IRS”) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of District No. 14 or the Authority, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. District No. 14 and the Authority have each covenanted, however, to comply with the requirements of the Code.

Bond Counsel’s engagement with respect to the 2021 Bonds ends with the issuance of the 2021 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend District No. 14, the Authority, or the beneficial owners regarding the tax-exempt status of the 2021 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than District No. 14, the Authority and their appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which District No. 14 or the Authority legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the 2021 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2021 Bonds, and may cause District No. 14, the Authority or the beneficial owners to incur significant expense.

CONTINUING DISCLOSURE

The Authority has covenanted for the benefit of Owners and beneficial owners of the 2021 Bonds to provide certain financial information and operating data relating to the Authority and District No. 14 by not later than March 1 of each year (the “Annual Report”), commencing with the Annual Report for the 2020-21 Fiscal Year (due by March 1, 2022), and to provide notices of the occurrence of certain enumerated events. The Annual Report and notices of specified events will be filed by the Authority with the Municipal Securities Rulemaking Board through its EMMA system. The specific nature of the information to be contained in the Annual Report or the notices of specified events is set forth in APPENDIX D – “FORM OF CONTINUING DISCLOSURE AGREEMENT” hereto. These covenants have been made in order to assist the Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

The Authority has not failed in the last five years to comply in all material respects with previous undertakings with regard to said Rule to provide annual reports or notices of specified events.

FINANCIAL STATEMENTS

Separate financial statements for District No. 14 are not prepared but, rather, the financial statements for all of the Sanitation Districts are prepared on a consolidated basis. Audited financial statements of the Sanitation Districts for the fiscal year ended June 30, 2020, and the independent Auditor’s Report regarding the financial statements are set forth in Appendix A attached hereto. Such audited financial statements exclude certain information relating to funds that are not available for payment of Installment Payments. The audited financial statements as set forth in Appendix A attached hereto, including the footnotes thereto, should be reviewed in their entirety. The financial statements for the fiscal year ended June 30, 2020 have been audited by Moss Levy & Hartzheim, LLP independent certified public accountants, as stated in its report. Moss Levy & Hartzheim, LLP was not requested to consent to the inclusion of its report in Appendix A and it has not undertaken to update the financial statements included as Appendix A or its report, and no opinion is expressed by Moss Levy & Hartzheim, LLP with respect to any event subsequent to its report.

RATINGS

Fitch Ratings and S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, have assigned ratings to the 2021 Bonds of "AA" (Positive Outlook) and "AA" (Stable Outlook) respectively. The ratings reflect only the views of the rating agencies and any explanation of the significance of such ratings and any ratings on any of the Authority's outstanding obligations may be obtained only from such rating agencies. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be revised downward or withdrawn entirely by such rating agencies, or any of them, if, in their respective judgment, circumstances so warrant. Any downward revision or withdrawal of any rating may have an adverse effect on the market price of the 2021 Bonds.

UNDERWRITING

The 2021 Bonds will be purchased by BofA Securities, Inc. (the "Underwriter") under a Contract of Purchase pursuant to which the Underwriter agrees to purchase all, but not less than all, of the 2021 Bonds for an aggregate purchase price of \$51,949,400.01 (representing the principal amount of the 2021 Bonds, plus an original issue premium of \$10,402,563.55 and less Underwriter's discount of \$98,163.54).

The initial public offering prices or yields stated on the cover page of this official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the 2021 Bonds to certain dealers (including dealers depositing 2021 Bonds into investment trusts), dealer banks, banks acting as agent and others at prices lower than said public offering prices and yields.

The following paragraphs have been provided by the Underwriter:

The Underwriter has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"). As part of this arrangement, the Underwriter may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, the Underwriter may compensate MLPF&S as a dealer for their selling efforts with respect to the 2021 Bonds.

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. In the various course of their various business activities, the Underwriter and its affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of District or the Authority (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the District or the Authority. The Underwriter and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

MUNICIPAL ADVISOR

Montague DeRose and Associates, LLC, is employed as Municipal Advisor to the Authority in connection with the issuance of the 2021 Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the 2021 Bonds is not contingent upon the issuance and delivery of the 2021 Bonds.

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APPENDIX A
AUDITED FINANCIAL STATEMENTS OF THE SANITATION DISTRICTS

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**LOS ANGELES COUNTY
SANITATION DISTRICTS**
Converting Waste Into Resources

2020

Comprehensive Annual Financial Report



Year Ended: June 30 ♦ Los Angeles County, California

MISSION

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.

CORE VALUES

INTEGRITY

We are committed to ethical standards and accountability in our work

LEADERSHIP

We are committed to the advancement of excellence in wastewater and solid waste management

SERVICE

We are committed to reliable, responsive, and courteous service

Los Angeles County Sanitation Districts, California

Comprehensive Annual Financial Report

Year Ended: June 30, 2020

Prepared by the Accounting Section

Mr. Alan C. Nyberg

Chief Accountant

Financial Management Department

The first part of the document discusses the importance of maintaining accurate records in a business setting. It highlights how proper record-keeping can help in decision-making, legal compliance, and financial management. The text emphasizes that records should be organized, up-to-date, and easily accessible to relevant personnel.

Next, the document addresses the challenges of data management in the digital age. It notes that while digital storage offers convenience, it also introduces risks such as data loss, security breaches, and information overload. The author suggests implementing robust backup strategies, access controls, and regular data audits to mitigate these risks.

The third section focuses on the role of technology in streamlining record-keeping processes. It mentions various software solutions and automation tools that can reduce manual errors and save time. However, it also cautions against over-reliance on technology, stressing the need for human oversight and training.

Finally, the document concludes by reinforcing the long-term benefits of a well-maintained record-keeping system. It states that consistent record-keeping not only supports operational efficiency but also provides a valuable historical perspective for strategic planning and growth.



Plant maintenance continues despite COVID-19.

Continuing to Fulfill Our Mission

In 2020, the novel coronavirus disrupted our world. Nonetheless, the Los Angeles County Sanitation Districts have continued to provide essential services—wastewater and solid waste management—for approximately 5.6 million people and carry out their mission to protect public health and the environment.

Our wastewater treatment plants have multiple treatment steps that kill or inactivate bacteria and viruses including the novel coronavirus. Our solid waste management facilities provide for the controlled management of trash, which stems the spread of disease.

FRONT COVER: Sewer maintenance using a Hydrojetter.

BACK COVER: A well-deserved Thank You to our staff who continued to provide essential service through difficult times.

Prior to the COVID-19 pandemic, the Sanitation Districts had already implemented many safety measures to protect our staff from pathogens in solid waste and sewage. As the coronavirus became a concern in California, many additional safety measures were enacted. These included requiring physical distancing, closing offices to non-critical visitors, requiring staff and visitors to wear face coverings, and having office staff work from home.

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Los Angeles County Sanitation Districts
 Comprehensive Annual Financial Report
 June 30, 2020

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We Are Essential

Our personnel continue to work every day to keep our wastewater treatment operations running smoothly. They are safely able to do so by adhering to the variety of COVID-19 protective measures that were implemented.

Introduction



An operator at the Lancaster Water Reclamation Plant.



December 21, 2020

Boards of Directors
Los Angeles County Sanitation Districts

Directors:

In accordance with the California Government Code, we hereby submit the Comprehensive Annual Financial Report (CAFR) of the Los Angeles County Sanitation Districts (Districts) for the fiscal year ended June 30, 2020. 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 costs 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, 2020, 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 auditor 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 Districts

SERVING
5.6 million people **850** square miles **78** cities

The Los Angeles County Sanitation Districts 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.

Each District is governed by a Board of Directors generally comprised of the mayors of the cities within each District's 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 & General Manager and the Assistant Chief Engineer & Assistant General Manager. The Districts employ nearly 1,700 full-time monthly and hourly employees, organized into seven departments. The workforce is diverse, with the largest concentration of employees assigned to the operation and maintenance of the Districts' wastewater and solid waste management facilities.



Due to the pandemic, we changed from in-person to virtual meetings and tours using Microsoft Teams and Zoom.

The wastewater management system consists of approximately 1,400 miles of 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. Of these facilities, 1,200 miles of sewers, 47 pumping plants, and 7 wastewater treatment plants make up the Joint Outfall System, which manages the wastewater for 16 of the Districts in the Los Angeles basin. In total, the Districts' facilities convey and treat approximately 390 million gallons per day (mgd) of wastewater, of which approximately 80 mgd is beneficially reused, and an additional 45 mgd is available for reuse.

The solid waste management system, with 15 participating Districts, owns and/or operates two active sanitary landfills, one recycling center, three materials recovery/transfer facilities, two gas-to-energy facilities, and four closed sanitary landfill sites. The Districts have also developed a waste-by-rail system consisting of one remote landfill and two intermodal facilities. The waste-by-rail system remains in standby mode while more cost-effective landfill capacity is used in the region. Through a Joint Powers Agreement, the Districts have participated in the development and operation of two refuse-to-energy facilities, one of which ceased operation in June 2018. The solid waste management facilities process an average of 5,000 tons per day of refuse and recyclable materials.

The Districts are party to 10 Joint Powers Agreements that form the basis of the following authorities or agreements: (1) the Southern California Coastal Water Research Project Authority; (2) the Commerce Refuse-to-Energy Authority (dissolved December 2019); (3) the Southeast Resource Recovery Facility Authority; (4) the Puente Hills Native Habitat Preservation Authority; (5) Puente Hills Landfill Joint Powers Agreement; (6) the Inland Empire Regional Composting Authority; (7) the Los Angeles County Sanitation Districts Financing Authority; (8) Joint Powers Agreement – Scholl Canyon; (9) Calabasas Landfill Joint Powers Agreement; and (10) Palos Verdes Landfill Joint Powers Agreement. 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 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 Authority's governing body is comprised of the chairs of the

member Districts' Boards of Directors and because the Authority provides services only to the Districts, the Authority's financial activities have been consolidated with the Districts' financial activities for financial reporting purposes and are included in this CAFR.

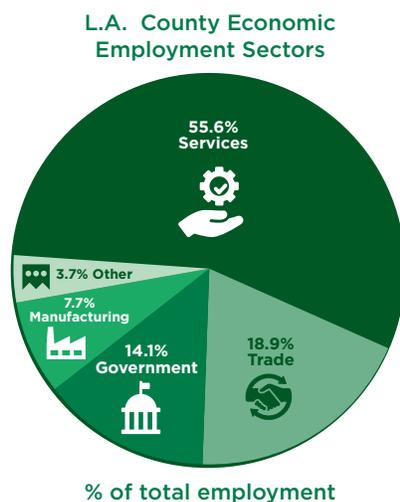
Budgets

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 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 2019-20 were \$773 million and \$188 million, respectively. Actual expenses for wastewater and solid waste management were \$622 million and \$171 million, respectively.

GENERAL FACTORS IMPACTING ECONOMIC CONDITION

Overview of Los Angeles County

Starting in March 2020, the COVID-19 pandemic and resulting business shutdowns and slowdowns, along with changes in behavior by residents, had significant impacts on the local economy. Outside of the COVID-19 impacts, the County's population and economy have been relatively stable in recent years, and although there



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

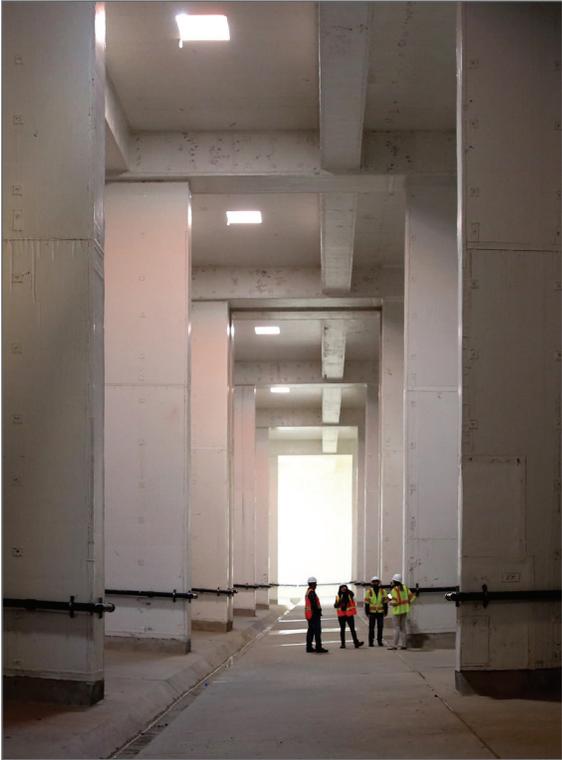
will likely be some short-term drop in growth due to COVID-19, a trend of modest long-term growth is expected to continue. According to the UCLA Anderson Forecast, residential building permits are expected to return to normal levels by the end of 2020 after a drop in mid-2020 and will continue to climb in future years. Population growth has been relatively flat in recent years, with no change between 2016 and 2020 and only a 3.6% increase in the past ten years, and the California Department of Finance forecasts that population will continue to be relatively stable. Per capita personal income has increased by approximately 3.4% per year in the past ten years, and is forecast to continue to increase at this pace in the coming years. A table showing more economic indicators is provided in Schedule 19 of the Statistical Section.

The local economy is dominated by the service sector as seen in Figure 1. From 2018 to 2019, overall employment decreased by 52,000 jobs, primarily due to a large drop in the self-employment/other sector. The UCLA Anderson Forecast expects that the full recovery from the short-term unemployment impacts of COVID-19 will not occur before 2022.

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 since they were placed into operation and cannot be taken out of service under any circumstances. A new tunnel is being constructed pursuant to the Clearwater Project Master Facilities Plan that will ensure the overall reliability of the effluent disposal system and allow the existing tunnels to be taken out of service



Inside of the 8-million-gallon flow equalization tank at the San Jose Creek Water Reclamation Plant before the tank was put into service.

and rehabilitated as necessary. Construction of the tunnel began in April 2019 and will take approximately 6.5 years to complete, at a cost of approximately \$700 million. The Districts are pursuing Clean Water State Revolving Fund (SRF) and Water Infrastructure Finance and Innovation Act (WIFIA) loans to fund the majority of the project, with the balance paid for using capital improvement and other surplus funds.

In 2020, the Districts completed construction of a Flow Equalization Project at the San Jose Creek Water Reclamation Plant (WRP) that enhances the treatment process, provides for more reliable operations at higher wastewater flows, and makes more recycled water available to customers during peak demand periods. The project cost approximately \$50 million, with \$3 million coming from a Proposition 84 grant and \$14.8 million coming from a Proposition 1 grant.

The Santa Clarita Valley Sanitation District (SCVSD) owns and operates the Saugus and Valencia WRPs, which discharge their tertiary-level treated effluent to the Santa Clara River. In 2007, the Los Angeles Regional Water Quality Control Board mandated the SCVSD to reduce chloride levels in treated effluent entering the river. As a result, the SCVSD is implementing the Chloride Compliance Project, which will cost approximately \$135 million and will include

ultra-violet light (UV) disinfection at both the Saugus and the Valencia WRPs and advanced water treatment facilities at the Valencia WRP. The Chloride Compliance Project was challenged on California Environmental Quality Act (CEQA) grounds and delayed by approximately two years until additional CEQA documentation was certified by the District and approved by the Los Angeles County Superior Court. Two additional legal challenges are pending in Los Angeles County Superior Court and Court of Appeal. Construction contracts for the UV disinfection facilities were awarded in August 2018 and startup is expected in 2021. A construction contract for the advanced water treatment facilities was awarded in January 2019 and startup is expected in early 2022. To fund the Chloride Compliance Project, SCVSD approved a series of service charge rate increases in 2014. Additionally, SCVSD has secured \$7.8 million in Proposition 84 grant funding for the UV disinfection facilities and SCVSD qualifies for \$130.6 million in Clean Water State Revolving Fund loans, with \$5.2 million eligible for principal forgiveness.

Water Conservation, Wastewater Flows, and Water Reuse

California's water supply continues to be a concern due to climate change impacts and extended periods of drought. Many residents and businesses have continued water conservation efforts that were put in place during the early- to mid-2010's drought, reducing both landscape irrigation and indoor water usage. The reduction of indoor water usage results in less wastewater entering the sewer system, resulting in less recycled water available for beneficial reuse applications at a time when there is increased interest in new recycled water projects. Increases in ammonia concentration have been observed with the decrease in flows to the wastewater treatment plants, which has required Districts' staff to modify operations at its WRPs in an effort to maintain

compliance with effluent discharge requirements. The trend of decreasing flows has significantly impacted all of the Districts' WRPs, with a 37% decrease in recycled water production from a peak of 199 mgd in fiscal year 2000-01 to 125 mgd in 2019-20.

The Districts are continuing to evaluate ways to manage flows that take into consideration this new reality while maintaining their commitment to recycled water programs. In addition to the previously discussed flow equalization project at the San Jose Creek WRP, new projects are being considered that would further displace the use of imported water with recycled water and, at the same time, give consideration to the need to maintain sensitive habitat areas downstream of the Districts' WRP discharge points. In fiscal year 2019-20, roughly 62% of the recycled water produced was beneficially reused, with almost half of that going to recharge groundwater basins. In total, approximately 80 mgd of recycled water was used at 931 different sites. New irrigation and industrial reuse sites continue to be added.

Efforts are underway to expand groundwater recharge. In late 2015, the Districts and the Metropolitan Water District of Southern California (MWD) entered into an agreement to potentially develop a 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. Construction of a 0.5 mgd demonstration plant started in October 2017 and was completed in September 2019. If the demonstration plant is successful, MWD proposes to build an advanced water treatment plant adjacent to JWPCP, along with distribution lines, that would help replenish groundwater basins in Los Angeles and Orange counties.

The Districts worked with the Water Replenishment District of Southern California on the Groundwater Reliability Improvement Program to supply recycled water to the Albert Robles Center for Water Recycling and Environmental Learning, which was completed in mid-2019 and can produce 10,000 acre feet per year of advanced treated water for replenishment of the Central Groundwater Basin.

The Districts are also working with WRD on a project to supply the Leo J. Vander Lans Advanced Water Treatment Facility with effluent from the Los Coyotes WRP to supply the Alamitos Seawater Barrier and replenish the Central Groundwater Basin via injection wells. Additionally, the Districts are also working with the Palmdale Water District on a project to recharge groundwater basins in the Antelope Valley with recycled water from the Palmdale WRP.



The San Gabriel Spreading Grounds have been used to replenish groundwater for over 50 years.

User Charge Rates and Funding

All of the Districts that have implemented a service charge program have adopted rates pursuant to Section 5471 of the California Health and Safety Code and Article XIII D of the State Constitution (Proposition 218). Each rate increase follows an extensive public outreach program and a formal public hearing. As it becomes necessary to increase rates in the future, the Districts will go through the same process again before adopting multi-year rate ordinances. A table reflecting each District's 10-year service charge rate history is provided in

Schedule 8 of the Statistical Section. Overall, the Districts' rates remain very favorable when compared to similar agencies.

In the spring of 2017, nearly all of the Joint Outfall Districts adopted four-year rate ordinances covering fiscal years 2017-18 through 2020-21. 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.

In 2014, the Santa Clarita Valley Sanitation District adopted a 6-year rate ordinance, covering fiscal years 2014-15 through 2019-20 in support of the Chloride Compliance Project. The rates were designed so that the rate in fiscal year 2019-20 would provide sufficient debt coverage for repayment of the SRF loans scheduled to begin the following year. The average annual increase over the 6-year period is \$20.50 per single-family home.

In May 2019, District No. 14 adopted a 4-year rate ordinance, covering fiscal years 2019-20 through 2022-23. During this period, rates were set to increase by \$11.88 per year per single-family home, or approximately 2.4% per year, but in June 2020, the Board updated the rate ordinance to keep rates flat for fiscal year 2020-21 to minimize impacts to rate payers due to the COVID-19 pandemic. The updated ordinance calls for rates in 2021-22 and 2022-23 that are the same as the rates originally adopted in May 2019. The rate increases are driven by several significant capital improvement projects and increases in ongoing operations costs.

In May 2019, District No. 20 adopted a new 4-year rate ordinance, covering fiscal years 2019-20 through 2022-23. During this period, rates were set to increase by \$11.88 per year per single-family home, or approximately 2% per year, but in June 2020, the Board updated the rate ordinance to keep rates flat for fiscal year 2020-21 to minimize impacts to rate payers due to the COVID-19 pandemic. The updated ordinance calls for rates in 2021-22 and 2022-23 that are the same as the rates originally adopted in May 2019. The rate increases are driven by several significant capital improvement projects, including a possible additional storage reservoir, and increases in ongoing operations costs.

In addition to service charges, the Districts collect connection fees from new users, and existing users with increased discharge, of the wastewater collection and treatment systems. Up until June 2020, the rate was based on the unit cost of expanding the wastewater facilities serving the new users, and the funds collected were restricted to paying for projects that increased the capacity of facilities. In spring of 2020, the boards considered revisions of the connection fee ordinances that modified the calculation of the fee such that it would be based on the per unit value of the assets of the Districts. There are several benefits of the new structure: the per unit fee is based actual values, rather than projections of future expansion needs and costs; collected fees can be used for any capital projects, not only projects that increase capacity; and the rate is lower for new users. New connection fee ordinances were adopted by all Districts with the new rates effective July 1, 2020. District Nos. 4, 9 and 27, which contract with city of Los Angeles for wastewater disposal, did not adopt new connection fee ordinances.

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 30 years, to supplement the financing of capital upgrades. During fiscal year 2019-20, the Districts received approximately \$3.8 million in SRF and \$1.1 million in Proposition 1 loans.



In addition, the Districts also received \$3.0 million in Proposition 1 and \$6.0 million in Proposition 84 grant funding. In addition, the Districts executed two SRF loan agreements during fiscal year 2019-20 for a total funding amount of \$130.6 million.

Impact of COVID-19 on Districts' Operations

In early March 2020, the Districts began monitoring for potential impacts of COVID-19 and by mid-March, it became apparent that significant actions would be required. Shortly thereafter, County, State, and Federal authorities and health experts issued guidance and emergency orders that had major impacts on Districts operations, as well as industries, commercial businesses, and residences served by the Districts.

In formulating a response to the new guidance and requirements, the Districts focused on the safety of employees, with an understanding that continued operation of Districts facilities was a critical, essential public service that could not be interrupted.

- ◆ Measures taken to protect employees and to ensure continued operation included: Operations and maintenance staff schedules were modified to stagger start times, crews were consolidated to avoid excessive interaction, and for a limited time paid administrative leave was used to minimize exposure.
- ◆ Operating hours of solid waste facilities were temporarily reduced to limit the need for overlapping shifts.
- ◆ Office employees that could work from home were directed to do so. Technical support for remote work was arranged including remote computer access, software, and call forwarding.
- ◆ Face coverings were required at Districts facilities.
- ◆ Self-screening for symptoms or potential exposure was required by all employees and visitors before entering any facility.
- ◆ A system for reporting and tracking COVID-19 tests, symptoms, and exposure was developed to reduce risk of exposing employees to other potentially infected employees.
- ◆ Tours, board meetings, meetings between staff, and interactions with others outside the agency were conducted over the phone or video conference.
- ◆ Physical modifications such as improved HVAC filters, plexiglass partitions, and other office modifications were implemented where possible.
- ◆ Enhanced cleaning measures were instituted, included complete disinfection of work areas by specialized contractors whenever an employee tested positive.
- ◆ Stocks of supplies such as disinfection spray, hand sanitizer, face coverings, and gloves were prudently increased to ensure uninterrupted availability for staff.

Starting in early April 2020, the Districts also began investigating coronavirus in wastewater from two perspectives: 1) does the virus survive the treatment processes at the Districts' facilities, and 2) can the virus be measured in incoming untreated wastewater and can this data be used as an indicator of infections in the community. The Districts, along with other agencies and regulators, were able to quickly confirm that the virus was not



Collecting a sample to confirm that the treatment process is running well.

present in treated wastewater, which is consistent with other viruses. The Districts technical staff was successful in developing a test method to measure for the virus in incoming wastewater and began testing on a weekly basis starting in mid-April. The results followed the general trend of other measures of the prevalence in the community, including new infections and hospitalizations. Information about the testing was shared with health officials, other wastewater agencies, and regulators.

The COVID-19 emergency orders and guidance also had a significant impact on the users of the Districts' facilities and the Districts took several actions in response. Flexibility was given to certain industrial waste surcharge customers with payments due in March. A rebate program was implemented for commercial customers whose businesses were shut down or reduced. Throughout this entire period, Districts staff continued to assist customers and process all routine applications with minimal delays.

The Districts' wastewater revenue streams have remained relatively stable since the beginning of the pandemic, with the possible exception of a small decrease in industrial waste surcharge revenue and a short-term drop in connection fee revenue. The Districts' solid waste facilities have experienced more significant and sustained reductions in revenue as a result of COVID-19. Since mid-March, weekly tonnage received at the facilities has been 10-15% lower than in the weeks leading up to the COVID-19 restrictions.

SOLID WASTE SYSTEM

Operational Undertakings and Capital Projects

The Districts are continuing to expand their efforts to recycle materials such as paper, cardboard, metal, plastics, green waste, and food waste. In response to state laws increasing requirements on recycling, including AB 341, which increased the statewide recycling goal from 50 to 75 percent, the Districts have been implementing a number of projects to assist member cities and the County with programs and facilities needed for compliance with the new laws. These include a new materials recovery sorting line at the Puente Hills Materials Recovery Facility (PHMRF) using



A new automated sorting line has improved cost-effectiveness and increased the purity of recyclables.

the latest recycling equipment technology capable of processing mixed waste and commingled recyclables. The new sorting line is highly automated with three times the processing capacity of the previous system and produces higher quality recyclables. Construction on the new line, at a cost of approximately \$25 million, was completed in the last quarter of 2019 and became fully operational in January 2020. The new sorting line is capable of processing approximately 500 tons per day of mixed waste and commingled recyclables.

The new materials recovery sorting line is critical for meeting the more stringent material quality standards imposed on recyclables in recent years. The majority of recyclable materials from California are exported. The higher quality standards are the result of mandates by foreign governments and were initially implemented by China and were subsequently implemented by other countries. In July 2017, the Chinese government notified

the World Trade Organization that it would no longer allow importation of 24 types of recycled materials and would increase their quality standards for other recycled materials. The Chinese government called this ban the “National Sword 2017,” which went into effect at the beginning of 2018. China was the world’s largest importer of recyclables and imported more than 60 percent of California’s recyclables. Until the National Sword 2017 was implemented, brokers selling to mills in China had consistently offered the best pricing due to low shipping rates from the Ports of Long Beach and Los Angeles. Since the National Sword 2017, the prices of fibers, such as cardboard and mixed paper, dropped by more than half. It has also made some materials such as mixed rigid plastics worthless. This required the Districts to modify their recyclables processing practices to ensure the resulting commodities have a much higher quality. There is no indication that the Chinese government and the other countries will relax these higher standards.

The state passed several laws recently requiring the diversion of organic waste away from landfills. These laws include SB 1383, which requires a 50 percent reduction in disposal of organics by 2020 and a 75 percent reduction by 2025, and AB1594, which requires that, effective January 1, 2020, green waste used as alternative daily cover at landfills will no longer be considered recycling. Food waste makes up approximately half of the organic waste stream, and there are few facilities in Los Angeles County capable of recycling food waste. The Districts are currently implementing new projects to recycle food waste using a combination of solid waste and wastewater facilities. The Districts own both types of facilities, which provides a unique opportunity to provide food-waste recycling services, since most companies and public agencies only have either solid waste or wastewater facilities. Food waste processing began in April 2018 at the PHMRF by producing a slurry from the food waste, which is transported by tanker trucks to JWPCP where it is pumped into the headworks of the facility. Food waste slurry stations are being constructed at JWPCP to allow the slurry to be pumped directly into digesters, which will increase the production of digester gas. The receiving stations are estimated to cost \$3 million and are anticipated to be completed in early 2021. To manage the additional digester gas from the food waste slurry, a pipeline is being constructed to bring digester gas to a new biogas conditioning system (BCS). The BCS will purify the methane in the digester gas so that it can be used to fuel passenger and commercial vehicles. The purified gas will be dispensed at the Districts’ Compressed Natural Gas Facility currently in operation at the JWPCP. The pipeline is estimated to cost \$2.4 million and the BCS is estimated to have a total cost \$3.1 million, which will be partially offset by a \$2.5 million grant from the California Energy Commission. Both projects were completed in November 2020. In response to AB1594, the Districts entered into agreements with composting and reuse facilities to recycle green waste from the Districts’ active landfills and materials recovery facilities. These agreements allow the Districts to continue to successfully divert significant quantities of green waste for use as mulch and other beneficial uses while providing much-needed organic waste diversion options for our member cities.

Tipping Fee Rates

The Board of Directors of District No. 2 sets solid waste disposal tipping fees by ordinance for all Districts-operated facilities, except for the Calabasas Landfill. Calabasas Landfill rates are set by the Board of Supervisors of Los Angeles County after discussion with and recommendations by the Districts. On July 1, 2019, and January 1, 2020, rates at the PHMRF,



A truck driver checking in at PHMRF.

Downey Area Recycling and Transfer Facility (DART), and South Gate Transfer Station (SGTS) were increased to offset increased disposal and transportation costs to Orange County landfills, increased labor costs, new materials recovery sorting line costs, and significant stormwater improvement costs required under the new stormwater permit issued by the State. On January 1, 2020, green waste rates at Scholl Canyon and Calabasas Landfills were increased to offset increased recycling and transportation costs due to AB1594.

The ordinance prescribing fee and charge rates for solid waste management activities at PHMRF, DART, and SGTS authorizes the District to enter into waste disposal and processing agreements (WDPAs) for guaranteed quantities of waste at negotiated rates to increase the use of these facilities. The additional tonnage that the facilities receive through use of the WDPAs provides a consistent stream of waste and materials that enables more efficient use of resources at the facilities such as equipment and labor. The agreements also help the District get a lower tipping fee at Orange County landfills, the location for disposal of residuals from PHMRF, DART and SGTS. New WDPAs with companies were negotiated and executed in June 2020.

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, gives 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 2019-20, the Districts continued work under 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 is currently under construction and, when completed, will divert stormwater from the storm drain to storage facilities underneath the park and subsequently pump the captured stormwater to the sewer when capacity is available. In addition, the Districts have provided sewer capacity analyses to several entities developing or considering projects including Los Angeles County Department of Public Works and the Port of Long Beach.



Diversion structure construction at Carriage Crest Park.

RELEVANT FINANCIAL POLICIES

Each District has adopted an investment policy with safety of principal as the primary objective, while maintaining liquidity and achieving a market rate of return. 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.

Each District has also adopted Debt Management and Wastewater Financial Reserve Policies, and District No. 2 has adopted a Solid Waste Financial Reserve Policy covering reserves for solid waste facilities owned by the Districts.

The Debt Management Policy establishes guidelines under which the Districts may take on debt. The Policy focuses on the types of debt instruments that are allowable and provides metrics that can be used to assess the Districts' level of debt. Some of those same metrics can be used to help determine appropriate service charge rates and maximize the Districts' credit rating (which provides the lowest interest rates).

The Wastewater and Solid Waste Financial Reserve Policies establish guidelines for accumulating and expending reserve funds and ensure that funds are available as needed so that the Districts can provide vital services to the public without interruption. Reserves are also used to smooth out rates as expenses vary from year to year. Lastly, the Policies reinforce the concept that prudent reserves guard against adverse financial impacts from unforeseen circumstances such as natural disasters or other emergencies without jeopardizing service or requiring immediate, severe rate increases.

AWARDS AND ACKNOWLEDGMENTS

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 or more 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 2019, the Districts received Platinum Awards for the Lancaster WRP and Los Coyotes WRP; Gold Awards for the JWPCP, La Cañada WRP, Long Beach WRP, Palmdale WRP, and Whittier Narrows WRP; and Silver Awards for the Pomona WRP and San Jose Creek WRP (West) WRP. In 2019, the Lancaster WRP was recognized as Plant of the Year by the Los Angeles Basin Section of the California Water Environment Association. This recognition was based on compliance, innovation, and cost effectiveness.

In 2019, the Districts were awarded first in Research Achievement by the Los Angeles Basin Section of the California Water Environment Association.

In 2019, the Districts were also recognized as a Utility of the Future Today, an award that honors water resource recovery facilities for community engagement, watershed stewardship, and recovery of resources such as water, energy, and nutrients.

Districts-created public service announcements and outreach films received the highest honor in the state in 2019 from the California Water Environment Association for providing information on issues relating to the field of wastewater treatment.

Districts' wastewater plant operators placed third in the nation in the 2019 Water Environment Federation Operations Challenge. This event tests the diverse skills required to operate and maintain a wastewater treatment plant.



Platinum
Los Coyotes, Lancaster

Gold

JWPCP, La Cañada, Long Beach,
Palmdale, Whittier Narrows

Silver

Pomona, San Jose Creek West



**Research
Achievement**

Los Angeles Basin Section

Plant of the Year

Lancaster WRP



**Superior
Achievement**

Tulare Lake Compost

In 2020, the Districts received both the Superior Achievement and Grand Prize Awards for air quality innovations at the Tulare Lake Compost facility. These awards were issued by American Academy of Environmental Engineers and Scientists (AAEES).

Certificate of Achievement

The Districts' CAFR for the fiscal year ended June 30, 2020, 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 36 consecutive years and have submitted this year's CAFR for consideration as well.

Acknowledgments

In submitting this 2019-20 CAFR, appreciation is expressed to all Districts' departments and personnel that participated in preparing this report, and particularly to the Accounting Section staff.

Very truly yours,



Robert C. Ferrante
Chief Engineer and General Manager



Matthew A. Eaton
Department Head,
Financial Management Department

Boards of Directors

(as of June 30, 2020)

Alhambra DIST. 2, 16	Ross J. Maza; <i>David Mejia</i>
Arcadia DIST. 15, 22	Roger Chandler; <i>Sho Tay</i>
Artesia DIST. 2, 18, 19	Ali Sajjad Taj; <i>Rene J. Trevino</i>
Azusa DIST. 22	Robert Gonzales; <i>Edward J. Alvarez</i>
Baldwin Park DIST. 15, 22	Manuel Lozano; <i>Monica Garcia</i>
Bell DIST. 1, 2	Ali Saleh
Bell Gardens DIST. 2	Alejandra Cortez; <i>Marco Barcena</i>
Bellflower DIST. 2, 3, 18	Juan Garza;
DIST. 2, 18	<i>Dan Koops</i>
DIST. 3	<i>Sonny R. Santa Ines</i>
Beverly Hills DIST. 4	Lester J. Friedman; <i>Robert Wunderlich</i>
Bradbury DIST. 15, 22	Richard T. Hale; <i>Richard Barakat</i>
Carson DIST. 8	Albert Robles; <i>Cedric Hicks</i>
Cerritos DIST. 2, 3, 18, 19	Naresh Solanki; <i>Bruce Barrows</i>
Claremont DIST. 21	Larry Schroeder; <i>Jennifer Stark</i>
City of Commerce DIST. 2	Ivan Altamirano; <i>John Soria</i>
Compton DIST. 1, 2, 8	Aja Brown; <i>Michelle Chambers</i>
Covina DIST. 22	Victor Linares; <i>Jorge A. Marquez</i>
Cudahy DIST. 1	Elizabeth Alcantar; <i>Jose R. Gonzalez</i>
Culver City DIST. 5	Goran Eriksson; <i>Alex Fisch</i>
Diamond Bar DIST. 21	Steve Tye; <i>Nancy Lyons</i>
Downey DIST. 2, 18	Blanca Pacheco; <i>Claudia Frometa</i>
Duarte DIST. 15, 22	Samuel Kang; <i>Margaret Finlay</i>
El Monte DIST. 15	Andre Quintero; <i>Victoria Martinez</i>
El Segundo DIST. 5, SBC	Drew Boyles; <i>Chris Pimentel</i>
Gardena DIST. 5	Tasha Cerda; <i>Paulette C. Francis</i>
Glendora DIST. 22	Michael Allawos; <i>Karen Davis</i>
Hawaiian Gardens DIST. 19	Jesse Alvarado; <i>Luis Roa</i>
Hawthorne DIST. 5	Alex Vargas; <i>Alex Monteiro</i>
Hermosa Beach SBC	Mary Campbell; <i>Justin Massey</i>
Huntington Park DIST. 1	Manuel Avila; <i>Karina Macias</i>
City of Industry DIST. 15, 18, 21	Cory Moss
Inglewood DIST. 5	James T. Butts
Irwindale DIST. 15, 22	Albert F. Ambriz; <i>Mark A. Breceda</i>
La Cañada Flintridge DIST. 28, 34	Michael A. Davitt
	Jonathan C. Curtis; <i>Teresa Walker</i>
	Keith Eich; <i>Richard B. Gunter III</i>
La Habra Heights DIST. 18	Brian Bergman; <i>Dennis Laherty</i>
La Mirada DIST. 18	John Lewis; <i>Steve De Ruse</i>
La Puente DIST. 15, 21	Charlie Klinakis; <i>Dan Holloway</i>
La Verne DIST. 21, 22	Tim Hepburn; <i>Muir Davis</i>
Lakewood DIST. 3, 19	Todd Rogers; <i>Jeff Wood</i>
Lancaster DIST. 14	R. Rex Parris; <i>Marvin Crist</i>
Lawndale DIST. 5	Robert Pullen-Miles; <i>Pat Kearney</i>
Lomita DIST. 5	James Gazeley
Long Beach DIST. 1, 2, 3, 8, 19	Robert Garcia; <i>Dee Andrews</i>
Los Angeles City DIST. 1, 2, 3, 4, 5, 8, 9, 16	Nury Martinez
	<i>Joe Buscaino</i>
Los Angeles County (unincorporated)	
DIST. 1, 2, 3, 8, 9, 14, 15, 16, 17, 18, 19, 20, 21, 22, SCV	Kathryn Barger; <i>Sheila Kuehl</i>
DIST. 5, 27, NR	Kathryn Barger; <i>Janice Hahn</i>
	<i>Hilda Solis, Mark Ridley-Thomas</i>
DIST. 9, 17 (2nd DIR)	Sheila Kuehl; <i>Hilda Solis</i>
Lynwood DIST. 1	Aide Castro; <i>Jose Luis Solache</i>
Manhattan Beach DIST. 5, SBC	Richard Montgomery
	<i>Suzanne Hadley</i>
Maywood DIST. 1	Eddie de la Riva; <i>Ramon Medina</i>
Monrovia DIST. 15, 22	Tom Adams; <i>Becky A. Shevlin</i>
Montebello DIST. 2, 15	Salvador Melendez; <i>Jack Hadjinian</i>
Monterey Park DIST. 2, 15	Hans Liang; <i>Peter Chan</i>
Norwalk DIST. 2, 18	Jennifer Perez; <i>Tony Ayala</i>
Palmdale DIST. 14, 20	Steven Hofbauer; <i>Austin Bishop</i>
DIST. 20 (2nd DIR)	Richard J. Loa; <i>Austin Bishop</i>
Palos Verdes Estates DIST. 5, SBC	David McGowan
	<i>Michael Kemps</i>
Paramount DIST. 1, 2	Peggy Lemons; <i>Brenda Olmos</i>
Pasadena DIST. 15, 16, 17	Terry Tornek
Pico Rivera DIST. 2, 18	Gustavo Camacho; <i>Raul Elias</i>
Pomona DIST. 21	Tim Sandoval; <i>Steve Lustro</i>
Rancho Palos Verdes DIST. 5, SBC	John Cruikshank
	<i>David Bradley</i>
Redondo Beach DIST. 5, SBC	Bill Brand; <i>Nils Nehrenheim</i>
Rolling Hills DIST. 5	Jeff Pieper; <i>Patrick Wilson</i>
Rolling Hills Estates DIST. 5, SBC	Velveth Schmitz
	<i>Steve Zuckerman</i>
Rosemead DIST. 15	Sandra Armenta; <i>Margaret Clark</i>
San Dimas DIST. 21, 22	Emmett Badar; <i>Denis Bertone</i>
San Gabriel DIST. 2, 15	Denise Menchaca; <i>Chin Ho Liao</i>
San Marino DIST. 15, 16	Gretchen Shepherd Romey; <i>Ken Ude</i>
Santa Clarita SCV	Cameron Smyth; <i>Marsha McLean</i>
SCV (2nd DIR)	Laurene Weste
Santa Fe Springs DIST. 18	William K. Rounds
Sierra Madre DIST. 15	John Capoccia; <i>Rachelle Arizmendi</i>
Signal Hill DIST. 3, 29	Robert D. Copeland; <i>Tina Hansen</i>
DIST. 29	Lori Y. Woods; <i>Keir Jones</i>
	Edward H. J. Wilson; <i>Tina Hansen</i>
South El Monte DIST. 15	Gloria Olmos; <i>Richard Angel</i>
South Gate DIST. 1, 2	Maria Davila; <i>Gil Hurtado</i>
South Pasadena DIST. 16	Robert S. Joe; <i>Diana Mahmud</i>
Temple City DIST. 15	Tom Chavez; <i>Cynthia Sternquist</i>
Torrance DIST. 5, SBC	Patrick J. Furey
Vernon DIST. 1, 2, 23	Leticia Lopez
DIST. 1, 2	<i>William J Davis</i>
DIST. 23	Carol Menke; <i>Melissa Ybarra;</i>
	<i>William J. Davis; Diana Morales Gonzales</i>
Walnut DIST. 21, 22	Robert Pacheco; <i>Eric Ching</i>
West Covina DIST. 15, 21, 22	Tony Wu
West Hollywood DIST. 4	John D'Amico; <i>Lindsey P. Horvath</i>
Whittier DIST. 2, 15, 18	Joe Vinatieri; <i>Cathy Warner</i>

Alternate Directors in italics

Los Angeles County Sanitation Districts
ORGANIZATION CHART

CHIEF ENGINEER & GENERAL MANAGER

Robert C. Ferrante

ASSISTANT CHIEF ENGINEER & ASSISTANT GENERAL MANAGER

Charles E. Boehmke

DEPARTMENTS & SECTIONS

ENGINEERING	FACILITIES PLANNING	FINANCIAL MANAGEMENT	HUMAN RESOURCES	SOLID WASTE MANAGEMENT	TECHNICAL SERVICES	WASTEWATER MANAGEMENT
Construction Management	Information Services	Accounting	Employee Benefits	Energy Recovery	Air Quality	Industrial Waste
Electrical & Instrumentation Design	Information Technology	Budget & Finance	Employment Services	Fleet Management	Environmental Health & Safety	Joint Water Pollution Control Plant
Sewer Design	Planning & Property Management	Purchasing	Payroll	Solid Waste Operations & Engineering	Laboratories	Wastewater Collection Systems
Structural, Architectural, & Geotechnical Design	Wastewater Planning				Legislative & Regulatory Programs	Water Reclamation Plants
Wastewater & Solid Waste Design					Reuse & Compliance	
					Wastewater Research	
					Water Quality	

ENGINEERING

Design and construction oversight of Sanitation Districts' facilities

FACILITIES PLANNING

Long range planning, environmental review, environmental permitting, property management, information technology, public relations, security, facilities management, and document management

FINANCIAL MANAGEMENT

Budgeting, accounting, purchasing, revenue collection, and insurance

HUMAN RESOURCES

Hiring employees, payroll, benefits, and compliance with State and Federal employment laws

SOLID WASTE MANAGEMENT

Operation and maintenance of the solid waste management facilities and energy recovery facilities

TECHNICAL SERVICES

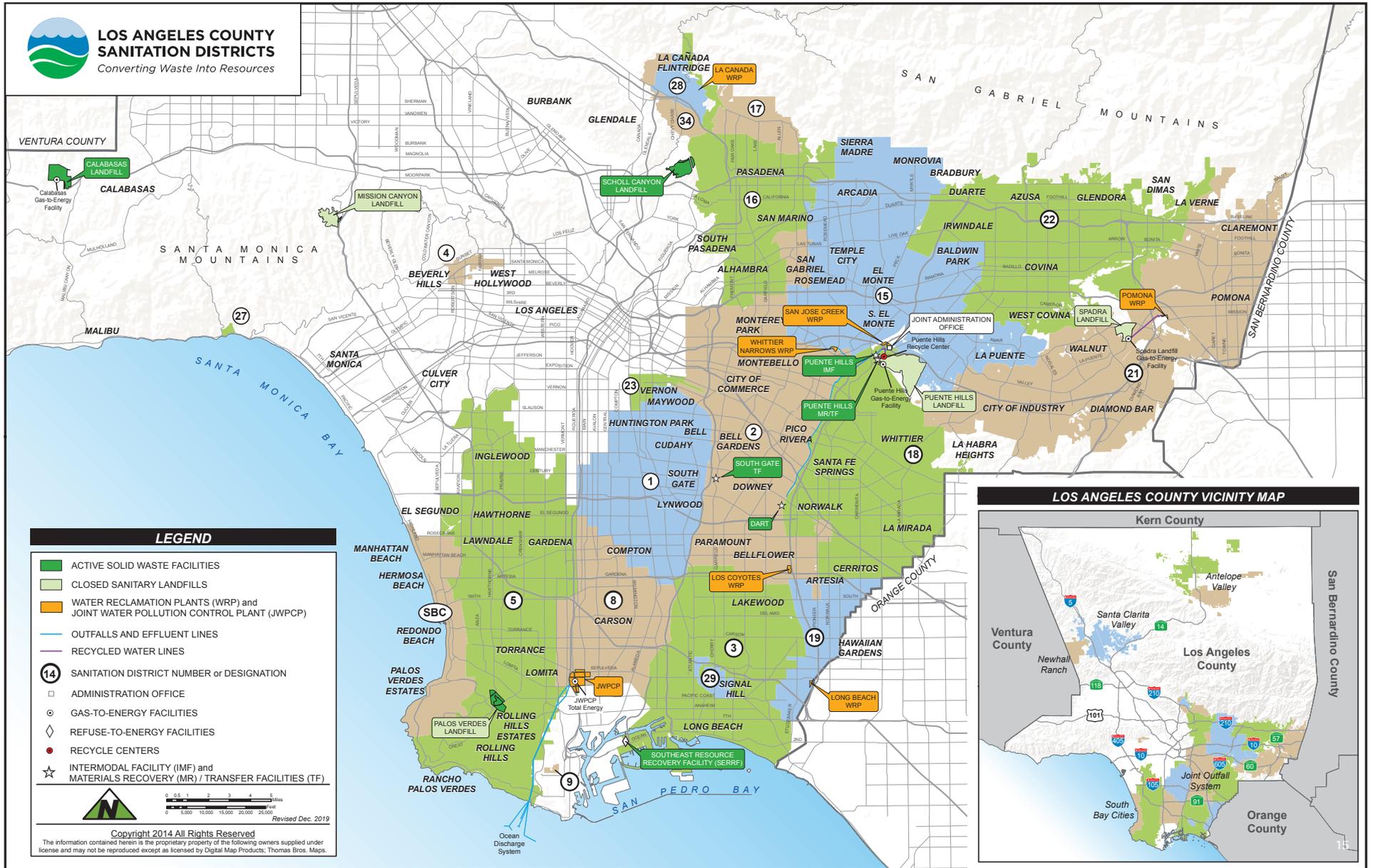
Water recycling, biosolids management, water and air permit compliance, research, laboratory processes, regulatory advocacy, and legislative advocacy

WASTEWATER MANAGEMENT

Operation and maintenance of wastewater management facilities and regulating industrial discharges to the Sanitation Districts' sewer system



**LOS ANGELES COUNTY
SANITATION DISTRICTS**
Converting Waste Into Resources



- LEGEND**
- ACTIVE SOLID WASTE FACILITIES
 - CLOSED SANITARY LANDFILLS
 - WATER RECLAMATION PLANTS (WRP) and JOINT WATER POLLUTION CONTROL PLANT (JWPCP)
 - OUTFALLS AND EFFLUENT LINES
 - RECYCLED WATER LINES
 - 14 SANITATION DISTRICT NUMBER or DESIGNATION
 - ADMINISTRATION OFFICE
 - GAS-TO-ENERGY FACILITIES
 - REFUSE-TO-ENERGY FACILITIES
 - RECYCLE CENTERS
 - INTERMODAL FACILITY (IMF) and MATERIALS RECOVERY (MR) / TRANSFER FACILITIES (TF)

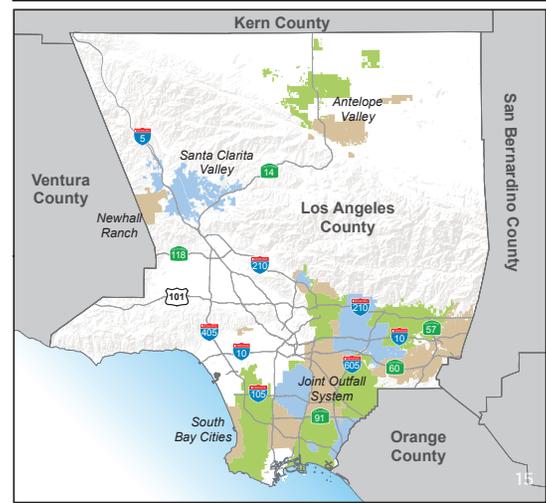


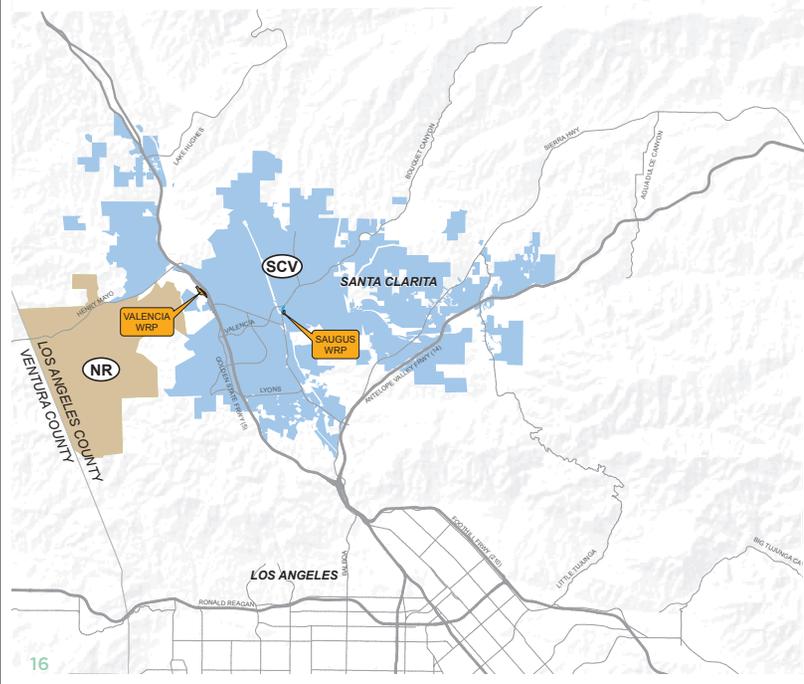
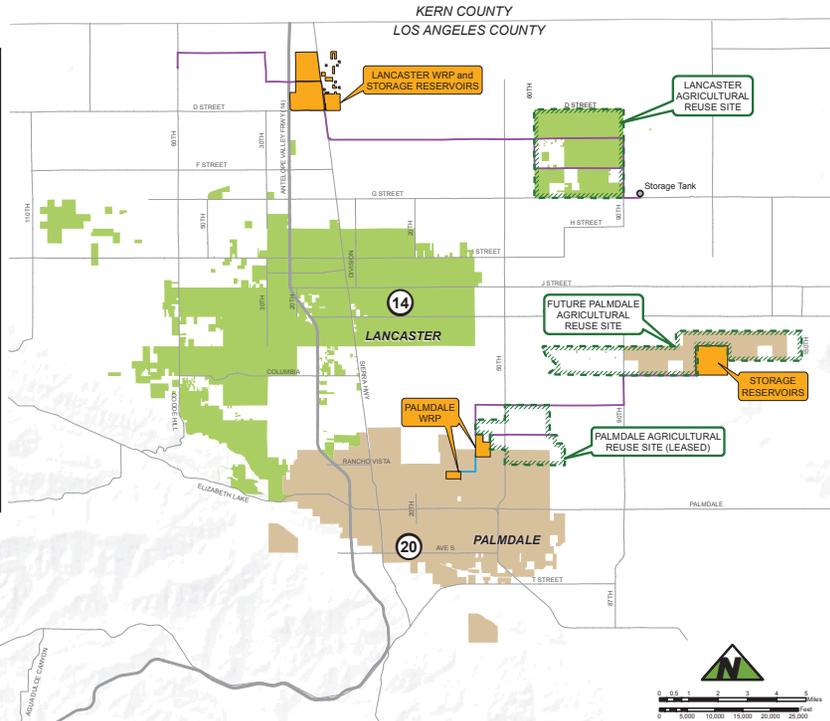
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Revised Dec. 2019

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LOS ANGELES COUNTY VICINITY MAP





LEGEND	
■	SOLID WASTE FACILITY
■	WATER RECLAMATION FACILITY
■	AGRICULTURAL REUSE SITE
■	COMPOSTING FACILITY
14	SANITATION DISTRICT NUMBER or DESIGNATION
●	PUMPING PLANT
—	OUTFALL and EFFLUENT LINE

SOLID WASTE FACILITIES

Sanitary Landfill	Operational	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 1/9/1982
Scholl Canyon	3/22/1961	431	Operational
Calabasas	2/14/1961	500	Operational
Mesquite	Operational 2009	2,290	Operational

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

Energy Facility	Operational	Net Electricity Production
Puente Hills Gas-to-Energy	1/1/1987	46 MW
SERRF Refuse-to-Energy	12/1/1988	30 MW
Calabasas Gas-to-Energy	7/12/2010	5.6 MW

WASTEWATER FACILITIES

Facility	Operational	Permitted Capacity (MGD)	Area in Acres
JWPCP	2/4/1928	400.0	381
Long Beach	5/22/1973	25.0	17
Los Coyotes	10/14/1970	37.5	36
Whittier Narrows	7/27/1962	15.0	27
San Jose Creek	6/29/1971	100.0	51
Pomona	4/15/1954	15.0	12
La Cañada	11/29/1962	0.2	0
Valencia	3/25/1966	21.6	26
Saugus	7/1/1962	6.5	4
Palmdale	11/28/1952	12.0	278
Lancaster	10/1/1959	18.0	1,392

Energy Facility	Operational	Net Electricity Production
JWPCP Total Energy	12/20/1985	22 MW

COMPOSTING FACILITIES

Facility	Operational
Inland Empire	4/16/2007
Tulare Lake	Operational 2015

SANITATION DISTRICTS DATA

District	Date of Formation	Placed in Operation	Area (Sq.Miles)	Population 2020	Cities/Partial Cities	Miles of District Sewers 2020	Pump Stations	Wastewater Management
1	11/17/1924	2/13/1928	41.3	578,445	11	105.4	1	Joint Outfall System
2	2/25/1924	2/13/1928	76.1	691,806	19	219.1	2	Joint Outfall System
3	5/19/1924	5/20/1948	52.3	510,478	4	77.1	6	Joint Outfall System
4	3/17/1924	12/9/1926	1.9	36,940	2	6.3	0	L.A. City Sewerage System
5	3/31/1924	2/13/1928	87.8	742,800	15	181.0	10	Joint Outfall System
8	9/21/1925	2/13/1928	31.3	142,014	4	88.5	3	Joint Outfall System
9	8/16/1926	5/10/1927	0.2	2,331	1	0.0	0	L.A. City Sewerage System
14	8/31/1928	12/2/1941	50.0	199,321	2	75.4	0	Lancaster Sewerage System
15	12/19/45	2/27/1948	77.6	587,113	20	145.5	2	Joint Outfall System
16	12/19/46	2/27/1948	37.4	273,311	5	42.4	0	Joint Outfall System
17	12/19/46	11/23/1949	7.7	56,214	1	5.2	0	Joint Outfall System
18	11/23/1948	7/1/1950	60.1	340,094	11	83.6	3	Joint Outfall System
19	3/28/1950	5/19/1951	14.2	91,845	5	34.4	2	Joint Outfall System
20	8/7/1951	9/8/1952	41.3	129,733	1	44.9	0	Palmdale Sewerage System
21	11/13/1951	8/21/1954	84.7	415,018	9	86.9	4	Joint Outfall System
22	9/22/1953	12/6/1954	64.1	335,153	12	101.8	0	Joint Outfall System
23	7/10/1956	7/14/1959	2.5	50	1	2.1	0	Joint Outfall System
27	4/20/1961	4/2/1962	0.2	2,259	0	0.4	0	L.A. City Sewerage System
28	9/14/1961	11/2/1962	4.1	11,399	1	4.1	0	Joint Outfall System
29	9/20/1962	11/12/1964	2.2	11,712	1	36.8	3	Joint Outfall System
34	10/31/1967	Inactive	4.0	7,674	1	0.0	0	Inactive
NR	6/14/2006	Inactive	16.7	0	0	0.0	0	Inactive
SBC	12/24/1923	9/12/1926	14.6	115,745	8	25.0	11	Joint Outfall System
SCV	1/2/1961	5/10/1962	63.3	289,170	1	43.1	1	Santa Clarita Valley Sewerage System
TOTAL			846.6	5,550,629	135	1,409.0	48	



Government Finance Officers Association

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in Financial
Reporting

Presented to

**Sanitation Districts of Los Angeles County
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

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Technology Promotes Safety

At our solid waste facilities, we curtailed some operations early in the pandemic. We later returned to full capacity and normal operating hours after implementing additional measures to protect our staff. New automated sorting equipment at our Puente Hills Materials Recovery Facility has quadrupled the amount of recycled material we can recover while producing recycled material with very low contamination.

Helping a customer at the PHMRF scales.



MOSS, LEVY & HARTZHEIM LLP

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS
RONALD A. LEVY, CPA
CRAGG A. HARTZHEIM, CPA
HINDLEY T. HILL, CPA
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ADAM V. BURGE, CPA
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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, 2019, 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. These 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, 2019, 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, the **Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Pension Contributions**, the **Schedule of Changes in the Net Other Postemployment Benefits Liability and Related Ratios, and the Schedule of Other Postemployment Benefits Contributions**, as listed in the table of contents, 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 and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 combining and individual supplemental schedules are 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 November 15, 2019 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 & Hartsheim, LLP
Culver City, California
November 15, 2019

LOS ANGELES COUNTY SANITATION DISTRICTS

Management's Discussion and Analysis

June 30, 2020

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 at the beginning of the Introduction Section and the Districts' basic financial statements in the Financials Section.

Financial Highlights

- In early March 2020, the Districts began responding to the impacts of COVID-19. The critical services provided by the Districts are essential to public health and cannot be interrupted. The diverse operations (wastewater collection and treatment, solid waste recycling and disposal, energy recovery, and laboratory operations) necessitated worksite-specific safety protocols and procedures for continuing service while providing for the safety of employees. To the extent possible, employees were mandated to work remotely or stagger work schedules. All facilities implemented social distancing and disinfection routines. The Districts' response was not only defensive, but also included proactively investigating whether COVID-19 could be detected in wastewater and whether it could survive the treatment process.

Solid waste revenues experienced significant reductions as businesses, restaurants, and schools were closed for extended periods. Although wastewater revenues do not appear to have been substantially impacted thus far, it is probable that the full impact of COVID-19 will not be known until future years due to the nature of the Districts' revenue streams. Service charges are mostly collected through property tax bills, the bulk of which are received in December and April. Thus, there may be a delayed impact and the Districts continue to monitor incoming revenues closely.

- In April 2020, the Districts' Boards approved changes to the Master Connection Fee Ordinance. Connection fees are paid by new users of the wastewater collection and treatment systems to fund the cost of expanding facilities to accommodate the incremental discharge from that new user. The changes include calculating fees using a capital buy-in model (as opposed to a future expansion model), allowing connection fee funds to be used for any capital project, not just expansion, and other changes that allow for greater flexibility and reduced fees.
- To help secure a consistent stream of waste for the solid waste disposal facilities, 5-year Waste Disposal and Processing Agreements (WDPAs) were executed with 10 disposal companies. These agreements provided discounted rates for disposal in exchanged for monthly minimum tonnage commitments. The tonnage commitments represent a minimum annual revenue of \$5.9 million.
- To help finance capital improvements, the Districts borrowed \$5 million and received \$9.0 million in capital grants. Additional loan agreements for future borrowing have been executed totaling \$130.6 million.
- The Commerce Refuse to Energy Facility, a joint venture between the Districts and the City of Commerce ceased operations in June 2018. In December 2019, the facility was sold and proceeds of over \$5 million, along with \$6.7 million in cash, were distributed to the Districts based on balances in capital accounts of the joint venture partners.

LOS ANGELES COUNTY SANITATION DISTRICTS

Management's Discussion and Analysis, Continued

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; and a bond disclosure section. The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The basic financial statements include the following:

- **Statement of Net Position** — Reports the Districts' assets, deferred outflow of resources, liabilities, and deferred inflow of resources, and net position. 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' operating and non-operating results 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 immediately following the Required Supplemental Disclosures, which are found immediately following the Notes to Basic Financial Statements.

LOS ANGELES COUNTY SANITATION DISTRICTS

Management's Discussion and Analysis, Continued

Financial Analysis of the Districts

Net Position

Condensed Statement of Net Position (In millions of dollars)

	FY 2020	FY 2019	Dollar Change	Total Percent Change
Current and Other Assets	\$ 2,594	\$ 2,551	\$ 43	1.7 %
Capital Assets, net	3,521	3,405	116	3.4
Total Assets	<u>6,115</u>	<u>5,956</u>	<u>159</u>	<u>2.7</u>
Deferred Outflow of Resources	<u>105</u>	<u>125</u>	<u>(20)</u>	<u>(16.0)</u>
Current Liabilities	196	178	18	10.1
Other Liabilities	1,122	962	160	16.6
Long-Term Debt	<u>562</u>	<u>631</u>	<u>(69)</u>	<u>(10.9)</u>
Total Liabilities	<u>1,880</u>	<u>1,771</u>	<u>109</u>	<u>6.2</u>
Deferred Inflow of Resources	<u>74</u>	<u>51</u>	<u>23</u>	<u>45.1</u>
Net Investment in Capital Assets	2,894	2,714	180	6.6
Restricted	342	466	(124)	(26.6)
Unrestricted	<u>1,030</u>	<u>1,079</u>	<u>(49)</u>	<u>(4.5)</u>
Total Net Position	<u>\$ 4,266</u>	<u>\$ 4,259</u>	<u>\$ 7</u>	<u>0.2 %</u>

The investment in capital assets consists of net capital assets and deferred loss on refunding of debt, reduced by outstanding capital-related debt. Capital assets are used to provide services to residents and businesses; consequently, these assets are *not* available for future spending.

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.

LOS ANGELES COUNTY SANITATION DISTRICTS

Management's Discussion and Analysis, Continued

Revenues, Expenses, and Changes in Net Position

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

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

	FY 2020	FY 2019	Dollar Change	Total Percent Change
Operating Revenues:				
Industrial Waste Surcharge	\$ 73	\$ 71	\$ 2	2.8 %
Refuse Tipping Fees	126	138	(12)	(8.7)
Sale of Energy	21	19	2	10.5
Service Charges	390	376	14	3.7
Other	24	23	1	4.3
Total Operating Revenues	<u>634</u>	<u>627</u>	<u>7</u>	<u>1.1</u>
Operating Expenses:				
Depreciation	103	104	(1)	(1.0)
Operations & Maintenance	216	222	(6)	(2.7)
Salaries & Benefits	264	235	29	12.3
Other	168	24	144	600.0
Total Operating Expenses	<u>751</u>	<u>585</u>	<u>166</u>	<u>28.4</u>
Nonoperating Revenues/(Expenses):				
Interest Revenue	44	44	0	0.0
Taxes	88	83	5	6.0
Other	21	35	(14)	(40.0)
Interest Expense	(24)	(27)	3	(11.1)
Tax & Assessment Expense	(11)	(12)	1	(8.3)
Total Net Nonoperating Revenue	<u>118</u>	<u>123</u>	<u>(5)</u>	<u>(4.1)</u>
Income Before Capital				
Contribution Revenue	1	165	(164)	(99.4)
Capital Contribution Revenue	44	47	(3)	(6.4)
Beginning Net Position	4,259	4,051	208	5.1
Prior-Period Adjustment	(38)	(4)	(34)	0.0
Ending Net Position	<u>\$ 4,266</u>	<u>\$ 4,259</u>	<u>\$ 7</u>	<u>0.2 %</u>

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 93% of the Districts' operating revenue. Service charge fees were increased in fiscal year 2019-2020 for nearly all Districts. The largest increase was \$21 per single family home and the smallest increase was \$2 per single family home.

Solid waste refuse tipping fees decreased by over \$12 million from last year. The dramatic decrease occurred beginning in March 2020 when the County of Los Angeles implemented emergency measures in

LOS ANGELES COUNTY SANITATION DISTRICTS

Management's Discussion and Analysis, Continued

response to COVID-19. The closure of businesses, restaurants, and schools impacted the disposal of solid waste, recyclables, green waste, and food waste.

Operating Expenses: Total expenses for salaries and benefits increased by \$29 million, primarily due to payment of retroactive cost-of-living adjustments in accordance with labor agreements and changes in pension and other postemployment benefit liabilities.

During the 5-year permit review for the Puente Hills Landfill, the cost estimates for postclosure maintenance were revised upward by \$140 million total over the next 30 years.

Nonoperating Revenues/Expenses: Unrealized gains in market values of investments in fiscal year 2019-2020 were approximately 37% less than in fiscal year 2018-2019, resulting in a decrease in other nonoperating revenue of \$14 million.

Capital Analysis of the Districts

As of June 30, 2020, the Districts had \$5.8 billion invested in a broad range of assets, as shown below:

Capital Assets (In millions of dollars)

	FY 2020	FY 2019	Dollar Change	Total Percent Change	
Buildings and Equipment	\$ 88	\$ 85	\$ 3	3.5	%
Capital Improvements	546	545	1	0.2	
Composting Facility	124	123	1	0.8	
Construction in Progress	546	404	142	35.1	
Disposal Rights	94	92	2	2.2	
Equipment Pool	75	67	8	11.9	
Gas-to-Energy Facilities	217	217	0	0.0	
Land	221	221	0	0.0	
Other	53	52	1	1.9	
Rail Facilities	111	110	1	0.9	
Recycling and Transfer Stations	74	72	2	2.8	
Treatment Plants	2,126	2,094	32	1.5	
Trunk Lines	1,465	1,443	22	1.5	
Use Rights	70	70	0	0.0	
Subtotal	5,810	5,595	215	3.8	
Less Accumulated Depreciation & Amortization	2,289	2,190	99	4.5	
Net Capital Assets	\$ 3,521	\$ 3,405	\$ 116	3.4	%

Major capital asset projects that were completed and placed in operation during fiscal year 2019-2020 included the following:

- \$41 million – various treatment plant modifications/upgrades
- \$9 million – various trunk sewer rehabilitations

LOS ANGELES COUNTY SANITATION DISTRICTS

Management's Discussion and Analysis, Continued

Expenses to date of ongoing construction in progress of \$546 million as of June 30, 2020, included, in part, the following projects:

- \$204 million – various water reclamation and pumping plant modifications
- \$133 million – Puente Hills Intermodal Facility railroad improvements
- \$126 million – Clearwater Project plan, design, and construction
- \$33 million – various Districts' trunk sewer relief/rehabilitation projects
- \$26 million – Puente Hills Material Recovery Facility recycling modifications and additions
- \$13 million – various solid waste system projects
- \$10 million – Waste-by-Rail Disposal System development

Additional information regarding the Districts' capital assets can be found in Note No. 7 to the Basic Financial Statements.

2020-2021 Capital Spending Plan (In millions of dollars)

Capital Project Category	Amount Planned
Clearwater Tunnel	\$ 80
Treatment Plant	57
Collection System	50
Chloride Compliance	38
Treatment Plant Electrical	27
Solid Waste Fleet Management	14
Administration and Miscellaneous Improvements	14
Material Recovery/Transfer Station	13
Treatment Plant Concrete	8
Energy Recovery	7
Landfill Improvements	4
Sewage Disposal Contracts	3
Total	\$ 315

LOS ANGELES COUNTY SANITATION DISTRICTS

Management's Discussion and Analysis, Continued

Outstanding Debt

During the fiscal year, the Districts' revenue bond and state loan obligations decreased by 9.4%.

Outstanding Debt (In millions of dollars)

	FY 2020	FY 2019	Dollar Change	Total Percent Change
Revenue Bonds	\$ 379	\$ 420	\$ (41)	(9.8) %
Clean Renewable Energy Bonds	3	4	(1)	(25.0)
State Water Resources Control Board Loans	252	276	(24)	(8.7)
Total Long-Term Debt	<u>\$ 634</u>	<u>\$ 700</u>	<u>\$ (66)</u>	<u>(9.4) %</u>

Revenue bond obligations and Clean Renewable Energy obligations decreased due to scheduled principal payments. State Water Resources Control Board obligations had a net decrease due to new obligations, net of scheduled principal payments.

Bond Debt Ratings As of June 30, 2020

	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 No. 8 to the Basic Financial Statements.

Currently Known Significant Facts

On October 1, 2020, the Districts defeased all outstanding balances of the 2011 Series A Ad Valorem Obligation Bonds and 2013 Series A Ad Valorem Obligation Bonds. The aggregate principal amount defeased was \$24,685,000. This action released the 22 participating Districts from pledges, obligations, and unfavorable covenants, as well as, allowed the Districts to take advantage of low interest rates.

Solid waste disposal revenue began a slight recovery during the first few months of fiscal year 2020-2021, with a 6% increase in revenue over the last quarter of 2019-2020. As restrictions related to COVID-19 have been slowly relaxed, the Districts began to experience a return to normal waste disposal quantities. However, beginning in November 2020, the County of Los Angeles experienced a significant increase in

LOS ANGELES COUNTY SANITATION DISTRICTS

Management's Discussion and Analysis, Continued

COVID-19 cases and more restrictive orders were again implemented, which will likely impact solid waste disposal revenues.

Solid waste disposal revenue will potentially be impacted by the new Waste Disposal and Processing Agreements that become effective in the fall of 2020. These contracts provide for discounted disposal rates for guaranteed minimum tonnage delivery. However, fewer solid waste haulers executed agreements and tonnage commitments were less than previously contracted.

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 Mr. Alan C. Nyberg, Chief Accountant, Los Angeles County Sanitation Districts, P.O. Box 4998, Whittier, California, 90607-4998.

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Exhibit A
LOS ANGELES COUNTY SANITATION DISTRICTS
Statement of Net Position
June 30, 2020

Assets

Current assets:

Unrestricted cash and cash equivalents (note 3):	
Cash in bank (note 3)	\$ 36,523,714
Cash on hand (note 3)	46,582
Cash and cash equivalents (note 3)	<u>504,497,793</u>
Total unrestricted cash and cash equivalents	<u>541,068,089</u>

Receivables:

Accounts, net (note 6)	36,809,649
Interest	8,012,358
Service charges	17,187,555
Taxes	<u>6,284,460</u>
Total receivables	<u>68,294,022</u>

Inventory	<u>22,097,550</u>
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Restricted/designated cash and investments (note 3):

Cash and cash equivalents	930,356,465
Specific investments	926,114,905
Bond proceeds with Trustee	
Cash and cash equivalents	<u>7,605</u>
Total restricted/designated cash and investments	<u>1,856,478,975</u>

Other specific investments (note 3)	<u>66,616,602</u>
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Total current assets	<u>2,554,555,238</u>
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Long-term assets:

Investment in joint ventures (note 17)	39,752,680
Other assets	47,531

Capital assets (note 7):

Buildings & equipment	88,234,435
Improvements	546,295,580
Disposal rights	94,273,627
Equipment pool	75,220,193
Gas-to-energy facilities	217,148,434
Rail facilities	110,371,912
Recycling and transfer facilities	74,399,560
Treatment plants	2,125,389,463
Trunk lines	1,465,109,550
Use rights	69,779,636
Composting facilities	123,415,923
Other capital assets	52,889,253
Construction in progress	546,341,887
Land	220,790,124
Less accumulated depreciation/amortization	<u>(2,288,780,243)</u>

Net capital assets	<u>3,520,879,334</u>
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Total long-term assets	<u>3,560,679,545</u>
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Total assets	<u>\$ 6,115,234,783</u>
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Deferred Outflow of Resources

Deferred loss on refunding	\$ 7,114,314
Deferred pension contribution	72,150,074
Other postemployment benefit deferral	<u>25,308,182</u>
Total deferred outflow of resources	<u>\$ 104,572,570</u>

(Continued on following page)

Exhibit A-2
LOS ANGELES COUNTY SANITATION DISTRICTS
Statement of Net Position
June 30, 2020

Liabilities

Current liabilities:	
Accounts payable	\$ 63,210,351
Accrued employee absences (notes 1J and 14)	27,000,000
Amounts held for others	9,973,637
Bonds payable (note 8)	39,334,400
Claims liabilities (note 9)	2,376,278
Estimated liability for closure and postclosure care (note 18)	14,260,000
Estimated liability for pollution remediation (note 19)	1,000,000
Interest payable	6,712,108
Loans payable to State of California (note 8)	31,445,792
Other	447,916
	<u>195,760,482</u>
Total current liabilities	195,760,482
Long-term liabilities:	
Accrued employee absences (notes 1J and 14)	15,035,073
Bonds payable, net (note 8)	342,178,757
Claims liabilities (note 9)	7,047,698
Contractual obligations to other governments	38,694,885
Estimated liability for closure and postclosure care (note 18)	448,459,050
Estimated liability for pollution remediation (note 19)	19,000,000
Loans payable to State of California (note 8)	220,350,181
Other postemployment benefits liability (note 12)	186,833,282
Pension liability (note 11)	406,407,828
	<u>1,684,006,754</u>
Total long-term liabilities	1,684,006,754
Total liabilities	\$ <u>1,879,767,236</u>

Deferred Inflow of Resources

Other postemployment benefits deferrals (note 12)	\$ 41,135,170
Pension deferrals (note 11)	32,581,536
	<u>73,716,706</u>
Total deferred inflow of resources	\$ <u>73,716,706</u>

Net Position

Net position:	
Net investment in capital assets	\$ 2,894,684,518
Restricted for capital projects	291,870,719
Restricted for closure/postclosure maintenance	49,613,310
Unrestricted	1,030,154,864
	<u>4,266,323,411</u>
Total net position	\$ <u>4,266,323,411</u>

See accompanying notes to basic financial statements.

Exhibit B
LOS ANGELES COUNTY SANITATION DISTRICTS
Statement of Revenues, Expenses,
and Changes in Net Position
Fiscal year ended June 30, 2020

Operating revenues:	
Commodities	\$ 1,118,784
Contract revenue	22,761,156
Industrial waste surcharge	72,938,213
Refuse/food waste tipping fees	125,589,292
Sale of energy	20,715,448
Service charges (note 4)	389,832,660
Other	<u>816,447</u>
Total operating revenues	<u>633,772,000</u>
Operating expenses:	
Chemicals	38,755,911
Collection charges	1,327,118
Depreciation/amortization (note 7)	102,688,583
Insurance and claims	1,721,087
Landfill closure and postclosure costs (note 18)	159,828,335
Materials and supplies	29,067,168
Operations, repairs, and maintenance	23,103,068
Pollution remediation costs (note 19)	121,704
Salaries and benefits (notes 11 and 12)	263,743,789
Services	104,058,409
Tonnage	5,162,757
Utilities	<u>21,360,380</u>
Total operating expenses	<u>750,938,309</u>
Operating loss	<u>(117,166,309)</u>
Nonoperating revenues (expenses):	
Interest revenue	43,568,428
Investment in joint ventures	(1,361,277)
Property taxes	88,364,794
Amortization of bond premium	4,830,168
Amortization of deferred loss on refunding	(1,993,016)
Interest expense	(23,688,020)
Loss on sale of equipment/assets	(5,699,264)
Other nonoperating revenue	4,188,702
Tax and assessment expense	(10,752,639)
Unrealized gain on investments	<u>20,618,227</u>
Net nonoperating revenues	<u>118,076,103</u>
Income before capital contribution revenue and transfers	909,794
Capital contribution revenue:	
Connection fees	33,465,825
Capital grants	<u>10,427,451</u>
Change in net position	<u>44,803,070</u>
Total net position, July 1, 2019, as previously stated	4,259,370,103
Prior-period adjustments (note 20)	<u>(37,849,762)</u>
Total net position, July 1, 2019, as restated	<u>4,221,520,341</u>
Total net position, June 30, 2020	<u>\$ 4,266,323,411</u>

See accompanying notes to basic financial statements.

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Exhibit C
LOS ANGELES COUNTY SANITATION DISTRICTS
Statement of Cash Flows
Fiscal year ended June 30, 2020

Cash flows from operating activities:	
Receipts from customers and users	\$ 642,280,920
Payments to suppliers	(222,396,726)
Payments for salaries/benefits	(250,607,097)
Payments applied to closure/postclosure liability	(10,377,874)
Net cash provided by operating activities	158,899,223
Cash flows from noncapital financing activities:	
Receipts from property taxes	86,944,935
Payments for tax and assessment	(11,873,291)
Net cash provided by noncapital financing activities	75,071,644
Cash flows from capital and related financing activities:	
Borrowings on loans	4,971,751
Purchases of capital assets	(211,060,340)
Connection fees proceeds	33,465,825
Grant proceeds	10,427,451
Interest paid on capital-related debt	(21,810,113)
Principal payments on bonds	(37,564,400)
Principal payments on loans	(31,597,610)
Proceeds from sale of assets/equipment	1,222,988
Receipts from joint venture	11,680,000
Net cash used by capital and related financing activities	(240,264,448)
Cash flows from investing activities:	
Interest received	44,182,149
Purchases of investments	(867,761,310)
Proceeds from maturities of investments	1,246,719,314
Net cash provided by investing activities	423,140,153
Net increase in cash and cash equivalents	416,846,572
Cash and cash equivalents at beginning of fiscal year	1,054,585,587
Cash and cash equivalents at end of fiscal year	\$ 1,471,432,159
Reconciliation of cash and cash equivalents at end of fiscal year:	
Unrestricted cash and cash equivalents	
Cash in bank	\$ 36,523,714
Cash on hand	46,582
Cash and cash equivalents	504,497,793
Restricted/designated cash and investments:	
Cash and cash equivalents	930,356,465
Bond proceeds with Trustee	
Cash and cash equivalents	7,605
	\$ 1,471,432,159

(Continued on following page)

Exhibit C-2
LOS ANGELES COUNTY SANITATION DISTRICTS
Statement of Cash Flows
Fiscal year ended June 30, 2020

Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (117,166,309)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization	102,688,583
Landfill closure/postclosure costs	159,828,335
Nonoperating revenue	1,096,086
Decrease in accounts receivable	9,126,016
Increase in service charge receivable	(2,310,191)
Increase in inventory	(1,254,152)
Decrease in deferred outflow of resources	18,687,213
Decrease in accounts payable	(84,142)
Increase in accrued employee absences	3,959,692
Decrease in estimated liability for closure and postclosure costs	(10,377,874)
Decrease in claims liabilities	(968,687)
Decrease in contractual obligations	(641,134)
Increase in estimated pollution remediation	116,924
Decrease in other postemployment benefits liability	(46,109,535)
Increase in pension liability	16,720,130
Increase in amounts held for others	2,807,302
Decrease in other liabilities	(132,942)
Increase in deferred inflow of resources	22,913,908
Net cash provided by operating activities	<u>\$ 158,899,223</u>
Schedule of noncash investing activities:	
Unrealized gain on fair value of investments	\$ 20,618,227
Amortization of investment premium	3,652,437
Investment in joint ventures	(1,364,821)

See accompanying notes to basic financial statements.

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements

June 30, 2020

(1) Organization and Summary of Significant Accounting Policies

(A) Description of the Reporting Entity

The Los Angeles County Sanitation Districts are a confederation of 24 special districts created for the purpose of providing solid waste, wastewater, and stormwater management and disposal services within the County of Los Angeles. The accompanying basic financial statements include the activities of all 24 Districts. Each District is governed by a Board of Directors generally comprised of the presiding officers (typically the mayor) of the cities within each District's boundaries and the chair of the County Board of Supervisors for unincorporated territory. If there are only one or two jurisdictions within a District, additional members of the city council or County Board of Supervisors also sit on the District's Board of Directors. For purposes of control and daily management, the Districts are governed by a Joint Administration Agreement (see Note 2).

The Districts' accompanying basic financial statements also include the financial activities of the Los Angeles County Sanitation Districts Financing Authority (the Authority). The 22 active Districts (Participating Districts) created the Authority, pursuant to a Joint Exercise of Powers Agreement (see Note 2). The 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 Authority has no daily operations and does not conduct business on its own behalf. Since the Authority's governing body is entirely comprised of members of the Participating Districts' Boards and the Authority provides services entirely for the Participating Districts, the Authority's financial activities have been consolidated with the Districts' financial activities for financial reporting purposes. Complete separate financial statements for the Authority may be obtained by writing to the Accounting Section, 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, the financial information for these entities is not included in the accompanying basic financial statements.

(B) District Operations

The Districts' accounting records are maintained in a manner that facilitates compliance with the requirements and guidelines of the Controller of the State of California with whom an annual report is filed for each District as required by Section 53891 of the California Government Code.

(C) Basis of Presentation

The Districts use Enterprise Funds to account for three types of operations: (a) those 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 services to the general public on a continuing basis be financed or recovered primarily through user charges; (b) those 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) those that account for the financing of services provided by one District to other Districts, or to other governments, on a cost-reimbursement basis.

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

(D) Basis of Accounting

The Districts use the flow of economic resources measurement focus for accounting and financial reporting. Accordingly, all assets and liabilities are included in their respective statement of net position. Reported net position (total reported assets and deferred outflow of resources, less total reported liabilities and deferred inflow of resources) provides an indication of the economic net worth of the respective funds.

The Districts utilize the accrual basis of accounting, whereby revenues are recorded in the period earned and expenses are recorded in the period incurred, regardless of when cash is received or disbursed. As a result, operating 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 operations. The principal operating revenues are charges to customers for services, including service charges, industrial waste surcharges, 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.

The Districts operate various sub-funds:

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

(E) Operating Budgets

Each year, the Districts' personnel prepare annual operating budgets for both the wastewater and solid waste systems. These annual budgets serve as a basis for monitoring financial progress and determining

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

future wastewater service charge rates and solid waste tipping fee 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 Wastewater Financial Reserve 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 based on market prices at the balance sheet date. 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 weighted average cost which approximates first-in, first-out.

(H) Capital Assets

Outlays for capital assets, including property, plant, equipment, and construction in progress, are recorded at cost. Capital assets acquired by donation are recorded at acquisition value at the time received. The Districts' capitalization threshold is \$5,000.

Depreciation - General

The accrual basis of accounting 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 active 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, recycling and transfer facilities, and related capital improvements are depreciated over a 40-year period using the straight-line method.

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

Depreciation - Equipment

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

	<u>Useful Lives</u>
Heavy equipment such as dozers, graders, or cranes	6 to 15 years
On-highway transportation equipment	4 to 14 years
Marine equipment	20 years
Other equipment such as forklifts, compressors, generators, or pumps	6 to 15 years

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 change in net position.

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. Amortization is determined 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.

(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 placement of a final cover on landfill sites when they stop accepting waste and performance of certain maintenance and monitoring functions at the sites for 30 years after closure. GASB 18 requires the recognition of these costs ratably during the useful life of the landfill.

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 fully funded by the time the landfills stop accepting waste. The cumulative amounts recognized are reflected in the accompanying basic financial statements (see Note 18).

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

(J) Accrued Employee Absences - Service Operations

Vacation and sick leave pay is recorded as an expense when earned by Districts' employees. As of June 30, 2020, accrued vacation and sick leave aggregated \$42,035,073 and is based upon the following criteria:

Monthly employees earn a maximum of 88 hours of vacation leave during each of the first 5 years of service. After 5 years of service, a maximum of 128 hours are earned each year, and after 10 years of service, 8 additional hours of vacation are earned per year up to 168 hours. After 25 years of service, monthly employees (except those in management positions) earn an additional 40 hours of vacation. In addition, earned vacation leave can be accumulated for one or two 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 one year and may be used on or after January 1 of the next year in accordance with Subsection 6.2A of the Districts' Salary Resolution.

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

(K) Amortization of Premium on Bonds

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 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 outflow/inflow of resources related to pensions and pension expense, information about the fiduciary net position of the Districts' California Public Employees' Retirement System (CalPERS) 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) Other Postemployment Benefits (OPEB)

For purposes of measuring the net liability and deferred outflow/inflow of resources related to other postemployment benefits, information about the fiduciary net position of the Districts' California

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

Employer's Retiree Benefit Trust Program (CERBT) (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. Investments are reported at fair value. For additional information, see Note 12.

(O) 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.

(P) Net Position

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

Net investment in capital assets consists of capital assets, net of accumulated depreciation, 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.

(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 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 requires that revenues and expenses that can be readily identified by District shall be applied directly to that District. Except for some of the Districts that have a fixed percentage, indirect expenses are apportioned based upon the ratio of each District's sewage units to the sewage units within all Districts. A sewage unit represents the average 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 (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 and expenses from these activities be proportioned to each District based upon the ratio of each District's sewage units to the sewage units within all Joint Outfall Districts.

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

Joint Powers Agreements with Los Angeles County

The Districts maintain closed landfills (Mission Canyon and Palos Verdes) and operate open landfills (Calabasas and Scholl Canyon) on behalf of the County of Los Angeles (County). Each landfill is governed by a separate Joint Powers Agreement (JPA) between District No. 2 and the County whereby operations and maintenance expenses are financed by revenues derived from each facility (i.e., at no cost to the Districts). The County of Los Angeles provides funding for the closed sites.

Additionally, the County and 15 of the Joint Outfall Districts participate in a fifth JPA that establishes the Los Angeles County Refuse Disposal Fund and the Los Angeles County Refuse Disposal Equipment Pool. These funds, together with the four County-owned landfills, are collectively reported as the Trustee Landfills.

Program development, future landfill acquisitions, and major capital expenses 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's provide that money 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. The Scholl Canyon JPA 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 County of Los Angeles, through its Financing Authority, issued \$38.5 million of lease revenue bonds to be used for improvements at Calabasas Landfill. 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.

Sanitation Districts Solid Waste Management System Agreement

Districts 1, 2, 3, 5, 8, 15, 16, 17, 18, 19, 21, 22, 23, 29, and South Bay Cities Sanitation District 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.

Joint Exercise of Powers Agreement

Districts 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 (the Authority) (see Note 1A).

(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*

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

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.

Fair Value of Investments. The Districts measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. All debt securities have been valued using prices quoted in active markets (level 1 fair value hierarchy) for those securities.

As of June 30, 2020, 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	\$ 643,494,101 (1)	101,466,752	153,191,160	388,836,189
AA-Rated Medium Term Corporate Notes	263,388,665 (1)	7,227,264	106,851,468	149,309,933
A-Rated Medium Term Corporate Notes	85,848,741 (1)	-	45,373,260	40,475,481
Los Angeles County Pooled Surplus Investment Fund	1,418,872,090	1,418,872,090	-	-
U.S. Bank Commercial Paper	15,982,168	15,982,168	-	-
First American Government Obligation Mutual Fund	7,605	7,605	-	-
	<u>\$ 2,427,593,370</u>	<u>1,543,555,879</u>	<u>305,415,888</u>	<u>578,621,603</u>

(1) A portion of these securities are callable beginning:

	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025
Quarterly	\$ 171,048,528	62,540,973	-	123,098,453	-
Semi-annually	151,872,101	71,557,305	-	-	-
Annually	76,383,343	-	-	-	-
Continuously	51,038,097	-	-	-	17,311,834
One Time	-	26,249,937	4,469,380	-	-
	<u>\$ 450,342,069</u>	<u>160,348,215</u>	<u>4,469,380</u>	<u>123,098,453</u>	<u>17,311,834</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 with an original term greater five years.

Credit Risk. Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2020, 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 the First American Government Obligation Mutual Fund was rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. The Districts' investment in United States Agency securities was rated AA+ at the time of purchase by Standard & Poor's and Aaa by Moody's

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

Investors Service. The Districts' investments in Corporate Bonds were rated A or better at the time of purchase 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 Sanitation District prescribe that all investments are subject to the conditions and limits as set forth in 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 a District's funds. These Districts' policies allow for investments in medium-term AAA-rated, AA-rated, and A-rated corporate and depository institution debt securities with original maturities of five years or less. No individual medium-term AAA-rated or AA-rated security may exceed 10% of a District's funds. No individual medium-term A-rated security may exceed 2% of the District's funds. All medium-term A-rated securities in aggregate may not exceed 10% of a District's funds, and all medium and short-term investments in aggregate may not exceed 20% of a District's funds.

The Districts' cash, cash equivalents, and specific investments at June 30, 2020, are classified on the accompanying statement of net position as follows:

Unrestricted cash and cash equivalents	\$ 504,497,793
Restricted/designated cash equivalents and specific investments	1,856,478,975
Other specific investments	<u>66,616,602</u>
	2,427,593,370
Cash in bank	36,523,714
Cash on hand	<u>46,582</u>
	<u>\$ 2,464,163,666</u>

Restricted cash, cash equivalents, and specific investments are defined as funds that have been established to comply with restrictions that have been imposed externally through law, administrative action, or contractual agreements. Restricted funds can only be used for the purpose for which they were established until the restrictions are removed by the party that imposed them or the contractual agreement that created them has expired or been satisfied.

Designated cash, cash equivalents, and specific investments are defined as funds for which the Districts' Boards have imposed restrictions on the use of the funds for specific purposes such as capital facilities, land acquisition, and repair/replacement of existing assets. The Board may designate these purposes either through specific action or through approval of the annual budget. These funds have no legal constraints and each District's Board has the discretion to amend the actual or intended use of these funds.

Cash, cash equivalents, and specific investments that do not meet the definition of restricted or designated are classified as unrestricted.

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

The total restricted and designated cash, cash equivalents, and specific investments are comprised of the following at June 30, 2020:

	Fund Type	Cash and Cash Equivalents	Specific Investments	Total
Bond Proceeds with Trustee	Restricted	\$ 7,605	-	7,605
Capital Improvement	Restricted	423,247,400	199,179,026	622,426,426
Capital Projects Financial Stability	Designated	132,062,105	81,656,430	213,718,535
Closure/Postclosure Reserves	Restricted	119,973,826	296,473,531	416,447,357
Corrective Action	Restricted	557,094	2,949,987	3,507,081
Emergency	Designated	13,733,637	-	13,733,637
Vacation/Sick Leave	Designated	26,211,461	-	26,211,461
Liability Reserve	Designated	5,647,592	12,946,267	18,593,859
O&M Financial Stability	Designated	92,006,994	152,253,396	244,260,390
Other	Both	11,926,003	-	11,926,003
Site Development	Restricted	34,509,082	3,129,237	37,638,319
Backup Post Closure Reserve	Designated	70,481,271	177,527,031	248,008,302
		<u>\$ 930,364,070</u>	<u>926,114,905</u>	<u>1,856,478,975</u>

Cash in Bank

At June 30, 2020, the Districts' cash in bank deposits was \$36,523,714. 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, 2020, the Districts had imprest cash funds in the amount of \$46,582.

Cash and Cash Equivalents

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

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

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 liquid.

Specific Investments

These represent investments in U.S. Agency securities, AA-rated medium-term corporate notes, and A-rated medium-term corporate notes.

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 June 30, 2020, bond funds of \$7,605 are invested in First American Government Obligation Mutual Fund, as permitted by the bond indentures.

(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, 2020, the Districts recorded the following service charge revenues:

District	Amount
District 1	\$ 27,840,045
District 2	38,998,800
District 3	31,507,623
District 4	3,966,660
District 5	43,973,848
District 8	11,544,815
District 9	106,333
District 14	33,950,400
District 15	30,673,648
District 16	18,117,118
District 17	2,403,594
District 18	21,448,499
District 19	7,028,787
District 20	24,942,758
District 21	26,507,210
District 22	21,280,283
District 23	418,969

(continued on following page)

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

District	Amount
District 28	683,380
District 29	1,976,090
Joint Outfall	104
Santa Clarita Valley	35,457,295
South Bay Cities	7,006,401
	\$ 389,832,660

(5) Property Taxes

The County is permitted by the California Constitution (Proposition 13) to levy taxes on real property up to one percent of full cash value (determined at time of purchase) and subsequent assessed values may increase no more than two percent per year unless there is a change in ownership or completion of new construction. The Districts receive a share of these tax revenues in accordance with provisions of Section 26912 of the Government Code and Section 95-100 of the Revenue and Taxation Code.

Taxes Become a Lien

All tax liens attach annually on the first day in January preceding the fiscal year for which the taxes are levied. Taxes are levied on both real and personal property as they exist on that date. The lien against real estate or the tax on personal property is not relieved by subsequent removal or change of ownership, and the Tax Collector cannot accept payment for taxes on real property unless the personal property tax indicated on the tax bill has been paid or is tendered. Secured property taxes are a lien against real property. Tax levies cover the fiscal year period July 1 to June 30; for instance, the 2019 tax levy is for the fiscal year 2019-2020.

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 become delinquent if payment is not made or postmarked by December 10; and taxes due on February 1 become delinquent if payment is not made or postmarked by April 10. If December 10 or April 10 fall on Saturday, Sunday, or a legal holiday, the delinquency date is extended to the next business day. The entire tax on real property may be paid with the first installment.

Unsecured personal property taxes are not a lien against real property and are due on the first of January each year. These taxes become delinquent if not paid or postmarked by August 31. If August 31 falls on Saturday, Sunday, or a legal holiday, the delinquency date is extended to 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.

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

(6) Accounts Receivable

Accounts receivable is composed of the following:

	2020	2019
Sale of commodities	\$ 123,499	52,602
Sale of energy	4,782,112	3,959,067
Industrial waste surcharge	20,719,168	23,401,170
Tipping fees, net of allowance	8,315,083	11,598,392
Other	2,869,787	7,716,817
Total accounts receivable	\$ 36,809,649	46,728,048

(7) Capital Assets

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

	June 30, 2019	Increases	Decreases	June 30, 2020
Capital assets, not being depreciated:				
Construction in progress (see note 16)	\$ 404,071	196,454	(54,183)	546,342
Land	221,276	106	(592)	220,790
Total capital assets, not being depreciated	625,347	196,560	(54,775)	767,132
Capital assets, being depreciated or amortized:				
Buildings and equipment	84,633	3,602	-	88,235
Capital improvements	544,823	1,472	-	546,295
Composting facility	122,774	642	-	123,416
Disposal rights	91,819	2,455	-	94,274
Equipment pool	66,577	11,299	(2,655)	75,221
Gas-to-energy facilities	217,401	-	(253)	217,148
Other	51,516	1,393	(20)	52,889
Rail facilities	110,372	-	-	110,372
Recycling and transfer facilities	72,034	2,789	(424)	74,399
Treatment plants	2,093,940	38,925	(7,476)	2,125,389
Trunk lines	1,442,895	22,215	-	1,465,110
Use rights	69,780	-	-	69,780
Total capital assets, being depreciated or amortized	4,968,564	84,792	(10,828)	5,042,528
Accumulated depreciation and amortization:				
Buildings and equipment	(52,106)	(2,489)	-	(54,595)
Capital improvements	(446,982)	(2,753)	-	(449,735)
Composting facility	(12,910)	(3,099)	-	(16,009)
Disposal rights	(41,003)	(2,189)	-	(43,192)
Equipment pool	(33,008)	(5,077)	2,060	(36,025)
Gas-to-energy facilities	(139,884)	(4,964)	-	(144,848)
Other	(22,225)	(2,173)	20	(24,378)
Rail facilities	(3,402)	(1,408)	-	(4,810)
Recycling and transfer facilities	(24,812)	(1,956)	148	(26,620)
Treatment plants	(798,439)	(54,255)	841	(851,853)
Trunk lines	(587,678)	(22,273)	-	(609,951)
Use rights	(26,713)	(52)	-	(26,765)
Total accumulated depreciation and amortization	(2,189,162)	(102,688)	3,069	(2,288,781)
Total capital assets, being depreciated, net	2,779,402	(17,896)	(7,759)	2,753,747
Total capital assets, net	\$ 3,404,749	178,664	(62,534)	3,520,879

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

Depreciation and amortization expense was charged to the Districts' various operations as follows:

Sewerage Operations	\$	82,500,580
Solid Waste Facilities Operations		8,233,694
Trustee Solid Waste Operations		4,232,729
Service Operations		<u>7,721,580</u>
Total depreciation and amortization expense	\$	<u>102,688,583</u>

(8) Long-Term Debt

Revenue Bonds-Other Debt

In July 2011, the 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 Authority's outstanding 2003 Series A Bonds and pay costs of issuance. These serial bonds mature in varying amounts on October 1 in years 2014 through 2023 at coupon rates ranging from 2.5% to 5.0%. 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 Authority issued \$107,620,000 of 2013 Series A Capital Projects Senior Ad Valorem Obligation Bonds (2013 Series A Bonds). The proceeds of the 2013 Series A Bonds were 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.

The bonds are secured by a pledge of revenue and a covenant to set rates sufficient to make all bond obligation payments, including operation and maintenance costs, and that net revenues will at least equal the sum of (a) 120% of debt service on senior obligations for such fiscal year, and (b) 110% of debt service on subordinate obligations for such fiscal year.

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

Revenue bond debt obligations contain provisions providing: (a) if one or more Districts fail to pay installment obligations, then each non-defaulting District is obligated to pay an additional amount up to 20% of the amount payable by the non-defaulting District; (b) in the event of default by all Districts, any and all amounts related to the defaulted obligation become immediately due and payable; and (c) if an individual District is in default of any senior obligation, including state loans, all amounts due and payable with respect to such senior obligation become immediately due and payable.

Bonds-Direct Placement

In November 2008, the Authority executed a direct placement of \$19,661,583 in 2008 Series A Clean Renewable Energy Bonds (CREB's). The proceeds of the bonds were used to pay a portion of the cost of acquiring, constructing, and installing the Calabasas Gas-to-Energy Facility. The CREB's were issued at a rate of 1.25% per annum and mature on December 15, 2021.

The indenture and related agreements (Agreements) executed in conjunction with the issuance of the CREB's contain provisions to accelerate payment of outstanding principal and interest if an event of default occurs and is not cured within 30 days. Events of default include the failure to timely pay principal and interest payments, violation of any of the Agreements' covenants, or the filing of a petition or answer by the Authority seeking arrangement or reorganization under the federal bankruptcy laws. There is also a provision in the Agreements for the Authority to make an additional payment to the bond holders if the Authority's action or inaction results in the CREB's losing their Clean Renewable Energy Bond status as defined by Section 54 of the Internal Revenue code. This additional payment would equal to the amount required to result in an effective yield of 7.7229% to the affected bond owners. To date, there has not been an event of default, and the CREB's have not lost their CREB status with the IRS.

The CREB's are secured by a pledge of funds designated for CREB repayment.

Total Bond Indebtedness

The Districts' bond indebtedness is summarized as follows:

		Balance at June 30, 2019	Additions	Redemptions	Balance at June 30, 2020	Due Within One Year
2008 Series A	Direct Placement	\$ 4,213,198	-	(1,404,400)	2,808,798	1,404,400
2011 Series A	Revenue Bonds	75,150,000	-	(26,390,000)	48,760,000	26,870,000
2013 Series A	Revenue Bonds	9,925,000	-	(3,095,000)	6,830,000	4,035,000
2015 Series A	Revenue Bonds	136,440,000	-	(3,255,000)	133,185,000	3,425,000
2016 Series A	Revenue Bonds	163,885,000	-	(3,420,000)	160,465,000	3,600,000
		\$ 389,613,198	-	(37,564,400)	352,048,798	39,334,400
	Plus unamortized premium	34,294,534	-	(4,830,175)	29,464,359	-
	Bonds payable, net	\$ 423,907,732	-	(42,394,575)	381,513,157	39,334,400

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

Total Bond Debt Outstanding

The annual requirements to satisfy all bond debt outstanding as of June 30, 2020, are as follows:

Fiscal year ending June 30:	Revenue Bonds		Direct Placements		Total	
	Interest	Principal	Interest	Principal	Interest	Principal
2021	\$ 15,555,507	37,930,000	26,333	1,404,400	15,581,840	39,334,400
2022	14,184,694	17,390,000	8,778	1,404,398	14,193,472	18,794,398
2023	13,375,744	15,370,000	-	-	13,375,744	15,370,000
2024	12,607,644	16,135,000	-	-	12,607,644	16,135,000
2025	11,976,619	9,485,000	-	-	11,976,619	9,485,000
2026-2030	51,609,970	61,500,000	-	-	51,609,970	61,500,000
2031-2035	32,508,670	99,240,000	-	-	32,508,670	99,240,000
2036-2040	11,263,741	61,075,000	-	-	11,263,741	61,075,000
2041-2043	1,900,100	31,115,000	-	-	1,900,100	31,115,000
	\$ 164,982,689	349,240,000	35,111	2,808,798	165,017,800	352,048,798
Unamortized premium	-	29,464,359	-	-	-	29,464,359
Bonds payable, net	\$ 164,982,689	378,704,359	35,111	2,808,798	165,017,800	381,513,157

State Water Resources Control Board-Direct Borrowing

The Districts also have state revolving fund loans payable to the State Water Resources Control Board, issued at rates ranging from 1.7% to 2.8%. These loan funds are received on an installment basis as the Districts incur the related expenses 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.

Loans are secured by a pledge of net revenue and operating funds. The loans contain provisions that if any participating District fails to make scheduled payments, the State may assess penalties and proceed with legal action to enforce remedies. Further, a default in any senior loan payment may result in accelerated revenue bond payments. As of June 30, 2020, undrawn credit of \$9,663,648 was available for the San Jose Creek East Flow Equalization loan.

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

Description	Balance at July 1, 2019	Drawdowns/ Capitalized Interest	Redemptions	Balance at June 30, 2020	Due Within One Year
Alamitos Pumping Plant Force Main No. 2	\$ 707,514	-	45,188	662,326	45,956
Biological Reactors/Secondary Clarifiers	24,515,971	-	5,912,709	18,603,262	6,054,614
Central Odor Control System	3,444,596	-	574,099	2,870,497	574,099
Cryogenic Oxygen Generation	4,805,156	-	1,201,289	3,603,867	1,201,289
Digestion Tanks 17-23	13,293,081	-	2,658,616	10,634,465	2,658,616
Environmental Laboratory Building	2,409,336	-	481,867	1,927,469	481,867
Fuel Gas Compressor Upgrade	147,254	-	36,813	110,441	36,813
Heat Recovery Steam Generation Equipment	1,735,657	-	216,957	1,518,700	216,957
High-Speed Scroll Centrifuges Purch & Install	1,393,772	-	232,295	1,161,477	232,295
Install of Secondary Infl Pumping Equip Stg II	486,767	-	81,128	405,639	81,128
Installation of Secondary Influent Pumping Equip	951,740	-	237,935	713,805	237,935
JO "A" Unit 1A - Dist 5 Interceptor Trunk Sewer	10,799,745	-	535,193	10,264,552	546,433
JO "A" Unit 6 Rehabilitation	11,852,561	41,840	328,235	11,566,166	311,881

(continued on following page)

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

Description	Balance at July 1, 2019	Drawdowns/ Capitalized Interest	Redemptions	Balance at June 30, 2020	Due Within One Year
JO "B" Unit 1A Rehabilitation	\$ 10,031,501	-	270,498	9,761,003	275,096
JO "D" Units 7&8 Rehabilitation	8,596,874	-	231,813	8,365,061	235,754
Lancaster - Rosamond Outfall & TS, Phase 1	3,234,260	-	372,847	2,861,413	381,423
Lancaster - Rosamond Outfall & TS, Phase 2	5,619,381	-	647,805	4,971,576	662,705
Lancaster - Rosamond Outfall & TS, Phase 3	5,154,757	-	594,243	4,560,514	607,911
Lancaster WRP Stage V Expansion	53,670,840	-	3,522,977	50,147,863	3,614,575
Long Beach Main PP Facility Upgrades	41,249,131	-	1,823,007	39,426,124	1,857,644
Long Beach WRP Aeration System	92,128	-	23,032	69,096	23,032
Long Beach WRP Ammonia Addition Station	260,687	-	52,137	208,550	52,137
Long Beach WRP NDN Facilities	2,138,253	-	237,584	1,900,669	237,584
Long Beach WRP NDN Facilities Equip. Purch.	134,526	-	33,632	100,894	33,632
Los Coyotes WRP Ammonia Addition Station	377,687	-	75,537	302,150	75,537
Los Coyotes WRP Interceptor Sewer Rehab Phase	8,251,480	-	591,396	7,660,084	607,363
Los Coyotes WRP NDN Facilities	7,892,469	-	876,941	7,015,528	876,941
Modification of Biological Reactors	10,712,611	-	2,042,120	8,670,491	2,091,130
Modifications of Electrical Power	814,762	-	203,690	611,072	203,690
Pomona WRP NDN Facilities	1,541,107	-	308,222	1,232,885	308,222
Pomona WRP NDN Facilities Equip. Purch.	57,068	-	11,413	45,655	11,413
Power Generation Equipment Purchase	2,608,978	-	652,244	1,956,734	652,244
Power Generation Steam Turbine Generator	1,293,300	-	161,662	1,131,638	161,662
Primary Screenings and Grit Dewatering Fac.	2,344,689	-	586,172	1,758,517	586,172
Primary Tank Covers	670,990	-	218,380	452,610	223,621
Purch of Secondary Infl Pump Station Equip	3,286,435	-	547,739	2,738,696	547,739
Relocating and Installing High-Speed Centrifuge	421,811	-	105,453	316,358	105,453
San Jose Creek East Flow Equalization	14,671,862	4,929,911	-	19,601,773	-
San Jose Creek WRP NDN Fac. Equip Purch	460,908	-	76,818	384,090	76,818
San Jose Creek WRP NDN Facilities	3,133,776	-	522,296	2,611,480	522,296
Saugus WRP Equipment Purchases	534,779	-	89,130	445,649	89,130
Secondary Effluent Pumps	296,043	-	71,186	224,857	73,037
Silo Odor Control Facilities, Phase I	1,736,889	-	347,378	1,389,511	347,378
Silo Odor Control Facilities, Phase II	1,146,382	-	163,769	982,613	163,769
Valencia WRP Solids Processing Expansion	537,592	-	537,592	-	-
Valencia WRP Stage V Expansion	282,054	-	70,514	211,540	70,514
Valencia WRP Stage V	11,638,680	-	2,327,736	9,310,944	2,327,736
Valencia WRP Steam Boiler Upgrade	3,425,268	-	202,398	3,222,870	205,838
Waste Activated Sludge Thickening Expansion	838,209	-	209,552	628,657	209,552
Whittier Narrows WRP NDN Facilities	2,376,276	-	216,025	2,160,251	216,025
Wright Road Trunk Sewer Repair	421,029	-	30,347	390,682	31,136
	\$ 288,498,622	4,971,751	31,597,609	261,872,764	31,445,792
Less unamortized discount	<u>(12,436,549)</u>	<u>-</u>	<u>(2,359,758)</u>	<u>(10,076,791)</u>	<u>-</u>
Loans payable to State, net	\$ <u>276,062,073</u>	<u>4,971,751</u>	<u>29,237,851</u>	<u>251,795,973</u>	<u>31,445,792</u>

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

The annual debt service requirements as of June 30, 2020, for the Districts' indebtedness to the State are as follows:

Fiscal year ending June 30:	Interest	Principal	Total
2021	\$ 6,282,614	31,445,792	37,728,406
2022	6,218,461	32,363,205	38,581,666
2023	5,781,487	32,564,587	38,346,074
2024	4,782,018	23,064,796	27,846,814
2025	3,432,734	14,713,462	18,146,196
2026-2030	11,090,461	57,040,545	68,131,006
2031-2035	5,132,631	37,380,041	42,512,672
2036-2040	2,255,087	14,624,173	16,879,260
2041-2045	1,364,203	9,601,672	10,965,875
2046-2050	451,577	8,305,724	8,757,301
2051-2055	13,838	768,766	782,604
	\$ 46,805,111	261,872,763	308,677,874
Unamortized discount	-	(10,076,790)	(10,076,790)
Loans payable to State, net	\$ 46,805,111	251,795,973	298,601,084

(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. Expenses 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 also considered.

The Districts are self-insured for workers' compensation benefits. As of June 30, 2020, the liability for workers' compensation claims was estimated at \$9,423,976. Accordingly, this amount has been accrued in the accompanying basic financial statements. At June 30, 2020, there were no reportable claims other than workers' compensation benefits as follows:

	2020	2019
Unpaid claims, beginning of fiscal year	\$ 11,081,926	11,146,212
Incurred claims	130,789 *	2,627,432
Claim payments	(1,788,739)	(2,691,718)
Unpaid claims, end of fiscal year	\$ 9,423,976	11,081,926
Due within one year	\$ 2,376,278	2,765,987

*Includes both new claims and change in estimated liability for existing claims.

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

The Districts are insured for a variety of potential exposures. The following is a summary of the insurance policies carried by the Districts as of June 30, 2020:

Type of Insurance	Limits
Property Policy - (Fire and Theft)	
Building and Business Personal - Blanket	\$496,537,799
Deluxe Business Income & Extra Expense	10,000,000
Property Policy - (Fire and Theft) CALF/Saugus	
Building and Business Personal - Blanket	\$5,139,251
Property Policy - (Fire and Theft) Valencia	
Building and Business Personal - Blanket	\$18,818,285
Pollution Legal Liability	\$5,000,000
Drone Liability	\$1,000,000
Automobile Liability	\$1,000,000
All Risk - (Boiler and Machinery)	
PERG, Total Energy	\$100,000,000
Property Damage & Business Interruption	\$100,000,000
Deductible - All Turbine Generators at PERG	
Sub Limits:	\$172,683,000
Business Interruption	16,522,000
Extra Expense	20,250,000
Extra Expense	5,000,000
Hull and Machinery - (Vessel Liability)	
66' Westport	\$500,000
25' Farallon	\$45,000
Boston Whaler	\$2,500
Protection and Indemnity	\$1,000,000
Excess Protection and Indemnity	\$5,000,000 excess of \$1,000,000
Excess Protection and Indemnity	\$4,000,000 excess of \$6,000,000
Fiduciary Liability - (Deferred Comp. Program)	\$1,000,000
Crime Policy - (Employee Theft)	\$5,000,000
Excess Liability - (General Liability)	\$10,000,000
	\$5,000,000 excess of \$15,000,000

(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.

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

(11) Defined Benefit 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 (State). 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 from the CalPERS website at www.calpers.ca.gov or by calling 888-CalPERS (or 888-225-7377).

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 (or age 52 if hired on or after January 1, 2013) 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: 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, 2020, 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% ⁽¹⁾	5.750%

The required employer blended contribution rate is 8.234%

⁽¹⁾ Employees hired prior to January 1, 2013, are required to contribute 1/2% of their total CalPERS reportable compensation toward the unfunded accrued liability (UAL) if the District's employer CalPERS cost, as a percentage of payroll, is 25% or greater. If the the cost is 30% or greater, the contribution rate will be 1%.

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

Employees Covered

The following employees were covered by the benefit terms for each Plan as of June 30, 2019, the date of the latest actuarial valuation:

Inactive employees or beneficiaries currently receiving benefits	1,694
Inactive employees or beneficiaries entitled to but not yet receiving benefits	487
Active employees not receiving benefits	1,650
	3,831

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that 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.

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, 2019, using an annual actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, using standard actuarial methods. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Actuarial cost method	Entry-age Normal Cost Method
Actuarial assumptions	
Discount rate	7.15%
Inflation	2.50% per annum
Payroll growth	3.00%
Projected salary increases	Varies by entry age and service
Mortality	Derived by using CalPERS membership data for all funds

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018, valuation were based on 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more information, please refer to the December 2017 experience study report that can be found on the CalPERS website.

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

Discount Rate and Rate of Return

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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 considered 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+ 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 rounded 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 equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the expected real rates of return by asset class.

<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	50%	4.80%	5.98%
Global Fixed Income	28%	1.00%	2.62%
Private Equity	8%	6.30%	7.23%
Real Estate	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
	<u>100%</u>		

(a) Expected inflation of 2.0% used for this period

(b) Expected inflation of 2.92% used for this period

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

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, 2019 ⁽¹⁾	\$ 1,758,482,994	1,368,795,296	389,687,698
Changes in the year:			
Service cost	24,608,396	-	24,608,396
Administrative expenses	-	(976,802)	976,802
Interest on the total pension liability	123,796,546	-	123,796,546
Difference between expected and actual experience	2,860,402	-	2,860,402
Changes in assumptions	-	-	-
Contributions-employer	-	34,883,099	(34,883,099)
Contributions-employee (paid by employer)	-	11,327,002	(11,327,002)
Net investment income	-	89,308,730	(89,308,730)
Other miscellaneous income/(expense)	-	3,185	(3,185)
Benefit payments, including refunds	(84,454,739)	(84,454,739)	-
Net Changes	<u>66,810,605</u>	<u>50,090,475</u>	<u>16,720,130</u>
Balance at June 30, 2020 ⁽²⁾	<u>\$ 1,825,293,599</u>	<u>1,418,885,771</u>	<u>406,407,828</u>

⁽¹⁾ Measurement date June 30, 2018

⁽²⁾ Measurement date June 30, 2019

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 current discount rate and using a discount rate 1% lower and 1% higher than the current rate.

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
Discount Rate	6.15%	7.15%	8.15%
Net pension liability \$	642,869,514	406,407,828	209,841,856

Pension Plan Fiduciary Net Position

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

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

Pension Expenses and Deferred Outflow/Inflow of Resources

For the fiscal year ended June 30, 2020, the Districts recognized pension expense of \$62,039,722. At June 30, 2020 the Districts reported deferred outflow of resources and deferred inflow of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Pension contributions subsequent to measurement date	\$ 40,465,086	-
Changes in assumptions	29,489,796	(5,518,626)
Difference between expected and actual experiences	2,195,192	(19,337,859)
Net difference between projected and actual pension plan investments	-	(7,725,051)
Total	\$ 72,150,074	(32,581,536)

Deferred outflow of resources of \$40,465,086 are related to contributions made subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2021. Other amounts reported as deferred outflow of resources and deferred inflow of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30		Pension Expense
2021	\$	13,969,907
2022		(13,131,682)
2023		(3,342,643)
2024		1,607,870
Total	\$	(896,548)

Payable to the Pension Plan

The Districts did not have an outstanding amount due for required contributions to the pension plan for the fiscal year ended June 30, 2020.

(12) Other Postemployment Benefits (OPEB) Plan

Plan Description

The Districts provide health care and dental benefits for qualifying 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 by accessing the Forms & Publication Center of the CalPERS website at www.calpers.ca.gov or by calling 888-CalPERS (or 888-225-7377).

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

Benefits Provided

Employees hired prior to July 1, 2011 (September 1, 2015 for Technical Support unit) who retire (service or disability) directly from the Districts with a minimum of 5 years of Districts service are eligible for other postemployment benefits. The Districts pay retiree and dependent medical premiums up to the Kaiser Permanente premium cap (greater of Los Angeles or Other Southern California premium) depending on employee classification:

	Hourly Employees	Monthly Employees
2019	\$ 628.63	\$ 1,634.44
2020	\$ 664.39	\$ 1,634.81

The Districts contribute the greater of the cap above and the State 100/90 premium for employees hired on or after July 1, 2011 (September 1, 2015 for Technical Support unit employees). Benefits are 50% vested after 10 years of CalPERS service with a minimum of 5 years Districts service and reach full vesting at 20 years of CalPERS service. Disability retirement qualifies for 100% vested benefit.

	Single	2-Party	Family
2019	\$ 734.00	\$ 1,398.00	\$ 1,788.00
2020	\$ 767.00	\$ 1,461.00	\$ 1,868.00

The Districts pay dental premiums up to \$31.25 monthly.

Employees Covered

The following employees were covered by the benefit terms for each Plan as of June 30, 2019, the date of the latest actuarial valuation:

Inactive employees or beneficiaries currently receiving benefits	1,389
Inactive employees or beneficiaries entitled to but not yet receiving benefits	53
Active employees not receiving benefits	<u>1,664</u>
	<u>3,106</u>

Contributions

The obligation of the Districts to contribute to plan benefits is established and can be amended by Districts Boards action. Employees are not required to contribute to the plan. For the fiscal year ended June 30, 2020, the Districts total employer contribution to the plan was \$25,308,182.

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

Net OPEB Liability

The Districts' net OPEB liability was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019. A summary of principal assumptions and methods used to determine the net OPEB liability is shown below.

Actuarial assumptions	
Discount rate	6.75%
Inflation	2.75% per annum
Aggregate payroll increases	3.00%
Expected long-term investment rate of return	6.75%, net of investment expenses
Mortality, termination, and disability	CalPERS 1997-2015 Experience Study
Mortality improvement scale	Mortality projected fully generational with Scale MP-2019
Healthcare trend rate	Non-Medicare-7.25% for 2021, decreasing to 4% for 2076 and later Medicare-6.3% for 2021, decreasing to 4% for 2076 and later

Discount Rate and Rate of Return

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total liability.

The long-term expected rate of return on OPEB 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 OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimate of real rates of return for each major asset class are summarized in the following table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
Equities	59%	4.82%
Fixed income	25%	1.47%
TIPS	5%	1.29%
Commodities	3%	0.84%
REITs	8%	3.76%
Assumed long-term rate of inflation		2.75%
Expected long-term net rate of return, rounded		6.75%

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

Changes in the Net OPEB Liability

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

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2019 ⁽¹⁾	\$ 413,731,677	180,788,860	232,942,817
Changes in the year:			
Service cost	9,666,245	-	9,666,245
Administrative expenses	-	(68,514)	68,514
Interest on the total OPEB liability	28,036,717	-	28,036,717
Difference between expected and actual experience	(37,226,926)	-	(37,226,926)
Changes in assumptions	(9,233,081)	-	(9,233,081)
Contributions-employer	-	25,681,125	(25,681,125)
Net investment income	-	11,739,879	(11,739,879)
Benefit payments, including refunds	(16,078,323)	(16,078,323)	-
Net Changes	<u>(24,835,368)</u>	<u>21,274,167</u>	<u>(46,109,535)</u>
Balance at June 30, 2020 ⁽²⁾	<u>\$ 388,896,309</u>	<u>202,063,027</u>	<u>186,833,282</u>

⁽¹⁾ Measurement date June 30, 2018

⁽²⁾ Measurement date June 30, 2019

Sensitivity of the OPEB Liability to Changes in the Discount Rate

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

	1% Decrease	Current Rate	1% Increase
Discount Rate	5.75%	6.75%	7.75%
Net OPEB liability	\$ 241,411,288	186,833,282	142,113,281

Sensitivity of the OPEB Liability to Changes in the Healthcare Trend Rate

The healthcare trend rates used to calculate the total OPEB liability were 7.25% for Medicare and 6.3% for non-Medicare for 2021, with both decreasing to an ultimate rate of 4% in 2076. The following presents the net OPEB liability of the Districts calculated using the current healthcare trend rates, as well as what the Districts' net OPEB liability would be if it were calculated using a rate 1% lower or 1% higher than the current rate.

	1% Decrease	Current Rate	1% Increase
Net OPEB liability	\$ 138,058,193	186,833,282	247,365,922

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

OPEB Plan Fiduciary Net Position

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

OPEB Expenses and Deferred Outflow/Inflow of Resources

For the fiscal year ended June 30, 2020, the Districts recognized OPEB expense of \$15,945,266. At June 30, 2020, the Districts reported deferred outflow of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
OPEB contributions subsequent to measurement date	\$ 25,308,182	-
Changes in assumptions	-	7,641,170
Difference between expected and actual experiences	-	30,808,490
Net difference between projected and actual OPEB plan investments	-	2,685,510
Total	\$ 25,308,182	41,135,170

Deferred outflow of resources of \$25,308,182 are related to contributions made subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the fiscal year ended June 30, 2021. Other amounts reported as deferred inflow of resources related to OPEB will be an offset of OPEB expense as follows:

Year Ended June 30	OPEB Expense
2021	\$ (9,320,567)
2022	(9,321,567)
2023	(8,227,569)
2024	(7,857,195)
2025	(6,408,272)
Total	\$ (41,135,170)

(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 2020 and 2021 is \$19,500.

At June 30, 2020, assets with a fair value of \$340,963,784 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.

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

(14) Compensated Absences

The changes to compensated absences balances at June 30, 2020, were as follows:

	<u>Balance at</u> <u>July 1, 2019</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance at</u> <u>June 30, 2020</u>	<u>Due Within</u> <u>One Year</u>
\$	38,075,381	31,371,730	27,412,038	42,035,073	27,000,000

(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, 2020:

Receivable/(Payable) - Due To (From):	Payable/(Receivable) - Due From/(To) Service Operations for:					
	Advance Subsequent Month's Operations	Additional Liquidity (COVID Response)	Unsettled Salaries and Benefits	Advance for Equipment Purchases	Unsettled Payment Corrections	Total Due From
Sewerage Operations	\$ 15,050,618	16,944,480	(179,675)	2,800,000	(2,651,032)	31,964,391
Stormwater Operations	-	10,440	2,015	-	-	12,455
Solid Waste Facilities Operations	773,307	3,384,845	191,465	-	-	4,349,617
Trustee Solid Waste Facilities Operations:	<u>454,075</u>	<u>1,709,035</u>	<u>(111,547)</u>	<u>-</u>	<u>-</u>	<u>2,051,563</u>
Total Payable/(Receivable) from Service Operations	\$ <u>16,278,000</u>	<u>22,048,800</u>	<u>(97,742)</u>	<u>2,800,000</u>	<u>(2,651,032)</u>	<u>38,378,026</u>

(B) Fund Transfers

The interdistrict fund transfers have been eliminated in the accompanying basic financial statements. Fund transfers are made to facilitate operations and fund capital improvements for shared operations. The following summarized interdistrict fund transfers, which have been included in the Districts' combining financial statements, at June 30, 2020:

Transfers Out:	Transfers In:		
	<u>Sewerage Operations</u>	<u>Service Operations</u>	<u>Net Transfers Out</u>
Sewerage Operations	\$ -	2,804,251	2,804,251
Stormwater Operations	5,600,000	-	5,600,000
Solid Waste Facilities Operations	-	456,965	456,965
Trustee Solid Waste Facilities Operations	-	249,918	249,918
Service Operations	-	-	-
Net Transfer In	\$ <u>5,600,000</u>	<u>3,511,134</u>	<u>9,111,134</u>

LOS ANGELES COUNTY SANITATION DISTRICTS

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%. The proceeds from the bonds, maturing in 2022, are drawn down periodically by the Districts to fund future capital expenses at the landfill. Although landfill revenue in excess of operation and maintenance expenses has been pledged toward the debt repayment, the County has the sole responsibility for the bonded indebtedness, even if a shortfall in landfill revenue occurs. Because of this, the County assumed responsibility under the amended agreement for setting the tipping fees at the landfill. The Districts act solely as an advisor on the rates that would be necessary to generate sufficient revenue to pay for operation, maintenance, capital, and debt service.

(E) Construction in Progress

The Districts have been involved in various construction projects throughout the fiscal year. Accordingly, the Districts have several contractual commitments, since many of the projects are still in the construction phase. Construction projects are being funded by loans from the State Water Resources Control Board, revenue bonds, and Districts' operating funds.

(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 Southeast Resource Recovery Facility Authority (SERRF); and (3) the Inland Empire Regional Composting Authority (IERCA). The governing bodies of these authorities are appointed pursuant to each of the

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

Joint Powers agreements. The budgeting and financing functions of SCCWRPA, SERRF, and IERCA are maintained by the individual authorities.

(A) SCCWRPA

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 sponsoring participants in this agreement are the Los Angeles County Sanitation Districts, the City of Los Angeles, the Orange County Sanitation District, and the City of San Diego. A major portion of funding (\$2,400,000 in 2019-2020) 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 operating expenses. Complete separate financial statements for SCCWRPA may be obtained at 3535 Harbor Blvd., Costa Mesa, California, 92626-1437.

(B) SERRF

The SERRF Authority was formed as a joint powers agency by an agreement between the 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 the facility from the SERRF Authority for purposes of operating the facility. The City's lease payments to the SERRF Authority are sufficient to meet the SERRF Authority's debt service obligations on the bonds, plus pay the SERRF Authority's administrative and other costs. Lease overpayments, if any, are refunded to the City. 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 expenses (i.e., labor) are accounted for in the City's Solid Waste Management Enterprise Fund.

The Districts account for this investment in SERRF using the cost method. The SERRF financial activity is included in the non-major proprietary fund titled *Solid Waste Management* in the financial statements of the City of Long Beach.

(C) IERCA

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

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

A summary of most recently available financial information of the above joint ventures are as follows (in thousands):

	IERCA 6/30/2020 Audited	SCCWRPA 6/30/2020 Audited	City of Long Beach Solid Waste Management (including SERRF) 9/30/2019 Audited
Total assets	\$ 84,581	6,059	50,208
Other liabilities	2,115	1,186	29,927
Bonds payable	-	-	-
Total liabilities	\$ 2,115	1,186	29,927
Districts' investment	39,752	-	-
Other	42,714	4,873	20,281
Total net position	\$ 82,466	4,873	20,281
Operating revenues	\$ 8,944	9,909	79,586
Operating expenses	(11,767)	(9,339)	(87,985)
Nonoperating revenues (expenses)	93	73	1,284
Capital contribution revenue (expense)	-	-	-
Transfers in/(out)	-	-	(1,032)
Change in net position	\$ (2,730)	643	(8,147)

(18) Landfill Closure and Postclosure Care

At June 30, 2020, the Districts reported a closure and postclosure care liability of \$462,719,050, which represents the cumulative amount reported to date based on the use of estimated capacity of the landfill sites as follows:

	Estimated Remaining Closure/ Postclosure Costs	Total Estimated Capacity (Tons in Millions)	Percentage of Capacity Used to Date	Closure/ Postclosure Liability Balance at July 1, 2019	Change in Estimated Closure/ Postclosure Cost	Closure/ Postclosure Costs Applied to Liability	Closure/ Postclosure Liability Balance at June 30, 2020
Landfills							
Trustee Landfills							
Calabasas	\$ 88,478,756	30.70	88.93	74,174,417	4,505,389	-	78,679,806
Scholl Canyon	12,484,747	33.80	93.79	11,139,191	569,877	-	11,709,068
Total Trustee Landfills	<u>100,963,503</u>			<u>85,313,608</u>	<u>5,075,266</u>	<u>-</u>	<u>90,388,874</u>
Districts' Landfills							
Puente Hills	318,326,236	142.05	100.00	185,886,726	140,186,699	(7,747,189)	318,326,236
Spadra	54,003,940	17.19	100.00	42,068,074	14,566,370	(2,630,504)	54,003,940
Total Districts' Landfills	<u>372,330,176</u>			<u>227,954,800</u>	<u>154,753,069</u>	<u>(10,377,693)</u>	<u>372,330,176</u>
Total all sites	\$ <u>473,293,679</u>			<u>313,268,408</u>	<u>159,828,335</u>	<u>(10,377,693)</u>	<u>462,719,050</u>

The remaining estimated cost of closure and postclosure costs for Calabasas and Scholl Canyon landfills will be recognized as the remaining estimated capacity is filled. These amounts represent what it would cost to perform all closure and postclosure care as of June 30, 2020. Actual costs may be higher due to inflation, changes in technology, or changes in regulation. The current liability due within one year is \$3,530,000 for Spadra, and \$10,730,000 for Puente Hills. The Palos Verdes landfill has been

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

closed since 1980. The County of Los Angeles is responsible for the site post closure care and has contracted with the Districts' to perform these services at no cost to the Districts.

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 have complied with these requirements, and at June 30, 2020, contributions of approximately \$416 million are held in restricted funds for these purposes. 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. Scholl Canyon landfill and Calabasas landfill are scheduled to close in 2024 and 2031 respectively.

(19) Environmental Liabilities

The Districts purchased the Fletcher Oil and Refining Company (FORCO) property, located 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. The changes in liabilities for pollution remediation during the fiscal year are as follows:

Balance at June 30, 2019	Additions or Adjustments	Payments Current Year	Balance at June 30, 2020	Due Within One Year
\$ 20,000,000	121,704	(121,704)	20,000,000	1,000,000

During fiscal year 2019-2020, the Districts were able to complete remediation efforts for the surface soils (the first 30 feet) and obtain regulatory closure from the Los Angeles Regional Water Quality Control Board (RWQCB). This accomplishment will allow for future development of the property. Additional work is required to remediate the deeper soils and groundwater and to monitor the site for an additional three-year period and return the land to productive use. The pollution remediation obligation is an estimate and subject to change over time due to changes in costs of goods and services, potential difficulties in obtaining regulatory closure, performance of the remediation technology, or changes in laws or regulations governing the remediation efforts.

LOS ANGELES COUNTY SANITATION DISTRICTS

Notes to Basic Financial Statements, Continued

(20) Prior-Period Adjustment

Adjustments and corrections to previously reported financial activities are recorded as prior-period adjustments. Several Districts have restated their net positions for the fiscal year ended June 30, 2019, from amounts previously reported as detailed below:

<u>Increase/ (Decrease)</u>	<u>in Net Position</u>	<u>Prior-Period Adjustment</u>
\$ (38,599,931)		Contractual obligations with the County of Los Angeles require the Districts to set aside funds for the future development of recreational areas subsequent to the closure of the Puente Hills and Scholl Canyon landfills. While these development funds have been accumulating in restricted funds as required, the net position has been restated to reflect the Districts' associated liabilities.
	750,169	Correction to previously recognized prior period adjustment to reflect construction retention adjustments as capital expenses.
	<u>\$ (37,849,762)</u>	

(21) Risks and Uncertainties

The World Health Organization has declared the outbreak of Novel Coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The COVID-19 outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. COVID-19 could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact. Nonetheless, the outbreak presents uncertainty and risk with respect to the Districts’ performance and financial results.

(22) Subsequent Event

On October 1, 2020, the Districts defeased all outstanding balances of the 2011 Series A Ad Valorem Obligation Bonds and 2013 Series A Ad Valorem Obligation Bonds. The aggregate principal amount defeased was \$24,680,000.

LOS ANGELES COUNTY SANITATION DISTRICTS

Required Supplemental Disclosure

June 30, 2020

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

Measurement Period	2018-2019	2017-2018	2016-2017	2015-2016	2014-2015	2013-2014
Total Pension Liability						
Service Cost	\$ 24,608,396	24,400,248	24,204,172	21,537,967	22,319,935	23,304,566
Interest	123,796,546	119,153,767	116,478,910	114,458,616	110,522,731	105,962,106
Changes in Benefit Terms	-	-	-	-	-	-
Difference Between Expected and Actual Experience	2,860,402	(16,743,416)	(30,829,545)	(15,215,092)	(10,061,243)	-
Changes in Assumptions	-	(10,317,430)	97,543,167	-	(27,590,677)	-
Benefits Payments, Including Refunds of						
Employee Contributions	(84,454,739)	(78,714,273)	(73,905,142)	(68,412,261)	(63,161,978)	(55,255,873)
Net Changes in Total Pension Liability	66,810,605	37,778,896	133,491,562	52,369,230	32,028,768	74,010,799
Total Pension Liability, Beginning	1,758,482,994	1,720,704,098	1,587,212,536	1,534,843,306	1,502,814,538	1,428,803,739
Total Pension Liability, Ending (a)	\$ 1,825,293,599	1,758,482,994	1,720,704,098	1,587,212,536	1,534,843,306	1,502,814,538
Plan Fiduciary Net Position						
Contribution-Employer	\$ 34,883,099	29,347,050	26,848,459	24,285,923	21,082,283	20,091,038
Contribution-Employee	11,327,002	11,175,795	11,300,541	11,387,270	11,456,578	12,344,493
Net Investment Income	89,308,730	109,161,181	134,988,348	6,422,215	28,129,212	187,477,208
Administrative Expenses	(976,802)	(2,031,552)	(1,780,853)	(751,740)	(1,381,953)	-
Benefits Payments, Including Refunds of						
Employee Contributions	(84,454,739)	(78,714,273)	(73,905,142)	(68,412,261)	(63,161,978)	(55,255,873)
Other Changes in Fiduciary Net Position	3,185	(3,861,137)	-	-	-	-
Net Changes in Fiduciary Net Position	50,090,475	65,077,064	97,451,353	(27,068,593)	(3,875,858)	164,656,866
Plan Fiduciary Net Position, Beginning	1,368,795,296	1,303,718,232	1,206,266,879	1,233,335,472	1,237,211,330	1,072,554,464
Plan Fiduciary Net Position, Ending (b)	\$ 1,418,885,771	1,368,795,296	1,303,718,232	1,206,266,879	1,233,335,472	1,237,211,330
Plan Net Pension Liability/(Asset)-Ending (a)-(b)	\$ 406,407,828	389,687,698	416,985,866	380,945,657	301,507,834	265,603,208
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.73%	77.84%	75.77%	76.00%	80.36%	82.33%
Covered Payroll	160,624,258	160,665,356	160,696,932	161,103,800	166,392,842	167,309,687
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	253.02%	242.55%	259.49%	236.46%	181.20%	158.75%

⁽¹⁾ The intent is to display information for the previous ten years. Additional years' information will be displayed as it becomes available.

LOS ANGELES COUNTY SANITATION DISTRICTS

Required Supplemental Disclosure, Continued

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, 2018, valuation date.

Assumption Changes: None in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate was reduced from 7.65% to 7.15%. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on a 7.5% discount rate.

Schedule of Plan Contributions ⁽¹⁾

	<u>2019-2020</u>	<u>2018-2019</u>	<u>2017-2018</u>	<u>2016-2017</u>	<u>2015-2016</u>	<u>2014-2015</u>	<u>2013-2014</u>
Actuarially Determined Contribution	\$ 40,465,086	34,883,099	29,347,050	26,848,459	24,285,923	21,082,283	20,091,038
Contributions in Relation to the Actuarially Determined Contribution	<u>(40,465,086)</u>	<u>(34,883,099)</u>	<u>(29,387,862)</u>	<u>(26,848,459)</u>	<u>(24,285,923)</u>	<u>(21,082,283)</u>	<u>(20,091,038)</u>
Contributions Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>(40,812)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered Payroll	\$ 170,881,958	160,624,258	160,665,356	160,696,932	161,103,800	166,392,842	167,309,687
Contributions as a Percentage of Covered Payroll	23.68%	21.72%	18.27%	16.71%	15.07%	12.67%	12.01%

⁽¹⁾ The intent is to display information for the previous ten years. Additional years' information will be displayed as it becomes available.

LOS ANGELES COUNTY SANITATION DISTRICTS

Required Supplemental Disclosure, Continued

Notes to Schedule

The actuarial methods and assumptions used to set the actuarially determined contribution for fiscal year 2019-2020 were from the June 30, 2018, funding valuation report.

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	For details, see June 30, 2016 Funding Valuation Report
Asset Valuation Method	Fair value of assets. For details, see June 30, 2016 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment Rate of Return	7.375% Net of Pension Plan Investment and Administrative Expenses; includes Inflation.
Retirement Age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from 1997-2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997-2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

LOS ANGELES COUNTY SANITATION DISTRICTS

Required Supplemental Disclosure, Continued

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

Measurement Period	<u>2018-2019</u>	<u>2017-2018</u>	<u>2016-2017</u>
Total OPEB Liability			
Service Cost	\$ 9,666,245	9,384,704	9,112,000
Interest	28,036,717	26,652,278	25,347,000
Difference Between Expected and Actual Experience	(37,226,926)	-	-
Changes in Assumptions	(9,233,081)	-	-
Benefits Payments, Including Refunds of Employee Contributions	<u>(16,078,323)</u>	<u>(15,538,305)</u>	<u>(15,240,000)</u>
Net Changes in Total OPEB Liability	<u>(24,835,368)</u>	<u>20,498,677</u>	<u>19,219,000</u>
Total OPEB Liability, Beginning	<u>413,731,677</u>	<u>393,233,000</u>	<u>374,014,000</u>
Total OPEB Liability, Ending (a)	<u>\$ 388,896,309</u>	<u>413,731,677</u>	<u>393,233,000</u>
 Plan Fiduciary Net Position			
Contribution-Employer	\$ 25,681,125	21,766,305	22,344,000
Contribution-Employee	-	-	-
Net Investment Income	11,739,879	12,939,641	15,137,000
Administrative Expenses	(68,514)	(301,781)	(77,000)
Benefits Payments, Including Refunds of Employee Contributions	<u>(16,078,323)</u>	<u>(15,538,305)</u>	<u>(15,240,000)</u>
Other Changes in Fiduciary Net Position	<u>-</u>	<u>-</u>	<u>-</u>
Net Changes in Fiduciary Net Position	<u>21,274,167</u>	<u>18,865,860</u>	<u>22,164,000</u>
Plan Fiduciary Net Position, Beginning	<u>180,788,860</u>	<u>161,923,000</u>	<u>139,759,000</u>
Plan Fiduciary Net Position, Ending (b)	<u>\$ 202,063,027</u>	<u>180,788,860</u>	<u>161,923,000</u>
 Plan Net OPEB Liability/(Asset)-Ending (a)-(b)	<u>\$ 186,833,282</u>	<u>232,942,817</u>	<u>231,310,000</u>
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	51.96%	43.70%	41.18%
Covered Payroll	\$ 160,624,258	160,665,356	160,696,932
Plan Net OPEB Liability/(Asset) as a Percentage of Covered Payroll	116.32%	144.99%	143.94%

⁽¹⁾ The intent is to display information for the previous ten years. Additional years' information will be displayed as it becomes available.

LOS ANGELES COUNTY SANITATION DISTRICTS

Required Supplemental Disclosure, Continued

Schedule of Other Postemployment Benefits Contributions

	<u>2019-20</u>	<u>2018-2019</u>	<u>2017-2018</u>
Actuarially Determined Contribution	\$ 27,380,000	25,681,125	21,766,000
Contributions in Relation to the Actuarially Determined Contribution	<u>(25,308,182)</u>	<u>(25,681,125)</u>	<u>(21,766,000)</u>
Contributions Deficiency (Excess)	\$ <u>2,071,818</u>	<u>-</u>	<u>-</u>
 Covered Payroll	 170,881,958	 160,624,258	 160,665,356
 Contributions as a Percentage of Covered Payroll	 16.02%	 15.99%	 13.55%

⁽¹⁾ The intent is to display information for the previous ten years. Additional years' information will be displayed as it becomes available.

Notes to Schedule

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Level percentage of payroll over 19-year fixed period for 2019-2020.
Asset Valuation Method	Investment gains and losses spread over a 5-year rolling period.
Inflation	2.75%
Salary Increases	3.00%
Investment Rate of Return	6.75% at 6/30/2018, net of investment expenses
Retirement Age	The probabilities of retirement are based on the CalPERS Experience Study for the period from 1997-2015.
Mortality	The probabilities of mortality are based on the CalPERS Experience Study for the period from 1997-2015, with mortality improvements based on MP-2019 scale.

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Exhibit D-1
LOS ANGELES COUNTY SANITATION DISTRICTS
Combining Schedule of Net Position
June 30, 2020

Assets	<u>Sewerage Operations</u>	<u>Stormwater Operations</u>	<u>Solid Waste Facilities Operations</u>	<u>Trustee Solid Waste Facilities Operations</u>	<u>Service Operations</u>	<u>Total</u>
Current assets:						
Unrestricted cash and cash equivalents:						
Cash in bank	\$ -	-	1,703,768	1,172,218	33,647,728	36,523,714
Cash on hand	-	-	23,189	10,976	12,417	46,582
Cash and cash equivalents	<u>382,867,963</u>	<u>1,159,910</u>	<u>48,793,084</u>	<u>55,476,852</u>	<u>16,199,984</u>	<u>504,497,793</u>
Total unrestricted cash and cash equivalents	<u>382,867,963</u>	<u>1,159,910</u>	<u>50,520,041</u>	<u>56,660,046</u>	<u>49,860,129</u>	<u>541,068,089</u>
Receivables:						
Accounts, net	21,772,116	230,832	11,169,740	3,464,363	172,598	36,809,649
Due from other funds (1)	57,341,127	12,455	4,349,617	2,051,563	214,159	63,968,921
Interest	4,517,469	34,591	2,778,600	315,411	366,287	8,012,358
Service charges	17,187,555	-	-	-	-	17,187,555
Taxes	6,284,460	-	-	-	-	6,284,460
Total receivables	<u>107,102,727</u>	<u>277,878</u>	<u>18,297,957</u>	<u>5,831,337</u>	<u>753,044</u>	<u>132,262,943</u>
Inventory	-	-	-	-	22,097,550	22,097,550
Restricted/designated cash and investments:						
Cash and cash equivalents	663,734,660	-	212,388,048	14,603,971	39,629,786	930,356,465
Specific investments	433,088,851	-	417,993,981	62,085,806	12,946,267	926,114,905
Bond proceeds with Trustee:						
Cash and cash equivalents	<u>7,372</u>	<u>-</u>	<u>233</u>	<u>-</u>	<u>-</u>	<u>7,605</u>
Total restricted/designated cash and investments	<u>1,096,830,883</u>	<u>-</u>	<u>630,382,262</u>	<u>76,689,777</u>	<u>52,576,053</u>	<u>1,856,478,975</u>
Other specific investments	<u>41,620,498</u>	<u>-</u>	<u>-</u>	<u>14,517,019</u>	<u>10,479,085</u>	<u>66,616,602</u>
Total current assets	<u>1,628,422,071</u>	<u>1,437,788</u>	<u>699,200,260</u>	<u>153,698,179</u>	<u>135,765,861</u>	<u>2,618,524,159</u>
Investment in joint ventures	39,752,680	-	-	-	-	39,752,680
Other assets	(1,393)	-	8,512	4	40,408	47,531
Capital assets:						
Buildings & equipment	-	-	18,543,736	-	69,690,699	88,234,435
Improvements	-	-	369,175,845	177,119,735	-	546,295,580
Disposal rights	94,273,627	-	-	-	-	94,273,627
Equipment pool	-	-	-	22,335,665	52,884,528	75,220,193
Gas-to-energy facilities	-	-	200,591,201	16,557,233	-	217,148,434
Rail facilities	-	-	110,371,912	-	-	110,371,912
Recycling and transfer facilities	-	-	74,399,560	-	-	74,399,560
Treatment plants	2,125,389,463	-	-	-	-	2,125,389,463
Trunk lines	1,465,109,550	-	-	-	-	1,465,109,550
Use rights	770,580	-	64,003,525	5,005,531	-	69,779,636
Composting facilities	123,415,923	-	-	-	-	123,415,923
Other capital assets	16,415,938	-	614,478	-	35,858,837	52,889,253
Construction in progress	363,125,251	-	178,088,698	1,568,844	3,559,094	546,341,887
Land	159,830,041	-	54,884,982	5,482,200	592,901	220,790,124
Accumulated depreciation & amortization	<u>(1,535,829,657)</u>	<u>-</u>	<u>(484,175,283)</u>	<u>(188,090,948)</u>	<u>(80,684,355)</u>	<u>(2,288,780,243)</u>
Net capital assets	<u>2,812,500,716</u>	<u>-</u>	<u>586,498,654</u>	<u>39,978,260</u>	<u>81,901,704</u>	<u>3,520,879,334</u>
Total assets	<u>\$ 4,480,674,074</u>	<u>1,437,788</u>	<u>1,285,707,426</u>	<u>193,676,443</u>	<u>217,707,973</u>	<u>6,179,203,704</u>
Deferred Outflow of Resources						
Deferred loss on refunding	\$ 7,114,314	-	-	-	-	7,114,314
Deferred pension contribution	40,946,815	-	6,553,014	3,153,683	21,496,562	72,150,074
Other postemployment benefit deferral	<u>13,600,985</u>	<u>-</u>	<u>2,690,076</u>	<u>1,376,072</u>	<u>7,641,049</u>	<u>25,308,182</u>
Total deferred outflow of resources	<u>\$ 61,662,114</u>	<u>-</u>	<u>9,243,090</u>	<u>4,529,755</u>	<u>29,137,611</u>	<u>104,572,570</u>

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

(Continued on following page)

Exhibit D-1-2
LOS ANGELES COUNTY SANITATION DISTRICTS
Combining Schedule of Net Position
June 30, 2020

Liabilities	Sewerage Operations	Stormwater Operations	Solid Waste Facilities Operations	Trustee Solid Waste Facilities Operations	Service Operations	Total
Current liabilities:						
Accounts payable	\$ 36,074,230	45,121	6,700,349	6,916,334	13,474,317	63,210,351
Accrued employee absences	-	-	-	-	27,000,000	27,000,000
Amounts held for others	2,000,818	74,232	-	-	7,898,587	9,973,637
Bonds payable	37,930,000	-	1,404,400	-	-	39,334,400
Claims liabilities	-	-	-	-	2,376,278	2,376,278
Due to other funds (1)	25,376,736	-	-	-	38,592,185	63,968,921
Estimated liability for closure/postclosure care	-	-	14,260,000	-	-	14,260,000
Estimated liability for pollution remediation	1,000,000	-	-	-	-	1,000,000
Interest payable	6,710,450	-	1,658	-	-	6,712,108
Loans payable to State of California	31,445,792	-	-	-	-	31,445,792
Other	147,978	-	(48,815)	(7,012)	355,765	447,916
Total current liabilities	140,686,004	119,353	22,317,592	6,909,322	89,697,132	259,729,403
Long-term liabilities:						
Accrued employee absences	-	-	-	-	15,035,073	15,035,073
Bonds payable, net	340,774,359	-	1,404,398	-	-	342,178,757
Claims liabilities	-	-	-	-	7,047,698	7,047,698
Contractual obligations to other governments	-	-	37,579,055	1,115,830	-	38,694,885
Estimated liability for closure and postclosure care	-	-	358,070,176	90,388,874	-	448,459,050
Estimated liability for pollution remediation	19,000,000	-	-	-	-	19,000,000
Loans payable to State of California	220,350,181	-	-	-	-	220,350,181
Other postemployment benefits liability	104,050,976	-	18,092,559	9,124,006	55,565,741	186,833,282
Pension liability	224,819,371	-	35,576,144	20,173,492	125,838,821	406,407,828
Total long-term liabilities	908,994,887	-	450,722,332	120,802,202	203,487,333	1,684,006,754
Total liabilities	\$ 1,049,680,891	119,353	473,039,924	127,711,524	293,184,465	1,943,736,157
Deferred Inflow of Resources						
Other postemployment benefits deferrals	\$ 20,998,825	-	3,473,601	2,497,861	14,164,883	41,135,170
Pension deferrals	18,509,993	-	3,159,217	1,513,761	9,398,565	32,581,536
Total deferred inflow of resources	\$ 39,508,818	-	6,632,818	4,011,622	23,563,448	73,716,706
Net Position						
Net position:						
Net investment in capital assets	\$ 2,189,114,698	-	583,689,856	39,978,260	81,901,704	2,894,684,518
Restricted for capital projects	271,490,000	-	18,955,972	1,424,747	-	291,870,719
Restricted for closure/postclosure maintenance	-	-	22,401,667	27,211,643	-	49,613,310
Unrestricted	992,541,781	1,318,435	190,230,279	(2,131,598)	(151,804,033)	1,030,154,864
Total net position	\$ 3,453,146,479	1,318,435	815,277,774	66,483,052	(69,902,329)	4,266,323,411

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

Exhibit D-2
LOS ANGELES COUNTY SANITATION DISTRICTS
Combining Schedule of Revenues, Expenses,
and Changes in Net Position
Fiscal year ended June 30, 2020

	Sewerage Operations	Stormwater Operations	Solid Waste Facilities Operations	Trustee Solid Waste Facilities Operations	Service Operations	Total
Operating revenues:						
Commodities	\$ 61,902	-	1,050,229	6,644	9	1,118,784
Contract revenue	17,864,877	952,313	2,489,471	1,429,885	24,610	22,761,156
Equipment pool (1)	-	-	-	5,856,508	10,817,860	16,674,368
Industrial waste surcharge	72,938,213	-	-	-	-	72,938,213
Internal services revenue (1)	155,656,433	-	-	-	115,833,081	271,489,514
Refuse/food waste tipping fees	988,177	-	68,591,911	56,009,204	-	125,589,292
Sale of energy	802,911	-	19,898,813	-	13,724	20,715,448
Service charges	389,832,660	-	-	-	-	389,832,660
Other	276,296	-	100,352	1,585	438,214	816,447
Total operating revenues	638,421,469	952,313	92,130,776	63,303,826	127,127,498	921,935,882
Operating expenses:						
Chemicals	38,542,244	-	175,279	28,139	10,249	38,755,911
Collection charges	1,327,118	-	-	-	-	1,327,118
Depreciation/amortization	82,500,580	-	8,233,694	4,232,729	7,721,580	102,688,583
Equipment and vehicle rentals (1)	5,905,317	-	3,425,115	6,253,343	1,090,593	16,674,368
Insurance and claims	(5,609,914)	-	(2,598,188)	(612,439)	10,541,628	1,721,087
Internal administrative costs (1)	257,897,605	-	8,569,592	5,022,317	-	271,489,514
Landfill closure and postclosure costs	-	-	154,753,069	5,075,266	-	159,828,335
Materials and supplies	14,189,334	-	3,649,816	1,857,974	9,370,044	29,067,168
Operations, repairs, and maintenance	3,984,439	-	3,155,653	9,189,628	6,773,348	23,103,068
Pollution remediation costs	121,704	-	-	-	-	121,704
Salaries and benefits	125,226,449	112,464	21,810,055	16,961,452	99,633,369	263,743,789
Services	42,311,543	892,950	44,378,731	8,683,790	7,791,395	104,058,409
Tonnage	-	-	-	5,162,757	-	5,162,757
Utilities	17,861,635	-	1,081,041	1,169,966	1,247,738	21,360,380
Total operating expenses	584,258,054	1,005,414	246,633,857	63,024,922	144,179,944	1,039,102,191
Operating income (loss)	54,163,415	(53,101)	(154,503,081)	278,904	(17,052,446)	(117,166,309)
Nonoperating revenues (expenses):						
Interest revenue	26,909,377	74,907	12,414,047	2,331,540	1,838,557	43,568,428
Investment in joint ventures	(1,364,821)	-	-	-	3,544	(1,361,277)
Property taxes	88,364,794	-	-	-	-	88,364,794
Amortization of bond premium	4,830,168	-	-	-	-	4,830,168
Amortization of deferred loss on refunding	(1,993,016)	-	-	-	-	(1,993,016)
Interest expense	(23,644,962)	-	(43,058)	-	-	(23,688,020)
Gain (loss) on sale of equipment/assets	(6,059,684)	-	(202,712)	344,358	218,774	(5,699,264)
Other nonoperating revenue	1,089,239	-	1,806,004	1,096,043	197,416	4,188,702
Tax and assessment expense	(2,969,093)	-	(3,023,230)	(4,592,225)	(168,091)	(10,752,639)
Unrealized gain on investments	9,926,550	-	8,857,755	1,327,621	506,301	20,618,227
Net nonoperating revenues	95,088,552	74,907	19,808,806	507,337	2,596,501	118,076,103
Income (loss) before capital contribution revenue and transfers	149,251,967	21,806	(134,694,275)	786,241	(14,455,945)	909,794
Capital contribution revenue:						
Connection fees	33,465,825	-	-	-	-	33,465,825
Federal capital grants	8,976,236	-	1,451,215	-	-	10,427,451
Transfers in	209,137,055	-	316,341,121	17,059,823	3,690,219	546,228,218
Transfers out	(206,341,306)	(5,600,000)	(316,798,086)	(17,309,741)	(179,085)	(546,228,218)
Change in net position	194,489,777	(5,578,194)	(133,700,025)	536,323	(10,944,811)	44,803,070
Total net position, July 1, 2019, as previously stated	3,257,906,533	6,896,629	985,853,865	67,670,594	(58,957,518)	4,259,370,103
Prior-period adjustments	750,169	-	(36,876,066)	(1,723,865)	-	(37,849,762)
Total net position, July 1, 2019, as restated	3,258,656,702	6,896,629	948,977,799	65,946,729	(58,957,518)	4,221,520,341
Total net position, June 30, 2020	\$ 3,453,146,479	1,318,435	815,277,774	66,483,052	(69,902,329)	4,266,323,411

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

Exhibit D-3
LOS ANGELES COUNTY SANITATION DISTRICTS
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2020

	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	\$ 490,532,086	914,930	90,233,737	60,422,191	177,976	642,280,920
Receipts for internal services (1)	155,656,433	-	-	-	115,408,081	271,064,514
Receipts for equipment rental (1)	-	-	-	5,856,508	10,817,860	16,674,368
Payments to suppliers	(116,617,120)	(878,624)	(55,348,456)	(24,494,793)	(25,057,733)	(222,396,726)
Payments for salaries/benefits	(119,715,597)	(131,662)	(20,995,823)	(16,461,470)	(93,302,545)	(250,607,097)
Payments applied to closure/postclosure liability	-	-	(10,377,874)	-	-	(10,377,874)
Payment for equipment rental (1)	(5,905,317)	-	(3,425,115)	(6,253,343)	(1,090,593)	(16,674,368)
Payment for internal administrative costs (1)	(257,897,605)	-	(8,144,592)	(5,022,317)	-	(271,064,514)
Net cash provided (used) by operating activities	<u>146,052,880</u>	<u>(95,356)</u>	<u>(8,058,123)</u>	<u>14,046,776</u>	<u>6,953,046</u>	<u>158,899,223</u>
Cash flows from noncapital financing activities:						
Receipts from property taxes	86,944,935	-	-	-	-	86,944,935
Payments for tax and assessment	(2,969,093)	-	(2,985,755)	(5,750,378)	(168,065)	(11,873,291)
Transfers from other funds	185,204,521	-	7,178,822	-	20,464,954	212,848,297
Transfers to other funds	(192,795,770)	(5,606,000)	(9,071,609)	(1,095,918)	(4,279,000)	(212,848,297)
Net cash provided (used) by noncapital financing activities	<u>76,384,593</u>	<u>(5,606,000)</u>	<u>(4,878,542)</u>	<u>(6,846,296)</u>	<u>16,017,889</u>	<u>75,071,644</u>
Cash flows from capital and related financing activities:						
Borrowings on loans	4,971,751	-	-	-	-	4,971,751
Purchases of capital assets	(180,374,789)	-	(12,470,575)	(7,678,852)	(10,536,124)	(211,060,340)
Connection fees proceeds	33,465,825	-	-	-	-	33,465,825
Grant proceeds	8,976,236	-	1,451,215	-	-	10,427,451
Interest paid on capital-related debt	(21,766,226)	-	(43,887)	-	-	(21,810,113)
Principal payments on bonds	(36,160,000)	-	(1,404,400)	-	-	(37,564,400)
Principal payments on loans	(31,597,610)	-	-	-	-	(31,597,610)
Proceeds from sale of assets/equipment	-	-	64,055	348,858	810,075	1,222,988
Receipts from joint venture	-	-	11,680,000	-	-	11,680,000
Net cash used by capital and related financing activities	<u>(222,484,813)</u>	<u>-</u>	<u>(723,592)</u>	<u>(7,329,994)</u>	<u>(9,726,049)</u>	<u>(240,264,448)</u>
Cash flows from investing activities:						
Interest received	26,951,902	105,822	12,896,086	2,550,378	1,677,961	44,182,149
Purchases of investments	(464,942,246)	-	(295,679,980)	(89,167,997)	(17,971,087)	(867,761,310)
Proceeds from maturities of investments	697,650,816	-	426,743,341	100,486,026	21,839,131	1,246,719,314
Net cash provided by investing activities	<u>259,660,472</u>	<u>105,822</u>	<u>143,959,447</u>	<u>13,868,407</u>	<u>5,546,005</u>	<u>423,140,153</u>
Net increase (decrease) in cash and cash equivalents	259,613,132	(5,595,534)	130,299,190	13,738,893	18,790,891	416,846,572
Cash and cash equivalents at beginning of fiscal year	786,996,863	6,755,444	132,609,132	57,525,124	70,699,024	1,054,585,587
Cash and cash equivalents at end of fiscal year	<u>\$ 1,046,609,995</u>	<u>1,159,910</u>	<u>262,908,322</u>	<u>71,264,017</u>	<u>89,489,915</u>	<u>1,471,432,159</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ 54,163,415	(53,101)	(154,503,081)	278,904	(17,052,446)	(117,166,309)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	82,500,580	-	8,233,694	4,232,729	7,721,580	102,688,583
Landfill closure and postclosure costs	-	-	154,753,069	5,075,266	-	159,828,335
Nonoperating revenue	-	-	-	1,096,086	-	1,096,086
Decrease (increase) in accounts receivable	7,338,919	(107,383)	(147,400)	1,891,538	150,342	9,126,016
Increase in service charge receivable	(2,310,191)	-	-	-	-	(2,310,191)
Increase in inventory	-	-	-	-	(1,254,152)	(1,254,152)
Decrease in deferred outflow of resources	9,475,128	-	1,524,161	1,151,112	6,536,812	18,687,213
Increase (decrease) in accounts payable	3,448,920	45,095	(4,746,287)	1,993,959	(825,829)	(84,142)
Increase in accrued employee absences	-	-	-	-	3,959,692	3,959,692
Decrease in estimated liability for closure and postclosure costs	-	-	(10,377,874)	-	-	(10,377,874)
Increase (decrease) in claims liabilities	(6,783,015)	-	(2,479,217)	(651,794)	8,945,339	(968,687)
Decrease in contractual obligations	-	-	-	(641,134)	-	(641,134)
Increase in estimated pollution remediation	116,924	-	-	-	-	116,924
Decrease in other postemployment benefits liability	(23,379,286)	-	(3,760,772)	(2,840,297)	(16,129,180)	(46,109,535)
Increase in pension liability	8,477,741	-	1,363,723	1,029,941	5,848,725	16,720,130
Increase in amounts held for others	2,000,000	39,232	-	-	768,070	2,807,302
Increase (decrease) in other liabilities	1,499	-	419	(7,709)	(127,151)	(132,942)
Increase (decrease) in due to/from other funds	(615,982)	(19,199)	212,546	26,702	395,933	-
Increase in deferred inflow of resources	11,618,228	-	1,868,896	1,411,473	8,015,311	22,913,908
Net cash provided (used) by operating activities	<u>\$ 146,052,880</u>	<u>(95,356)</u>	<u>(8,058,123)</u>	<u>14,046,776</u>	<u>6,953,046</u>	<u>158,899,223</u>
Schedule of noncash investing activities:						
Unrealized gain on fair value of investments	\$ 9,926,550	-	8,857,755	1,327,621	506,301	20,618,227
Amortization of investment premium (discount)	3,583,619	-	37,639	38,551	(7,372)	3,652,437
Investment in joint ventures	(1,364,821)	-	-	-	-	(1,364,821)

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

Exhibit E-1
LOS ANGELES COUNTY SANITATION DISTRICTS
Sewerage Operations
Combining Schedule of Net Position
June 30, 2020

Assets	Districts								
	No. 1	No. 2	No. 3	No. 4	No. 5	No. 8	No. 9	No. 14	No. 15
Current assets:									
Unrestricted cash and cash equivalents:									
Cash and cash equivalents	\$ 29,946,900	37,229,169	24,491,760	3,619,790	37,934,299	10,175,167	200,925	26,244,268	32,660,153
Total unrestricted cash and cash equivalents	29,946,900	37,229,169	24,491,760	3,619,790	37,934,299	10,175,167	200,925	26,244,268	32,660,153
Receivables:									
Accounts	2,220,414	3,473,093	1,365,063	2,975	1,934,576	2,324,384	-	872,198	1,824,048
Due from other funds	4,790,385	6,921,243	5,434,176	4,885	7,964,700	3,493,242	123	1,420,060	5,722,795
Interest	215,573	261,259	156,929	108,390	247,757	75,736	11,362	192,543	247,169
Service Charges	2,071,914	1,841,965	1,409,470	205,704	1,785,728	497,639	1,968	1,870,129	1,178,447
Taxes	200,447	559,459	378,481	52,712	1,035,531	180,991	8,356	137,073	704,434
Total receivables	9,498,733	13,057,019	8,744,119	374,666	12,968,292	6,571,992	21,809	4,492,003	9,676,893
Restricted/designated cash and investments:									
Cash and cash equivalents	14,454,829	18,287,358	13,245,985	18,728,354	13,831,898	13,052,207	2,117,408	29,428,056	25,366,826
Specific investments	20,753,524	27,311,642	17,955,607	23,562,643	20,049,361	1,824,217	2,674,017	11,608,066	28,921,303
Bond proceeds with Trustee									
Cash and cash equivalents	-	-	-	-	-	-	-	5,319	-
Total restricted/designated cash and investments	35,208,353	45,599,000	31,201,592	42,290,997	33,881,259	14,876,424	4,791,425	41,041,441	54,288,129
Other specific investments	3,108,605	7,964,141	6,400,132	-	11,622,791	447,982	-	100,514	3,345,164
Total current assets	77,762,591	103,849,329	70,837,603	46,285,453	96,406,641	32,071,565	5,014,159	71,878,226	99,970,339
Investment in joint ventures	-	-	-	-	-	-	-	-	-
Other assets	99	46	2	-	-	-	-	-	-
Capital assets:									
Disposal rights	-	60,119	-	73,197,382	8,519,347	-	2,229,045	-	-
Treatment plants	62,978	6,668,306	7,524,182	-	14,571,943	5,939,114	-	337,058,602	1,882,099
Trunk lines	26,344,148	42,966,267	25,291,058	1,284,217	59,256,457	17,295,029	-	57,957,105	12,167,715
Use rights	-	-	-	-	-	-	-	411,790	-
Composting facilities	-	-	-	-	-	-	-	-	-
Other capital assets	7,085	10,279	2,972	3,348	6,872	7,691	281	209,922	5,571
Construction in progress	2,568,309	3,875,240	4,496,500	133,192	5,299,727	7,159,384	-	354,642	176,495
Land	-	235,159	2,520	-	28,125	2,508	-	65,591,000	-
Accumulated depreciation & amortization	(9,632,175)	(13,332,773)	(11,732,693)	(34,977,124)	(30,548,585)	(8,838,600)	(1,043,923)	(97,001,975)	(4,402,515)
Net capital assets	19,350,345	40,482,597	25,584,539	39,641,015	57,133,886	21,565,126	1,185,403	364,581,086	9,829,365
Total assets	\$ 97,113,035	144,331,972	96,422,144	85,926,468	153,540,527	53,636,691	6,199,562	436,459,312	109,799,704
Deferred Outflow of Resources									
Deferred loss/(gain) on refunding	\$ 360,748	556,962	423,065	53,822	910,420	220,000	7,563	(2,686,071)	569,732
Deferred pension contribution	292,015	965,831	562,990	12,926	979,084	218,348	800	1,985,710	302,619
Other postemployment benefit deferral	87,997	222,643	117,659	7,159	259,185	118,451	396	627,099	80,607
Total deferred outflow of resources	\$ 740,760	1,745,436	1,103,714	73,907	2,148,689	556,799	8,759	(73,262)	952,958

(Continued on the following page)

Exhibit E-1-2
LOS ANGELES COUNTY SANITATION DISTRICTS
Sewerage Operations
Combining Schedule of Net Position
June 30, 2020

Assets	Districts								
	No. 16	No. 17	No. 18	No. 19	No. 20	No. 21	No. 22	No. 23	No. 27
Current assets:									
Unrestricted cash and cash equivalents:									
Cash and cash equivalents	\$ 20,019,325	2,411,640	21,802,361	6,585,016	17,228,993	26,590,878	25,152,248	3,112,573	1,177,300
Total unrestricted cash and cash equivalents	20,019,325	2,411,640	21,802,361	6,585,016	17,228,993	26,590,878	25,152,248	3,112,573	1,177,300
Receivables:									
Accounts	174,730	-	1,090,559	44,740	386,565	1,995,715	623,656	1,354,493	-
Due from other funds	2,942,530	378,567	3,813,364	1,037,761	816,661	4,616,489	3,737,364	639,425	-
Interest	171,632	15,753	143,738	58,339	127,595	218,518	208,235	39,884	4,104
Service Charges	618,048	120,734	743,168	198,294	1,244,414	1,029,169	724,939	26,042	-
Taxes	471,009	50,918	355,855	125,739	85,631	395,595	352,017	22,136	30,876
Total receivables	4,377,949	565,972	6,146,684	1,464,873	2,660,866	8,255,486	5,646,211	2,081,980	34,980
Restricted/designated cash and investments:									
Cash and cash equivalents	19,271,835	6,766,452	13,367,733	6,294,071	17,463,249	27,030,747	19,819,272	4,991,383	522,535
Specific investments	20,853,508	-	13,986,430	6,265,637	7,297,668	22,540,433	24,924,310	6,193,619	-
Bond proceeds with Trustee									
Cash and cash equivalents	-	-	1	-	2,051	-	1	-	-
Total restricted/designated cash and investments	40,125,343	6,766,452	27,354,164	12,559,708	24,762,968	49,571,180	44,743,583	11,185,002	522,535
Other specific investments	-	166	554,631	-	333,521	1,957,711	-	1,205,977	1
Total current assets	64,522,617	9,744,230	55,857,840	20,609,597	44,986,348	86,375,255	75,542,042	17,585,532	1,734,816
Investment in joint ventures	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Capital assets:									
Disposal rights	7,954,911	-	16,824	180,603	-	-	-	-	2,115,396
Treatment plants	-	-	-	379,443	247,075,053	12,796,800	-	-	2,569,204
Trunk lines	13,604,022	597,520	17,756,315	2,521,906	16,620,287	13,181,711	15,852,592	-	16,900
Use rights	-	-	-	-	358,790	-	-	-	-
Composting facilities	-	-	-	-	-	-	-	-	-
Other capital assets	537	1,418	128,012	1,750	99,720	9,667	978	-	41
Construction in progress	180,815	-	3,557,033	-	1,089,399	4,437,955	43,665	-	31,377
Land	-	-	-	5,600	16,541,659	79,240	-	-	-
Accumulated depreciation & amortization	(7,573,379)	(345,298)	(6,092,353)	(2,321,278)	(71,654,261)	(13,313,214)	(6,675,364)	-	(2,285,778)
Net capital assets	14,166,906	253,640	15,365,831	768,024	210,130,647	17,192,159	9,221,871	-	2,447,140
Total assets	\$ 78,689,523	9,997,870	71,223,671	21,377,621	255,116,995	103,567,414	84,763,913	17,585,532	4,181,956
Deferred Outflow of Resources									
Deferred loss/(gain) on refunding	\$ 355,048	45,436	311,421	100,409	4,459,539	335,865	290,648	61,385	10,578
Deferred pension contribution	106,176	17,135	267,721	128,708	1,525,777	403,166	165,334	12,205	579
Other postemployment benefit deferral	27,518	5,146	76,327	27,120	515,937	143,980	43,802	1,986	720
Total deferred outflow of resources	\$ 488,742	67,717	655,469	256,237	6,501,253	883,011	499,784	75,576	11,877

(Continued on the following page)

Exhibit E-1-3
LOS ANGELES COUNTY SANITATION DISTRICTS
Sewerage Operations
Combining Schedule of Net Position
June 30, 2020

Assets	Districts							Total
	No. 28	No. 29	No. 34	Joint Outfall	Newhall Ranch	Santa Clarita Valley	South Bay Cities	
Current assets:								
Unrestricted cash and cash equivalents:								
Cash and cash equivalents	\$ 1,029,140	1,761,447	53	34,589,980	1,488,451	8,728,344	8,687,783	382,867,963
Total unrestricted cash and cash equivalents	1,029,140	1,761,447	53	34,589,980	1,488,451	8,728,344	8,687,783	382,867,963
Receivables:								
Accounts	-	21,674	-	1,745,722	96,744	199,302	21,465	21,772,116
Due from other funds	119,840	192,382	-	-	29,723	1,860,525	1,404,887	57,341,127
Interest	24,709	25,331	6	1,403,153	5,903	462,314	91,537	4,517,469
Service Charges	23,535	71,381	-	-	-	1,249,987	274,880	17,187,555
Taxes	57,225	7,658	-	-	-	600,456	471,861	6,284,460
Total receivables	225,309	318,426	6	3,148,875	132,370	4,372,584	2,264,630	107,102,727
Restricted/designated cash and investments:								
Cash and cash equivalents	4,293,774	3,601,423	-	272,417,557	2,000,818	101,755,614	15,625,276	663,734,660
Specific investments	3,254,358	2,560,077	-	140,668,790	-	15,748,794	14,134,847	433,088,851
Bond proceeds with Trustee								
Cash and cash equivalents	-	-	-	-	-	-	-	7,372
Total restricted/designated cash and investments	7,548,132	6,161,500	-	413,086,347	2,000,818	117,504,408	29,760,123	1,096,830,883
Other specific investments	-	-	-	-	-	2,809,139	1,770,023	41,620,498
Total current assets	8,802,581	8,241,373	59	450,825,202	3,621,639	133,414,475	42,482,559	1,628,422,071
Investment in joint ventures	-	-	-	39,752,680	-	-	-	39,752,680
Other assets	-	(26)	-	(1,514)	-	-	-	(1,393)
Capital assets:								
Disposal rights	-	-	-	-	-	-	-	94,273,627
Treatment plants	377,363	2,417,404	525	1,264,402,435	1,023,353	207,889,178	12,751,481	2,125,389,463
Trunk lines	6,886,922	8,969,425	-	1,093,186,938	38,833	29,152,226	4,161,957	1,465,109,550
Use rights	-	-	-	-	-	-	-	770,580
Composting facilities	-	-	-	123,415,923	-	-	-	123,415,923
Other capital assets	-	65	-	15,627,752	-	290,733	1,244	16,415,938
Construction in progress	-	275,774	-	254,398,149	18,615	75,012,027	16,953	363,125,251
Land	20,000	25,000	-	76,700,427	-	598,803	-	159,830,041
Accumulated depreciation & amortization	(2,540,935)	(2,586,074)	(380)	(1,088,405,599)	(130,508)	(111,432,787)	(8,962,086)	(1,535,829,657)
Net capital assets	4,743,350	9,101,594	145	1,739,326,025	950,293	201,510,180	7,969,549	2,812,500,716
Total assets	\$ 13,545,931	17,342,941	204	2,229,902,393	4,571,932	334,924,655	50,452,108	4,480,674,074
Deferred Outflow of Resources								
Deferred loss/(gain) on refunding	\$ 16,059	5,042	-	-	-	551,371	155,272	7,114,314
Deferred pension contribution	12,276	116,749	(253)	29,619,159	(31,312)	2,982,748	300,324	40,946,815
Other postemployment benefit deferral	5,784	33,892	(5)	9,829,113	18,003	1,243,960	106,506	13,600,985
Total deferred outflow of resources	\$ 34,119	155,683	(258)	39,448,272	(13,309)	4,778,079	562,102	61,662,114

(Continued on the following page)

Exhibit E-1-4
LOS ANGELES COUNTY SANITATION DISTRICTS
Sewerage Operations
Combining Schedule of Net Position
June 30, 2020

Liabilities	Districts								
	No. 1	No. 2	No. 3	No. 4	No. 5	No. 8	No. 9	No. 14	No. 15
Current liabilities:									
Accounts payable	\$ 2,020,938	13,198	138,447	253,375	1,371,929	243,485	-	597,105	18,935
Amounts held for others	-	-	-	-	-	-	-	-	-
Bonds payable	2,034,165	3,140,565	2,385,557	303,487	5,133,630	1,240,527	42,649	3,855,507	3,212,575
Due to other funds	-	-	-	-	-	-	-	-	-
Estimated liability for pollution remediation	-	-	-	-	-	-	-	-	-
Interest payable	48,714	69,769	52,996	6,742	114,045	27,559	949	3,095,036	71,368
Loans payable to State of California	31,136	-	-	-	-	-	-	5,266,613	-
Other	-	-	86,010	-	-	-	-	(66,429)	36
Total current liabilities	4,134,953	3,223,532	2,663,010	563,604	6,619,604	1,511,571	43,598	12,747,832	3,302,914
Long-term liabilities:									
Bonds payable	1,728,075	2,667,984	2,026,583	257,819	4,361,138	1,053,857	36,231	143,108,927	2,729,157
Estimated liability for pollution remediation	-	-	-	-	-	-	-	-	-
Loans payable to State of California	359,544	-	-	-	-	-	-	57,274,752	-
Other postemployment benefits liability	690,185	2,098,101	1,221,176	39,073	2,166,276	632,855	3,207	4,684,499	646,598
Pension liability	1,509,476	4,393,125	2,874,113	84,491	4,855,151	1,577,532	5,958	10,373,554	1,442,856
Total long-term liabilities	4,287,280	9,159,210	6,121,872	381,383	11,382,565	3,264,244	45,396	215,441,732	4,818,611
Total liabilities	\$ 8,422,233	12,382,742	8,784,882	944,987	18,002,169	4,775,815	88,994	228,189,564	8,121,525
Deferred Inflow of Resources									
Other postemployment benefits deferrals	\$ 125,986	235,664	198,153	14,507	378,192	219,783	1,220	895,969	119,401
Pension deferrals	127,782	402,773	233,431	5,312	406,420	115,778	233	878,884	118,628
Total deferred inflow of resources	\$ 253,768	638,437	431,584	19,819	784,612	335,561	1,453	1,774,853	238,029
Net Position									
Net position:									
Net investment in capital assets	\$ 15,558,173	35,231,010	21,595,464	39,133,531	48,549,538	19,490,742	1,114,086	152,389,216	4,457,365
Restricted for capital projects	2,150,000	1,650,000	335,000	3,514,000	5,455,000	9,191,000	78,000	2,099,000	2,175,000
Unrestricted	71,469,621	96,175,219	66,378,928	42,388,038	82,897,897	20,400,372	4,925,788	51,933,417	95,760,743
Total net position	\$ 89,177,794	133,056,229	88,309,392	85,035,569	136,902,435	49,082,114	6,117,874	206,421,633	102,393,108

Exhibit E-1-5
LOS ANGELES COUNTY SANITATION DISTRICTS
Sewerage Operations
Combining Schedule of Net Position
June 30, 2020

Liabilities	Districts								
	No. 16	No. 17	No. 18	No. 19	No. 20	No. 21	No. 22	No. 23	No. 27
Current liabilities:									
Accounts payable	\$ 87,817	9,191	22,099	5,987	356,018	287,892	41,573	1,958	67,264
Amounts held for others	-	-	-	-	-	-	-	-	-
Bonds payable	2,002,026	256,203	1,756,022	566,180	3,958,807	1,893,858	1,638,892	346,136	59,647
Due to other funds	-	-	-	-	-	-	-	-	456
Estimated liability for pollution remediation	-	-	-	-	-	-	-	-	-
Interest payable	44,476	5,694	39,011	12,578	1,806,799	42,073	36,408	7,694	1,324
Loans payable to State of California	-	-	-	-	-	-	-	-	-
Other	-	-	11	(5,000)	64,655	-	-	-	-
Total current liabilities	2,134,319	271,088	1,817,143	579,745	6,186,279	2,223,823	1,716,873	355,788	128,691
Long-term liabilities:									
Bonds payable	1,700,768	217,650	1,491,782	480,983	172,081,453	1,608,877	1,392,277	294,051	50,671
Estimated liability for pollution remediation	-	-	-	-	-	-	-	-	-
Loans payable to State of California	-	-	-	-	-	-	-	-	-
Other postemployment benefits liability	278,504	49,088	590,586	251,553	3,811,321	888,342	374,893	25,740	3,183
Pension liability	550,903	90,301	1,576,069	642,862	8,310,449	2,285,409	791,557	50,887	6,600
Total long-term liabilities	2,530,175	357,039	3,658,437	1,375,398	184,203,223	4,782,628	2,558,727	370,678	60,454
Total liabilities	\$ 4,664,494	628,127	5,475,580	1,955,143	190,389,502	7,006,451	4,275,600	726,466	189,145
Deferred Inflow of Resources									
Other postemployment benefits deferrals	\$ 44,839	10,005	155,930	40,283	761,376	240,555	50,394	2,100	1,300
Pension deferrals	44,582	6,483	116,643	54,272	697,427	180,173	71,781	4,529	466
Total deferred inflow of resources	\$ 89,421	16,488	272,573	94,555	1,458,803	420,728	122,175	6,629	1,766
Net Position									
Net position:									
Net investment in capital assets	\$ 10,819,160	(174,777)	12,429,448	(178,730)	38,549,926	14,025,289	6,481,350	(578,802)	2,347,400
Restricted for capital projects	935,000	-	2,980,000	-	2,114,000	3,030,000	4,565,000	-	106,000
Unrestricted	62,670,190	9,595,749	50,721,539	19,762,890	29,106,017	79,967,957	69,819,572	17,506,815	1,549,522
Total net position	\$ 74,424,350	9,420,972	66,130,987	19,584,160	69,769,943	97,023,246	80,865,922	16,928,013	4,002,922

Exhibit E-1-6
LOS ANGELES COUNTY SANITATION DISTRICTS
Sewerage Operations
Combining Schedule of Net Position
June 30, 2020

Liabilities	Districts							Total
	No. 28	No. 29	No. 34	Joint Outfall	Newhall Ranch	Santa Clarita Valley	South Bay Cities	
Current liabilities:								
Accounts payable	\$ 59,458	14,403	-	22,497,389	6,693	7,933,850	25,226	36,074,230
Amounts held for others	-	-	-	-	2,000,818	-	-	2,000,818
Bonds payable	90,552	28,433	-	-	-	3,109,043	875,539	37,930,000
Due to other funds	-	-	-	25,376,280	-	-	-	25,376,736
Estimated liability for pollution remediation	-	-	-	1,000,000	-	-	-	1,000,000
Interest payable	2,011	3,447	-	1,116,489	-	85,818	19,450	6,710,450
Loans payable to State of California	-	45,956	-	23,408,869	-	2,693,218	-	31,445,792
Other	-	-	-	68,695	-	-	-	147,978
Total current liabilities	<u>152,021</u>	<u>92,239</u>	<u>-</u>	<u>73,467,722</u>	<u>2,007,511</u>	<u>13,821,929</u>	<u>920,215</u>	<u>140,686,004</u>
Long-term liabilities:								
Bonds payable	76,926	24,154	-	-	-	2,641,205	743,791	340,774,359
Estimated liability for pollution remediation	-	-	-	19,000,000	-	-	-	19,000,000
Loans payable to State of California	-	616,371	-	153,263,117	-	8,836,397	-	220,350,181
Other postemployment benefits liability	32,871	272,294	(636)	75,368,420	39,112	9,120,055	763,680	104,050,976
Pension liability	45,510	724,334	231	163,269,605	95,850	17,685,909	1,576,639	224,819,371
Total long-term liabilities	<u>155,307</u>	<u>1,637,153</u>	<u>(405)</u>	<u>410,901,142</u>	<u>134,962</u>	<u>38,283,566</u>	<u>3,084,110</u>	<u>908,994,887</u>
Total liabilities	<u>\$ 307,328</u>	<u>1,729,392</u>	<u>(405)</u>	<u>484,368,864</u>	<u>2,142,473</u>	<u>52,105,495</u>	<u>4,004,325</u>	<u>1,049,680,891</u>
Deferred Inflow of Resources								
Other postemployment benefits deferrals	\$ 4,284	73,528	502	15,161,157	54,139	2,043,545	166,013	20,998,825
Pension deferrals	5,112	52,617	(186)	13,465,446	(1,640)	1,396,590	126,457	18,509,993
Total deferred inflow of resources	<u>\$ 9,396</u>	<u>126,145</u>	<u>316</u>	<u>28,626,603</u>	<u>52,499</u>	<u>3,440,135</u>	<u>292,470</u>	<u>39,508,818</u>
Net Position								
Net position:								
Net investment in capital assets	\$ 4,591,931	8,391,722	145	1,562,654,039	950,293	184,781,688	6,505,491	2,189,114,698
Restricted for capital projects	-	600,000	-	177,375,000	-	52,938,000	200,000	271,490,000
Unrestricted	8,671,395	6,651,365	(110)	16,326,159	1,413,358	46,437,416	40,011,924	992,541,781
Total net position	<u>\$ 13,263,326</u>	<u>15,643,087</u>	<u>35</u>	<u>1,756,355,198</u>	<u>2,363,651</u>	<u>284,157,104</u>	<u>46,717,415</u>	<u>3,453,146,479</u>

Exhibit E-2
LOS ANGELES COUNTY SANITATION DISTRICTS
Sewerage Operations
Combining Schedule of Revenues, Expenses, and Changes in Net Position
June 30, 2020

	Districts								
	No. 1	No. 2	No. 3	No. 4	No. 5	No. 8	No. 9	No. 14	No. 15
Operating revenues:									
Commodities	-	-	-	-	-	-	-	4,636	-
Contract revenue	-	-	26,402	-	2,599	-	-	1,209,228	-
Industrial waste surcharge	6,432,191	9,243,829	3,299,587	17,624	5,216,715	8,669,768	-	2,729,855	5,997,216
Internal services revenue	-	-	-	-	-	-	-	-	-
Refuse/food waste tipping fees	-	-	-	-	-	-	-	-	-
Sale of energy	-	-	-	-	-	-	-	-	-
Service charges	27,840,045	38,998,800	31,507,623	3,966,660	43,973,848	11,544,815	106,333	33,950,400	30,673,648
Other	-	28	-	-	725	7	-	14,118	1,450
Total operating revenues	34,272,236	48,242,657	34,833,612	3,984,284	49,193,887	20,214,590	106,333	37,908,237	36,672,314
Operating expenses:									
Chemicals	36,381	109,896	46,163	-	18,271	21,446	-	1,453,518	18,188
Collection charges	68,357	124,229	92,553	11,802	209,124	35,450	1,601	26,779	140,194
Depreciation/amortization	420,094	826,226	571,006	1,701,102	1,309,423	432,299	52,486	9,545,370	208,329
Equipment and vehicle rentals	855	1,704	4,259	-	5,963	1,704	-	330,193	1,704
Insurance and claims	8,991	13,346	11,830	1,605	16,712	3,522	-	28,105	11,617
Internal administrative costs	22,375,567	33,406,478	24,858,663	17,481	36,582,407	13,957,454	6,196	3,203,051	27,266,952
Materials and supplies	30,704	48,007	44,532	5,843	128,031	32,435	-	747,442	12,302
Operations, repairs, and maintenance	6,402	14,615	17,597	2,173	40,756	93,908	-	580,058	23,776
Pollution remediation costs	-	4,780	-	-	-	-	-	-	-
Salaries and benefits	801,050	1,289,423	814,774	105,533	1,942,776	683,352	9,229	5,871,450	695,547
Services	89,264	250,989	(26,775)	2,110,724	640,947	99,943	128,035	1,286,890	57,196
Utilities	9,091	22,764	80,673	101	176,754	114,863	-	1,583,350	17,479
Total operating expenses	23,846,756	36,112,457	26,515,275	3,956,364	41,071,164	15,476,376	197,547	24,656,206	28,453,284
Operating income (loss)	10,425,480	12,130,200	8,318,337	27,920	8,122,723	4,738,214	(91,214)	13,252,031	8,219,030
Nonoperating revenues (expenses):									
Interest revenue	1,120,522	1,551,945	957,078	808,368	1,362,724	474,734	89,194	1,172,038	1,525,911
Investment in joint ventures	-	-	-	-	-	-	-	-	-
Property taxes	4,192,511	8,043,597	6,391,359	756,064	13,572,857	2,304,266	111,009	1,951,556	8,924,186
Other nonoperating revenue	-	-	58,910	-	3,244	-	-	100	-
Amortization of bond premium	76,588	118,245	89,818	11,427	193,286	46,707	1,606	1,689,404	120,956
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	(222,047)	(317,478)	(264,181)	(30,305)	(527,950)	(125,253)	(4,232)	(8,365,823)	(328,308)
Loss on sale of equipment/assets	-	-	-	-	-	-	-	-	-
Other nonoperating expense	116,735	207,939	148,203	94,195	177,568	(7,699)	(1,429)	(5,159)	200,256
Tax and assessment expense	(14,812)	(15,550)	(17,842)	(2,625)	(19,816)	(16,601)	-	(39,863)	(15,550)
Unrealized gain on investments	547,073	609,327	483,802	491,867	520,668	63,623	55,332	248,078	596,014
Net nonoperating revenues (expenses)	5,687,083	9,998,109	7,695,292	2,109,672	14,955,794	2,660,810	248,765	(3,195,931)	10,818,965
Income (loss) before capital contribution revenue and transfers	16,112,563	22,128,309	16,013,629	2,137,592	23,078,517	7,399,024	157,551	10,056,100	19,037,995
Capital contribution revenue:									
Connection fees	659,722	295,300	290,253	46,949	892,178	92,651	4,129	2,289,516	278,025
Capital grants	-	-	-	-	-	-	-	-	-
Transfers in	3,089,356	4,700,187	3,874,732	323,181	7,033,120	1,866,993	45,416	12,406,244	4,557,660
Transfers out	(14,120,664)	(21,162,474)	(16,463,920)	(323,523)	(25,563,315)	(8,025,111)	(45,753)	(12,500,954)	(18,226,991)
Change in net position	5,740,977	5,961,322	3,714,694	2,184,199	5,440,500	1,333,557	161,343	12,250,906	5,646,689
Total net position, July 1, 2019, as previously stated	83,436,817	127,094,907	84,594,698	82,851,370	131,461,935	47,748,557	5,956,531	194,170,727	96,746,419
Prior-period adjustments	-	-	-	-	-	-	-	-	-
Total net position, July 1, 2019, as restated	83,436,817	127,094,907	84,594,698	82,851,370	131,461,935	47,748,557	5,956,531	194,170,727	96,746,419
Total net position, June 30, 2020	\$ 89,177,794	\$ 133,056,229	\$ 88,309,392	\$ 85,035,569	\$ 136,902,435	\$ 49,082,114	\$ 6,117,874	\$ 206,421,633	\$ 102,393,108

Exhibit E-2-2
LOS ANGELES COUNTY SANITATION DISTRICTS
Sewerage Operations
Combining Schedule of Revenues, Expenses, and Changes in Net Position
June 30, 2020

	Districts								
	No. 16	No. 17	No. 18	No. 19	No. 20	No. 21	No. 22	No. 23	No. 27
Operating revenues:									
Commodities	\$ -	-	-	-	2,095	-	-	-	-
Contract revenue	-	-	-	-	521,332	1,023,426	31,000	-	-
Industrial waste surcharge	327,809	-	3,062,360	74,428	516,946	4,382,605	3,365,433	4,244,829	-
Internal services revenue	-	-	-	-	-	-	-	-	-
Refuse/food waste tipping fees	-	-	-	-	-	-	-	-	-
Sale of energy	-	-	-	-	-	-	-	-	-
Service charges	18,117,118	2,403,594	21,448,499	7,028,787	24,942,758	26,507,210	21,280,283	418,969	-
Other	-	-	-	-	1,729	1,765	1,952	-	43
Total operating revenues	18,444,927	2,403,594	24,510,859	7,103,215	25,984,860	31,915,006	24,678,668	4,663,798	43
Operating expenses:									
Chemicals	3,214	2,652	57,788	26,365	887,892	-	-	-	-
Collection charges	91,134	11,849	73,949	24,982	19,833	83,355	75,790	5,078	5,304
Depreciation/amortization	380,606	4,530	246,379	27,416	6,948,103	427,129	212,193	-	81,244
Equipment and vehicle rentals	-	-	-	852	520,073	3,408	-	-	-
Insurance and claims	6,991	1,134	31,737	2,483	(143,465)	9,102	7,515	189	34
Internal administrative costs	14,238,623	1,860,661	17,197,139	4,987,000	1,994,328	21,883,474	17,502,183	3,257,726	6,196
Materials and supplies	4,235	1,482	9,499	4,404	719,314	28,799	4,795	125	292
Operations, repairs, and maintenance	15,702	9,216	40,659	4,670	373,747	20,658	12,626	4,125	749
Pollution remediation costs	-	-	-	-	-	-	-	-	-
Salaries and benefits	181,794	72,935	630,266	284,574	5,243,802	819,063	284,585	13,820	9,455
Services	358,168	8,881	515,736	493,483	984,060	79,198	214,888	652	109,426
Utilities	127	35	1,301	24,283	1,580,394	84,626	143	-	-
Total operating expenses	15,280,594	1,973,375	18,804,453	5,880,512	19,128,081	23,438,812	18,314,718	3,281,715	212,700
Operating income (loss)	3,164,333	430,219	5,706,406	1,222,703	6,856,779	8,476,194	6,363,950	1,382,083	(212,657)
Nonoperating revenues (expenses):									
Interest revenue	993,617	132,102	806,239	327,572	878,114	1,332,074	1,194,139	288,335	26,185
Investment in joint ventures	-	-	-	-	-	-	-	-	-
Property taxes	6,419,424	673,694	5,045,948	1,695,323	1,614,081	5,368,107	5,012,994	562,482	408,393
Other nonoperating revenue	-	-	-	-	3,551	-	-	-	-
Amortization of bond premium	75,378	9,646	66,116	21,317	2,006,881	71,306	61,706	13,032	2,246
Amortization of deferred loss on refunding	(127,441)	(16,309)	(111,782)	(36,041)	(229,706)	(120,556)	(104,325)	(22,034)	(3,797)
Interest expense	(206,443)	(27,639)	(192,044)	(56,470)	(7,210,172)	(196,400)	(174,697)	(34,370)	(5,919)
Loss on sale of equipment/assets	-	-	-	-	-	-	-	-	-
Other nonoperating expense	130,177	-	45,705	40,214	(226,316)	158,692	150,970	(4,876)	-
Tax and assessment expense	(14,233)	(2,625)	(14,073)	(14,812)	(170,364)	(17,028)	(14,073)	-	-
Unrealized gain on investments	419,584	62,384	292,856	122,059	105,150	570,003	461,828	129,815	4,977
Net nonoperating revenues (expenses)	7,690,063	831,253	5,938,965	2,099,162	(3,228,781)	7,166,198	6,588,542	932,384	432,085
Income (loss) before capital contribution revenue and transfers	10,854,396	1,261,472	11,645,371	3,321,865	3,627,998	15,642,392	12,952,492	2,314,467	219,428
Capital contribution revenue:									
Connection fees	100,284	5,450	466,281	59,462	1,115,658	286,670	112,467	689	-
Capital grants	-	-	-	-	-	-	-	-	-
Transfers in	2,749,036	352,112	2,595,438	815,570	11,002,886	2,917,576	2,476,871	466,714	63,517
Transfers out	(10,167,551)	(1,325,855)	(11,172,049)	(3,428,095)	(11,060,542)	(13,851,156)	(11,273,786)	(1,701,936)	(63,854)
Change in net position	3,536,165	293,179	3,535,041	768,802	4,686,000	4,995,482	4,268,044	1,079,934	219,091
Total net position, July 1, 2019, as previously stated	70,888,185	9,127,793	62,595,946	18,815,358	65,083,943	92,027,764	76,597,878	15,848,079	3,783,831
Prior-period adjustments	-	-	-	-	-	-	-	-	-
Total net position, July 1, 2019, as restated	70,888,185	9,127,793	62,595,946	18,815,358	65,083,943	92,027,764	76,597,878	15,848,079	3,783,831
Total net position, June 30, 2020	\$ 74,424,350	9,420,972	66,130,987	19,584,160	69,769,943	97,023,246	80,865,922	16,928,013	4,002,922

Exhibit E-2-3
LOS ANGELES COUNTY SANITATION DISTRICTS
Sewerage Operations
Combining Schedule of Revenues, Expenses, and Changes in Net Position
June 30, 2020

	Districts							Total
	No. 28	No. 29	No. 34	Joint Outfall	Newhall Ranch	Santa Clarita Valley	South Bay Cities	
Operating revenues:								
Commodities	-	-	-	52,444	-	2,727	-	61,902
Contract revenue	-	-	-	12,433,999	1,944,763	672,128	-	17,864,877
Industrial waste surcharge	-	76,741	-	13,417,779	-	1,833,235	29,263	72,938,213
Internal services revenue	-	-	-	155,656,433	-	-	-	155,656,433
Refuse/food waste tipping fees	-	-	-	988,177	-	-	-	988,177
Sale of energy	-	-	-	802,911	-	-	-	802,911
Service charges	683,380	1,976,090	-	104	-	35,457,295	7,006,401	389,832,660
Other	-	-	5,400	149,125	76,276	23,677	1	276,296
Total operating revenues	<u>683,380</u>	<u>2,052,831</u>	<u>5,400</u>	<u>183,500,972</u>	<u>2,021,039</u>	<u>37,989,062</u>	<u>7,035,665</u>	<u>638,421,469</u>
Operating expenses:								
Chemicals	-	4,803	-	33,311,398	-	2,517,997	26,272	38,542,244
Collection charges	10,808	2,433	-	-	-	120,841	91,673	1,327,118
Depreciation/amortization	94,342	180,186	13	52,914,013	119,163	5,497,679	301,249	82,500,580
Equipment and vehicle rentals	-	1,704	-	4,609,458	390	416,235	6,815	5,905,317
Insurance and claims	279	342	-	(5,327,944)	-	(297,170)	3,131	(5,609,914)
Internal administrative costs	562,939	743,823	6,196	-	6,196	5,641,455	6,335,417	257,897,605
Materials and supplies	172	14,747	-	11,077,972	121	1,216,309	57,772	14,189,334
Operations, repairs, and maintenance	60,335	15,604	-	2,279,373	9,139	334,378	24,173	3,984,439
Pollution remediation costs	-	-	-	116,924	-	-	-	121,704
Salaries and benefits	25,439	382,074	4,075	92,631,153	109,733	11,189,394	1,131,153	125,226,449
Services	167,133	33,436	-	32,859,483	17,513	1,773,453	58,820	42,311,543
Utilities	266	13,780	-	11,594,565	-	2,375,448	181,592	17,861,635
Total operating expenses	<u>921,713</u>	<u>1,392,932</u>	<u>10,284</u>	<u>236,066,395</u>	<u>262,255</u>	<u>30,786,019</u>	<u>8,218,067</u>	<u>584,258,054</u>
Operating income (loss)	<u>(238,333)</u>	<u>659,899</u>	<u>(4,884)</u>	<u>(52,565,423)</u>	<u>1,758,784</u>	<u>7,203,043</u>	<u>(1,182,402)</u>	<u>54,163,415</u>
Nonoperating revenues (expenses):								
Interest revenue	149,399	132,144	115	8,298,638	6,331	2,614,054	667,805	26,909,377
Investment in joint ventures	-	-	-	(1,364,821)	-	-	-	(1,364,821)
Property taxes	755,404	172,885	-	-	-	8,090,289	6,298,365	88,364,794
Other nonoperating revenue	-	-	-	326	-	-	-	66,131
Amortization of bond premium	3,409	1,071	-	-	-	117,058	32,965	4,830,168
Amortization of deferred loss on refunding	(5,764)	(1,810)	-	-	-	(197,910)	(55,733)	(1,993,016)
Interest expense	(8,986)	(14,724)	-	(4,365,742)	-	(878,730)	(87,049)	(23,644,962)
Loss on sale of equipment/assets	-	-	-	(6,059,684)	-	-	-	(6,059,684)
Other nonoperating expense	16,026	8,745	-	(168,611)	-	(72,707)	14,480	1,023,108
Tax and assessment expense	(2,625)	(4,433)	-	(2,296,575)	(11,668)	(243,465)	(20,460)	(2,969,093)
Unrealized gain on investments	67,743	56,930	-	3,218,740	-	448,004	350,693	9,926,550
Net nonoperating revenues (expenses)	<u>974,606</u>	<u>350,808</u>	<u>115</u>	<u>(2,737,729)</u>	<u>(5,337)</u>	<u>9,876,593</u>	<u>7,201,066</u>	<u>95,088,552</u>
Income (loss) before capital contribution revenue and transfers	<u>736,273</u>	<u>1,010,707</u>	<u>(4,769)</u>	<u>(55,303,152)</u>	<u>1,753,447</u>	<u>17,079,636</u>	<u>6,018,664</u>	<u>149,251,967</u>
Capital contribution revenue:								
Connection fees	-	1,790	-	23,455,638	-	3,004,414	8,299	33,465,825
Capital grants	-	-	-	2,971,403	-	6,004,833	-	8,976,236
Transfers in	121,163	61,210	-	127,534,328	-	18,872,891	1,210,854	209,137,055
Transfers out	(416,224)	(443,592)	(337)	(1,452,539)	(337)	(19,020,412)	(4,530,336)	(206,341,306)
Change in net position	<u>441,212</u>	<u>630,115</u>	<u>(5,106)</u>	<u>97,205,678</u>	<u>1,753,110</u>	<u>25,941,362</u>	<u>2,707,481</u>	<u>194,489,777</u>
Total net position, July 1, 2019, as previously stated	12,822,114	15,012,972	5,141	1,658,399,351	610,541	258,215,742	44,009,934	3,257,906,533
Prior-period adjustments	-	-	-	750,169	-	-	-	750,169
Total net position, July 1, 2019, as restated	<u>12,822,114</u>	<u>15,012,972</u>	<u>5,141</u>	<u>1,659,149,520</u>	<u>610,541</u>	<u>258,215,742</u>	<u>44,009,934</u>	<u>3,258,656,702</u>
Total net position, June 30, 2020	<u>\$ 13,263,326</u>	<u>15,643,087</u>	<u>35</u>	<u>1,756,355,198</u>	<u>2,363,651</u>	<u>284,157,104</u>	<u>46,717,415</u>	<u>3,453,146,479</u>

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Exhibit E-3
LOS ANGELES COUNTY SANITATION DISTRICTS
Sewerage Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2020

	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	\$ 33,696,424	47,973,481	34,348,777	3,942,261	51,784,121	22,654,922	105,853	37,705,642	37,250,267
Receipts for internal services	-	-	-	-	-	-	-	-	-
Payments to suppliers	(238,511)	(554,950)	(333,279)	(2,011,781)	(1,233,473)	(361,212)	(129,622)	(5,482,421)	(262,770)
Payments for salaries/benefits	(812,339)	(1,198,055)	(801,320)	(103,901)	(1,760,608)	(653,678)	(8,736)	(5,601,570)	(637,226)
Payment for equipment rental	(852)	(1,704)	(4,259)	-	(5,963)	(1,704)	-	(330,193)	(1,704)
Payment for internal administrative costs	(22,375,567)	(33,406,478)	(24,858,663)	(17,481)	(36,582,407)	(13,957,454)	(6,196)	(3,203,051)	(27,266,952)
Net cash provided (used) by operating activities	<u>10,269,155</u>	<u>12,812,294</u>	<u>8,351,256</u>	<u>1,809,098</u>	<u>12,201,670</u>	<u>7,680,874</u>	<u>(38,701)</u>	<u>23,088,407</u>	<u>9,081,615</u>
Cash flows from noncapital financing activities:									
Receipts from property taxes	4,127,351	7,944,307	6,369,485	745,281	13,414,861	2,265,173	110,033	1,891,046	8,914,760
Transfers from other funds	2,669,042	4,073,934	3,117,898	323,181	6,326,771	1,631,387	45,416	10,449,930	4,037,266
Transfers to other funds	(13,742,350)	(20,632,226)	(15,775,086)	(326,523)	(24,979,965)	(7,863,506)	(45,753)	(11,165,640)	(17,735,597)
Payments for tax and assessment	(14,812)	(15,550)	(17,842)	(2,625)	(19,816)	(16,601)	-	(39,863)	(15,550)
Net cash provided (used) by noncapital financing activities	<u>(6,960,769)</u>	<u>(8,629,535)</u>	<u>(6,305,545)</u>	<u>739,314</u>	<u>(5,258,149)</u>	<u>(3,983,547)</u>	<u>109,696</u>	<u>1,135,473</u>	<u>(4,799,121)</u>
Cash flows from capital and related financing activities:									
Borrowings on loans	-	-	-	-	-	-	-	-	-
Purchases of capital assets	(252,900)	(1,484,434)	(1,910,529)	(1,818,073)	(5,167,764)	(7,407,884)	(58,897)	(2,604,767)	(149,926)
Connection fees proceeds	659,722	295,300	290,253	46,949	892,178	92,651	4,129	2,289,516	278,025
Grant proceeds	-	-	-	-	-	-	-	-	-
Interest paid on capital-related debt	(236,411)	(348,095)	(264,411)	(33,639)	(569,003)	(137,495)	(4,730)	(8,505,979)	(356,073)
Principal payments on bonds	(1,940,702)	(2,996,266)	(2,275,947)	(289,543)	(4,897,753)	(1,183,528)	(40,689)	(3,665,726)	(3,064,966)
Principal payments on loans	(30,347)	-	-	-	-	-	-	(5,137,873)	-
Net cash used by capital and related financing activities	<u>(1,800,638)</u>	<u>(4,533,495)</u>	<u>(4,160,634)</u>	<u>(2,094,306)</u>	<u>(9,742,342)</u>	<u>(8,636,256)</u>	<u>(100,187)</u>	<u>(17,624,829)</u>	<u>(3,292,940)</u>
Cash flows from investing activities:									
Interest received	1,111,425	1,477,516	947,900	757,097	1,316,613	541,334	97,801	1,080,520	1,463,232
Purchases of investments	(10,312,239)	(28,703,140)	(16,977,952)	(18,564,341)	(33,394,680)	(4,601,050)	(2,138,796)	(14,978,310)	(30,036,016)
Proceeds from maturities of investments	14,436,109	41,589,270	21,843,316	31,394,098	40,402,918	7,869,272	3,513,261	20,732,745	44,349,451
Net cash provided by investing activities	<u>5,235,295</u>	<u>14,363,646</u>	<u>5,813,264</u>	<u>13,586,854</u>	<u>8,324,851</u>	<u>3,809,556</u>	<u>1,472,266</u>	<u>6,834,955</u>	<u>15,776,667</u>
Net increase (decrease) in cash and cash equivalents	<u>6,743,043</u>	<u>14,012,910</u>	<u>3,698,341</u>	<u>14,040,960</u>	<u>5,526,030</u>	<u>(1,129,373)</u>	<u>1,443,074</u>	<u>13,434,006</u>	<u>16,766,221</u>
Cash and cash equivalents at beginning of fiscal year	<u>37,658,686</u>	<u>41,503,617</u>	<u>34,039,404</u>	<u>8,307,184</u>	<u>46,240,167</u>	<u>24,356,747</u>	<u>875,259</u>	<u>42,243,637</u>	<u>41,260,758</u>
Cash and cash equivalents at end of fiscal year	<u>\$ 44,401,729</u>	<u>55,516,527</u>	<u>37,737,745</u>	<u>22,348,144</u>	<u>51,766,197</u>	<u>23,227,374</u>	<u>2,318,333</u>	<u>55,677,643</u>	<u>58,026,979</u>

Exhibit E-3 (continued)
LOS ANGELES COUNTY SANITATION DISTRICTS
Sewerage Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2020

	Districts								
	No. 1	No. 2	No. 3	No. 4	No. 5	No. 8	No. 9	No. 14	No. 15
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:									
Operating income (loss)	\$ 10,425,480	12,130,200	8,318,337	27,920	8,122,723	4,738,214	(91,214)	13,252,031	8,219,030
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:									
Depreciation and amortization	420,094	826,226	571,006	1,701,102	1,309,423	432,299	52,486	9,545,370	208,329
Decrease (increase) in accounts receivable	(402,110)	35,783	(364,934)	829	2,887,823	2,471,617	-	(7,628)	674,480
Decrease (increase) in service charge receivable	(164,196)	(299,172)	(225,369)	(42,665)	(340,666)	(29,750)	(480)	(466,849)	(87,014)
Decrease in deferred outflow of resources	56,181	99,255	90,466	6,746	168,940	101,621	587	399,449	53,338
Increase (decrease) in accounts payable	10,277	3,292	1,320	120,183	40,670	32,050	-	154,689	17,774
Increase in amounts held for others	-	-	-	-	-	-	-	-	-
Decrease in claims liabilities	-	-	-	-	-	-	-	(1,403)	-
Increase in estimated pollution remediation	-	-	-	-	-	-	-	-	-
Decrease in other postemployment benefits liability	(138,620)	(244,906)	(223,221)	(16,646)	(416,847)	(250,743)	(1,448)	(985,614)	(131,610)
Increase in pension liability	50,268	88,802	80,944	6,037	151,157	90,924	525	357,401	47,724
Increase (increase) in other liabilities	-	-	-	-	-	-	-	(1,667)	-
Increase (decrease) in due to/from other funds	(57,107)	51,110	(8,221)	(2,680)	71,296	(29,964)	123	352,832	14,161
Increase in deferred inflow of resources	68,888	121,704	110,928	8,272	207,151	124,606	720	489,796	65,403
Net cash provided (used) by operating activities	\$ 10,269,155	12,812,294	8,351,256	1,809,098	12,201,670	7,680,874	(38,701)	23,088,407	9,081,615
Schedule of noncash investing activities:									
Unrealized gain on fair value of investments	\$ 547,073	609,327	483,802	491,867	520,668	63,623	55,332	248,078	596,014
Amortization of investment premium (discount)	224,730	437,527	298,636	215,060	403,591	-	21	224,877	431,293
Investment in joint venture	-	-	-	-	-	-	-	-	-

Exhibit E-3-2
LOS ANGELES COUNTY SANITATION DISTRICTS
Sewerage Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2020

	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	\$ 18,552,127	2,394,510	24,593,866	6,955,194	25,693,463	30,940,152	24,609,446	5,183,099	43
Receipts from internal services	-	-	-	-	-	-	-	-	-
Payments to suppliers	(437,662)	(25,983)	(719,143)	(581,041)	(4,543,805)	(291,645)	(280,890)	(8,209)	(79,918)
Payments for salaries/benefits	(180,080)	(70,778)	(625,556)	(280,559)	(5,055,771)	(762,584)	(329,434)	(13,755)	(9,390)
Payment for equipment rental	-	-	-	(852)	(520,073)	(3,408)	-	-	-
Payment for internal administrative costs	(14,238,623)	(1,860,661)	(17,197,139)	(4,987,000)	(1,994,328)	(21,883,474)	(17,502,183)	(3,257,726)	(6,196)
Net cash provided (used) by operating activities	<u>3,695,762</u>	<u>437,088</u>	<u>6,052,028</u>	<u>1,105,742</u>	<u>13,579,486</u>	<u>7,999,041</u>	<u>6,496,939</u>	<u>1,903,409</u>	<u>(95,461)</u>
Cash flows from noncapital financing activities:									
Receipts from property taxes	6,310,428	666,834	4,846,385	1,668,626	1,561,919	5,292,655	4,853,851	562,078	404,369
Transfers from other funds	2,466,590	315,109	2,268,494	716,268	11,002,886	2,501,636	2,141,964	419,874	63,517
Transfers to other funds	(9,901,105)	(1,290,851)	(10,897,105)	(3,344,793)	(11,346,542)	(13,515,215)	(10,960,879)	(1,655,095)	(63,854)
Payments for tax and assessment	(14,233)	(2,625)	(14,073)	(14,812)	(170,364)	(17,028)	(14,073)	-	-
Net cash provided (used) by noncapital financing activities	<u>(1,138,320)</u>	<u>(311,533)</u>	<u>(3,796,299)</u>	<u>(974,711)</u>	<u>1,047,899</u>	<u>(5,737,952)</u>	<u>(3,979,137)</u>	<u>(673,143)</u>	<u>404,032</u>
Cash flows from capital and related financing activities:									
Borrowings on loans	-	-	-	-	-	-	-	-	-
Purchases of capital assets	(385,489)	-	(1,833,297)	(17,059)	(262,821)	(1,665,343)	(129,786)	-	(49,388)
Connection fees proceeds	100,284	5,450	466,281	59,462	1,115,658	286,670	112,467	689	-
Grant proceeds	-	-	-	-	-	-	-	-	-
Interest paid on capital-related debt	(221,900)	(28,400)	(194,633)	(62,756)	(7,241,513)	(209,913)	(181,649)	(38,364)	(6,612)
Principal payments on bonds	(1,910,038)	(244,431)	(1,675,338)	(540,165)	(3,762,321)	(1,806,841)	(1,563,590)	(330,232)	(56,906)
Principal payments on loans	-	-	-	-	-	-	-	-	-
Net cash used by capital and related financing activities	<u>(2,417,143)</u>	<u>(267,381)</u>	<u>(3,236,987)</u>	<u>(560,518)</u>	<u>(10,150,997)</u>	<u>(3,395,427)</u>	<u>(1,762,558)</u>	<u>(367,907)</u>	<u>(112,906)</u>
Cash flows from investing activities:									
Interest received	916,240	167,805	849,975	304,656	704,404	1,251,415	1,139,507	311,090	30,010
Purchases of investments	(17,471,884)	-	(9,242,274)	(6,158,836)	(3,231,443)	(26,533,183)	(23,624,179)	(8,363,526)	-
Proceeds from maturities of investments	27,638,421	4,185,000	17,015,630	9,066,198	3,018,800	43,328,739	31,073,708	11,459,141	315,000
Net cash provided by investing activities	<u>11,082,777</u>	<u>4,352,805</u>	<u>8,623,331</u>	<u>3,212,018</u>	<u>491,761</u>	<u>18,046,971</u>	<u>8,589,036</u>	<u>3,406,705</u>	<u>345,010</u>
Net increase (decrease) in cash and cash equivalents	11,223,076	4,210,979	7,642,073	2,782,531	4,968,149	16,912,633	9,344,280	4,269,064	540,675
Cash and cash equivalents at beginning of fiscal year	28,068,084	4,967,113	27,528,022	10,096,556	29,726,144	36,708,992	35,627,241	3,834,892	1,159,160
Cash and cash equivalents at end of fiscal year	<u>\$ 39,291,160</u>	<u>9,178,092</u>	<u>35,170,095</u>	<u>12,879,087</u>	<u>34,694,293</u>	<u>53,621,625</u>	<u>44,971,521</u>	<u>8,103,956</u>	<u>1,699,835</u>

Exhibit E-3-2 (continued)
LOS ANGELES COUNTY SANITATION DISTRICTS
Sewerage Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2020

	Districts								
	No. 16	No. 17	No. 18	No. 19	No. 20	No. 21	No. 22	No. 23	No. 27
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:									
Operating income (loss)	\$ 3,164,333	430,219	5,706,406	1,222,703	6,856,779	8,476,194	6,363,950	1,382,083	(212,657)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:									
Depreciation and amortization	380,606	4,530	246,379	27,416	6,948,103	427,129	212,193	-	81,244
Decrease (increase) in accounts receivable	84,858	-	93,232	(122,584)	(139,539)	(713,131)	45,720	525,104	-
Decrease (increase) in service charge receivable	30,126	(6,869)	6,124	(32,153)	(151,247)	(253,258)	(102,879)	(5,780)	-
Decrease in deferred outflow of resources	20,365	4,628	72,813	18,086	341,358	109,640	21,629	879	600
Increase (decrease) in accounts payable	34,069	9,189	(4,814)	(487)	99,381	8,678	34,687	1,960	35,887
Increase in amounts held for others	-	-	-	-	-	-	-	-	-
Decrease in claims liabilities	-	-	-	-	(191,212)	-	-	-	-
Increase in estimated pollution remediation	-	-	-	-	-	-	-	-	-
Decrease in other postemployment benefits liability	(50,250)	(11,422)	(179,661)	(44,625)	(842,278)	(270,529)	(53,368)	(2,168)	(1,480)
Increase in pension liability	18,222	4,142	65,149	16,182	305,425	98,099	19,352	786	537
Increase (increase) in other liabilities	-	-	-	-	33	-	-	-	-
Increase (decrease) in due to/from other funds	(11,539)	(3,007)	(42,884)	(972)	(65,883)	(18,220)	(70,865)	(532)	(327)
Increase in deferred inflow of resources	24,972	5,678	89,284	22,176	418,566	134,439	26,520	1,077	735
Net cash provided (used) by operating activities	<u>\$ 3,695,762</u>	<u>437,088</u>	<u>6,052,028</u>	<u>1,105,742</u>	<u>13,579,486</u>	<u>7,999,041</u>	<u>6,496,939</u>	<u>1,903,409</u>	<u>(95,461)</u>
Schedule of noncash investing activities:									
Unrealized gain on fair value of investments	\$ 419,584	62,384	292,856	122,059	105,150	570,003	461,828	129,815	4,977
Amortization of investment premium (discount)	285,678	124	97,031	90,570	-	369,814	331,947	355	-
Investment in joint venture	-	-	-	-	-	-	-	-	-

Exhibit E-3-3
LOS ANGELES COUNTY SANITATION DISTRICTS
Sewerage Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2020

	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	\$ 675,996	2,088,806	5,400	30,451,664	3,950,965	38,024,152	6,951,455	490,532,086
Receipts for internal services	-	-	-	155,656,433	-	-	-	155,656,433
Payments to suppliers	(179,462)	(72,106)	-	(89,639,305)	(26,849)	(8,685,586)	(437,497)	(116,617,120)
Payments for salaries/benefits	(26,770)	(378,516)	(3,906)	(88,575,880)	(164,095)	(10,602,956)	(1,058,134)	(119,715,597)
Payment for equipment rental	-	(1,704)	-	(4,609,461)	(390)	(416,235)	(6,815)	(5,905,317)
Payment for internal administrative costs	(562,939)	(743,823)	(6,196)	-	(6,196)	(5,641,455)	(6,335,417)	(257,897,605)
Net cash provided (used) by operating activities	(93,175)	892,657	(4,702)	3,283,451	3,753,435	12,677,920	(886,408)	146,052,880
Cash flows from noncapital financing activities:								
Receipts from property taxes	748,424	173,416	-	-	-	7,838,499	6,235,154	86,944,935
Transfers from other funds	109,922	46,471	-	126,081,789	-	3,310,791	1,084,385	185,204,521
Transfers to other funds	(404,982)	(453,852)	(334)	(8,079,000)	(20,337)	(4,145,312)	(4,449,868)	(192,795,770)
Payments for tax and assessment	(2,625)	(4,433)	-	(2,296,575)	(11,668)	(243,465)	(20,460)	(2,969,093)
Net cash provided (used) by noncapital financing activities	450,739	(238,398)	(334)	115,706,214	(32,005)	6,760,513	2,849,211	76,384,593
Cash flows from capital and related financing activities:								
Borrowings on loans	-	-	-	4,971,751	-	-	-	4,971,751
Purchases of capital assets	-	(178,225)	-	(120,286,086)	(360,048)	(34,251,702)	(100,371)	(180,374,789)
Connection fees proceeds	-	1,790	-	23,455,638	-	3,004,414	8,299	33,465,825
Grant proceeds	-	-	-	2,971,403	-	6,004,833	-	8,976,236
Interest paid on capital-related debt	(10,037)	(15,181)	-	(2,599,557)	-	(402,830)	(97,045)	(21,766,226)
Principal payments on bonds	(86,391)	(27,126)	-	-	-	(2,966,191)	(835,310)	(36,160,000)
Principal payments on loans	-	(45,188)	-	(23,156,833)	-	(3,227,369)	-	(31,597,610)
Net cash used by capital and related financing activities	(96,428)	(263,930)	-	(114,643,684)	(360,048)	(31,838,845)	(1,024,427)	(222,484,813)
Cash flows from investing activities:								
Interest received	137,889	130,991	132	8,867,819	1,623	2,620,134	724,774	26,951,902
Purchases of investments	(3,280,637)	(1,468,480)	-	(165,032,116)	-	(28,880,452)	(11,948,712)	(464,942,246)
Proceeds from maturities of investments	4,974,299	2,270,392	-	250,735,291	-	47,682,550	18,757,207	697,650,816
Net cash provided by investing activities	1,831,551	932,903	132	94,570,994	1,623	21,422,232	7,533,269	259,660,472
Net increase (decrease) in cash and cash equivalents	2,092,687	1,323,232	(4,904)	98,916,975	3,363,005	9,021,820	8,471,645	259,613,132
Cash and cash equivalents at beginning of fiscal year	3,230,227	4,039,638	4,957	208,090,562	126,264	101,462,138	15,841,414	786,996,863
Cash and cash equivalents at end of fiscal year	\$ 5,322,914	5,362,870	53	307,007,537	3,489,269	110,483,958	24,313,059	1,046,609,995

Exhibit E-3-3 (continued)
LOS ANGELES COUNTY SANITATION DISTRICTS
Sewerage Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2020

	Districts							Total
	No. 28	No. 29	No. 34	Joint Outfall	Newhall Ranch	Santa Clarita Valley	South Bay Cities	
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	\$ (238,333)	659,899	(4,884)	(52,565,423)	1,758,784	7,203,043	(1,182,402)	54,163,415
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:								
Depreciation and amortization	94,342	180,186	13	52,914,013	119,163	5,497,679	301,249	82,500,580
Decrease (increase) in accounts receivable	-	19,883	-	2,249,860	(70,075)	73,039	(3,308)	7,338,919
Decrease (increase) in service charge receivable	(7,385)	16,158	-	-	-	(66,131)	(80,736)	(2,310,191)
Decrease in deferred outflow of resources	1,616	34,571	258	6,841,473	26,205	929,606	74,818	9,475,128
Increase (decrease) in accounts payable	59,454	13,022	-	3,024,247	6,356	(256,492)	3,528	3,448,920
Increase in amounts held for others	-	-	-	-	2,000,000	-	-	2,000,000
Decrease in claims liabilities	-	-	-	(6,210,091)	-	(380,309)	-	(6,783,015)
Increase in estimated pollution remediation	-	-	-	116,924	-	-	-	116,924
Decrease in other postemployment benefits liability	(3,989)	(85,302)	(636)	(16,880,908)	(64,660)	(2,293,747)	(184,608)	(23,379,286)
Increase in pension liability	1,446	30,932	231	6,121,314	23,446	831,753	66,943	8,477,741
Increase (increase) in other liabilities	-	-	-	3,133	-	-	-	1,499
Increase (decrease) in due to/from other funds	(2,307)	(19,084)	-	(719,976)	(77,916)	(388)	26,368	(615,982)
Increase in deferred inflow of resources	1,981	42,392	316	8,388,885	32,132	1,139,867	91,740	11,618,228
Net cash provided (used) by operating activities	\$ (93,175)	892,657	(4,702)	3,283,451	3,753,435	12,677,920	(886,408)	146,052,880
Schedule of noncash investing activities:								
Unrealized gain on fair value of investments	\$ 67,743	56,930	-	3,218,740	-	448,004	350,693	9,926,550
Amortization of investment premium (discount)	38,267	19,328	-	(27,164)	-	104,799	37,135	3,583,619
Investment in joint venture	-	-	-	(1,364,821)	-	-	-	(1,364,821)

Exhibit F-1
LOS ANGELES COUNTY SANITATION DISTRICTS
Stormwater Operations
Combining Schedule of Net Position
June 30, 2020

Assets

Current assets:

Unrestricted cash and cash equivalents:

Cash and cash equivalents	\$ <u>1,159,910</u>
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Receivables:

Accounts	230,832
Due from other funds	12,455
Interest	<u>34,591</u>

Total receivables	<u>277,878</u>
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Total current assets	<u>1,437,788</u>
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Total assets	\$ <u>1,437,788</u>
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Liabilities

Current liabilities:

Accounts payable	\$ 45,121
Amounts held for others	<u>74,232</u>

Total current liabilities	<u>119,353</u>
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Total liabilities	\$ <u>119,353</u>
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Net Position

Net position:

Unrestricted	\$ <u>1,318,435</u>
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Total net position	\$ <u><u>1,318,435</u></u>
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Exhibit F-2
LOS ANGELES COUNTY SANITATION DISTRICTS
Stormwater Operations
Combining Schedule of Revenues, Expenses, and Changes in Net Position
Fiscal year ended June 30, 2020

Operating revenues:		
Contract revenue	\$	<u>952,313</u>
Operating expenses:		
Salaries and benefits		112,464
Services		<u>892,950</u>
Total operating expenses		<u>1,005,414</u>
Operating loss		<u>(53,101)</u>
Nonoperating revenues:		
Interest revenue		<u>74,907</u>
Income before transfers		21,806
Transfers out		<u>(5,600,000)</u>
Change in net position		(5,578,194)
Total net position, July 1, 2019		<u>6,896,629</u>
Total net position, June 30, 2020	\$	<u><u>1,318,435</u></u>

Exhibit F-3
LOS ANGELES COUNTY SANITATION DISTRICTS
Stormwater Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2020

Cash flows from operating activities:	
Receipts from customers and users	\$ 914,930
Payments to suppliers	(878,624)
Payments for salaries/benefits	(131,662)
Net cash used by operating activities	<u>(95,356)</u>
Cash flows from noncapital financing activities:	
Transfers to other funds	<u>(5,606,000)</u>
Net cash used by noncapital financing activities	<u>(5,606,000)</u>
Cash flows from investing activities:	
Interest received	<u>105,822</u>
Net cash provided by investing activities	<u>105,822</u>
Net decrease in cash and cash equivalents	(5,595,534)
Cash and cash equivalents at beginning of fiscal year	<u>6,755,444</u>
Cash and cash equivalents at end of fiscal year	<u>\$ 1,159,910</u>
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ <u>(53,101)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Increase in accounts receivable	(107,383)
Increase in accounts payable	45,095
Increase in amounts held for others	39,232
Decrease in due to/from other funds	<u>(19,199)</u>
Net cash used by operating activities	<u>\$ (95,356)</u>

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Exhibit G-1
LOS ANGELES COUNTY SANITATION DISTRICTS
Solid Waste Facilities Operations
Combining Schedule of Net Position
June 30, 2020

Assets	Spadra Landfill	Puente Hills Landfill	JOINT Refuse Disposal System	Total
Current assets:				
Unrestricted cash and cash equivalents:				
Cash in bank	\$ -	256,090	1,447,678	1,703,768
Cash on hand	-	9,111	14,078	23,189
Cash and cash equivalents	<u>3,730,644</u>	<u>11,546,552</u>	<u>33,515,888</u>	<u>48,793,084</u>
Total unrestricted cash and cash equivalents	<u>3,730,644</u>	<u>11,811,753</u>	<u>34,977,644</u>	<u>50,520,041</u>
Receivables:				
Accounts	-	2,467	11,167,273	11,169,740
Due from other funds	181,098	970,393	3,198,126	4,349,617
Interest	<u>369,156</u>	<u>1,243,032</u>	<u>1,166,412</u>	<u>2,778,600</u>
Total receivables	<u>550,254</u>	<u>2,215,892</u>	<u>15,531,811</u>	<u>18,297,957</u>
Restricted/designated cash and investments:				
Cash and cash equivalents	25,954,913	115,862,644	70,570,491	212,388,048
Specific investments	<u>47,179,983</u>	<u>193,036,416</u>	<u>177,777,582</u>	<u>417,993,981</u>
Bond proceeds with Trustee Cash and cash equivalents	<u>-</u>	<u>-</u>	<u>233</u>	<u>233</u>
Total restricted/designated cash and investments	<u>73,134,896</u>	<u>308,899,060</u>	<u>248,348,306</u>	<u>630,382,262</u>
Total current assets	<u>77,415,794</u>	<u>322,926,705</u>	<u>298,857,761</u>	<u>699,200,260</u>
Other assets	-	-	8,512	8,512
Capital assets:				
Buildings & equipment	-	-	18,543,736	18,543,736
Improvements	41,219,015	246,787,240	81,169,590	369,175,845
Gas-to-energy facilities	26,041,170	-	174,550,031	200,591,201
Rail facilities	-	-	110,371,912	110,371,912
Recycling and transfer facilities	-	-	74,399,560	74,399,560
Use rights	635,000	9,001,642	54,366,883	64,003,525
Other capital assets	16,963	317,157	280,358	614,478
Construction in progress	100,972	1,099,933	176,887,793	178,088,698
Land	-	-	54,884,982	54,884,982
Accumulated depreciation & amortization	<u>(60,729,522)</u>	<u>(255,869,198)</u>	<u>(167,576,563)</u>	<u>(484,175,283)</u>
Net capital assets	<u>7,283,598</u>	<u>1,336,774</u>	<u>577,878,282</u>	<u>586,498,654</u>
Total assets	<u>\$ 84,699,392</u>	<u>324,263,479</u>	<u>876,744,555</u>	<u>1,285,707,426</u>
Deferred Outflow of Resources				
Deferred pension contribution	\$ 223,186	2,972,153	3,357,675	6,553,014
Other postemployment benefit deferral	<u>117,745</u>	<u>775,571</u>	<u>1,796,760</u>	<u>2,690,076</u>
Total deferred outflow of resources	<u>\$ 340,931</u>	<u>3,747,724</u>	<u>5,154,435</u>	<u>9,243,090</u>

(Continued on the following page)

Exhibit G-1-2
LOS ANGELES COUNTY SANITATION DISTRICTS
Solid Waste Facilities Operations
Combining Schedule of Net Position
June 30, 2020

Liabilities	Spadra Landfill	Puente Hills Landfill	Joint Refuse Disposal System	Total
Current liabilities:				
Accounts payable	\$ 41,658	129,612	6,529,079	6,700,349
Bonds payable	-	-	1,404,400	1,404,400
Estimated liability for closure/postclosure care	3,530,000	10,730,000	-	14,260,000
Interest payable	-	-	1,658	1,658
Other	-	8	(48,823)	(48,815)
Total current liabilities	<u>3,571,658</u>	<u>10,859,620</u>	<u>7,886,314</u>	<u>22,317,592</u>
Long-term liabilities:				
Bonds payable	-	-	1,404,398	1,404,398
Contractual obligations to other governments	-	37,579,055	-	37,579,055
Estimated liability for closure/postclosure care	50,473,940	307,596,236	-	358,070,176
Other postemployment benefits liability	675,431	6,631,333	10,785,795	18,092,559
Pension liability	518,249	10,915,906	24,141,989	35,576,144
Total long-term liabilities	<u>51,667,620</u>	<u>362,722,530</u>	<u>36,332,182</u>	<u>450,722,332</u>
Total liabilities	<u>\$ 55,239,278</u>	<u>373,582,150</u>	<u>44,218,496</u>	<u>473,039,924</u>
Deferred Inflow of Resources				
Other postemployment benefits deferrals	\$ 23,845	150,380	3,299,376	3,473,601
Pension deferrals	91,935	1,276,674	1,790,608	3,159,217
Total deferred inflow of resources	<u>\$ 115,780</u>	<u>1,427,054</u>	<u>5,089,984</u>	<u>6,632,818</u>
Net Position				
Net position:				
Net investment in capital assets	\$ 7,283,598	1,336,774	575,069,484	583,689,856
Restricted for capital projects	-	-	18,955,972	18,955,972
Restricted for closure/postclosure maintenance	22,401,667	-	-	22,401,667
Unrestricted	-	(48,334,775)	238,565,054	190,230,279
Total net position	<u>\$ 29,685,265</u>	<u>(46,998,001)</u>	<u>832,590,510</u>	<u>815,277,774</u>

Exhibit G-2
LOS ANGELES COUNTY SANITATION DISTRICTS
Solid Waste Facilities Operations
Combining Schedule of Revenues, Expenses, and Changes in Net Position
Fiscal year ended June 30, 2020

	Spadra Landfill	Puente Hills Landfill	Joint Refuse Disposal System	Total
Operating revenues:				
Commodities	\$ -	51,602	998,627	1,050,229
Contract revenue	-	134,019	2,355,452	2,489,471
Refuse/food waste tipping fees	-	-	68,591,911	68,591,911
Sale of energy	-	-	19,898,813	19,898,813
Other	(544)	3,853	97,043	100,352
Total operating revenues	(544)	189,474	91,941,846	92,130,776
Operating expenses:				
Chemicals	-	-	175,279	175,279
Depreciation/amortization	645,468	24,619	7,563,607	8,233,694
Equipment and vehicle rentals	128,079	371,932	2,925,104	3,425,115
Insurance and claims	(46,534)	(2,214,162)	(337,492)	(2,598,188)
Internal administrative costs	572,665	1,781,701	6,215,226	8,569,592
Landfill closure and postclosure costs	14,566,370	140,186,699	-	154,753,069
Materials and supplies	4,175	617,618	3,028,023	3,649,816
Operations, repairs, and maintenance	955	38,526	3,116,172	3,155,653
Salaries and benefits	2,547	1,491	21,806,017	21,810,055
Services	12,938	57,322	44,308,471	44,378,731
Utilities	36,289	(26,249)	1,071,001	1,081,041
Total operating expenses	15,922,952	140,839,497	89,871,408	246,633,857
Operating income (loss)	(15,923,496)	(140,650,023)	2,070,438	(154,503,081)
Nonoperating revenues (expenses):				
Interest revenue	1,497,782	5,306,721	5,609,544	12,414,047
Interest expense	-	-	(43,058)	(43,058)
Gain (loss) on sale of equipment/assets	-	-	(202,712)	(202,712)
Other nonoperating revenue	3,450	3,247	1,799,307	1,806,004
Tax and assessment expense	-	-	(3,023,230)	(3,023,230)
Unrealized gain on investments	959,635	4,337,604	3,560,516	8,857,755
Net nonoperating revenues	2,460,867	9,647,572	7,700,367	19,808,806
Income (loss) before capital contribution revenue and transfers	(13,462,629)	(131,002,451)	9,770,805	(134,694,275)
Capital contribution revenue:				
Capital grants	-	-	1,451,215	1,451,215
Transfers in	7,565,902	13,011,766	295,763,453	316,341,121
Transfers out	(4,361,018)	(10,596,556)	(301,840,512)	(316,798,086)
Change in net position	(10,257,745)	(128,587,241)	5,144,961	(133,700,025)
Total net position, July 1, 2019, as previously stated	39,943,010	118,465,306	827,445,549	985,853,865
Prior-period adjustments	-	(36,876,066)	-	(36,876,066)
Total net position, July 1, 2019, as restated	39,943,010	81,589,240	827,445,549	948,977,799
Total net position, June 30, 2020	\$ 29,685,265	(46,998,001)	832,590,510	815,277,774

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Exhibit G-3
LOS ANGELES COUNTY SANITATION DISTRICTS
Solid Waste Facilities Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2020

	Spadra Landfill	Puente Hills Landfill	Joint Refuse Disposal	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ -	158,147	90,075,590	90,233,737
Payments to suppliers	(1,728)	(759,849)	(54,586,879)	(55,348,456)
Payments for salaries/benefits	(32,266)	(1,534)	(20,962,023)	(20,995,823)
Payments applied to closure/postclosure liability	(2,630,685)	(7,747,189)	-	(10,377,874)
Payment for equipment rental	(128,079)	(371,932)	(2,925,104)	(3,425,115)
Payment for internal administrative costs	(572,665)	(1,356,701)	(6,215,226)	(8,144,592)
Net cash provided (used) by operating activities	<u>(3,365,423)</u>	<u>(10,079,058)</u>	<u>5,386,358</u>	<u>(8,058,123)</u>
Cash flows from noncapital financing activities:				
Payments for tax and assessment	-	-	(2,985,755)	(2,985,755)
Transfers from other funds	3,230,881	2,500,000	1,447,941	7,178,822
Transfers to other funds	(129,997)	(564,790)	(8,376,822)	(9,071,609)
Net cash provided (used) by noncapital financing activities	<u>3,100,884</u>	<u>1,935,210</u>	<u>(9,914,636)</u>	<u>(4,878,542)</u>
Cash flows from capital and related financing activities:				
Purchases of capital assets	(42,322)	307,579	(12,735,832)	(12,470,575)
Grant proceeds	-	-	1,451,215	1,451,215
Interest paid on capital-related debt	-	-	(43,887)	(43,887)
Principal payments on bonds	-	-	(1,404,400)	(1,404,400)
Proceeds from sale of equipment	-	-	64,055	64,055
Receipts from joint venture	-	-	11,680,000	11,680,000
Net cash provided (used) by capital and related financing activities	<u>(42,322)</u>	<u>307,579</u>	<u>(988,849)</u>	<u>(723,592)</u>
Cash flows from investing activities:				
Interest received	1,364,900	6,157,016	5,374,170	12,896,086
Purchases of investments	(46,674,353)	(150,906,930)	(98,098,697)	(295,679,980)
Proceeds from maturities of investments	62,820,709	205,237,999	158,684,633	426,743,341
Net cash provided by investing activities	<u>17,511,256</u>	<u>60,488,085</u>	<u>65,960,106</u>	<u>143,959,447</u>
Net increase in cash and cash equivalents	17,204,395	52,651,816	60,442,979	130,299,190
Cash and cash equivalents at beginning of fiscal year	<u>12,481,162</u>	<u>75,022,581</u>	<u>45,105,389</u>	<u>132,609,132</u>
Cash and cash equivalents at end of fiscal year	<u>\$ 29,685,557</u>	<u>127,674,397</u>	<u>105,548,368</u>	<u>262,908,322</u>

Exhibit G-3 (continued)
LOS ANGELES COUNTY SANITATION DISTRICTS
Solid Waste Facilities Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2020

	Spadra Landfill	Puente Hills Landfill	Joint Refuse Disposal	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (15,923,496)	(140,650,023)	2,070,438	(154,503,081)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	645,468	24,619	7,563,607	8,233,694
Landfill closure and postclosure costs	14,566,370	140,186,699	-	154,753,069
Decrease (increase) in accounts receivable	-	4,556	(151,956)	(147,400)
Decrease in deferred outflow of resources	164	-	1,523,997	1,524,161
Decrease in accounts payable	(18,160)	(347,061)	(4,381,066)	(4,746,287)
Decrease in estimated liability for closure/postclosure costs	(2,630,685)	(7,747,189)	-	(10,377,874)
Decrease in claims liabilities	(46,533)	(2,214,163)	(218,521)	(2,479,217)
Decrease in other postemployment benefits liability	(406)	-	(3,760,366)	(3,760,772)
Increase in pension liability	147	-	1,363,576	1,363,723
Increase (decrease) in other liabilities	596	19	(196)	419
Increase (decrease) in due to/from other funds	40,911	663,485	(491,850)	212,546
Increase in deferred inflow of resources	201	-	1,868,695	1,868,896
Net cash provided (used) by operating activities	\$ (3,365,423)	(10,079,058)	5,386,358	(8,058,123)
Schedule of noncash investing activities:				
Unrealized gain on fair value of investments	\$ 959,635	4,337,604	3,560,516	8,857,755
Amortization of investment premium	16,147	(72,469)	93,961	37,639

Exhibit H-1
LOS ANGELES COUNTY SANITATION DISTRICTS
Trustee Solid Waste Facilities Operations
Combining Schedule of Net Position
June 30, 2020

Assets	<u>Palos Verdes Landfill</u>	<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 assets:						
Unrestricted cash and cash equivalents:						
Cash in bank	\$ -	779,017	393,201	-	-	1,172,218
Cash on hand	-	5,870	5,106	-	-	10,976
Cash and cash equivalents	<u>2,407,672</u>	<u>25,268,342</u>	<u>21,551,792</u>	<u>4,648,339</u>	<u>1,600,707</u>	<u>55,476,852</u>
Total unrestricted cash and cash equivalents	<u>2,407,672</u>	<u>26,053,229</u>	<u>21,950,099</u>	<u>4,648,339</u>	<u>1,600,707</u>	<u>56,660,046</u>
Receivables:						
Accounts	-	2,528,981	873,945	-	61,437	3,464,363
Due from other funds	326,677	285,073	1,339,642	37,299	62,872	2,051,563
Interest	15,220	185,123	99,393	-	15,675	315,411
Total receivables	<u>341,897</u>	<u>2,999,177</u>	<u>2,312,980</u>	<u>37,299</u>	<u>139,984</u>	<u>5,831,337</u>
Restricted/designated cash and investments:						
Cash and cash equivalents	760,923	3,856,426	9,986,622	-	-	14,603,971
Specific investments	-	11,686,216	50,399,590	-	-	62,085,806
Total restricted/designated cash and investments	<u>760,923</u>	<u>15,542,642</u>	<u>60,386,212</u>	<u>-</u>	<u>-</u>	<u>76,689,777</u>
Other specific investments	<u>1,742,837</u>	<u>12,774,182</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,517,019</u>
Total current assets	<u>5,253,329</u>	<u>57,369,230</u>	<u>84,649,291</u>	<u>4,685,638</u>	<u>1,740,691</u>	<u>153,698,179</u>
Other assets	-	-	4	-	-	4
Capital assets:						
Improvements	23,711,809	28,305,678	125,101,294	-	954	177,119,735
Equipment pool	-	-	-	22,335,665	-	22,335,665
Gas-to-energy facilities	16,557,233	-	-	-	-	16,557,233
Use rights	3,758,185	300,131	947,215	-	-	5,005,531
Construction in progress	345,612	170,117	695,300	-	357,815	1,568,844
Land	-	-	-	-	5,482,200	5,482,200
Accumulated depreciation & amortization	<u>(44,026,243)</u>	<u>(26,762,060)</u>	<u>(107,999,984)</u>	<u>(9,302,617)</u>	<u>(44)</u>	<u>(188,090,948)</u>
Net capital assets	<u>346,596</u>	<u>2,013,866</u>	<u>18,743,825</u>	<u>13,033,048</u>	<u>5,840,925</u>	<u>39,978,260</u>
Total assets	<u>\$ 5,599,925</u>	<u>59,383,096</u>	<u>103,393,120</u>	<u>17,718,686</u>	<u>7,581,616</u>	<u>193,676,443</u>
Deferred Outflow of Resources						
Deferred pension contribution	\$ 755,471	1,141,193	850,385	196,301	210,333	3,153,683
Other postemployment benefit deferral	<u>240,315</u>	<u>471,644</u>	<u>520,766</u>	<u>79,088</u>	<u>64,259</u>	<u>1,376,072</u>
Total deferred outflow of resources	<u>\$ 995,786</u>	<u>1,612,837</u>	<u>1,371,151</u>	<u>275,389</u>	<u>274,592</u>	<u>4,529,755</u>

(Continued on the following page)

Exhibit H-1-2
LOS ANGELES COUNTY SANITATION DISTRICTS
Trustee Solid Waste Facilities Operations
Combining Schedule of Net Position
June 30, 2020

Liabilities	<u>Palos Verdes Landfill</u>	<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	\$ 1,750,461	3,454,008	1,633,846	13,834	64,185	6,916,334
Other	2	7	-	(7,013)	(8)	(7,012)
Total current liabilities	<u>1,750,463</u>	<u>3,454,015</u>	<u>1,633,846</u>	<u>6,821</u>	<u>64,177</u>	<u>6,909,322</u>
Long-term liabilities:						
Contractual obligations to other governments	-	-	1,115,830	-	-	1,115,830
Estimated liability for closure/postclosure care	-	11,709,068	78,679,806	-	-	90,388,874
Other postemployment benefits liability	1,848,709	3,153,327	3,076,461	542,131	503,378	9,124,006
Pension liability	4,037,702	7,028,934	6,891,239	1,125,558	1,090,059	20,173,492
Total long-term liabilities	<u>5,886,411</u>	<u>21,891,329</u>	<u>89,763,336</u>	<u>1,667,689</u>	<u>1,593,437</u>	<u>120,802,202</u>
Total liabilities	<u>\$ 7,636,874</u>	<u>25,345,344</u>	<u>91,397,182</u>	<u>1,674,510</u>	<u>1,657,614</u>	<u>127,711,524</u>
Deferred Inflow of Resources						
Other postemployment benefits deferrals	\$ 402,968	880,738	994,578	125,245	94,332	2,497,861
Pension deferrals	316,718	514,656	500,708	90,479	91,200	1,513,761
Total deferred inflow of resources	<u>\$ 719,686</u>	<u>1,395,394</u>	<u>1,495,286</u>	<u>215,724</u>	<u>185,532</u>	<u>4,011,622</u>
Net Position						
Net position:						
Net investment in capital assets	\$ 346,596	2,013,866	18,743,825	13,033,048	5,840,925	39,978,260
Restricted for capital projects	-	1,424,747	-	-	-	1,424,747
Restricted for closure/postclosure maintenance	-	27,211,643	-	-	-	27,211,643
Unrestricted	(2,107,445)	3,604,939	(6,872,022)	3,070,793	172,137	(2,131,598)
Total net position	<u>\$ (1,760,849)</u>	<u>34,255,195</u>	<u>11,871,803</u>	<u>16,103,841</u>	<u>6,013,062</u>	<u>66,483,052</u>

Exhibit H-2
LOS ANGELES COUNTY SANITATION DISTRICTS
Trustee Solid Waste Facilities Operations
Combining Schedule of Revenues, Expenses, and Changes in Net Position
Fiscal year ended June 30, 2020

	Palos Verdes Landfill	Scholl Canyon Landfill	Calabasas Landfill	Los Angeles County Equipment Pool	Los Angeles County Refuse Disposal Fund	Total
Operating revenues:						
Commodities	\$ -	3,562	3,082	-	-	6,644
Contract revenue	-	36,915	-	-	1,392,970	1,429,885
Equipment pool	-	-	-	5,856,508	-	5,856,508
Refuse/food waste tipping fees	-	36,224,519	19,784,685	-	-	56,009,204
Other	235	67	211	916	156	1,585
Total operating revenues	235	36,265,063	19,787,978	5,857,424	1,393,126	63,303,826
Operating expenses:						
Chemicals	-	1,859	26,280	-	-	28,139
Depreciation/amortization	47	1,510,929	1,269,319	1,452,390	44	4,232,729
Equipment and vehicle rentals	146,046	3,235,428	2,842,269	8,739	20,861	6,253,343
Insurance and claims	(133,064)	(145,976)	(359,818)	25,737	682	(612,439)
Internal administrative costs	1,015,195	1,936,168	1,961,949	-	109,005	5,022,317
Landfill closure and postclosure costs	-	569,877	4,505,389	-	-	5,075,266
Materials and supplies	172,158	529,581	821,310	314,617	20,308	1,857,974
Operations, repairs, and maintenance	34,959	7,470,955	268,172	1,256,409	159,133	9,189,628
Salaries and benefits	2,892,835	5,887,194	6,623,611	892,600	665,212	16,961,452
Services	2,067,246	2,411,497	3,991,670	52,378	160,999	8,683,790
Tonnage	-	4,823,891	338,866	-	-	5,162,757
Utilities	292,252	424,743	402,148	2,047	48,776	1,169,966
Total operating expenses	6,487,674	28,656,146	22,691,165	4,004,917	1,185,020	63,024,922
Operating income (loss)	(6,487,439)	7,608,917	(2,903,187)	1,852,507	208,106	278,904
Nonoperating revenues (expenses):						
Interest revenue	135,713	826,172	1,258,133	(27,153)	138,675	2,331,540
Gain on sale of equipment/assets	-	-	-	344,358	-	344,358
Other nonoperating revenue/(expense)	-	-	1,096,086	(43)	-	1,096,043
Tax and assessment expense	(65,136)	(1,573,238)	(2,935,093)	(99)	(18,659)	(4,592,225)
Unrealized gain on investments	45,581	377,089	904,951	-	-	1,327,621
Net nonoperating revenues (expenses)	116,158	(369,977)	324,077	317,063	120,016	507,337
Income (loss) before transfers	(6,371,281)	7,238,940	(2,579,110)	2,169,570	328,122	786,241
Transfers in	-	10,015,455	7,044,368	-	-	17,059,823
Transfers out	(39,486)	(10,097,618)	(7,166,858)	-	(5,779)	(17,309,741)
Change in net position	(6,410,767)	7,156,777	(2,701,600)	2,169,570	322,343	536,323
Total net position, July 1, 2019, as previously stated	4,649,918	27,098,418	16,297,268	13,934,271	5,690,719	67,670,594
Prior-period adjustments	-	-	(1,723,865)	-	-	(1,723,865)
Total net position, July 1, 2019, as restated	4,649,918	27,098,418	14,573,403	13,934,271	5,690,719	65,946,729
Total net position, June 30, 2020	\$ (1,760,849)	34,255,195	11,871,803	16,103,841	6,013,062	66,483,052

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Exhibit H-3
LOS ANGELES COUNTY SANITATION DISTRICTS
Trustee Solid Waste Facilities Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2020

	Palos Verdes Landfill	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	\$ 363	36,869,748	22,220,391	-	1,331,689	60,422,191
Receipts for equipment rental	-	-	-	5,856,508	-	5,856,508
Payments to suppliers	(854,324)	(15,726,722)	(5,946,279)	(1,663,125)	(304,343)	(24,494,793)
Payments for salaries/benefits	(2,682,935)	(5,594,189)	(6,683,256)	(855,820)	(645,270)	(16,461,470)
Payment for equipment rental	(146,046)	(3,235,428)	(2,842,269)	(8,739)	(20,861)	(6,253,343)
Payment for internal administrative costs	(1,015,195)	(1,574,090)	(2,324,027)	-	(109,005)	(5,022,317)
Net cash provided (used) by operating activities	<u>(4,698,137)</u>	<u>10,739,319</u>	<u>4,424,560</u>	<u>3,328,824</u>	<u>252,210</u>	<u>14,046,776</u>
Cash flows from noncapital financing activities:						
Payments for tax and assessment	(65,136)	(1,597,421)	(4,069,063)	(99)	(18,659)	(5,750,378)
Transfers to other funds	(157,486)	(347,163)	(511,490)	(42,000)	(37,779)	(1,095,918)
Net cash used by noncapital financing activities	<u>(222,622)</u>	<u>(1,944,584)</u>	<u>(4,580,553)</u>	<u>(42,099)</u>	<u>(56,438)</u>	<u>(6,846,296)</u>
Cash flows from capital and related financing activities:						
Purchases of capital assets	(345,506)	(1,303,319)	(783,291)	(5,173,105)	(73,631)	(7,678,852)
Proceeds from sale of equipment	-	-	-	348,858	-	348,858
Net cash used by capital and related financing activities	<u>(345,506)</u>	<u>(1,303,319)</u>	<u>(783,291)</u>	<u>(4,824,247)</u>	<u>(73,631)</u>	<u>(7,329,994)</u>
Cash flows from investing activities:						
Interest received	167,891	767,607	1,484,195	-	130,685	2,550,378
Purchases of investments	-	(45,296,997)	(43,871,000)	-	-	(89,167,997)
Proceeds from maturities of investments	3,228,463	49,788,563	47,469,000	-	-	100,486,026
Net cash provided by investing activities	<u>3,396,354</u>	<u>5,259,173</u>	<u>5,082,195</u>	<u>-</u>	<u>130,685</u>	<u>13,868,407</u>
Net increase (decrease) in cash and cash equivalents	(1,869,911)	12,750,589	4,142,911	(1,537,522)	252,826	13,738,893
Cash and cash equivalents at beginning of fiscal year	<u>5,038,506</u>	<u>17,159,066</u>	<u>27,793,810</u>	<u>6,185,861</u>	<u>1,347,881</u>	<u>57,525,124</u>
Cash and cash equivalents at end of fiscal year	<u>\$ 3,168,595</u>	<u>29,909,655</u>	<u>31,936,721</u>	<u>4,648,339</u>	<u>1,600,707</u>	<u>71,264,017</u>

Exhibit H-3 (continued)
LOS ANGELES COUNTY SANITATION DISTRICTS
Trustee Solid Waste Facilities Operations
Combining Schedule of Cash Flows
Fiscal year ended June 30, 2020

	Palos Verdes Landfill	Scholl Canyon Landfill	Calabasas Landfill	Los Angeles County Equipment Pool	Los Angeles County Refuse Disposal Fund	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	\$ (6,487,439)	7,608,917	(2,903,187)	1,852,507	208,106	278,904
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization	47	1,510,929	1,269,319	1,452,390	44	4,232,729
Landfill closure and postclosure costs	-	569,877	4,505,389	-	-	5,075,266
Other nonoperating revenues	-	-	1,096,086	-	-	1,096,086
Decrease (increase) in accounts receivable	-	617,990	1,334,985	-	(61,437)	1,891,538
Decrease in deferred outflow of resources	183,526	406,799	461,901	56,676	42,210	1,151,112
Increase (decrease) in accounts payable	1,722,605	(48,151)	257,759	(1,837)	63,583	1,993,959
Decrease in claims liabilities	(136,048)	(147,833)	(367,913)	-	-	(651,794)
Decrease in contractual obligations	-	-	(641,134)	-	-	(641,134)
Increase (decrease) in other liabilities	8	-	-	(7,013)	(704)	(7,709)
Decrease in other postemployment benefits liability	(452,837)	(1,003,750)	(1,139,712)	(139,846)	(104,152)	(2,840,297)
Increase in pension liability	164,207	363,977	413,280	50,710	37,767	1,029,941
Increase (decrease) in due to/from other funds	82,759	361,755	(428,588)	(4,259)	15,035	26,702
Increase in deferred inflow of resources	225,035	498,809	566,375	69,496	51,758	1,411,473
Net cash provided (used) by operating activities	\$ (4,698,137)	10,739,319	4,424,560	3,328,824	252,210	14,046,776
Schedule of noncash investing activities:						
Unrealized gain on fair value of investments	\$ 45,581	377,089	904,951	-	-	1,327,621
Amortization of investment premium (discount)	(809)	39,806	(446)	-	-	38,551

Exhibit I-1
LOS ANGELES COUNTY SANITATION DISTRICTS
Service Operations
Combining Schedule of Net Position
June 30, 2020

Assets	Joint Administration	Technical Support	Joint Refuse Equipment Pool	Joint Administration Equipment Pool	Joint Outfall Equipment Pool	Total
Current assets:						
Unrestricted cash and cash equivalents:						
Cash in bank	\$ 33,647,728	-	-	-	-	33,647,728
Cash on hand	12,417	-	-	-	-	12,417
Cash and cash equivalents	<u>667,063</u>	<u>4,488,794</u>	<u>9,702,906</u>	<u>62,428</u>	<u>1,278,793</u>	<u>16,199,984</u>
Total unrestricted cash and cash equivalents	<u>34,327,208</u>	<u>4,488,794</u>	<u>9,702,906</u>	<u>62,428</u>	<u>1,278,793</u>	<u>49,860,129</u>
Receivables:						
Accounts	172,598	-	-	-	-	172,598
Due from other funds	-	-	214,159	-	-	214,159
Interest	<u>241,861</u>	<u>19,099</u>	<u>102,417</u>	<u>618</u>	<u>2,292</u>	<u>366,287</u>
Total receivables	<u>414,459</u>	<u>19,099</u>	<u>316,576</u>	<u>618</u>	<u>2,292</u>	<u>753,044</u>
Inventory	<u>22,097,550</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,097,550</u>
Restricted/designated cash and investments:						
Cash and cash equivalents	39,629,786	-	-	-	-	39,629,786
Specific investments	<u>12,946,267</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,946,267</u>
Total restricted/designated cash and investments	<u>52,576,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,576,053</u>
Other specific investments	<u>-</u>	<u>-</u>	<u>10,479,085</u>	<u>-</u>	<u>-</u>	<u>10,479,085</u>
Total current assets	<u>109,415,270</u>	<u>4,507,893</u>	<u>20,498,567</u>	<u>63,046</u>	<u>1,281,085</u>	<u>135,765,861</u>
Other assets	23,468	16,940	-	-	-	40,408
Capital assets:						
Buildings & equipment	69,690,699	-	-	-	-	69,690,699
Equipment pool	-	-	16,913,814	2,089,284	33,881,430	52,884,528
Other capital assets	18,171,523	17,687,314	-	-	-	35,858,837
Construction in progress	3,024,226	494,316	-	40,552	-	3,559,094
Land	592,901	-	-	-	-	592,901
Accumulated depreciation & amortization	<u>(48,546,029)</u>	<u>(5,415,813)</u>	<u>(8,700,688)</u>	<u>(737,065)</u>	<u>(17,284,760)</u>	<u>(80,684,355)</u>
Net capital assets	<u>42,933,320</u>	<u>12,765,817</u>	<u>8,213,126</u>	<u>1,392,771</u>	<u>16,596,670</u>	<u>81,901,704</u>
Total assets	<u>\$ 152,372,058</u>	<u>17,290,650</u>	<u>28,711,693</u>	<u>1,455,817</u>	<u>17,877,755</u>	<u>217,707,973</u>
Deferred Outflow of Resources						
Deferred pension contribution	\$ 7,669,188	13,010,364	450,714	(7,171)	373,467	21,496,562
Other postemployment benefit deferral	<u>3,061,894</u>	<u>4,205,725</u>	<u>193,890</u>	<u>4,740</u>	<u>174,800</u>	<u>7,641,049</u>
Total deferred outflow of resources	<u>\$ 10,731,082</u>	<u>17,216,089</u>	<u>644,604</u>	<u>(2,431)</u>	<u>548,267</u>	<u>29,137,611</u>

(Continued on the following page)

Exhibit I-1-2
LOS ANGELES COUNTY SANITATION DISTRICTS
Service Operations
Combining Schedule of Net Position
June 30, 2020

Liabilities	<u>Joint Administration</u>	<u>Technical Support</u>	<u>Joint Refuse Equipment Pool</u>	<u>Joint Administration Equipment Pool</u>	<u>Joint Outfall Equipment Pool</u>	<u>Total</u>
Current liabilities:						
Accounts payable	\$ 13,182,579	122,313	31,933	41,522	95,970	13,474,317
Accrued employee absences	27,000,000	-	-	-	-	27,000,000
Amounts held for others	7,898,587	-	-	-	-	7,898,587
Claims liabilities	2,376,278	-	-	-	-	2,376,278
Due to other funds	31,442,944	4,396,149	-	102,565	2,650,527	38,592,185
Other	106,968	241,784	17,013	(10,000)	-	355,765
Total current liabilities	<u>82,007,356</u>	<u>4,760,246</u>	<u>48,946</u>	<u>134,087</u>	<u>2,746,497</u>	<u>89,697,132</u>
Long-term liabilities:						
Accrued employee absences	15,035,073	-	-	-	-	15,035,073
Claims liabilities	7,047,698	-	-	-	-	7,047,698
Other postemployment benefits liability	20,489,559	32,667,475	1,306,613	(13,632)	1,115,726	55,565,741
Pension liability	49,692,275	71,035,121	2,692,920	66,176	2,352,329	125,838,821
Total long-term liabilities	<u>92,264,605</u>	<u>103,702,596</u>	<u>3,999,533</u>	<u>52,544</u>	<u>3,468,055</u>	<u>203,487,333</u>
Total liabilities	<u>\$ 174,271,961</u>	<u>108,462,842</u>	<u>4,048,479</u>	<u>186,631</u>	<u>6,214,552</u>	<u>293,184,465</u>
Deferred Inflow of Resources						
Other postemployment benefits deferrals	\$ 6,970,120	6,564,540	299,235	39,167	291,821	14,164,883
Pension deferrals	3,178,892	5,822,385	220,916	(7,534)	183,906	9,398,565
Total deferred inflow of resources	<u>\$ 10,149,012</u>	<u>12,386,925</u>	<u>520,151</u>	<u>31,633</u>	<u>475,727</u>	<u>23,563,448</u>
Net Position						
Net position:						
Net investment in capital assets	\$ 42,933,320	12,765,817	8,213,126	1,392,771	16,596,670	81,901,704
Unrestricted	(64,251,153)	(99,108,845)	16,574,541	(157,649)	(4,860,927)	(151,804,033)
Total net position	<u>\$ (21,317,833)</u>	<u>(86,343,028)</u>	<u>24,787,667</u>	<u>1,235,122</u>	<u>11,735,743</u>	<u>(69,902,329)</u>

Exhibit I-2
LOS ANGELES COUNTY SANITATION DISTRICTS
Service Operations
Combining Schedule of Revenues, Expenses, and Changes in Net Position
Fiscal year ended June 30, 2020

	Joint Administration	Technical Support	Joint Refuse Equipment Pool	Joint Administration Equipment Pool	Joint Outfall Equipment Pool	Total
Operating revenues:						
Commodities	\$ 9	-	-	-	-	9
Contract revenue	10,731	13,879	-	-	-	24,610
Equipment pool	-	-	3,938,275	558,578	6,321,007	10,817,860
Internal services revenue	61,958,414	53,874,667	-	-	-	115,833,081
Sale of energy	-	-	-	13,724	-	13,724
Other	323,160	933	9,091	95,487	9,543	438,214
Total operating revenues	62,292,314	53,889,479	3,947,366	667,789	6,330,550	127,127,498
Operating expenses:						
Chemicals	-	10,249	-	-	-	10,249
Depreciation/amortization	3,547,799	555,926	1,299,142	260,128	2,058,585	7,721,580
Equipment and vehicle rentals	448,377	551,497	56,832	27,866	6,021	1,090,593
Insurance and claims	10,809,576	(870,148)	138,135	25,688	438,377	10,541,628
Materials and supplies	4,242,373	4,130,910	402,286	36,363	558,112	9,370,044
Operations, repairs, and maintenance	2,201,878	2,013,387	1,086,808	106,986	1,364,289	6,773,348
Salaries and benefits	48,189,670	47,145,122	2,130,366	74,103	2,094,108	99,633,369
Services	5,575,497	1,826,268	137,091	21,694	230,845	7,791,395
Tonnage	-	-	-	-	-	-
Utilities	974,525	218,410	35,936	18,768	99	1,247,738
Total operating expenses	75,989,695	55,581,621	5,286,596	571,596	6,750,436	144,179,944
Operating income (loss)	(13,697,381)	(1,692,142)	(1,339,230)	96,193	(419,886)	(17,052,446)
Nonoperating revenues (expenses):						
Interest revenue	1,319,975	128,811	366,948	3,612	19,211	1,838,557
Investment in joint ventures	3,544	-	-	-	-	3,544
Gain (loss) on sale of equipment/assets	(126)	-	102,670	(26,393)	142,623	218,774
Other nonoperating revenue/(expense)	193,925	(4,056)	-	149	7,398	197,416
Tax and assessment expense	(3,519)	(143,269)	(3,315)	(288)	(17,700)	(168,091)
Unrealized gain on investments	286,437	-	219,864	-	-	506,301
Net nonoperating revenues (expenses)	1,800,236	(18,514)	686,167	(22,920)	151,532	2,596,501
Income (loss) before transfers	(11,897,145)	(1,710,656)	(653,063)	73,273	(268,354)	(14,455,945)
Transfers in	3,544,420	145,799	-	-	-	3,690,219
Transfers out	(179,085)	-	-	-	-	(179,085)
Change in net position	(8,531,810)	(1,564,857)	(653,063)	73,273	(268,354)	(10,944,811)
Total net position, July 1, 2019	(12,786,023)	(84,778,171)	25,440,730	1,161,849	12,004,097	(58,957,518)
Total net position, June 30, 2020	\$ (21,317,833)	(86,343,028)	24,787,667	1,235,122	11,735,743	(69,902,329)

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Exhibit I-3
LOS ANGELES COUNTY SANITATION DISTRICTS
Service Operations
Schedule of Cash Flows
Fiscal year ended June 30, 2020

	Joint Administration	Technical Support	Joint Refuse Equipment Pool	Joint Administration Equipment Pool	Wastewater Equipment Pool	Total
Cash flows from operating activities:						
Receipts from customers and users	\$ 141,102	14,059	9,091	13,724	-	177,976
Receipts for internal services	61,533,414	53,874,667	-	-	-	115,408,081
Receipts for equipment rental	-	-	3,938,275	558,578	6,321,007	10,817,860
Payments to suppliers	(12,247,903)	(8,361,587)	(1,691,165)	(197,036)	(2,560,042)	(25,057,733)
Payments for salaries/benefits	(44,476,560)	(44,812,049)	(2,079,333)	44,361	(1,978,964)	(93,302,545)
Payment for equipment rental	(448,377)	(551,497)	(56,832)	(27,866)	(6,021)	(1,090,593)
Net cash provided by operating activities	<u>4,501,676</u>	<u>163,593</u>	<u>120,036</u>	<u>391,761</u>	<u>1,775,980</u>	<u>6,953,046</u>
Cash flows from noncapital financing activities:						
Payments for tax and assessment	(3,519)	(143,243)	(3,315)	(288)	(17,700)	(168,065)
Transfers from other funds	17,519,154	145,800	-	-	2,800,000	20,464,954
Transfers to other funds	(1,715,000)	(2,344,000)	(113,000)	(3,000)	(104,000)	(4,279,000)
Net cash provided (used) by noncapital financing activities	<u>15,800,635</u>	<u>(2,341,443)</u>	<u>(116,315)</u>	<u>(3,288)</u>	<u>2,678,300</u>	<u>16,017,889</u>
Cash flows from capital and related financing activities:						
Purchases of capital assets	(4,311,670)	(147,549)	(773,076)	(638,131)	(4,665,698)	(10,536,124)
Proceeds from sale of equipment/assets	-	-	426,775	84,527	298,773	810,075
Net cash used by capital and related financing activities	<u>(4,311,670)</u>	<u>(147,549)</u>	<u>(346,301)</u>	<u>(553,604)</u>	<u>(4,366,925)</u>	<u>(9,726,049)</u>
Cash flows from investing activities:						
Interest received	1,139,617	152,735	358,537	5,120	21,952	1,677,961
Purchases of investments	(10,062,958)	-	(7,908,129)	-	-	(17,971,087)
Proceeds from maturities/sale of investments	13,830,981	-	8,008,150	-	-	21,839,131
Net cash provided by investing activities	<u>4,907,640</u>	<u>152,735</u>	<u>458,558</u>	<u>5,120</u>	<u>21,952</u>	<u>5,546,005</u>
Net increase (decrease) in cash and cash equivalents	20,898,281	(2,172,664)	115,978	(160,011)	109,307	18,790,891
Cash and cash equivalents at beginning of fiscal year	53,058,713	6,661,458	9,586,928	222,439	1,169,486	70,699,024
Cash and cash equivalents at end of fiscal year	<u>\$ 73,956,994</u>	<u>4,488,794</u>	<u>9,702,906</u>	<u>62,428</u>	<u>1,278,793</u>	<u>89,489,915</u>

Exhibit I-1
LOS ANGELES COUNTY SANITATION DISTRICTS
Service Operations
Combining Schedule of Net Position
June 30, 2020
Exhibit I-2 (continued)
LOS ANGELES COUNTY SANITATION DISTRICTS
Service Operations
Schedule of Cash Flows
Fiscal year ended June 30, 2020

	Joint Administration	Technical Support	Joint Refuse Equipment Pool	Joint Administration Equipment Pool	Wastewater Equipment Pool	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ (13,697,381)	(1,692,142)	(1,339,230)	96,193	(419,886)	(17,052,446)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	3,547,799	555,926	1,299,142	260,128	2,058,585	7,721,580
Decrease in accounts receivable	150,342	-	-	-	-	150,342
Increase in inventory	(1,254,152)	-	-	-	-	(1,254,152)
Decrease in deferred outflow of resources	3,282,753	2,966,248	135,086	19,626	133,099	6,536,812
Increase (decrease) in accounts payable	(815,430)	(17,942)	(5,630)	2,986	10,187	(825,829)
Increase in accrued employee absences	3,959,692	-	-	-	-	3,959,692
Increase (decrease) in claims liabilities	9,811,602	(866,263)	-	-	-	8,945,339
Decrease in other postemployment benefits liability	(8,099,988)	(7,319,036)	(333,317)	(48,424)	(328,415)	(16,129,180)
Increase in pension liability	2,937,199	2,654,011	120,866	17,560	119,089	5,848,725
Increase (decrease) in other liabilities	(134,164)	-	7,013	-	-	(127,151)
Increase in amounts held for others	768,070	-	-	-	-	768,070
Increase in due to/from other funds	20,090	245,632	70,466	19,628	40,117	395,933
Increase in deferred inflow of resources	4,025,244	3,637,159	165,640	24,064	163,204	8,015,311
Net cash provided by operating activities	<u>\$ 4,501,676</u>	<u>163,593</u>	<u>120,036</u>	<u>391,761</u>	<u>1,775,980</u>	<u>6,953,046</u>
Schedule of noncash investing activities:						
Unrealized gain on fair value of investments	\$ 286,437	-	219,864	-	-	506,301
Amortization of investment discount	-	-	(7,372)	-	-	(7,372)

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Harnessing Technology to Maintain Productivity

Technology has allowed Districts office staff to be highly productive while working remotely. Staff meets via video call, collaborates by screen sharing, and has remote access to work email, calendar and other agency computer resources. Videoconferencing is also used for board meetings, virtual tours and town hall meetings. This capability has allowed us to continue public outreach while keeping the public and staff safe.

Statistical

Watching a Board meeting held by videoconference.

Schedule 1

LOS ANGELES COUNTY SANITATION DISTRICTS

Net Position by Component
Last Ten Fiscal Years
(\$ thousands)

	Fiscal Year									
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Net Investment in Capital Assets	\$ 2,043,959	\$ 2,176,888	\$ 2,163,967	\$ 2,324,683	\$ 2,425,697	\$ 2,510,653	\$ 2,569,596	\$ 2,625,877	\$ 2,713,887	\$ 2,894,684
Restricted	1,487,066	1,406,583	1,489,800	882,206	830,382	614,964	632,009	511,794	465,904	341,484
Unrestricted	<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>	<u>913,338</u>	<u>1,079,579</u>	<u>1,030,155</u>
Total Net Position	<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>	<u>\$ 4,051,009</u>	<u>\$ 4,259,370</u>	<u>\$ 4,266,323</u>

Schedule 2

LOS ANGELES COUNTY SANITATION DISTRICTS

Changes in Net Position
 Last Ten Fiscal Years
 (\$ thousands)

	Fiscal Year									
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Operating Revenues	\$ 560,563	\$ 534,890	\$ 554,282	\$ 530,264	\$ 541,086	\$ 545,758	\$ 574,894	\$ 590,185	\$ 627,010	\$ 633,772
Operating Expenses	485,580	489,657	477,068	538,751	539,460	496,260	498,319	552,610	585,401	750,938
Operating Income/(Loss)	74,983	45,233	77,214	(8,487)	1,626	49,498	76,575	37,575	41,609	(117,166)
Total Net Nonoperating Revenues	21,967	10,098	4,236	39,501	58,091	58,789	58,613	50,455	123,299	118,076
Income Before Capital Contributions	96,950	55,331	81,450	31,014	59,717	108,287	135,188	88,030	164,908	910
Capital Contributions	18,144	19,453	26,113	38,842	32,966	35,800	36,286	41,524	47,008	43,893
Prior-Period Adjustments	-	-	-	(4,799,699)	(336,158)	(15,745)	(18,141)	5,033	(3,555)	(37,850)
Change in Accounting Methods	-	-	-	-	-	-	-	(211,911)	-	-
Change in Net Position	<u>\$ 115,094</u>	<u>\$ 74,784</u>	<u>\$ 107,563</u>	<u>\$ (4,729,843)</u>	<u>\$ (243,475)</u>	<u>\$ 128,342</u>	<u>\$ 153,333</u>	<u>\$ (77,324)</u>	<u>\$ 208,361</u>	<u>\$ 6,953</u>

Schedule 3

LOS ANGELES COUNTY SANITATION DISTRICTS

Operating Revenues
Last Ten Fiscal Years
(\$ thousands)

	Fiscal Year									
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Commodities	\$ 4,025	\$ 5,343	\$ 7,276	\$ 7,894	\$ 8,779	\$ 8,459	\$ 5,864	\$ 3,150	\$ 1,506	\$ 1,119
Contract Revenue	43,613	24,056	25,542	23,808	22,172	17,394	18,363	19,565	20,919	22,761
Industrial Waste Surcharge	59,508	57,861	56,999	58,092	63,505	64,477	64,356	67,060	71,312	72,938
Refuse Tipping Fees	108,808	102,539	112,160	87,798	80,316	95,119	106,169	107,034	137,886	125,589
Sale of Energy	43,241	45,511	30,429	35,285	30,356	23,173	23,354	24,881	19,151	20,715
Service Charges	297,474	295,831	318,035	312,890	331,261	335,526	353,963	365,437	375,531	389,833
Other	3,894	3,749	3,841	4,497	4,697	1,610	2,825	3,058	705	817
Total Operating Revenue	<u>\$ 560,563</u>	<u>\$ 534,890</u>	<u>\$ 554,282</u>	<u>\$ 530,264</u>	<u>\$ 541,086</u>	<u>\$ 545,758</u>	<u>\$ 574,894</u>	<u>\$ 590,185</u>	<u>\$ 627,010</u>	<u>\$ 633,772</u>

Schedule 4

LOS ANGELES COUNTY SANITATION DISTRICTS

Operating Expenses
Last Ten Fiscal Years
(\$ thousands)

	Fiscal Year									
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Chemicals	\$ 31,790	\$ 33,394	\$ 34,778	\$ 33,912	\$ 33,675	\$ 32,300	\$ 30,072	\$ 31,166	\$ 34,986	\$ 38,756
Insurance and Claims	5,577	3,403	4,154	1,657	5,105	4,284	4,309	3,424	4,041	1,721
Landfill Closure and Postclosure Costs	4,193	23,894	8,842	22,764	34,395	10,419	1,554	1,662	4,436	159,828
Materials and Supplies	21,398	21,537	22,164	24,264	27,171	27,677	27,403	28,689	32,099	29,067
Operations, Repairs, and Maintenance	55,217	37,516	31,271	34,951	30,960	21,719	19,500	22,503	24,888	23,103
Salaries and Benefits	189,543	197,449	195,752	198,288	192,500	185,252	208,361	231,563	234,717	263,744
Services	65,110	58,499	62,468	81,166	91,973	96,658	90,029	102,061	105,450	104,058
Utilities	24,998	23,805	24,237	26,525	25,053	22,247	19,834	22,550	24,231	21,360
Miscellaneous ⁽¹⁾	5,409	6,494	8,668	4,429	5,039	5,345	5,034	13,075	16,996	6,612
Subtotal, Expenses before Depreciation	403,235	405,991	392,334	427,956	445,871	405,901	406,096	456,693	481,844	648,249
Depreciation & Amortization of Use Rights	82,345	83,666	84,734	110,795	93,589	90,359	92,223	95,917	103,557	102,689
Total Operating Expenses	\$ 485,580	\$ 489,657	\$ 477,068	\$ 538,751	\$ 539,460	\$ 496,260	\$ 498,319	\$ 552,610	\$ 585,401	\$ 750,938

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

Schedule 5

LOS ANGELES COUNTY SANITATION DISTRICTS

Nonoperating Revenues and Expenses
Last Ten Fiscal Years
(\$ thousands)

	Fiscal Year									
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Interest Revenue	\$ 35,269	\$ 23,940	\$ 16,139	\$ 15,727	\$ 17,646	\$ 22,561	\$ 25,995	\$ 32,459	\$ 43,796	\$ 43,568
Tax Revenue	53,197	54,770	68,435	55,211	67,962	70,121	73,029	77,371	82,676	88,365
Other Nonoperating Revenue	6,982	4,599	6,907	11,235	9,136	6,788	12,793	12,164	8,798	9,019
Interest Expense	(38,493)	(40,054)	(42,543)	(32,194)	(32,817)	(33,203)	(28,021)	(26,765)	(27,210)	(23,688)
Unrealized Gain/(Loss) on Investments	(4,098)	(6,546)	(19,491)	8,647	5,188	2,942	(10,176)	(26,002)	32,474	20,618
Tax and Assessment Expense	(20,731)	(21,274)	(20,899)	(14,014)	(7,050)	(7,702)	(10,956)	(10,289)	(12,310)	(10,753)
Other Nonoperating Expense	(10,159)	(5,337)	(4,312)	(5,111)	(1,974)	(2,718)	(4,051)	(8,483)	(4,925)	(9,053)
Total Nonoperating Revenue	<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>	<u>\$ 50,455</u>	<u>\$ 123,299</u>	<u>\$ 118,076</u>

Schedule 6
LOS ANGELES COUNTY SANITATION DISTRICTS

Changes in Cash and Cash Equivalents
Last Ten Fiscal Years

	Fiscal Year									
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Cash Flows from Operating Activities										
Receipts from customers and users	\$ 562,483	\$ 529,296	\$ 565,158	\$ 534,475	\$ 544,623	\$ 547,724	\$ 569,134	\$ 587,160	\$ 623,375	\$ 642,281
Receipts for equipment rental	15,396	16,094	16,792	15,359	14,645	13,955	14,934	14,610	15,361	16,674
Payments to suppliers	(209,396)	(187,623)	(191,064)	(205,140)	(222,019)	(204,480)	(218,109)	(203,140)	(233,537)	(222,397)
Payments for salaries and benefits	(188,357)	(196,690)	(195,775)	(198,736)	(200,429)	(182,087)	(203,597)	(221,399)	(223,703)	(250,607)
Payments applied to closure/postclosure liability	(6,357)	(6,567)	(5,722)	(6,960)	(6,844)	(14,964)	(12,337)	(14,358)	(10,947)	(10,378)
Payment for equipment rental within the Districts	(14,973)	(16,912)	(16,412)	(15,075)	(14,991)	(13,955)	(14,934)	(14,610)	(15,361)	(16,674)
Other payments	(34)	(19)	(19)	(19)	(19)	-	-	-	-	-
Net cash provided by operating activities	158,762	137,579	172,958	123,904	114,966	146,193	135,091	148,263	155,188	158,899
Cash Flows from Noncapital Financing Activities										
Receipts from property taxes	54,337	53,784	71,082	57,527	67,042	69,817	72,378	76,790	83,610	86,945
Other nonoperating receipts	-	-	-	-	-	-	-	5,016	1,594	-
Payments for tax and assessment	(21,491)	(21,649)	(20,898)	(14,827)	(7,050)	(8,442)	(10,956)	(10,289)	(10,042)	(11,873)
Net cash provided by noncapital financing activities	32,846	32,135	50,184	42,700	59,992	61,375	61,422	71,517	75,162	75,072
Cash Flows from Capital and Related Financing Activities										
Borrowings on loans	37,094	10,664	2,351	9,664	18,879	8,967	14,746	34,945	15,139	4,972
Proceeds on bond sales	-	151,280	-	117,460	-	172,408	192,968	-	-	-
Contract proceeds from County of Los Angeles	361	-	-	2,700	1,500	-	-	-	-	-
Bond issuance costs	-	(717)	-	(457)	-	(654)	(713)	-	-	-
Purchases of capital assets	(261,729)	(168,072)	(134,346)	(129,324)	(135,584)	(141,401)	(104,258)	(125,035)	(126,568)	(211,060)
Principal payments on contracts/note	(743)	(713)	(316)	(39)	(41)	(44)	(1,328)	-	-	-
Connection fees proceeds	18,105	19,453	25,918	33,291	32,713	34,354	33,803	38,382	39,823	33,466
Grant proceeds	39	-	195	-	-	1,458	1,492	3,671	6,376	10,427
Interest paid on capital-related debt	(36,456)	(34,710)	(35,059)	(30,904)	(30,942)	(26,346)	(22,534)	(24,482)	(23,708)	(21,810)
Principal payments on bonds	(22,559)	(174,229)	(24,744)	(184,152)	(29,264)	(203,934)	(188,553)	(34,449)	(35,909)	(37,564)
Principal payments on loans	(27,459)	(28,270)	(31,689)	(30,580)	(31,173)	(30,100)	(79,459)	(28,255)	(30,941)	(31,598)
Payment per joint powers agreement	-	-	-	-	-	-	(1,100)	-	-	-
Proceeds from sale of assets/equipment	329	4,080	3,823	2,630	2,385	1,001	7,174	2,143	2,785	1,223
Receipts from joint venture	2,170	165	2,306	2,930	131	150	150	150	-	11,680
Receipts from settlement	1,508	-	-	-	-	-	-	-	-	-
Net cash used by capital and related financing activities	(289,340)	(221,069)	(191,561)	(206,781)	(171,396)	(184,141)	(147,612)	(132,930)	(153,003)	(240,264)
Cash Flows from Investing Activities										
Interest received	36,161	31,520	16,468	14,567	15,940	24,734	24,415	34,538	36,787	44,182
Purchases of investments	(990,755)	(1,363,978)	(1,490,217)	(466,367)	(610,933)	(1,273,001)	(782,636)	(316,412)	(575,624)	(867,761)
Proceeds from maturities of investments	918,392	1,160,068	1,298,975	397,566	863,262	1,353,519	555,543	325,076	575,174	1,246,719
Net cash provided (used) by investing activities	(36,202)	(172,390)	(174,774)	(54,234)	268,269	105,252	(202,678)	43,202	36,337	423,140
Net increase (decrease) in cash and cash equivalents	(133,934)	(223,745)	(143,193)	(94,411)	271,831	128,679	(153,777)	130,052	113,684	416,847
Cash and cash equivalents at beginning of fiscal year	1,159,400	1,025,466	801,721	658,528	564,117	835,948	964,627	810,850	940,902	1,054,586
Cash and cash equivalents at end of fiscal year	\$ 1,025,466	\$ 801,721	\$ 658,528	\$ 564,117	\$ 835,948	\$ 964,627	\$ 810,850	\$ 940,902	\$ 1,054,586	\$ 1,471,433

Schedule 7

LOS ANGELES COUNTY SANITATION DISTRICTS

Annual Capital Contributions by Source
 Last Ten Fiscal Years
 (\$ thousands)

<u>Fiscal Year</u>	<u>Connection Fees</u>	<u>Grants</u>	<u>Donated Property</u>	<u>Total</u>
2010-11	\$ 18,105	\$ 39	\$ -	\$ 18,144
2011-12	19,453	-	-	19,453
2012-13	25,918	195	-	26,113
2013-14	33,290	-	5,552	38,842
2014-15	30,942	-	-	30,942
2015-16	34,354	1,446	-	35,800
2016-17	34,804	1,481	-	36,285
2017-18	37,852	3,672	-	41,524
2018-19	40,632	6,376	-	47,008
2019-20	33,466	10,427	-	43,893

Schedule 8

LOS ANGELES COUNTY SANITATION DISTRICTS
Service Charge Rates (\$ per Single-Family Home per Year)
Last Ten Fiscal Years

District ¹	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
1	\$ 152.00	\$ 154.00	\$ 156.00	\$ 158.00	\$ 163.00	\$ 168.00	\$ 173.00	\$ 178.00	\$ 183.00	\$ 188.00
2	147.00	148.00	149.00	150.00	155.00	160.00	165.00	169.00	173.00	177.00
3	148.00	150.00	152.00	154.00	157.00	160.00	163.00	166.00	169.00	172.00
4	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00	150.00
5	130.00	132.00	134.00	136.00	141.00	146.00	151.00	155.00	159.00	163.00
8	135.00	139.00	143.00	147.00	154.00	163.00	174.00	180.00	186.00	192.00
9	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00	78.00
14	360.00	360.00	448.00	472.00	496.00	476.00	476.00	476.00	476.00	487.88
15	130.00	132.00	134.00	136.00	141.00	146.00	151.00	154.00	157.00	160.00
16	133.00	135.00	137.00	139.00	142.00	145.00	148.00	151.00	154.00	157.00
17	134.00	136.00	138.00	140.00	143.00	146.00	149.00	152.00	155.00	158.00
18	148.00	149.00	150.00	151.00	156.00	161.00	166.00	170.00	174.00	178.00
19	146.00	148.00	150.00	152.00	155.00	158.00	161.00	164.00	167.00	170.00
20	381.00	429.00	477.00	525.00	535.00	550.00	565.00	565.00	575.00	586.88
21	145.00	146.00	147.00	148.00	153.00	158.00	163.00	167.00	171.00	175.00
22	143.00	145.00	147.00	149.00	152.00	155.00	158.00	162.00	166.00	170.00
23	112.00	114.00	116.00	118.00	120.00	122.00	124.00	126.00	128.00	130.00
28 ²	335.00	336.00	337.00	338.00	340.00	342.00	242.00	-	-	-
28 ²	127.00	128.00	129.00	130.00	132.00	134.00	136.00	138.00	140.00	142.00
29	327.75	333.75	339.75	339.75	339.75	339.75	339.75	339.75	339.75	339.75
SBC	119.00	120.00	121.00	122.00	124.00	126.00	128.00	130.00	132.00	134.00
SCV	199.00	215.00	231.00	247.00	267.00	287.00	307.00	328.00	349.00	370.00
Average	156.76	160.28	166.70	170.90	176.93	181.55	186.49	190.67	195.86	201.13

- District No. 27 has not levied a service charge as its other revenues have been sufficient to meet its expenses.
- District No. 28 has historically had two service charge rates, one for those directly connected to the La Cañada WRP Outfall Trunk sewer or the Foothill Main Trunk Sewer or directly tributary to the La Cañada WRP, and the other for those within a La Cañada Flintridge Assessment District. Because the two SRF Loans associated with the Trunk Sewers have been retired, two rates are no longer necessary (beginning in fiscal year 2017-2018).

Schedule 9

LOS ANGELES COUNTY SANITATION DISTRICTS
Residential/Commercial (Service Charge) Sewage Units
Last Ten Fiscal Years

District	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
1	142,747	142,853	143,258	143,429	144,702	144,833	144,635	145,348	148,562	149,590
2	214,597	214,923	215,551	215,730	217,082	217,943	219,329	218,035	223,900	225,374
3	178,736	180,446	179,597	176,037	177,585	180,568	181,192	180,611	185,315	186,828
4	22,675	22,767	23,778	23,830	24,556	24,844	25,619	26,097	26,806	27,790
5	267,358	267,878	268,676	262,048	266,716	267,707	272,623	271,544	276,194	279,988
8	60,059	60,029	59,831	58,296	59,108	59,017	60,103	59,629	61,010	62,354
9	911	1,254	1,273	1,216	1,015	1,017	1,101	1,071	1,288	1,436
14	67,362	67,880	66,680	65,615	67,130	67,793	67,176	67,491	70,488	71,452
15	186,848	187,229	186,714	183,592	187,253	187,112	190,227	189,227	193,123	195,361
16	113,225	114,751	113,741	109,897	112,893	112,929	115,410	116,067	117,452	119,078
17	14,958	14,926	15,064	14,511	14,629	14,656	15,012	15,104	15,309	15,225
18	123,578	123,789	121,399	121,021	121,371	121,923	122,694	122,251	124,409	126,036
19	37,103	37,335	37,761	37,247	37,269	38,159	37,976	40,643	41,673	41,715
20	42,082	42,658	42,854	42,094	43,010	43,297	42,997	42,336	44,518	45,385
21	150,858	151,244	149,715	148,776	149,972	150,812	154,451	151,998	154,106	155,848
22	124,500	125,206	125,193	123,768	124,183	125,283	126,972	124,223	127,505	129,396
23	3,220	3,308	3,270	3,271	3,198	3,285	3,264	3,100	3,286	3,480
27	558	558	558	558	558	558	558	551	497	555
28	4,842	4,414	4,492	4,462	4,703	4,670	4,779	4,750	4,794	4,786
29	5,349	5,430	5,515	5,144	5,380	5,408	5,797	5,756	5,889	5,950
SBC	50,314	50,631	50,864	50,504	50,920	51,616	50,441	51,483	52,644	52,896
SCV	91,265	93,234	93,494	92,432	91,749	92,849	95,256	94,964	98,945	101,943
	1,903,145	1,912,743	1,909,278	1,883,478	1,904,982	1,916,279	1,937,612	1,932,279	1,977,713	2,002,466

Schedule 10

LOS ANGELES COUNTY SANITATION DISTRICTS

Industrial Wastewater Treatment Surcharge Rates

Last Ten Fiscal Years

District	Unit Rate	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
JO	(a) \$/MGD	\$ 746.00	\$ 755.00	\$ 764.00	\$ 773.00	\$ 796.00	\$ 819.00	\$ 843.00	\$ 863.00	\$ 883.00	\$ 903.00
	(b) \$/1,000 lbs. COD	131.90	133.50	135.10	136.70	140.80	144.90	149.00	152.50	156.00	159.50
	(c) \$/1,000 lbs. SS	372.70	377.40	382.10	386.70	398.30	409.90	421.50	431.40	441.30	451.20
	(d) \$/GPM (Peak)	98.90	100.10	101.30	102.50	105.60	108.70	111.70	114.30	116.90	119.50
	Flat Rate (\$/MG)	3,163.00	3,203.00	3,243.00	3,282.00	3,380.00	3,479.00	3,577.00	3,661.00	3,745.00	3,829.00
4	(a) \$/MGD	528.00	528.00	528.00	528.00	528.00	528.00	528.00	528.00	528.00	528.00
	(b) \$/1,000 lbs. COD	111.20	111.20	111.20	111.20	111.20	111.20	111.20	111.20	111.20	111.20
	(c) \$/1,000 lbs. SS	335.30	335.30	335.30	335.30	335.30	335.30	335.30	335.30	335.30	335.30
	(d) \$/GPM (Peak)	45.60	45.60	45.60	45.60	45.60	45.60	45.60	45.60	45.60	45.60
	Flat Rate (\$/MG)	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
14	(a) \$/MGD	2,384.00	2,384.00	2,967.00	3,126.00	3,285.00	3,153.00	3,153.00	3,153.00	3,153.00	3,232.00
	(b) \$/1,000 lbs. COD	268.40	268.40	334.00	351.90	369.80	354.90	354.90	354.90	354.90	363.80
	(c) \$/1,000 lbs. SS	648.00	648.00	806.40	849.60	892.80	856.60	856.60	856.80	856.80	878.20
	(d) \$/GPM (Peak)	458.60	458.60	570.70	601.30	631.80	606.50	606.50	606.50	606.50	621.60
	Flat Rate (\$/MG)	5,305.00	5,305.00	6,602.00	6,955.00	7,309.00	7,015.00	7,015.00	7,015.00	7,015.00	7,190.00
20	(a) \$/MGD	1,739.00	1,958.00	2,177.00	2,396.00	2,442.00	2,511.00	2,579.00	2,579.00	2,625.00	2,679.00
	(b) \$/1,000 lbs. COD	387.90	436.80	485.60	534.50	544.70	559.90	575.20	575.20	585.40	597.50
	(c) \$/1,000 lbs. SS	779.30	877.50	975.70	1,073.80	1,094.30	1,125.00	1,155.00	1,155.60	1,176.10	1,200.40
	(d) \$/GPM (Peak)	370.70	417.40	464.10	510.80	520.50	535.00	549.70	549.70	559.40	571.00
	Flat Rate (\$/MG)	5,534.00	6,231.00	6,928.00	7,626.00	7,771.00	7,989.00	8,206.00	8,206.00	8,351.00	8,524.00
SCV	(a) \$/MGD	765.00	861.00	903.00	946.00	1,023.00	1,099.00	1,176.00	1,256.00	1,337.00	1,417.00
	(b) \$/1,000 lbs. COD	174.20	196.10	205.70	215.30	233.10	250.50	268.00	286.30	304.60	323.00
	(c) \$/1,000 lbs. SS	428.60	482.40	506.10	529.80	572.70	615.60	658.50	703.50	748.60	793.60
	(d) \$/GPM (Peak)	108.20	121.80	127.80	133.80	144.60	155.50	166.30	177.70	189.10	200.40
	Flat Rate (\$/MG)	2,591.00	2,917.00	3,060.00	3,203.00	3,462.00	3,722.00	3,981.00	4,253.00	4,526.00	4,798.00

Notes: JO = Joint Outfall Districts, consisting of District Nos. 1, 2, 3, 5, 8, 15, 16, 17, 18, 19, 21, 22, 23, 28, 29, 34, and South Bay Cities.

SCV = Santa Clarita Valley District.

The flat rate charge is only applicable to industrial discharges whose yearly flow does not exceed 6 million gallons

Abbreviations: MGD (million gallons per day), COD (chemical oxygen demand), SS (suspended solids), GPM (gallons per minute of peak flow), MG (million gallons)

Schedule 11

LOS ANGELES COUNTY SANITATION DISTRICTS

Industrial Wastewater Sewage Units
Last Ten Fiscal Years

District ¹	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
1	20,903	20,462	22,183	25,787	23,900	25,022	23,441	23,067	24,623	24,964
2	37,294	34,556	33,744	32,381	32,927	34,572	35,338	35,359	36,077	36,617
3	14,399	16,102	17,189	17,752	17,894	15,267	13,360	14,553	13,771	11,590
4	102	167	129	138	169	133	98	183	135	170
5	32,201	32,654	27,601	26,983	23,739	19,660	21,055	20,905	21,542	20,056
8	45,235	41,933	43,378	47,720	45,181	41,467	39,842	37,337	38,574	34,592
14	2,305	2,358	2,507	2,605	2,485	2,066	2,357	2,308	2,268	2,200
15	23,806	21,522	22,381	24,572	22,428	19,395	22,193	20,902	23,444	23,149
16	1,296	1,336	1,476	1,576	1,594	1,706	1,612	1,663	1,441	1,005
18	15,190	14,904	16,452	15,029	13,950	13,173	14,428	14,260	13,256	12,967
19	914	918	975	745	334	468	565	214	133	296
20	348	281	289	292	232	267	253	255	343	280
21	17,445	15,585	14,703	15,664	17,152	14,901	15,933	18,144	17,214	17,842
22	16,980	15,649	13,871	10,928	12,466	15,361	15,120	12,643	13,276	10,595
23	17,053	16,515	15,743	14,260	14,846	15,462	15,090	15,696	18,123	17,460
29	238	281	247	224	250	257	248	306	328	288
SBC	592	589	528	452	384	165	150	96	89	103
SCV	1,077	1,253	1,121	1,074	1,169	1,071	1,018	1,110	979	760
Contract ²	19,034	17,303	18,533	20,798	23,471	19,612	20,988	24,951	39,463	20,858
Total	266,412	254,368	253,050	258,980	254,571	240,025	243,089	243,952	265,079	235,792

1. District Nos. 9, 17, 27, and 28 do not have any industrial dischargers.
2. Industrial dischargers located outside of the Districts' jurisdictional boundaries but for which the Districts provide service.

Schedule 12

LOS ANGELES COUNTY SANITATION DISTRICTS

Municipal Solid Waste Rates¹
Last Ten Fiscal Years

	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>
Puente Hills Landfill	\$38.26	\$38.41 ³	\$38.41	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Puente Hills MRF	42.14 ²	42.44 ³	42.44	45.75 ⁵	49.25 ⁶	55.55 ⁷	58.40 ⁸	61.40 ⁹	61.45 ¹⁰	70.60 ¹¹
South Gate Transfer Station	50.38	50.68 ³	51.91 ⁴	51.91	53.91 ⁶	58.66 ⁷	63.16 ⁸	66.16 ⁹	66.27 ¹⁰	75.90 ¹¹
DART Facility	54.15	54.45 ³	54.45	47.14 ⁵	53.64 ⁶	58.39 ⁷	62.49 ⁸	65.49 ⁹	65.60 ¹⁰	75.16 ¹¹
Scholl Canyon Landfill	48.99	49.18 ³	49.18	49.18	49.18	49.18	53.83 ⁸	53.83	53.88 ¹⁰	53.88
Calabasas Landfill	40.82	40.82	40.82	40.82	43.32 ⁶	47.32 ⁷	52.32 ⁸	52.32	52.32	52.32

1. \$ per Ton
2. Effective January 1, 2011.
3. Effective January 1, 2012.
4. Effective February 1, 2013.
5. Effective November 1, 2013.
6. Effective January 1, 2015.
7. Effective January 1, 2016.
8. Effective August 1, 2017.
9. Effective July 1, 2018.
10. Effective December 1, 2018.
11. Effective January 1, 2020.

Schedule 13

LOS ANGELES COUNTY SANITATION DISTRICTS

Solid Waste Disposal Tonnages⁽¹⁾
Last Ten Fiscal Years

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Puente Hills Landfill	1.66	1.80	2.19	0.74	0.00	0.00	0.00	0.00	0.00	0.00
Puente Hills MRF	0.07	0.02	0.04	0.55	0.73	0.73	0.63	0.70	0.64	0.48
South Gate Transfer Station	0.11	0.10	0.11	0.11	0.11	0.14	0.15	0.14	0.15	0.13
DART Facility	0.16	0.13	0.08	0.13	0.14	0.16	0.20	0.27	0.27	0.28
Scholl Canyon Landfill	0.23	0.23	0.21	0.23	0.24	0.33	0.38	0.40	0.43	0.47
Calabasas Landfill	0.26	0.21	0.19	0.24	0.23	0.31	0.35	0.29	0.59 ⁽²⁾	0.32
Total	2.49	2.49	2.82	2.00	1.45	1.67	1.71	1.80	2.08	1.68

(1) Million Tons per Year

(2) In fiscal year 2018-19, the tonnage disposed at the Calabasas Landfill significantly increased due to acceptance of ash/fire debris from the Woolsey Fire.

Schedule 14

LOS ANGELES COUNTY SANITATION DISTRICTS

Ten Largest Customers
Fiscal Years 2010-11 and 2019-20

Fiscal Year 2010-11

Solid Waste Management Facilities Revenue			Wastewater Treatment Facilities Revenue		
Customer	Amount	%	Customer	Amount	%
Los Angeles County Sanitation Districts	\$ 17,562,800	16.14%	Exxon Mobil Oil Corp.	\$ 5,191,229	1.45%
Athens Disposal	8,476,150	7.79%	BP West Coast Products	3,000,560	0.84%
Metro Waste/Calmet Services	6,096,252	5.60%	Miller Coors LLC	2,242,290	0.63%
City of Glendale	3,954,168	3.63%	Tesoro Refining	1,963,430	0.55%
Valley Vista Services	3,621,232	3.33%	Conoco Phillips Co.	1,690,498	0.47%
Burrtec Waste Services	2,742,796	2.52%	Clougherty Packing	1,526,340	0.43%
County of Los Angeles	2,571,600	2.36%	Demeno Kerdoon	1,125,148	0.32%
Universal Waste Systems	2,569,575	2.36%	Alta Dena Certified Dairy	1,030,679	0.29%
United Pacific Waste	2,533,290	2.33%	Cacique, Inc.	1,030,019	0.29%
Waste Management	2,107,660	1.94%	Vons-Safeway	1,008,137	0.28%
Subtotal (10 largest)	52,235,523	48.01%	Subtotal (10 largest)	19,808,330	5.55%
Balance from Other Customers	56,572,077	51.99%	Balance from Other Customers	337,173,784	94.45%
Grand Total	\$ 108,807,600	100.00%	Grand Total	\$ 356,982,114	100.00%

Fiscal Year 2019-20

Solid Waste Management Facilities Revenue			Wastewater Treatment Facilities Revenue		
Customer	Amount	%	Customer	Amount	%
NASA Disposal	\$ 7,144,795	5.69%	Inland Empire Utilities Agency	\$ 5,064,129	1.09%
Calmet/Calsan	5,953,404	4.74%	Torrance Refining Co., LLC	4,080,387	0.88%
Los Angeles County DWP/Public Works	5,378,940	4.28%	Tesoro Refining - Carson	3,093,370	0.67%
City of Glendale	5,304,575	4.22%	Smithfield Packaged Meats Corp.	2,621,980	0.57%
CR&R, Inc.	4,802,409	3.82%	Tesoro Refining - Wilmington	2,416,746	0.52%
Ware Disposal	3,691,868	2.94%	Demeno/Kerdoon, dba World Oil	1,941,424	0.42%
City of Pasadena	3,592,991	2.86%	Molson Coors USA LLC	1,698,748	0.37%
Walsh Shea Corridor Constructors	1,965,887	1.57%	Phillips 66 Company	1,655,997	0.36%
GI Rubbish Company	1,897,631	1.51%	Peter J. Pitchess Honor Rancho	1,481,678	0.32%
Commercial Waste Services	1,237,101	0.99%	Saputa Cheese USA Inc.	1,411,230	0.30%
Subtotal (10 largest)	40,969,601	32.62%	Subtotal (10 largest)	25,465,689	5.50%
Balance from Other Customers	84,619,691	67.38%	Balance from Other Customers	437,305,184	94.50%
Grand Total	\$ 125,589,292	100.00%	Grand Total	\$ 462,770,873	100.00%

Schedule 15

LOS ANGELES COUNTY SANITATION DISTRICTS

Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years
 (\$ thousands, except Per Capita)

Fiscal Year	Revenue Bonds	Notes/ Contracts	State Revolving Fund Loans	Total		
				Amount	Per Capita ¹	As a Share of Per Capita Income
2010-11	\$ 681,028	\$ 1,522	\$ 423,604	\$ 1,106,154	\$ 203.15	0.48%
2011-12	654,476	1,978	411,971	1,068,425	195.97	0.45%
2012-13	627,099	1,663	388,237	1,016,999	185.25	0.41%
2013-14	556,668	1,414	369,712	927,794	167.71	0.35%
2014-15	539,029	1,373	359,810	900,212	161.59	0.32%
2015-16	501,426	1,328	341,068	843,822	150.52	0.28%
2016-17	506,655	-	278,746	785,401	140.33	0.25%
2017-18	465,551	-	289,500	755,051	134.52	0.23%
2018-19	423,908	-	276,062	699,970	124.79	0.19%
2019-20	381,513	-	251,796	633,309	114.09	0.18%

1. Using populations provided by the California Department of Finance.

Schedule 16

LOS ANGELES COUNTY SANITATION DISTRICTS

Wastewater Pledged-Revenue Coverage

Last Ten Fiscal Years

(\$ thousands)

	Fiscal Year									
	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Revenue Sources ⁽¹⁾										
Ad Valorem Tax	\$ 53,197	\$ 54,770	\$ 68,435	\$ 55,210	\$ 67,963	\$ 70,121	\$ 73,029	\$ 77,370	\$ 82,675	\$ 88,363
CIF ⁽²⁾	15,734	15,667	14,996	12,664	12,627	10,489	9,987	7,318	5,162	5,162
User Fees	357,002	353,692	375,032	370,980	394,765	400,001	418,318	432,497	434,022	449,355
Other Revenues	47,211	27,372	28,101	27,712	26,375	15,138	15,742	19,089	30,939	31,387
Interest	17,608	11,512	7,679	7,513	9,343	13,078	14,265	18,478	26,516	26,900
Rate Stabilization Fund ⁽³⁾	-	-	1,488	14,161	-	7,923	3,946	-	18,220	18
Total	490,752	463,013	495,731	488,240	511,073	516,750	535,287	554,752	597,534	601,185
Expenses ⁽⁴⁾										
Total O&M	275,663	284,926	287,411	303,506	298,081	307,980	304,998	314,989	335,687	354,590
Rate Stabilization Fund ⁽⁵⁾	68,630	31,839	56,593	12,921	41,328	14,701	27,057	75,407	69,711	62,609
Total	344,293	316,765	344,004	316,427	339,409	322,681	332,055	390,396	405,398	417,199
Net Revenues	146,459	146,248	151,727	171,813	171,664	194,069	203,232	164,356	192,136	183,986
Debt Service										
State Loans	30,843	31,660	36,633	36,535	36,747	35,416	32,162	32,060	36,109	35,998
Installment Payments	53,557	53,075	52,826	52,793	52,530	51,390	49,757	53,643	53,568	53,529
Total Debt Service	84,400	84,735	89,459	89,328	89,277	86,806	81,919	85,703	89,677	89,527
Coverage	1.7	1.7	1.7	1.9	1.9	2.2	2.5	1.9	2.1	2.1

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. Rate Stabilization Funds are monies previously set aside (revenue) or monies being set aside (expenses) to mitigate the impact on Districts' ratepayers. It may appear contradictory that, in some years, monies are both being set aside and used; this is because some Districts are utilizing their Rate Stabilization Fund while other Districts are putting monies into their Rate Stabilization Fund.
4. Does not include depreciation.

Schedule 17

LOS ANGELES COUNTY SANITATION DISTRICTS

Demographic and Economic Statistics

Last Ten Fiscal Years Available

	Districts' Population ¹ (millions)	L.A. County Population ² (millions)	Personal Income ² (\$ millions)	Per Capita Personal Income (\$ thousands)	Unemployment Rate ³	
					County	State
2010-11	5.445	9.858	\$ 420,900	\$ 42.70	12.4%	12.0%
2011-12	5.452	9.912	435,300	43.92	11.1%	10.6%
2012-13	5.490	10.019	451,100	45.02	10.2%	9.2%
2013-14	5.532	10.069	487,900	48.46	8.3%	7.5%
2014-15	5.571	10.192	521,900	51.21	6.8%	6.3%
2015-16	5.606	10.240	557,382	54.43	5.4%	5.6%
2016-17	5.597	10.278	585,515	56.97	4.8%	4.9%
2017-18	5.613	10.328	602,632	58.35	4.8%	4.4%
2018-19	5.609	10.184	658,900	64.70	4.5%	4.1%
2019-20	5.551	10.173	654,900	64.38	19.6%	15.1%

1. State of California, Department of Finance, E-1 Population Estimates for Cities, Counties, and the State, with Annual Percentage Change-January 1, 2019, and 2020. See Schedule 18 of this CAFR for details.
2. Los Angeles Economic Development Corporation Economic Forecast; Los Angeles Almanac; UCLA Anderson Los Angeles County Long Term Forecast. All numbers are as of the year they were initially reported and do not necessarily reflect subsequent revisions.
3. U.S. Bureau of Labor Statistics

Schedule 18

LOS ANGELES COUNTY SANITATION DISTRICTS

Estimated Populations of Cities and Unincorporated Areas
 Within the Sanitation Districts' Boundaries
 January 1, 2020

CITY	POPULATION	CITY	POPULATION
Alhambra	86,792	Lomita	20,549
Arcadia	57,152	Long Beach	471,796
Artesia	16,483	Los Angeles	144,469
Azusa	49,602	Lynwood	71,269
Baldwin Park	76,252	Manhattan Beach	35,250
Bell	36,531	Maywood	27,904
Bell Gardens	42,449	Monrovia	37,928
Bellflower	78,110	Montebello	63,544
Beverly Hills	737	Monterey Park	60,734
Bradbury	470	Norwalk	105,514
Carson	93,108	Palmdale	154,505
Cerritos	49,994	Palos Verdes Estates	13,190
Claremont	35,541	Paramount	55,461
Commerce	12,868	Pasadena	144,826
Compton	98,032	Pico Rivera	63,374
Covina	48,614	Pomona	153,190
Cudahy	24,172	Rancho Palos Verdes	41,731
Culver City	0	Redondo Beach	66,994
Diamond Bar	56,741	Rolling Hills	1,874
Downey	113,529	Rolling Hills Estates	8,066
Duarte	21,341	Rosemead	54,363
El Monte	116,675	San Dimas	33,740
Gardena	60,937	San Gabriel	40,104
Glendora	51,313	San Marino	13,087
Hawaiian Gardens	14,649	Santa Clarita	217,452
Hawthorne	86,903	Santa Fe Springs	18,295
Hermosa Beach	19,614	Sierra Madre	10,810
Huntington Park	59,515	Signal Hill	11,712
Industry	427	South El Monte	21,204
Inglewood	111,971	South Gate	97,003
Irwindale	1,434	South Pasadena	25,458
La Canada-Flintridge	18,881	Temple City	36,150
La Habra Heights	369	Torrance	145,546
La Mirada	48,877	Vernon	297
La Puente	40,122	Walnut	29,926
La Verne	33,245	West Covina	105,776
Lakewood	79,916	West Hollywood	36,203
Lancaster	158,971	Whittier	86,801
Lawndale	32,799		
		77 Cities Subtotal	4,661,231
		Unincorporated	889,512
		TOTAL	5,550,743

Source: State of California, Department of Finance, E-1 Population Estimates for Cities, Counties, and the State, with Annual Percent Change -- January 1, 2019, and 2020. Sacramento, California, May 2020, and GIS analysis using L.A. County Assessor GIS parcel data (2019), L.A. County Department of Public Works City

Schedule 19

LOS ANGELES COUNTY SANITATION DISTRICTS

Economic Indicators
Last Ten Calendar Years

Calendar Year	Total Nonfarm Employment (avg. 000's)	Total Taxable Sales (billions)	Value of Two-Way Trade* (billions)	Total Day & Overnight Visitors (millions)	Housing Unit Permits Issued	Median Home Price
2010	3,925.0	\$ 116.9	\$ 346.8	38.5	10,394	\$ 328,140
2011	3,947.1	126.4	386.7	40.4	14,247	306,950
2012	4,037.5	135.3	403.5	41.4	17,447	367,400
2013	4,115.8	140.1	414.5	42.2	25,198	439,830
2014	4,192.6	147.1	416.6	44.2	26,950	464,650
2015	4,285.8	151.4	393.4	45.5	34,034	502,750
2016	4,394.6	159.8	393.7	46.6	32,114	522,520
2017	4,448.3	159.3	431.4	48.3	31,084	577,690
2018	4,510.1	166.0	456.3	50.0	29,524	588,140
2019	4,556.8	172.3	428.2	50.9	30,554	641,340

Sources: State of California, Employment Development Department, Labor Market Information Division; California Department of Tax & Fee Administration; Los Angeles World Airports; Port of Los Angeles Trade Connect; Los Angeles Tourism & Convention Board; United States Census Bureau; California Association of Realtors

*Value of imports and exports combined.

Schedule 20

LOS ANGELES COUNTY SANITATION DISTRICTS

Los Angeles County Employment Sectors
Current Year and Nine Years Ago

Industry	June 2011			June 2020		
	Number of Employees	Percentage of Total	Rank	Number of Employees	Percentage of Total	Rank
Educational and Health Services	670,900	16.96%	2	799,800	19.47%	1
Trade, Transportation & Utilities	749,600	18.95%	1	777,000	18.92%	2
Professional and Business Services	530,600	13.41%	4	590,100	14.37%	3
Government	581,700	14.70%	3	579,300	14.10%	4
Leisure and Hospitality	396,600	10.02%	5	378,600	9.22%	5
Manufacturing	376,100	9.51%	6	314,700	7.66%	6
Financial Activities	210,300	5.32%	7	218,600	5.32%	7
Information Services	190,900	4.83%	8	178,400	4.34%	8
Construction	104,100	2.63%	10	146,100	3.56%	9
Other Services	137,000	3.46%	9	118,900	2.89%	10
Agriculture	5,600	0.14%	11	3,800	0.09%	11
Mining & Logging	2,900	0.07%	12	1,900	0.05%	12
Total	<u>3,956,300</u>	<u>100.00%</u>		<u>4,107,200</u>	<u>100.00%</u>	

Source: State of California, Employment Development Department, Labor Market Information Division

Schedule 21

LOS ANGELES COUNTY SANITATION DISTRICTS

Number of Employees by Identifiable Activity
Last Ten Fiscal Years

Full-Time-Equivalent Employees as of June 30,

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Solid Waste Management:										
Solid Waste Management	2	2	3	2	2	2	2	3	3	3
Solid Waste Operations	249	222	211	209	183	190	199	207	204	204
Energy Recovery Operations	150	137	114	116	112	102	101	94	66	67
Wastewater Management:										
Wastewater Management	7	7	3	3	3	3	2	2	2	3
Industrial Waste	71	70	67	66	66	63	64	62	62	62
Joint Water Pollution Control Plant	307	310	302	297	296	293	285	293	297	286
Wastewater Collection System	130	125	124	130	129	129	126	126	129	137
Water Reclamation Plants	220	219	219	224	223	234	240	246	245	236
E/I Engineering Support	-	-	4	6	8	8	8	8	9	9
Engineering:										
Engineering	6	6	6	6	7	7	7	5	7	9
Field Engineering	78	73	66	61	56	53	53	51	56	51
Wastewater & Solid Waste Design	32	61	34	29	27	22	21	36	29	31
Structural & Architectural Design	19	17	17	16	17	16	17	17	16	16
Electrical & Instrumentation Design	21	22	20	20	21	23	23	22	23	21
Mechanical & Civil Design	46	15	14	12	12	14	13	-	-	-
Sewer Design	-	-	23	24	23	22	25	25	26	25
Technical Services:										
Technical Services	5	5	5	14	14	15	13	23	15	14
Air Quality Engineering	12	12	9	9	11	9	9	9	8	8
Laboratories	173	175	167	163	157	170	159	160	157	169
Monitoring	29	28	25	26	29	33	39	44	45	44
Wastewater Research	25	24	11	11	11	11	18	12	18	18
Water Quality	34	31	26	27	29	15	16	13	12	14
Research	-	-	11	11	10	9	-	-	-	-
Administration:										
Administration	9	9	9	9	9	9	9	9	9	9
Financial Mgmt. & Facilities Plan.	220	215	200	193	187	183	185	184	199	206
Human Resources	33	31	31	22	21	21	22	23	23	23
Total Employees:	1,878	1,816	1,721	1,706	1,663	1,656	1,656	1,674	1,660	1,665

Schedule 22

LOS ANGELES COUNTY SANITATION DISTRICTS

Operating and Capital Indicators
Last Ten Fiscal Years

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Sewerage Operations										
Miles of Trunk Lines	1,407	1,408	1,410	1,410	1,411	1,412	1,410	1,409	1,412	1,430
Number of Active Pump Stations	52	52	49	49	48	48	48	48	48	48
Number of Treatment Facilities	11	11	11	11	11	11	11	11	11	11
Reclaimed Water Used (MGD ¹)	75	85	93	91	79	90	96	93	78	87
Number of Reuse Sites	650	703	720	757	790	855	863	892	916	952
WW Discharge Inspections	9,255	9,836	10,633	11,070	10,769	11,516	11,162	11,661	11,673	10,115
Solid Waste Operations										
Number of Active Landfills	3	3	3	2	2	2	2	2	2	2
Solid Waste Disposal Tonnages ²										
Puente Hills Landfill	1.66	1.80	2.19	0.74	0.00	0.00	0.00	0.00	0.00	0.00
Puente Hills MRF	0.07	0.02	0.04	0.55	0.73	0.73	0.63	0.70	0.64	0.48
South Gate Transfer Station	0.11	0.10	0.11	0.11	0.11	0.14	0.15	0.14	0.15	0.13
DART Facility	0.16	0.13	0.08	0.13	0.14	0.16	0.20	0.27	0.27	0.28
Scholl Canyon Landfill	0.23	0.23	0.21	0.23	0.24	0.33	0.38	0.40	0.43	0.47
Calabasas Landfill	0.26	0.21	0.19	0.24	0.23	0.31	0.35	0.29	0.59	0.32
Total	2.49	2.49	2.82	2.00	1.45	1.67	1.71	1.80	2.08	1.68
Cumulative Tonnages ²										
Puente Hills Landfill	119.31	121.11	123.30	124.04	124.04	124.04	124.04	124.04	124.04	124.04
Puente Hills MRF	0.56	0.58	0.62	1.17	1.90	2.63	3.26	3.96	4.60	5.08
South Gate Transfer Station	5.65	5.75	5.86	5.97	6.08	6.22	6.37	6.51	6.66	6.79
DART Facility	3.15	3.28	3.36	3.49	3.63	3.79	3.99	4.26	4.53	4.81
Scholl Canyon Landfill	28.22	28.45	28.66	28.89	29.13	29.46	29.84	30.24	30.67	31.14
Calabasas Landfill	23.66	23.87	24.06	24.30	24.53	24.84	25.19	25.48	26.07	26.39
Percentage of County Total	31%	33%	37%	24%	7%	11%	12%	11%	20%	13%
Household Hazardous Waste/Electronic Waste (HHW/EW)										
Households	57,677	57,891	52,850	50,056	51,054	43,705	49,516	56,809	56,895	36,336
Cost (\$ millions)	\$3.8	\$3.9	\$3.6	\$3.7	\$3.5	\$3.2	\$3.5	\$4.0	\$4.1	\$2.9

1. Million Gallons per Day
2. Million Tons per Year

Innovative Testing

The Sanitation Districts have developed a laboratory method to test untreated sewage and cleaned water for genetic material from the novel coronavirus. Tests of treated water at our treatment plants have proven that the wastewater treatment process eliminates the virus. We are regularly testing untreated sewage and have observed that the levels in our sewage trend with other community indicators such as new positive cases and hospitalizations for COVID-19. Our results are shared with public health officials in hopes that this information will help them manage the pandemic.



A laboratory technician processes samples of wastewater.

LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure

June 30, 2020

This Bond Disclosure Section serves as the annual report required by the Continuing Disclosure Agreements (Disclosure Agreements) for the following Los Angeles County Sanitation Districts Financing Authority (the 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). Because the Districts' Comprehensive Annual Financial Report (CAFR) includes all the information required by the Disclosure Agreements, the CAFR will be filed with each National Repository specified in the Rule and with any other repository identified in the future in lieu of filing a separate report.

REPORTING OF SIGNIFICANT EVENTS

On October 1, 2020, the Districts defeased all outstanding balances of the 2011 Series A Ad Valorem Obligation Bonds and 2013 Series A Ad Valorem Obligation Bonds. The aggregate principal amount defeased was \$24,685,000. This action released the 22 participating Districts from pledges, obligations, and unfavorable covenants, as well as, allowed the Districts to take advantage of low interest rates.

ANNUAL REPORT

The annual report contains the following sections as required by the Disclosure Agreements:

- 1) The audited financial statements for the Authority, 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, 2020 (projected), and as of December 31, 2019.
- 4) A schedule of the changes in debt obligation for the calendar year ending on December 31, 2020 (projected).
- 5) The amount of each senior obligation and subordinate obligation for each district outstanding as of December 31, 2020 (projected).

LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

- 6) An update, for the most recently ended fiscal year, of the following information contained in the Official Statements:
- 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, 2020;
 - f. Average yearly sewage flow;
 - g. Ten largest wastewater customers for Districts 14 and 20; ten largest wastewater customers for all Districts is fulfilled by Schedule 14 in the Statistical Section of this financial statement;
 - h. Outstanding obligations as of December 31, 2019 and December 31, 2020 (projected);
 - i. Districts' historical operating data.

SECTION 1 - The Authority's Audited Financial Statements

Statement of Net Position June 30, 2020

Assets		
Cash and cash equivalents with Trustee, restricted as to use	\$	7,603
Payments receivable from Participating Districts		374,393,452
Total assets		<u>374,401,055</u>
Deferred Outflow of Resources		
Deferred loss on refunding, net of accumulated amortization of \$16,012,970		<u>7,114,320</u>
Liabilities		
Current liabilities, payable from restricted assets:		
Interest payable		4,170,362
Current portion of bonds payable		39,334,400
Total current liabilities, payable from restricted assets		<u>43,504,762</u>
Long-term liabilities:		
Premium on issue, net of accumulated amortization of \$46,211,208		29,464,359
Revenue bonds payable		312,714,398
Total long-term liabilities		<u>342,178,757</u>
Total liabilities		<u>385,683,519</u>
Net Position		
Unrestricted		(4,168,144)
Total net position	\$	<u><u>(4,168,144)</u></u>

LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

Statement of Revenues, Expenses, and Changes in Net Position Fiscal year ended June 30, 2020

Operating revenues-payments from Participating Districts	\$	<u>17,413,929</u>
Nonoperating revenues (expenses):		
Interest expense		(16,967,884)
Drawdown expense		(2,837,153)
Amortization of deferred loss on refunding		(1,993,015)
Amortization of bond premium		<u>4,830,166</u>
Net nonoperating expenses		<u>(16,967,886)</u>
Change in net position		446,043
 Total net position, beginning of fiscal year		 (4,614,187)
Net position, end of year	\$	<u><u>(4,168,144)</u></u>

Statement of Cash Flows Fiscal year ended June 30, 2020

Cash flows from operating activities:		
Receipts from Participating Districts	\$	<u>17,413,929</u>
Cash flows from capital and related financing activities:		
Receipts from Participating Districts		37,564,400
Principal payments on bonds		(37,564,400)
Interest paid on bonds		<u>(17,411,716)</u>
Net cash used by capital and related financing activities		<u>(17,411,716)</u>
Net increase in cash and cash equivalents, restricted as to use		2,213
Cash and cash equivalents, beginning of fiscal year, restricted as to use		<u>5,390</u>
Cash and cash equivalents, end of fiscal year, restricted as to use	\$	<u><u>7,603</u></u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$	<u>17,413,929</u>
Net cash provided by operating activities	\$	<u><u>17,413,929</u></u>

Supplemental disclosure of noncash items:

Amortization of premium on revenue bonds payable and deferred loss on refunding of \$4,830,166 and (\$1,993,015), respectively.

LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

SECTION 2 - Districts' Audited Consolidated Financial Statements

The audited consolidated financial statements for the Districts are provided in the Financial Section of this CAFR.

SECTION 3 - Principal Amount of Bonds Outstanding

At December 31, 2020, the total principal amount of bonds outstanding will be \$288,029,398 (projected), an overall decrease of \$64,019,392 from December 31, 2019, when the total principal amount of bonds outstanding was \$352,048,790.

SECTION 4 - Changes in Debt Obligations

CHANGES IN DEBT OBLIGATIONS Calendar Year 2020 (projected)

System	<u>New Debt</u>	<u>Principal Payments</u>	<u>Retirements</u>	<u>Net Change in Debt Obligations</u>
JO System ⁽¹⁾	\$ 8,476,845	(50,016,504)	(21,247,122)	(62,786,781)
4	-	(303,487)	(242,407)	(545,894)
9	-	(42,649)	(34,066)	(76,715)
14	-	(9,122,121)	(343,862)	(9,465,983)
20	-	(3,958,807)	(286,592)	(4,245,399)
27	-	(59,647)	(47,641)	(107,288)
SCV	-	(6,336,413)	(2,483,310)	(8,819,723)
Total	\$ <u>8,476,845</u>	<u>(69,839,628)</u>	<u>(24,685,000)</u>	<u>(86,047,783)</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.

LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

SECTION 5 - Outstanding Senior and Subordinate Obligations as of December 31, 2020 (projected)

	District No. 1	District No. 2	District No. 3	District No. 5	District No. 8	District No. 15
Senior Revenue Obligations						
Primary Sedimentation Tank Covers	\$ 39,694	59,790	45,985	68,887	23,672	49,697
Secondary Effluent Pump Station	13,315	20,055	15,425	23,107	7,940	16,670
Biological Reactors/Secondary Clarifiers	1,100,517	1,657,677	1,274,943	1,909,904	656,294	1,377,842
Cryogenic Oxygen Generation	210,706	317,381	244,102	365,672	125,655	263,803
Power Generation Equipment Purchase	114,404	172,323	132,536	198,543	68,225	143,233
Waste Activated Sludge Thickening Expansion	55,133	83,046	63,872	95,682	32,879	69,027
Relocating and Installing High-Speed Centrifuge	27,745	41,791	32,142	48,150	16,546	34,736
Installation of Secondary Influent Pumping Equip	62,601	94,294	72,523	108,641	37,332	78,376
Fuel Gas Compressor Upgrade	9,686	14,589	11,221	16,809	5,776	12,126
Modifications of Electrical Power	53,591	80,723	62,085	93,005	31,959	67,096
Primary Screenings and Grit Dewatering Fac.	154,222	232,300	178,665	267,646	91,970	193,085
Environmental Laboratory Building	126,779	190,964	146,873	220,021	75,605	158,727
JWPCP Digestion Tanks 17-23	699,482	1,053,610	810,346	1,213,924	417,137	875,748
Modification of Biological Reactors	760,402	1,145,372	880,922	1,319,649	453,467	952,020
High-Speed Scroll Centrifuges Purch & Install	81,489	122,745	94,405	141,422	48,596	102,024
Secondary Infl Pump Station Equipment	192,147	289,425	222,601	333,464	114,587	240,567
Silo Odor Control Facilities, Phase I	91,395	137,666	105,881	158,613	54,504	114,426
Silo Odor Control Facilities, Phase II	86,175	129,803	99,833	149,554	51,391	107,891
Total Senior Revenue Obligations	<u>3,879,483</u>	<u>5,843,554</u>	<u>4,494,360</u>	<u>6,732,693</u>	<u>2,313,535</u>	<u>4,857,094</u>
Subordinate Revenue Obligations						
Install of Secondary Infl Pumping Equip Stg II	35,575	53,585	41,213	61,738	21,215	44,539
Central Odor Control System	251,743	379,193	291,642	436,890	150,127	315,181
Heat Recovery Steam Generation Equipment	114,163	171,960	132,257	198,125	68,081	142,931
Power Generation Steam Turbine Generator	85,067	128,134	98,550	147,630	50,730	106,503
Pomona WRP NDN Facilities	108,124	162,864	125,261	187,645	64,480	135,371
Pomona WRP NDN Facilities Equip. Purch.	4,004	6,031	4,638	6,949	2,388	5,013
Los Coyotes WRP NDN Facilities	615,262	926,751	712,778	1,067,763	366,912	770,305
Los Coyotes WRP Ammonia Addition Station	19,874	29,936	23,024	34,491	11,852	24,882
Long Beach WRP NDN Facilities	145,852	219,693	168,969	253,121	86,979	182,607
Long Beach WRP Ammonia Addition Station	13,717	20,662	15,892	23,806	8,180	17,174
Long Beach WRP NDN Facilities Equipment	8,848	13,328	10,251	15,356	5,277	11,078
Long Beach WRP Aeration System	6,060	9,127	7,020	10,516	3,614	7,587
Long Beach Pumping Plant Upgrades*	3,294,756	4,962,796	3,816,958	5,717,923	1,964,832	4,125,019
Whittier Narrows WRP NDN Facilities	170,509	256,832	197,533	295,911	101,683	213,476
San Jose Creek WRP NDN Facilities	229,027	344,977	265,326	397,467	136,580	286,741
San Jose Creek WRP NDN Fac. Equipment	32,808	49,417	38,008	56,937	19,565	41,075
Los Coyotes WRP Interceptor Sewer Rehab Phase II	671,789	1,011,897	778,265	1,165,865	400,622	841,077
Wright Road Truck Sewer Repair	390,680	-	-	-	-	-
District 5 Interceptor Section 2A Rehab	852,279	1,283,764	987,361	1,479,098	508,258	1,067,050
Joint Outfall "A" Unit 6 Rehabilitation	987,001	1,486,691	1,143,436	1,712,902	588,599	1,235,721
Joint Outfall "D" Units 7&8 Rehabilitation	733,616	1,105,025	849,890	1,273,162	437,493	918,484
Joint Outfall "B" Unit 1A Rehabilitation	856,040	1,289,428	991,718	1,485,625	510,500	1,071,758
San Jose Creek East Flow Equalization*	2,032,265	3,061,142	2,354,368	3,526,918	1,211,944	2,544,386
Alamitos PP Force Main No. 2	-	-	-	-	-	-
Total Subordinate Revenue Obligations	<u>11,659,059</u>	<u>16,973,233</u>	<u>13,054,358</u>	<u>19,555,838</u>	<u>6,719,911</u>	<u>14,107,958</u>
Total Obligations	<u>\$ 15,538,542</u>	<u>22,816,787</u>	<u>17,548,718</u>	<u>26,288,531</u>	<u>9,033,446</u>	<u>18,965,052</u>

*Funds have been received as of December 31, 2020, however, this obligation is not yet in repayment.

LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

	District No. 16	District No. 17	District No. 18	District No. 19	District No. 21	District No. 22
Senior Revenue Obligations						
Primary Sedimentation Tank Covers	\$ 27,473	3,530	32,362	9,007	40,101	33,493
Secondary Effluent Pump Station	9,215	1,184	10,855	3,021	13,451	11,235
Biological Reactors/Secondary Clarifiers	761,703	97,879	897,228	249,718	1,111,810	928,600
Cryogenic Oxygen Generation	145,836	18,740	171,784	47,811	212,868	177,791
Power Generation Equipment Purchase	79,183	10,175	93,271	25,959	115,578	96,532
Waste Activated Sludge Thickening Expansion	38,159	4,904	44,949	12,510	55,699	46,521
Relocating and Installing High-Speed Centrifuge	19,203	2,468	22,620	6,296	28,029	23,410
Installation of Secondary Influent Pumping Equip	43,328	5,568	51,037	14,205	63,243	52,822
Fuel Gas Compressor Upgrade	6,704	861	7,897	2,198	9,785	8,173
Modifications of Electrical Power	37,092	4,766	43,692	12,160	54,141	45,219
Primary Screenings and Grit Dewatering Fac.	106,742	13,716	125,734	34,994	155,805	130,130
Environmental Laboratory Building	87,748	11,276	103,361	28,767	128,080	106,975
JWPCP Digestion Tanks 17-23	484,134	62,212	570,273	158,719	706,660	590,213
Modification of Biological Reactors	526,299	67,630	619,940	172,543	768,206	641,616
High-Speed Scroll Centrifuges Purch & Install	56,401	7,248	66,437	18,491	82,326	68,759
Secondary Infl Pump Station Equipment	132,991	17,089	156,653	43,600	194,119	162,131
Silo Odor Control Facilities, Phase I	63,258	8,129	74,513	20,738	92,333	77,118
Silo Odor Control Facilities, Phase II	59,645	7,664	70,257	19,554	87,060	72,713
Total Senior Revenue Obligations	<u>2,685,114</u>	<u>345,039</u>	<u>3,162,863</u>	<u>880,291</u>	<u>3,919,294</u>	<u>3,273,451</u>
Subordinate Revenue Obligations						
Install of Secondary Infl Pumping Equip Stg II	24,622	3,164	29,003	8,072	35,940	30,017
Central Odor Control System	174,239	22,390	205,241	57,123	254,326	212,417
Heat Recovery Steam Generation Equipment	79,016	10,154	93,075	25,905	115,334	96,329
Power Generation Steam Turbine Generator	58,878	7,566	69,353	19,303	85,940	71,778
Pomona WRP NDN Facilities	74,836	9,617	88,151	24,534	109,234	91,233
Pomona WRP NDN Facilities Equip. Purch.	2,771	356	3,264	909	4,045	3,378
Los Coyotes WRP NDN Facilities	425,843	54,721	501,610	139,609	621,576	519,149
Los Coyotes WRP Ammonia Addition Station	13,755	1,768	16,203	4,510	20,078	16,769
Long Beach WRP NDN Facilities	100,949	12,972	118,911	33,095	147,349	123,068
Long Beach WRP Ammonia Addition Station	9,494	1,220	11,184	3,113	13,858	11,575
Long Beach WRP NDN Facilities Equipment	6,124	787	7,214	2,008	8,939	7,466
Long Beach WRP Aeration System	4,194	539	4,940	1,375	6,122	5,113
Long Beach Pumping Plant Upgrades*	2,280,407	293,034	2,686,146	747,613	3,328,567	2,780,068
Whittier Narrows WRP NDN Facilities	118,015	15,165	139,012	38,690	172,258	143,873
San Jose Creek WRP NDN Facilities	158,517	20,370	186,721	51,968	231,377	193,250
San Jose Creek WRP NDN Fac. Equipment	22,707	2,918	26,748	7,444	33,144	27,683
Los Coyotes WRP Interceptor Sewer Rehab Phase II	464,967	59,749	547,696	152,436	678,683	566,846
Wright Road Truck Sewer Repair	-	-	-	-	-	-
District 5 Interceptor Section 2A Rehab	589,890	75,801	694,846	193,391	861,025	719,141
Joint Outfall "A" Unit 6 Rehabilitation	683,135	87,783	804,682	223,960	997,130	832,817
Joint Outfall "D" Units 7&8 Rehabilitation	507,759	65,247	598,102	166,465	741,144	619,015
Joint Outfall "B" Unit 1A Rehabilitation	592,493	76,136	697,912	194,244	864,825	722,314
San Jose Creek East Flow Equalization*	1,406,596	180,749	1,656,864	461,141	2,053,120	1,714,796
Alamitos PP Force Main No. 2	-	-	-	-	-	-
Total Subordinate Revenue Obligations	<u>7,799,207</u>	<u>1,002,206</u>	<u>9,186,878</u>	<u>2,556,908</u>	<u>11,384,014</u>	<u>9,508,095</u>
Total Obligations	<u>\$ 10,484,321</u>	<u>1,347,245</u>	<u>12,349,741</u>	<u>3,437,199</u>	<u>15,303,308</u>	<u>12,781,546</u>

*Funds have been received as of December 31, 2020, however, this obligation is not yet in repayment.

LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

	District No. 23	District No. 28	District No. 29	South Bay Cities
Senior Revenue Obligations				
Primary Sedimentation Tank Covers	\$ 4,255	1,132	1,448	12,085
Secondary Effluent Pump Station	1,427	380	486	4,054
Biological Reactors/Secondary Clarifiers	117,957	31,372	40,156	335,049
Cryogenic Oxygen Generation	22,584	6,006	7,688	64,149
Power Generation Equipment Purchase	12,262	3,261	4,174	34,830
Waste Activated Sludge Thickening Expansion	5,909	1,572	2,012	16,785
Relocating and Installing High-Speed Centrifuge	2,974	791	1,012	8,447
Installation of Secondary Influent Pumping Equip	6,710	1,785	2,284	19,059
Fuel Gas Compressor Upgrade	1,038	276	353	2,949
Modifications of Electrical Power	5,744	1,528	1,955	16,316
Primary Screenings and Grit Dewatering Fac.	16,530	4,396	5,627	46,952
Environmental Laboratory Building	13,589	3,614	4,626	38,598
JWPCP Digestion Tanks 17-23	74,973	19,940	25,523	212,955
Modification of Biological Reactors	81,503	21,676	27,746	231,502
High-Speed Scroll Centrifuges Purch & Install	8,734	2,323	2,973	24,809
Secondary Infl Pump Station Equipment	20,595	5,477	7,011	58,499
Silo Odor Control Facilities, Phase I	9,796	2,605	3,335	27,825
Silo Odor Control Facilities, Phase II	9,237	2,457	3,144	26,236
Total Senior Revenue Obligations	<u>415,817</u>	<u>110,591</u>	<u>141,553</u>	<u>1,181,099</u>
Subordinate Revenue Obligations				
Install of Secondary Infl Pumping Equip Stg II	3,813	1,014	1,298	10,831
Central Odor Control System	26,983	7,176	9,186	76,642
Heat Recovery Steam Generation Equipment	12,236	3,254	4,166	34,757
Power Generation Steam Turbine Generator	9,118	2,425	3,104	25,898
Pomona WRP NDN Facilities	11,589	3,082	3,945	32,918
Pomona WRP NDN Facilities Equip. Purch.	429	114	146	1,219
Los Coyotes WRP NDN Facilities	65,946	17,539	22,450	187,315
Los Coyotes WRP Ammonia Addition Station	2,130	567	725	6,051
Long Beach WRP NDN Facilities	15,633	4,158	5,322	44,404
Long Beach WRP Ammonia Addition Station	1,470	391	501	4,176
Long Beach WRP NDN Facilities Equipment	948	252	323	2,694
Long Beach WRP Aeration System	649	173	221	1,845
Long Beach Pumping Plant Upgrades*	353,144	93,921	120,219	1,003,078
Whittier Narrows WRP NDN Facilities	18,276	4,861	6,222	51,911
San Jose Creek WRP NDN Facilities	24,548	6,529	8,357	69,727
San Jose Creek WRP NDN Fac. Equipment	3,516	935	1,197	9,988
Los Coyotes WRP Interceptor Sewer Rehab Phase II	72,005	19,150	24,512	204,524
Wright Road Truck Sewer Repair	-	-	-	-
District 5 Interceptor Section 2A Rehab	91,350	24,295	31,098	259,474
Joint Outfall "A" Unit 6 Rehabilitation	105,790	28,136	36,014	300,489
Joint Outfall "D" Units 7&8 Rehabilitation	78,632	20,913	26,768	223,347
Joint Outfall "B" Unit 1A Rehabilitation	91,753	24,403	31,235	260,619
San Jose Creek East Flow Equalization*	217,825	57,932	74,153	618,717
Alamitos PP Force Main No. 2	-	-	662,326	-
Total Subordinate Revenue Obligations	<u>1,207,783</u>	<u>321,220</u>	<u>1,073,488</u>	<u>3,430,624</u>
Total Obligations	<u>\$ 1,623,600</u>	<u>431,811</u>	<u>1,215,041</u>	<u>4,611,723</u>

*Funds have been received as of December 31, 2020, however, this obligation is not yet in repayment.

LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

	District No. 4	District No. 9	District No. 14	District No. 20	District No. 27	Santa Clarita Valley
Senior Revenue Obligations						
Valencia WRP Stage V Expansion-Equipment	\$ -	-	-	-	-	141,027
Total Senior Revenue Obligations	-	-	-	-	-	141,027
Subordinate Revenue Obligations						
2015 Series A Revenue Bonds	-	-	129,744,814	-	-	-
2016 Series A Revenue Bonds	-	-	-	156,865,000	-	-
Lancaster - Rosamond Outfall & TS, Phase 1	-	-	2,479,989	-	-	-
Lancaster - Rosamond Outfall & TS, Phase 2	-	-	4,308,870	-	-	-
Lancaster - Rosamond Outfall & TS, Phase 3	-	-	3,952,602	-	-	-
Valencia WRP Stage V Expansion	-	-	-	-	-	6,983,208
Saugus WRP Equipment Purchases	-	-	-	-	-	356,519
Lancaster WRP Stage V Expansion, Phase I	-	-	46,533,288	-	-	-
Valencia WRP Steam Boiler Upgrade	-	-	-	-	-	3,222,869
Total Subordinate Revenue Obligations	-	-	187,019,563	156,865,000	-	10,562,596
Total Obligations	\$ -	-	187,019,563	156,865,000	-	10,703,623

SECTION 6-Updated Tables Contained in the Official Statements.

Districts Nos. 14 & 20 Connection Fee Revenue

Fiscal Year	District 14				District 20			
	Rates	Collected	Refunds ⁽¹⁾	Net Revenue	Rates	Collected	Refunds ⁽¹⁾	Net Revenue
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
2017-18	6,190	1,432,576	-	1,432,576	6,190	1,042,743	-	1,042,743
2018-19	6,190	1,394,234	-	1,394,234	6,190	721,989	-	721,989
2019-20	6,190	2,289,516	-	2,289,516	6,190	1,115,658	-	1,115,658

(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.

LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

Sewage Units by Customer Type Fiscal Year 2019-20 ⁽¹⁾

District	Sewage Units ⁽²⁾					Total Parcels
	Residential ⁽³⁾	Commercial ⁽³⁾	Industrial	Contract	Total	
JO System ⁽⁴⁾	1,247,704	506,200	229,778	2,410	1,986,092	1,123,821
14	58,157	13,295	2,421	135	74,008	55,961
20	36,369	9,016	280	25	45,690	35,775
SCV	77,578	24,365	3,143	-	105,086	78,939
4	17,380	10,410	170	-	27,960	10,062
9	496	941	-	-	1,437	502
27	555	-	-	-	555	563
Total	<u>1,438,239</u>	<u>564,227</u>	<u>235,792</u>	<u>2,570</u>	<u>2,240,828</u>	<u>1,305,623</u>

- (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) Residential and commercial 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 preceding 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 2019-20

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⁾	\$ 297,526,541	(6,117,327)	291,409,214	67,840,553	359,249,767	75,433,402
14	34,476,907	(526,507)	33,950,400	2,729,855	36,680,255	1,951,556
20	25,796,503	(853,745)	24,942,758	516,946	25,459,704	1,614,081
SCV	36,566,082	(1,108,787)	35,457,295	1,833,235	37,290,530	8,090,289
4	4,027,747	(61,087)	3,966,660	17,624	3,984,284	756,064
9	106,333	-	106,333	-	106,333	111,009
27	-	-	-	-	-	408,393
Total	<u>\$ 398,500,113</u>	<u>(8,667,453)</u>	<u>389,832,660</u>	<u>72,938,213</u>	<u>462,770,873</u>	<u>88,364,794</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.
- (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.

LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

Districts' Service Charge Rates (Dollars Per Single Family Home Per Year)

District (JO) ⁽¹⁾	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20
1	\$ 168	\$ 173	\$ 178	\$ 183	\$ 188
2	160	165	169	173	177
3	160	163	166	169	172
5	146	151	155	159	163
8	163	174	180	186	192
15	146	151	154	157	160
16	145	148	151	154	157
17	146	149	152	155	158
18	161	166	170	174	178
19	158	161	164	167	170
21	158	163	167	171	175
22	155	158	162	166	170
23	122	124	126	128	130
28 ⁽³⁾	342	242	-	-	-
28 ⁽³⁾	134	136	138	140	142
29	340	340	340	340	340
SBC	126	128	130	132	134
 (Non-JO) ^{(1),(2)}					
4	150	150	150	150	150
9	78	78	78	78	78
14	476	476	476	476	488
20	550	565	565	575	587
SCV	287	307	328	349	370

- (1) JO indicates a District within the Joint Outfall System. Non-JO indicates a District outside of the Joint Outfall System.
- (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 has two service charge rates. The first rate was for those users directly connected to the La Canada WRP Outfall Trunk Sewer or the Foothill Main Trunk sewer or tributary to the La Canada WRP; the second rate was for those users within the city of La Canada Flintridge Sewer Assessment Districts. As of fiscal year 2017-18, the loans associated with the two trunk sewers were paid off, making two rates unnecessary.

LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

Fund Balances on June 30, 2020

Districts	Capital Improvement Fund	Rate Stabilization Fund	All Other Funds
1	\$ 54,343,030	16,804,180	34,134,075
2	74,443,845	24,722,850	46,800,976
3	47,471,275	24,479,955	32,123,022
4	6,794,627	35,329,671	3,786,488
5	70,692,795	23,591,658	51,386,092
8	34,813,523	216,042	11,227,830
9	472,473	4,267,889	251,988
14	2,039,369	38,551,803	26,789,732
15	56,217,875	42,583,236	37,341,121
16	28,403,582	35,872,710	20,753,001
17	3,867,337	6,062,508	2,508,588
18	39,899,609	15,414,245	23,202,388
19	12,116,034	8,933,053	6,844,460
20	1,811,357	22,685,057	17,827,018
21	54,176,855	30,971,977	29,616,951
22	36,615,847	36,774,530	26,012,096
23	4,127,492	11,063,739	4,439,124
27	21,412	450,060	1,228,365
28	1,005,485	7,482,017	1,080,203
29	1,937,762	5,451,983	1,812,510
SBC	13,914,738	26,663,329	10,782,231
SCV	77,240,102	39,606,432	12,195,358
	<u>\$ 622,426,424</u>	<u>457,978,924</u>	<u>402,143,617</u>

Average Yearly Flow From The Participating Districts⁽¹⁾⁽²⁾ (In Millions Of Gallons Per Day)

District	Fiscal Year 2015-16	Fiscal Year 2016-17	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20
JO System ⁽³⁾	351.05	356.48	350.65	352.20	344.79
14	12.88	12.70	13.01	13.46	13.56
20	8.08	8.12	7.98	8.07	8.15
SCV	18.09	18.19	18.43	18.27	18.30
Total	<u>390.10</u>	<u>395.49</u>	<u>390.07</u>	<u>392.00</u>	<u>384.80</u>

(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.

(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.

LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

Ten Largest Disposal Customers Fiscal Year 2019-2020

<u>District 14 Customer</u>	<u>Fiscal Year 2019-20 Billing</u>	<u>Percentage of Total User Charges</u>
California State Prison - Los Angeles County	\$ 1,317,048	3.59 %
Northrop Grumman Systems Corporation (Site 4)	759,951	2.07
BYD Coach and Bus LLC (Bus Manufacturing)	304,418	0.83
Northrop Grumman Systems Corporation (Site 3)	228,343	0.62
Mission Linen Supply	189,477	0.52
Walmart Real Estate - 10th Street West (Shopping Center)	185,807	0.51
Walmart Real Estate - Valley Central Way (Shopping Center)	183,963	0.50
Antelope Valley Hospital	176,525	0.48
Mayflower RHF Housing Inc. (Mobile Home Park)	146,949	0.40
Caritas Affordable Housing Inc. (Mobile Home Park)	135,826	0.37
	<u>3,628,307</u>	<u>9.89</u>
Balance from Other Dischargers	<u>33,051,948</u>	<u>90.11</u>
Total User Chargers	<u>\$ 36,680,255</u>	<u>100.00 %</u>

<u>District 20 Customer</u>	<u>Fiscal Year 2019-20 Billing</u>	<u>Percentage of Total User Charges</u>
Lockheed Martin (Aerospace Manufacturing)	\$ 399,232	1.57 %
Walmart Real Estate - 47th Street East (Shopping Center)	244,363	0.96
Antelope Valley Mall LLC (Shopping Center)	126,540	0.50
Palmdale Realty Holdings LLC (Apartments)	122,541	0.48
Sagetree Village LLC (Mobile Home Park)	116,202	0.46
Universal Healthcare (Acute Care Hospital)	109,204	0.43
Mountain Shadows Apartments LLC	108,455	0.43
Figiam LP (Apartments)	107,047	0.42
Caritas Acquisitions LLC (Mobile Home Park)	104,934	0.41
Palm Chaparral Apartments LLC (Apartments)	104,230	0.41
	<u>\$ 1,542,748</u>	<u>6.06</u>
Balance from Other Dischargers	<u>23,916,956</u>	<u>93.94</u>
Total User Chargers	<u>\$ 25,459,704</u>	<u>100.00 %</u>

LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

Outstanding Senior and Subordinate Obligations

	<u>Outstanding Balance</u> <u>December 31, 2019</u>	<u>Outstanding Balance</u> <u>December 31, 2020*</u>	<u>Net Change</u>
Obligations Constituting Senior A.V. Obligations			
and Senior Revenue Obligations:			
2011 Series A Revenue Bonds	\$ 48,760,000	-	(48,760,000)
2013 Series A Revenue Bonds	6,830,000	-	(6,830,000)
Total Senior A.V. Obligation	<u>55,590,000</u>	<u>-</u>	<u>(55,590,000)</u>
Senior Revenue Obligations			
Primary Sedimentation Tank Covers	670,990	452,610	(218,380)
Secondary Effluent Pump Station	224,857	151,820	(73,037)
Biological Reactors/Secondary Clarifiers	18,603,263	12,548,649	(6,054,614)
Cryogenic Oxygen Generation	3,603,867	2,402,578	(1,201,289)
Power Generation Equipment Purchase	1,956,734	1,304,490	(652,244)
Waste Activated Sludge Thickening Expansion	838,209	628,657	(209,552)
Relocating and Installing High-Speed Centrifuge	421,811	316,358	(105,453)
Installation of Secondary Influent Pumping Equip	951,740	713,805	(237,935)
Fuel Gas Compressor Upgrade	147,254	110,441	(36,813)
Modifications of Electrical Power	814,762	611,072	(203,690)
Primary Screenings and Grit Dewatering Fac.	2,344,689	1,758,517	(586,172)
Environmental Laboratory Building	1,927,469	1,445,602	(481,867)
JWPCP Digestion Tanks 17-23	10,634,465	7,975,849	(2,658,616)
Modification of Biological Reactors	10,712,611	8,670,491	(2,042,120)
High-Speed Scroll Centrifuges Purch & Install	1,161,477	929,182	(232,295)
Secondary Infl Pump Station Equipment	2,738,696	2,190,957	(547,739)
Valencia WRP Solids Processing Expansion	537,592	-	(537,592)
Valencia WRP Stage V Expansion-Equipment	211,541	141,027	(70,514)
Silo Odor Control Facilities, Phase I	1,389,512	1,042,134	(347,378)
Silo Odor Control Facilities, Phase II	1,146,382	982,613	(163,769)
Total Senior Revenue Obligations	<u>61,037,921</u>	<u>44,376,852</u>	<u>(16,661,069)</u>
Subordinate Revenue Obligations:			
2015 Series A Revenue Bonds	133,169,814	129,744,814	(3,425,000)
2016 Series A Revenue Bonds	160,465,000	156,865,000	(3,600,000)
Install of Secondary Infl Pumping Equip Stg II	486,768	405,640	(81,128)
Central Odor Control System	3,444,596	2,870,497	(574,099)
Heat Recovery Steam Generation Equipment	1,518,700	1,301,743	(216,957)
Power Generation Steam Turbine Generator	1,131,638	969,976	(161,662)
Pomona WRP NDN Facilities	1,541,107	1,232,885	(308,222)
Pomona WRP NDN Facilities Equip. Purch.	57,068	45,654	(11,414)
Los Coyotes WRP NDN Facilities	7,892,469	7,015,528	(876,941)
Los Coyotes WRP Ammonia Addition Station	302,151	226,614	(75,537)
Long Beach WRP NDN Facilities	1,900,668	1,663,084	(237,584)
Long Beach WRP Ammonia Addition Station	208,550	156,413	(52,137)
Long Beach WRP NDN Facilities Equipment	134,526	100,894	(33,632)
Long Beach WRP Aeration System	92,127	69,095	(23,032)
Long Beach Pumping Plant Upgrades*	39,426,125	37,568,481	(1,857,644)
Whittier Narrows WRP NDN Facilities	2,160,251	1,944,226	(216,025)

*Projected

LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

	Outstanding Balance December 31, 2019	Outstanding Balance December 31, 2020*	Net Change
Subordinate Revenue Obligations (Continued):			
San Jose Creek WRP NDN Facilities	3,133,776	2,611,480	(522,296)
San Jose Creek WRP NDN Fac. Equipment	460,908	374,091	(86,817)
Lancaster - Rosamond Outfall & TS, Phase 1	2,861,412	2,479,989	(381,423)
Lancaster - Rosamond Outfall & TS, Phase 2	4,971,575	4,308,870	(662,705)
Lancaster - Rosamond Outfall & TS, Phase 3	4,560,513	3,952,602	(607,911)
Valencia WRP Stage V Expansion	9,310,944	6,983,208	(2,327,736)
Saugus WRP Equipment Purchases	445,649	356,519	(89,130)
Lancaster WRP Stage V Expansion, Phase I	50,147,863	46,533,288	(3,614,575)
Valencia WRP Steam Boiler Upgrade	3,425,267	3,222,869	(202,398)
Los Coyotes WRP Interceptor Sewer Rehab Phase II	8,251,480	7,660,084	(591,396)
Wright Road Truck Sewer Repair	421,027	390,680	(30,347)
District 5 Interceptor Section 2A Rehab	10,264,552	9,718,120	(546,432)
Joint Outfall "A" Unit 6 Rehabilitation	11,566,167	11,254,287	(311,880)
Joint Outfall "D" Units 7&8 Rehabilitation	8,596,874	8,365,061	(231,813)
Joint Outfall "B" Unit 1A Rehabilitation	10,031,501	9,761,003	(270,498)
San Jose Creek East Flow Equalization**	14,696,072	23,172,917	8,476,845
Alamitos PP Force Main No. 2	707,514	662,326	(45,188)
Total Subordinate Revenue Obligations	497,784,652	483,987,938	(13,796,714)
Total Obligations	\$ 614,412,573	528,364,790	(86,047,783)

*Projected

**Funds have been received as of December 31, 2020, however, this obligation is not yet in repayment.

LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

District's Historical Operating Data (\$000)

District No. 1	Fiscal Year 2019-20	Fiscal Year 2018-19	Fiscal Year 2017-18	Fiscal Year 2016-17
REVENUE SOURCES				
User Fees	\$ 34,272	\$ 32,344	\$ 31,238	\$ 30,233
Other Revenues	2,498	2,416	2,547	2,153
A.V. Tax	4,193	3,855	3,514	3,253
Interest	1,865	1,770	1,259	940
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	<u>42,828</u>	<u>40,385</u>	<u>38,558</u>	<u>36,579</u>
CIF Pledged for Debt ⁽²⁾	-	-	-	-
Total Revenue for Senior Calculation	42,828	40,385	38,558	36,579
CIF Connection Fee Revenue ⁽²⁾	2,764	2,860	2,554	2,626
Total Revenue for Subordinate Calculation	<u>45,592</u>	<u>43,245</u>	<u>41,112</u>	<u>39,205</u>
EXPENSES⁽³⁾				
Total O&M	26,668	24,984	23,692	23,155
Rate Stabilization Fund ⁽⁴⁾	5,236	1,818	5,474	2,243
Total	<u>31,904</u>	<u>26,802</u>	<u>29,166</u>	<u>25,398</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	1,498	1,523	1,508	1,503
Revenue Bonds	2,167	2,169	2,174	2,171
Total Senior Debt Payments	<u>3,665</u>	<u>3,692</u>	<u>3,682</u>	<u>3,674</u>
Subordinate				
State Loans	853	750	504	494
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	<u>853</u>	<u>750</u>	<u>504</u>	<u>494</u>
Total Debt Service	4,518	4,442	4,186	4,168
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	2.75	3.48	2.41	2.91
<u>SUBORDINATE</u>	<u>3.03</u>	<u>3.70</u>	<u>2.85</u>	<u>3.31</u>

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LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

District's Historical Operating Data (\$000)

District No. 2	Fiscal Year 2019-20	Fiscal Year 2018-19	Fiscal Year 2017-18	Fiscal Year 2016-17
REVENUE SOURCES				
User Fees	\$ 48,243	\$ 46,573	\$ 44,717	\$ 43,183
Other Revenues	3,723	3,664	3,712	3,127
A.V. Tax	8,044	7,654	7,286	6,786
Interest	2,661	2,615	1,876	1,420
Rate Stabilization Fund ⁽¹⁾	-	4,254	-	-
Subtotal	<u>62,671</u>	<u>64,760</u>	<u>57,591</u>	<u>54,516</u>
CIF Pledged for Debt ⁽²⁾	-	-	-	-
Total Revenue for Senior Calculation	62,671	64,760	57,591	54,516
CIF Connection Fee Revenue ⁽²⁾	3,431	4,477	4,348	3,687
Total Revenue for Subordinate Calculation	<u>66,102</u>	<u>69,237</u>	<u>61,939</u>	<u>58,203</u>
EXPENSES⁽³⁾				
Total O&M	40,118	37,893	34,703	34,110
Rate Stabilization Fund ⁽⁴⁾	1,504	-	5,036	326
Total	<u>41,622</u>	<u>37,893</u>	<u>39,739</u>	<u>34,436</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	2,233	2,294	2,197	2,183
Revenue Bonds	3,344	3,349	3,356	3,352
Total Senior Debt Payments	<u>5,577</u>	<u>5,643</u>	<u>5,553</u>	<u>5,535</u>
Subordinate				
State Loans	1,211	1,129	674	658
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	<u>1,211</u>	<u>1,129</u>	<u>674</u>	<u>658</u>
Total Debt Service	6,788	6,772	6,227	6,193
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	3.56	4.56	3.09	3.51
<u>SUBORDINATE</u>	<u>3.61</u>	<u>4.63</u>	<u>3.57</u>	<u>3.84</u>

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LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

District's Historical Operating Data (\$000)

District No. 3	Fiscal Year 2019-20	Fiscal Year 2018-19	Fiscal Year 2017-18	Fiscal Year 2016-17
REVENUE SOURCES				
User Fees	\$ 34,807	\$ 33,823	\$ 32,599	\$ 32,010
Other Revenues	2,878	2,800	2,886	2,473
A.V. Tax	6,391	6,316	5,603	5,298
Interest	1,806	1,804	1,289	956
Rate Stabilization Fund ⁽¹⁾	-	3,757	-	-
Subtotal	<u>45,882</u>	<u>48,500</u>	<u>42,377</u>	<u>40,737</u>
CIF Pledged for Debt ⁽²⁾	-	-	-	-
Total Revenue for Senior Calculation	<u>45,882</u>	<u>48,500</u>	<u>42,377</u>	<u>40,737</u>
CIF Connection Fee Revenue ⁽²⁾	2,692	3,257	2,778	2,743
Total Revenue for Subordinate Calculation	<u>48,574</u>	<u>51,757</u>	<u>45,155</u>	<u>43,480</u>
EXPENSES⁽³⁾				
Total O&M	29,647	29,801	26,490	25,841
Rate Stabilization Fund ⁽⁴⁾	3,555	-	2,981	136
Total	<u>33,202</u>	<u>29,801</u>	<u>29,471</u>	<u>25,977</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	1,710	1,764	1,708	1,727
Revenue Bonds	2,540	2,543	2,549	2,546
Total Senior Debt Payments	<u>4,250</u>	<u>4,307</u>	<u>4,257</u>	<u>4,273</u>
Subordinate				
State Loans	927	869	524	520
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	<u>927</u>	<u>869</u>	<u>524</u>	<u>520</u>
Total Debt Service	5,177	5,176	4,781	4,793
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	2.77	4.14	2.91	3.33
<u>SUBORDINATE</u>	<u>2.97</u>	<u>4.24</u>	<u>3.28</u>	<u>3.65</u>

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LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

District's Historical Operating Data (\$000)

<u>District No. 5</u>	<u>Fiscal Year</u> <u>2019-20</u>	<u>Fiscal Year</u> <u>2018-19</u>	<u>Fiscal Year</u> <u>2017-18</u>	<u>Fiscal Year</u> <u>2016-17</u>
REVENUE SOURCES				
User Fees	\$ 49,191	\$ 47,615	\$ 46,378	\$ 44,447
Other Revenues	4,202	4,196	4,338	3,641
A.V. Tax	13,573	12,792	12,002	11,197
Interest	2,614	2,620	1,896	1,380
Rate Stabilization Fund ⁽¹⁾	-	8,085	-	2,763
Subtotal	<u>69,580</u>	<u>75,308</u>	<u>64,614</u>	<u>63,428</u>
CIF Pledged for Debt ⁽²⁾	-	-	-	-
Total Revenue for Senior Calculation	69,580	75,308	64,614	63,428
CIF Connection Fee Revenue ⁽²⁾	4,429	4,997	5,474	3,968
Total Revenue for Subordinate Calculation	<u>74,009</u>	<u>80,305</u>	<u>70,088</u>	<u>67,396</u>
EXPENSES⁽³⁾				
Total O&M	45,212	43,178	40,803	39,798
Rate Stabilization Fund ⁽⁴⁾	3,374	-	6,113	-
Total	<u>48,586</u>	<u>43,178</u>	<u>46,916</u>	<u>39,798</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	2,518	2,643	2,558	2,542
Revenue Bonds	5,467	5,474	5,486	5,479
Total Senior Debt Payments	<u>7,985</u>	<u>8,117</u>	<u>8,044</u>	<u>8,021</u>
Subordinate				
State Loans	1,366	1,301	785	766
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	<u>1,366</u>	<u>1,301</u>	<u>785</u>	<u>766</u>
Total Debt Service	9,351	9,418	8,829	8,787
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	2.46	3.80	2.10	2.85
<u>SUBORDINATE</u>	<u>2.72</u>	<u>3.94</u>	<u>2.62</u>	<u>3.14</u>

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LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

District's Historical Operating Data (\$000)

District No. 8	Fiscal Year 2019-20	Fiscal Year 2018-19	Fiscal Year 2017-18	Fiscal Year 2016-17
REVENUE SOURCES				
User Fees	\$ 20,215	\$ 21,126	\$ 20,029	\$ 19,541
Other Revenues	1,401	1,441	1,486	1,335
A.V. Tax	2,304	2,220	2,032	1,907
Interest	892	1,010	713	541
Rate Stabilization Fund ⁽¹⁾	-	1,006	-	794
Subtotal	<u>24,812</u>	<u>26,803</u>	<u>24,260</u>	<u>24,118</u>
CIF Pledged for Debt ⁽²⁾	-	-	-	-
Total Revenue for Senior Calculation	<u>24,812</u>	<u>26,803</u>	<u>24,260</u>	<u>24,118</u>
CIF Connection Fee Revenue ⁽²⁾	1,272	1,766	1,481	1,646
Total Revenue for Subordinate Calculation	<u>26,084</u>	<u>28,569</u>	<u>25,741</u>	<u>25,764</u>
EXPENSES⁽³⁾				
Total O&M	16,861	16,856	16,216	17,100
Rate Stabilization Fund ⁽⁴⁾	71	-	2,057	-
Total	<u>16,932</u>	<u>16,856</u>	<u>18,273</u>	<u>17,100</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	840	908	880	930
Revenue Bonds	1,321	1,323	1,326	1,324
Total Senior Debt Payments	<u>2,161</u>	<u>2,231</u>	<u>2,206</u>	<u>2,254</u>
Subordinate				
State Loans	456	447	270	280
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	<u>456</u>	<u>447</u>	<u>270</u>	<u>280</u>
Total Debt Service	2,617	2,678	2,476	2,534
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	3.44	4.26	2.59	2.99
<u>SUBORDINATE</u>	<u>3.50</u>	<u>4.37</u>	<u>3.02</u>	<u>3.42</u>

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LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

District's Historical Operating Data (\$000)

District No. 15	Fiscal Year 2019-20	Fiscal Year 2018-19	Fiscal Year 2017-18	Fiscal Year 2016-17
REVENUE SOURCES				
User Fees	\$ 36,671	\$ 35,207	\$ 34,546	\$ 32,719
Other Revenues	3,095	3,030	3,072	2,650
A.V. Tax	8,924	8,469	7,881	7,246
Interest	2,448	2,406	1,681	1,257
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	<u>51,138</u>	<u>49,112</u>	<u>47,180</u>	<u>43,872</u>
CIF Pledged for Debt ⁽²⁾	-	-	-	-
Total Revenue for Senior Calculation	51,138	49,112	47,180	43,872
CIF Connection Fee Revenue ⁽²⁾	2,884	3,438	3,372	2,908
Total Revenue for Subordinate Calculation	<u>54,022</u>	<u>52,550</u>	<u>50,552</u>	<u>46,780</u>
EXPENSES⁽³⁾				
Total O&M	32,261	30,458	27,533	27,642
Rate Stabilization Fund ⁽⁴⁾	4,833	11,320	7,979	187
Total	<u>37,094</u>	<u>41,778</u>	<u>35,512</u>	<u>27,829</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	1,855	1,906	1,819	1,844
Revenue Bonds	3,422	3,425	3,433	3,429
Total Senior Debt Payments	<u>5,277</u>	<u>5,331</u>	<u>5,252</u>	<u>5,273</u>
Subordinate				
State Loans	1,006	939	558	556
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	<u>1,006</u>	<u>939</u>	<u>558</u>	<u>556</u>
Total Debt Service	6,283	6,270	5,810	5,829
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	2.47	1.20	2.12	2.94
<u>SUBORDINATE</u>	<u>2.69</u>	<u>1.72</u>	<u>2.59</u>	<u>3.25</u>

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LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

District's Historical Operating Data (\$000)

<u>District No. 16</u>	<u>Fiscal Year</u> <u>2019-20</u>	<u>Fiscal Year</u> <u>2018-19</u>	<u>Fiscal Year</u> <u>2017-18</u>	<u>Fiscal Year</u> <u>2016-17</u>
REVENUE SOURCES				
User Fees	\$ 18,445	\$ 18,049	\$ 17,771	\$ 17,029
Other Revenues	1,679	1,674	1,723	1,407
A.V. Tax	6,419	6,062	5,648	5,783
Interest	1,494	1,471	1,051	773
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	<u>28,037</u>	<u>27,256</u>	<u>26,193</u>	<u>24,992</u>
CIF Pledged for Debt ⁽²⁾	-	-	-	-
Total Revenue for Senior Calculation	28,037	27,256	26,193	24,992
CIF Connection Fee Revenue ⁽²⁾	1,515	2,057	1,679	1,489
Total Revenue for Subordinate Calculation	<u>29,552</u>	<u>29,313</u>	<u>27,872</u>	<u>26,481</u>
EXPENSES⁽³⁾				
Total O&M	17,079	16,375	14,957	14,212
Rate Stabilization Fund ⁽⁴⁾	3,502	6,550	3,860	2,118
Total	<u>20,581</u>	<u>22,925</u>	<u>18,817</u>	<u>16,330</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	1,007	1,054	1,020	982
Revenue Bonds	2,131	2,135	2,139	2,137
Total Senior Debt Payments	<u>3,138</u>	<u>3,189</u>	<u>3,159</u>	<u>3,119</u>
Subordinate				
State Loans	546	519	313	296
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	<u>546</u>	<u>519</u>	<u>313</u>	<u>296</u>
Total Debt Service	3,684	3,708	3,472	3,415
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	2.20	1.20	2.24	2.68
SUBORDINATE	2.44	1.72	2.61	2.97

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(4) Funds being set aside to minimize the impact on rates in the event of future unexpected operating costs.

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LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

District's Historical Operating Data (\$000)

District No. 17	Fiscal Year 2019-20	Fiscal Year 2018-19	Fiscal Year 2017-18	Fiscal Year 2016-17
REVENUE SOURCES				
User Fees	\$ 2,404	\$ 2,339	\$ 2,271	\$ 2,217
Other Revenues	220	215	223	181
A.V. Tax	674	636	602	559
Interest	198	210	163	124
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	3,496	3,400	3,259	3,081
CIF Pledged for Debt ⁽²⁾	-	-	-	-
Total Revenue for Senior Calculation	3,496	3,400	3,259	3,081
CIF Connection Fee Revenue ⁽²⁾	191	213	212	176
Total Revenue for Subordinate Calculation	3,687	3,613	3,471	3,257
EXPENSES⁽³⁾				
Total O&M	2,255	2,084	1,905	1,815
Rate Stabilization Fund ⁽⁴⁾	317	760	389	469
Total	2,572	2,844	2,294	2,284
DEBT SERVICE PAYMENTS				
Senior				
State Loans	132	135	132	127
Revenue Bonds	273	273	274	273
Total Senior Debt Payments	405	408	406	400
Subordinate				
State Loans	72	67	40	38
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	72	67	40	38
Total Debt Service	477	475	446	438
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	2.10	1.20	2.28	1.90
SUBORDINATE	2.34	1.62	2.64	2.22

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LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

District's Historical Operating Data (\$000)

District No. 18	Fiscal Year 2019-20	Fiscal Year 2018-19	Fiscal Year 2017-18	Fiscal Year 2016-17
REVENUE SOURCES				
User Fees	\$ 24,511	\$ 24,780	\$ 24,006	\$ 22,732
Other Revenues	1,944	1,970	1,986	1,707
A.V. Tax	5,046	4,464	4,286	4,007
Interest	1,385	1,394	949	706
Rate Stabilization Fund ⁽¹⁾	-	1,118	-	-
Subtotal	<u>32,886</u>	<u>33,726</u>	<u>31,227</u>	<u>29,152</u>
CIF Pledged for Debt ⁽²⁾	-	-	-	-
Total Revenue for Senior Calculation	<u>32,886</u>	<u>33,726</u>	<u>31,227</u>	<u>29,152</u>
CIF Connection Fee Revenue ⁽²⁾	2,103	2,072	1,963	1,964
Total Revenue for Subordinate Calculation	<u>34,989</u>	<u>35,798</u>	<u>33,190</u>	<u>31,116</u>
EXPENSES⁽³⁾				
Total O&M	21,081	20,304	18,656	18,247
Rate Stabilization Fund ⁽⁴⁾	3,175	-	5,801	492
Total	<u>24,256</u>	<u>20,304</u>	<u>24,457</u>	<u>18,739</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	1,166	1,241	1,176	1,192
Revenue Bonds	1,870	1,872	1,876	1,874
Total Senior Debt Payments	<u>3,036</u>	<u>3,113</u>	<u>3,052</u>	<u>3,066</u>
Subordinate				
State Loans	632	611	361	359
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	<u>632</u>	<u>611</u>	<u>361</u>	<u>359</u>
Total Debt Service	3,668	3,724	3,413	3,425
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	2.63	4.12	2.10	3.28
<u>SUBORDINATE</u>	<u>2.93</u>	<u>4.16</u>	<u>2.56</u>	<u>3.61</u>

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(3) Does not include depreciation.

(4) Funds being set aside to minimize the impact on rates in the event of future unexpected operating costs.

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LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

District's Historical Operating Data (\$000)

District No. 19	Fiscal Year 2019-20	Fiscal Year 2018-19	Fiscal Year 2017-18	Fiscal Year 2016-17
REVENUE SOURCES				
User Fees	\$ 7,103	\$ 6,777	\$ 6,634	\$ 6,830
Other Revenues	590	548	565	486
A.V. Tax	1,695	1,582	1,513	1,476
Interest	504	482	345	256
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	<u>9,892</u>	<u>9,389</u>	<u>9,057</u>	<u>9,048</u>
CIF Pledged for Debt ⁽²⁾	-	-	-	-
Total Revenue for Senior Calculation	<u>9,892</u>	<u>9,389</u>	<u>9,057</u>	<u>9,048</u>
CIF Connection Fee Revenue ⁽²⁾	557	571	537	496
Total Revenue for Subordinate Calculation	<u>10,449</u>	<u>9,960</u>	<u>9,594</u>	<u>9,544</u>
EXPENSES⁽³⁾				
Total O&M	6,618	5,565	5,710	5,188
Rate Stabilization Fund ⁽⁴⁾	879	2,510	2,019	923
Total	<u>7,497</u>	<u>8,075</u>	<u>7,729</u>	<u>6,111</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	354	346	334	339
Revenue Bonds	603	604	605	604
Total Senior Debt Payments	<u>957</u>	<u>950</u>	<u>939</u>	<u>943</u>
Subordinate				
State Loans	192	170	102	102
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	<u>192</u>	<u>170</u>	<u>102</u>	<u>102</u>
Total Debt Service	1,149	1,120	1,041	1,045
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	2.30	1.20	1.31	3.01
SUBORDINATE	2.57	1.68	1.79	3.29

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LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

District's Historical Operating Data (\$000)

District No. 21	Fiscal Year 2019-20	Fiscal Year 2018-19	Fiscal Year 2017-18	Fiscal Year 2016-17
REVENUE SOURCES				
User Fees	\$ 30,890	\$ 29,927	\$ 28,196	\$ 27,715
Other Revenues	3,498	3,218	3,442	2,829
A.V. Tax	5,368	4,862	4,417	4,149
Interest	2,069	2,057	1,445	1,074
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	<u>41,825</u>	<u>40,064</u>	<u>37,500</u>	<u>35,767</u>
CIF Pledged for Debt ⁽²⁾	-	-	-	-
Total Revenue for Senior Calculation	<u>41,825</u>	<u>40,064</u>	<u>37,500</u>	<u>35,767</u>
CIF Connection Fee Revenue ⁽²⁾	2,370	2,488	2,567	2,465
Total Revenue for Subordinate Calculation	<u>44,195</u>	<u>42,552</u>	<u>40,067</u>	<u>38,232</u>
EXPENSES⁽³⁾				
Total O&M	26,221	24,892	22,379	21,828
Rate Stabilization Fund ⁽⁴⁾	<u>3,846</u>	<u>7,777</u>	<u>6,010</u>	<u>1,174</u>
Total	<u>30,067</u>	<u>32,669</u>	<u>28,389</u>	<u>23,002</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	1,483	1,538	1,450	1,450
Revenue Bonds	<u>2,017</u>	<u>2,019</u>	<u>2,024</u>	<u>2,021</u>
Total Senior Debt Payments	<u>3,500</u>	<u>3,557</u>	<u>3,474</u>	<u>3,471</u>
Subordinate				
State Loans	804	757	445	437
Revenue Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Subordinate Debt Payments	<u>804</u>	<u>757</u>	<u>445</u>	<u>437</u>
Total Debt Service	<u>4,304</u>	<u>4,314</u>	<u>3,919</u>	<u>3,908</u>
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	3.13	1.87	2.49	3.55
<u>SUBORDINATE</u>	<u>3.28</u>	<u>2.29</u>	<u>2.98</u>	<u>3.90</u>

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LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

District's Historical Operating Data (\$000)

District No. 22	Fiscal Year 2019-20	Fiscal Year 2018-19	Fiscal Year 2017-18	Fiscal Year 2016-17
REVENUE SOURCES				
User Fees	\$ 24,646	\$ 23,031	\$ 22,566	\$ 23,187
Other Revenues	2,024	2,047	2,048	1,636
A.V. Tax	5,013	4,591	4,420	4,211
Interest	1,787	1,788	1,265	1,215
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	<u>33,470</u>	<u>31,457</u>	<u>30,299</u>	<u>30,249</u>
CIF Pledged for Debt ⁽²⁾	-	-	-	-
Total Revenue for Senior Calculation	33,470	31,457	30,299	30,249
CIF Connection Fee Revenue ⁽²⁾	1,790	2,282	2,059	2,475
Total Revenue for Subordinate Calculation	<u>35,260</u>	<u>33,739</u>	<u>32,358</u>	<u>32,724</u>
EXPENSES⁽³⁾				
Total O&M	20,688	20,646	18,333	17,608
Rate Stabilization Fund ⁽⁴⁾	3,043	6,550	5,071	3,818
Total	<u>23,731</u>	<u>27,196</u>	<u>23,404</u>	<u>21,426</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	1,194	1,285	1,210	1,186
Revenue Bonds	1,744	1,747	1,751	1,749
Total Senior Debt Payments	<u>2,938</u>	<u>3,032</u>	<u>2,961</u>	<u>2,935</u>
Subordinate				
State Loans	648	633	371	357
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	<u>648</u>	<u>633</u>	<u>371</u>	<u>357</u>
Total Debt Service	3,586	3,665	3,332	3,292
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	3.09	1.20	2.20	2.88
SUBORDINATE	3.22	1.79	2.69	3.43

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LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

District's Historical Operating Data (\$000)

District No. 23	Fiscal Year 2019-20	Fiscal Year 2018-19	Fiscal Year 2017-18	Fiscal Year 2016-17
REVENUE SOURCES				
User Fees	\$ 4,664	\$ 4,966	\$ 3,523	\$ 3,880
Other Revenues	278	259	276	220
A.V. Tax	562	506	426	424
Interest	371	332	248	194
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	<u>5,875</u>	<u>6,063</u>	<u>4,473</u>	<u>4,718</u>
CIF Pledged for Debt ⁽²⁾	-	-	-	-
Total Revenue for Senior Calculation	5,875	6,063	4,473	4,718
CIF Connection Fee Revenue ⁽²⁾	235	247	258	209
Total Revenue for Subordinate Calculation	<u>6,110</u>	<u>6,310</u>	<u>4,731</u>	<u>4,927</u>
EXPENSES⁽³⁾				
Total O&M	3,643	3,335	3,264	2,989
Rate Stabilization Fund ⁽⁴⁾	553	2,010	170	290
Total	<u>4,196</u>	<u>5,345</u>	<u>3,434</u>	<u>3,279</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	167	163	164	154
Revenue Bonds	370	369	370	369
Total Senior Debt Payments	<u>537</u>	<u>532</u>	<u>534</u>	<u>523</u>
Subordinate				
State Loans	91	80	50	46
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	<u>91</u>	<u>80</u>	<u>50</u>	<u>46</u>
Total Debt Service	628	612	584	569
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	2.96	1.20	1.85	2.66
<u>SUBORDINATE</u>	<u>3.05</u>	<u>1.58</u>	<u>2.22</u>	<u>2.90</u>

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LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

District's Historical Operating Data (\$000)

District No. 28	Fiscal Year 2019-20	Fiscal Year 2018-19	Fiscal Year 2017-18	Fiscal Year 2016-17
REVENUE SOURCES				
User Fees	\$ 683	\$ 651	\$ 640	\$ 804
Other Revenues	67	69	71	59
A.V. Tax	755	717	679	635
Interest	169	162	117	88
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	1,674	1,599	1,507	1,586
CIF Pledged for Debt ⁽²⁾	-	-	-	-
Total Revenue for Senior Calculation	1,674	1,599	1,507	1,586
CIF Connection Fee Revenue ⁽²⁾	56	80	52	57
Total Revenue for Subordinate Calculation	1,730	1,679	1,559	1,643
EXPENSES⁽³⁾				
Total O&M	913	794	666	589
Rate Stabilization Fund ⁽⁴⁾	497	615	650	595
Total	1,410	1,409	1,316	1,184
DEBT SERVICE PAYMENTS				
Senior				
State Loans	40	43	41	229
Revenue Bonds	96	97	97	97
Total Senior Debt Payments	136	140	138	326
Subordinate				
State Loans	22	21	13	12
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	22	21	13	12
Total Debt Service	158	161	151	338
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	1.78	1.21	1.29	1.20
SUBORDINATE	2.03	1.68	1.61	1.36

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LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

District's Historical Operating Data (\$000)

<u>District No. 29</u>	<u>Fiscal Year</u> <u>2019-20</u>	<u>Fiscal Year</u> <u>2018-19</u>	<u>Fiscal Year</u> <u>2017-18</u>	<u>Fiscal Year</u> <u>2016-17</u>
REVENUE SOURCES				
User Fees	\$ 2,053	\$ 2,031	\$ 1,937	\$ 1,960
Other Revenues	86	88	90	109
A.V. Tax	173	154	154	124
Interest	158	149	107	79
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	<u>2,470</u>	<u>2,422</u>	<u>2,288</u>	<u>2,272</u>
CIF Pledged for Debt ⁽²⁾	-	-	-	-
Total Revenue for Senior Calculation	2,470	2,422	2,288	2,272
CIF Connection Fee Revenue ⁽²⁾	75	87	80	85
Total Revenue for Subordinate Calculation	<u>2,545</u>	<u>2,509</u>	<u>2,368</u>	<u>2,357</u>
EXPENSES⁽³⁾				
Total O&M	1,325	1,262	1,229	1,304
Rate Stabilization Fund ⁽⁴⁾	696	974	703	653
Total	<u>2,021</u>	<u>2,236</u>	<u>1,932</u>	<u>1,957</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	52	55	53	48
Revenue Bonds	30	30	30	30
Total Senior Debt Payments	<u>82</u>	<u>85</u>	<u>83</u>	<u>78</u>
Subordinate				
State Loans	85	84	73	72
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	<u>85</u>	<u>84</u>	<u>73</u>	<u>72</u>
Total Debt Service	167	169	156	150
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	4.44	1.20	3.41	3.12
<u>SUBORDINATE</u>	<u>3.14</u>	<u>1.62</u>	<u>2.79</u>	<u>2.67</u>

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LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

District's Historical Operating Data (\$000)

<u>South Bay Cities</u>	<u>Fiscal Year 2019-20</u>	<u>Fiscal Year 2018-19</u>	<u>Fiscal Year 2017-18</u>	<u>Fiscal Year 2016-17</u>
REVENUE SOURCES				
User Fees	\$ 7,036	\$ 6,822	\$ 6,725	\$ 6,462
Other Revenues	752	736	756	650
A. V. Tax	6,298	5,937	5,615	5,229
Interest	892	865	633	460
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	<u>14,978</u>	<u>14,360</u>	<u>13,729</u>	<u>12,801</u>
CIF Pledged for Debt ⁽²⁾	-	-	-	-
Total Revenue for Senior Calculation	<u>14,978</u>	<u>14,360</u>	<u>13,729</u>	<u>12,801</u>
CIF Connection Fee Revenue ⁽²⁾	642	755	832	636
Total Revenue for Subordinate Calculation	<u>15,620</u>	<u>15,115</u>	<u>14,561</u>	<u>13,437</u>
EXPENSES⁽³⁾				
Total O&M	8,893	8,116	7,556	7,520
Rate Stabilization Fund ⁽⁴⁾	2,107	4,330	2,928	1,294
Total	<u>11,000</u>	<u>12,446</u>	<u>10,484</u>	<u>8,814</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	451	464	448	454
Revenue Bonds	933	934	936	935
Total Senior Debt Payments	<u>1,384</u>	<u>1,398</u>	<u>1,384</u>	<u>1,389</u>
Subordinate				
State Loans	245	228	137	137
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	<u>245</u>	<u>228</u>	<u>137</u>	<u>137</u>
Total Debt Service	<u>1,629</u>	<u>1,626</u>	<u>1,521</u>	<u>1,526</u>
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	2.70	1.21	2.25	2.77
SUBORDINATE	2.84	1.64	2.68	3.03

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- (4) Funds being set aside to minimize the impact on rates in the event of future unexpected operating costs.
- (5) Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

District's Historical Operating Data (\$000)

District No. 4	Fiscal Year 2019-20	Fiscal Year 2018-19	Fiscal Year 2017-18	Fiscal Year 2016-17
REVENUE SOURCES				
User Fees	\$ 3,984	\$ 3,852	\$ 3,925	\$ 3,798
Other Revenues	-	-	-	-
A.V. Tax	756	705	656	597
Interest	808	749	596	483
Rate Stabilization Fund ⁽¹⁾	-	-	-	387
Subtotal	<u>5,548</u>	<u>5,306</u>	<u>5,177</u>	<u>5,265</u>
CIF Pledged for Debt ⁽²⁾	-	-	-	-
Total Revenue for Senior Calculation	<u>5,548</u>	<u>5,306</u>	<u>5,177</u>	<u>5,265</u>
CIF Connection Fee Revenue ⁽²⁾	47	217	480	191
Total Revenue for Subordinate Calculation	<u>5,595</u>	<u>5,523</u>	<u>5,657</u>	<u>5,456</u>
EXPENSES⁽³⁾				
Total O&M	2,256	1,976	1,924	1,810
Rate Stabilization Fund ⁽⁵⁾	1,275	2,930	450	-
Total	<u>3,531</u>	<u>4,906</u>	<u>2,374</u>	<u>1,810</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	-	-	-	-
Revenue Bonds	323	324	324	324
Total Senior Debt Payments	<u>323</u>	<u>324</u>	<u>324</u>	<u>324</u>
Subordinate				
State Loans	-	-	-	-
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Debt Service	323	324	324	324
DEBT SERVICE COVERAGE:				
SENIOR	6.24	1.23	8.65	10.66

- (1) Previously expensed funds used to pay unexpected operating costs to minimize the impact on rates.
- (2) All connection fees pledged for repayment of debt is considered in calculating senior debt service coverage, while all connection fees collected were considered in calculating subordinate debt service coverage.
- (3) Does not include depreciation.
- (4) In fiscal years 2011-12, 2012-13, and 2013-14, the City of Los Angeles undercharged District No. 4 for services provided. They later sent corrected invoices for all the undercharged years, which was paid during fiscal year 2015-16.
- (5) Funds being set aside to minimize the impact on rates in the event of future unexpected operating costs.

LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

District's Historical Operating Data (\$000)

District No. 9	Fiscal Year 2019-20	Fiscal Year 2018-19	Fiscal Year 2017-18	Fiscal Year 2016-17
REVENUE SOURCES				
User Fees	\$ 106	84	57	103
Other Revenues	-	-	-	-
A.V. Tax	111	106	100	94
Interest	89	84	68	56
Rate Stabilization Fund ⁽¹⁾	18	-	-	-
Subtotal	324	274	225	253
CIF Pledged for Debt ⁽²⁾	-	-	-	-
Total Revenue for Senior Calculation	324	274	225	253
CIF Connection Fee Revenue ⁽²⁾	4	3	-	-
Total Revenue for Subordinate Calculation	328	277	225	253
EXPENSES⁽³⁾				
Total O&M	145 ⁽⁴⁾	153 ⁽⁴⁾	163	159
Rate Stabilization Fund ⁽⁵⁾	-	66	7	39
Total	145	219	170	198
DEBT SERVICE PAYMENTS				
Senior				
State Loans	-	-	-	-
Revenue Bonds	45	46	46	46
Total Senior Debt Payments	45	46	46	46
Subordinate				
State Loans	-	-	-	-
Revenue Bonds	-	-	-	-
Total Subordinate Debt Payments	-	-	-	-
Total Debt Service	45	46	46	46
DEBT SERVICE COVERAGE:				
SENIOR	3.98	1.20	1.20	1.20

(1) Previously expensed funds used to pay unexpected operating costs to minimize the impact on rates.

(2) All connection fees pledged for repayment of debt is considered in calculating senior debt service coverage, while all connection fees collected were considered in calculating subordinate debt service coverage.

(3) Does not include depreciation.

(4) In fiscal year 2014-15, the City of Los Angeles undercharged District No. 9 for services provided. They later sent corrected invoices for all the undercharged years, which was paid during fiscal years 2016-17 and 2017-18.

(5) Funds being set aside to minimize the impact on rates in the event of future unexpected operating costs.

LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

District's Historical Operating Data (\$000)

District No. 14	Fiscal Year 2019-20	Fiscal Year 2018-19	Fiscal Year 2017-18	Fiscal Year 2016-17
REVENUE SOURCES				
User Fees	\$ 36,680	\$ 34,613	\$ 34,731	\$ 34,132
Other Revenues	1,228	1,183	1,325	834
A.V. Tax	1,952	1,754	1,565	1,498
Interest	1,172	1,168	759	543
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	<u>41,032</u>	<u>38,718</u>	<u>38,380</u>	<u>37,007</u>
CIF Pledged for Debt ⁽²⁾	<u>2,377</u>	<u>2,377</u>	<u>2,597</u>	<u>2,788</u>
Total Revenue for Senior Calculation	43,409	41,095	40,977	39,795
CIF Connection Fee Revenue ⁽²⁾	<u>2,290</u>	<u>1,394</u>	<u>1,433</u>	<u>1,645</u>
Total Revenue for Subordinate Calculation	43,322	40,112	39,813	38,652
EXPENSES⁽³⁾				
Total O&M	15,110	13,422	14,078	12,832
Rate Stabilization Fund ⁽⁴⁾	<u>5,609</u>	<u>1,375</u>	<u>4,567</u>	<u>6,750</u>
Total	20,719	14,797	18,645	19,582
DEBT SERVICE PAYMENTS				
Senior				
State Loans	-	-	-	-
Revenue Bonds	<u>459</u>	<u>460</u>	<u>460</u>	<u>460</u>
Total Senior Debt Payments	459	460	460	460
Subordinate				
State Loans	6,854	6,856	6,856	6,856
Revenue Bonds	<u>9,996</u>	<u>9,993</u>	<u>9,995</u>	<u>9,994</u>
Total Subordinate Debt Payments	16,850	16,849	16,851	16,850
Total Debt Service	17,309	17,309	17,311	17,310
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	12.72	20.54	11.92	7.31
<u>SUBORDINATE</u>	<u>1.31</u>	<u>1.46</u>	<u>1.22</u>	<u>1.10</u>

- (1) Previously expensed funds used to pay unexpected operating costs to minimize the impact on rates.
- (2) All connection fees pledged for repayment of debt is considered in calculating senior debt service coverage, while all connection fees collected were considered in calculating subordinate debt service coverage.
- (3) Does not include depreciation.
- (4) Funds being set aside to minimize the impact on rates in the event of future unexpected operating costs.
- (5) Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

District's Historical Operating Data (\$000)

District No. 20	Fiscal Year 2019-20	Fiscal Year 2018-19	Fiscal Year 2017-18	Fiscal Year 2016-17
REVENUE SOURCES				
User Fees	\$ 25,460	\$ 25,097	\$ 23,761	\$ 23,531
Other Revenues	525	494	485	464
A.V. Tax	1,614	1,476	1,360	1,303
Interest	878	784	484	314
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	<u>28,477</u>	<u>27,851</u>	<u>26,090</u>	<u>25,612</u>
CIF Pledged for Debt ⁽²⁾	-	-	-	2,398
Total Revenue for Senior Calculation	28,477	27,851	26,090	28,010
CIF Connection Fee Revenue ⁽²⁾	1,116	722	1,043	1,128
Total Revenue for Subordinate Calculation	<u>29,593</u>	<u>28,573</u>	<u>27,133</u>	<u>26,740</u>
EXPENSES⁽³⁾				
Total O&M	12,180	11,440	12,107	10,712
Rate Stabilization Fund ⁽⁴⁾	5,200	5,030	2,550	1,721
Total	<u>17,380</u>	<u>16,470</u>	<u>14,657</u>	<u>12,433</u>
DEBT SERVICE PAYMENTS				
Senior				
State Loans	-	-	-	-
Revenue Bonds	382	383	384	383
Total Senior Debt Payments	<u>382</u>	<u>383</u>	<u>384</u>	<u>383</u>
Subordinate				
State Loans	-	-	-	-
Revenue Bonds	10,622	10,622	10,622	6,779
Total Subordinate Debt Payments	<u>10,622</u>	<u>10,622</u>	<u>10,622</u>	<u>6,779</u>
Total Debt Service	11,004	11,005	11,006	7,162
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	1.24	1.98	2.11	22.97
SUBORDINATE	1.11	1.10	1.13	2.00

- (1) Previously expensed funds used to pay unexpected operating costs to minimize the impact on rates.
- (2) All connection fees pledged for repayment of debt is considered in calculating senior debt service coverage, while all connection fees collected were considered in calculating subordinate debt service coverage.
- (3) Does not include depreciation.
- (4) Funds being set aside to minimize the impact on rates in the event of future unexpected operating costs.
- (5) Senior debt coverage calculation includes a deduction for subordinate debt payments pursuant to the applicable rate covenants. The subordinate debt coverage calculation is based on total debt service.

LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

District's Historical Operating Data (\$000)

District No. 27	Fiscal Year 2019-20	Fiscal Year 2018-19	Fiscal Year 2017-18	Fiscal Year 2016-17
REVENUE SOURCES				
User Fees	\$ -	\$ -	\$ -	\$ -
Other Revenues	-	1	-	-
A.V. Tax	408	385	355	343
Interest	26	25	16	10
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	<u>434</u>	<u>411</u>	<u>371</u>	<u>353</u>
CIF Pledged for Debt ⁽²⁾	-	-	-	-
Total Revenue for Senior Calculation	<u>434</u>	<u>411</u>	<u>371</u>	<u>353</u>
CIF Connection Fee Revenue ⁽²⁾	-	-	3	-
Total Revenue for Subordinate Calculation	<u>434</u>	<u>411</u>	<u>374</u>	<u>353</u>
EXPENSES⁽³⁾				
Total O&M	130 ⁽⁴⁾	54 ⁽⁴⁾	52 ⁽⁴⁾	27
Rate Stabilization Fund ⁽⁵⁾	<u>225</u>	<u>281</u>	<u>220</u>	<u>231</u>
Total	355	335	272	258
DEBT SERVICE PAYMENTS				
Senior				
State Loans	-	-	-	-
Revenue Bonds	<u>64</u>	<u>63</u>	<u>64</u>	<u>63</u>
Total Senior Debt Payments	64	63	64	63
Subordinate				
State Loans	-	-	-	-
Revenue Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Subordinate Debt Payments	-	-	-	-
Total Debt Service	64	63	64	63
DEBT SERVICE COVERAGE⁽⁶⁾:				
SENIOR	1.23	1.21	1.55	1.51

- (1) Previously expensed funds used to pay unexpected operating costs to minimize the impact on rates.
- (2) All connection fees pledged for repayment of debt is considered in calculating senior debt service coverage, while all connection fees collected were considered in calculating subordinate debt service coverage.
- (3) Does not include depreciation.
- (4) In fiscal year 2014-15, the City of Los Angeles overcharged District No. 27 for services provided. A credit was issued to the District in fiscal year 2016-17. In fiscal year 2019-20, a system error was discovered that had resulting in an under-reporting of the District's flow and strength in previous years. The new calculations resulted in charges of nearly double the previous year.
- (5) Funds being set aside to minimize the impact on rates in the event of future unexpected operating costs.

LOS ANGELES COUNTY SANITATION DISTRICTS

Bond Disclosure, Continued

District's Historical Operating Data (\$000)

<u>Santa Clarita Valley</u>	<u>Fiscal Year</u> <u>2019-20</u>	<u>Fiscal Year</u> <u>2018-19</u>	<u>Fiscal Year</u> <u>2017-18</u>	<u>Fiscal Year</u> <u>2016-17</u>
REVENUE SOURCES				
User Fees	\$ 37,291	\$ 34,315	\$ 33,154	\$ 30,749
Other Revenues	699	890	837	625
A.V. Tax	8,090	7,432	7,256	6,912
Interest	2,614	2,571	1,859	1,393
Rate Stabilization Fund ⁽¹⁾	-	-	-	-
Subtotal	<u>48,694</u>	<u>45,208</u>	<u>43,106</u>	<u>39,679</u>
CIF Pledged for Debt ⁽²⁾	<u>2,785</u>	<u>2,785</u>	<u>4,721</u>	<u>4,801</u>
Total Revenue for Senior Calculation	51,479	47,993	47,827	44,480
CIF Connection Fee Revenue ⁽²⁾	<u>3,004</u>	<u>6,652</u>	<u>4,648</u>	<u>4,206</u>
Total Revenue for Subordinate Calculation	51,698	51,860	47,754	43,885
EXPENSES⁽³⁾				
Total O&M	25,286	22,099	22,536	20,512
Rate Stabilization Fund ⁽⁴⁾	<u>13,112</u>	<u>14,815</u>	<u>10,372</u>	<u>3,598</u>
Total	38,398	36,914	32,908	24,110
DEBT SERVICE PAYMENTS				
Senior				
State Loans	627	627	627	627
Revenue Bonds	<u>3,310</u>	<u>3,314</u>	<u>3,322</u>	<u>3,318</u>
Total Senior Debt Payments	3,937	3,941	3,949	3,945
Subordinate				
State Loans	2,661	2,659	2,659	2,659
Revenue Bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Subordinate Debt Payments	2,661	2,659	2,659	2,659
Total Debt Service	6,598	6,600	6,608	6,604
DEBT SERVICE COVERAGE⁽⁵⁾:				
SENIOR	2.65	2.14	3.10	4.49
<u>SUBORDINATE</u>	<u>2.02</u>	<u>2.26</u>	<u>2.25</u>	<u>2.99</u>

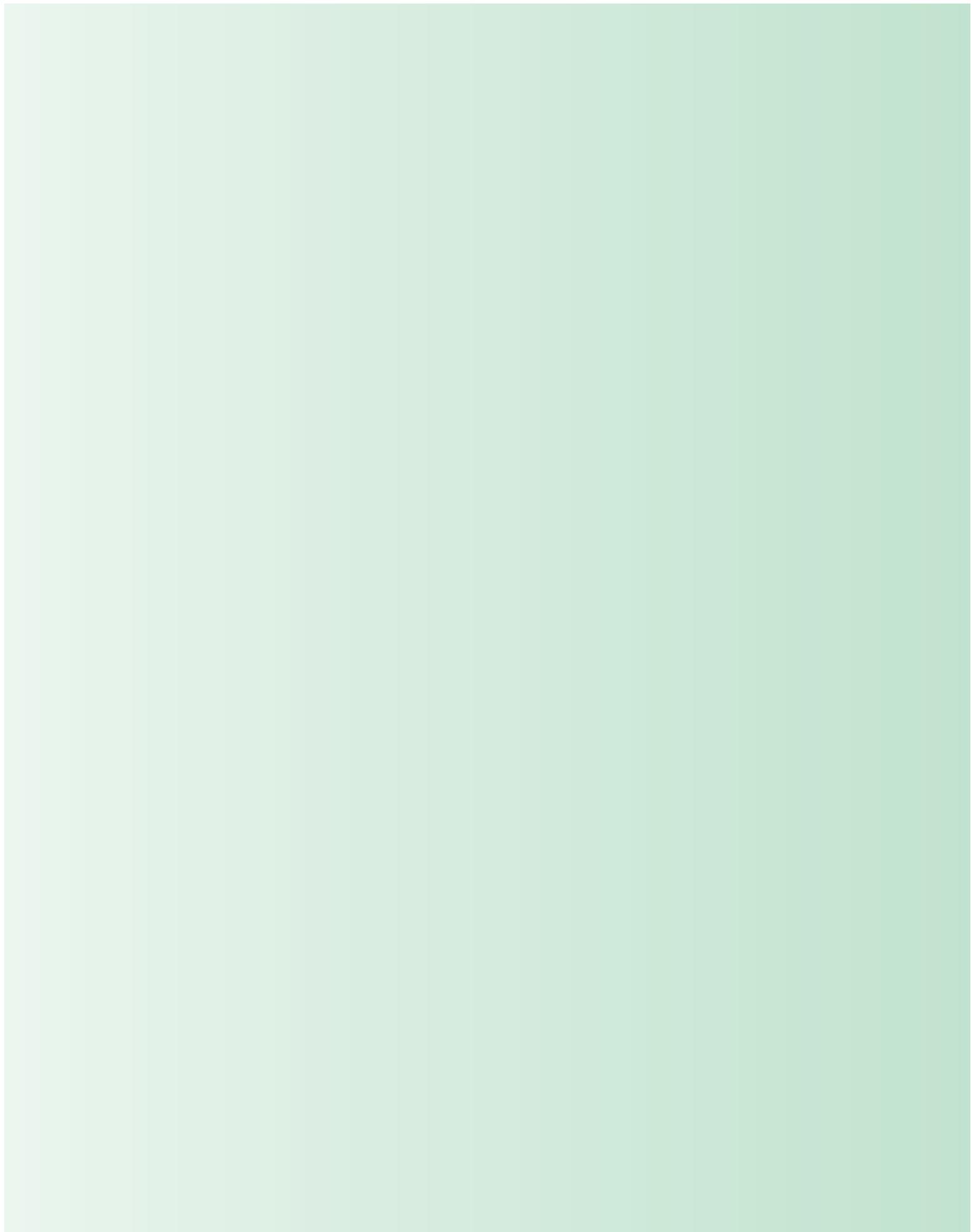
(1) Previously expensed funds used to pay unexpected operating costs to minimize the impact on rates.

(2) All connection fees pledged for repayment of debt is considered in calculating senior debt service coverage, while all connection fees collected were considered in calculating subordinate debt service coverage.

(3) Does not include depreciation.

(4) Funds being set aside to minimize the impact on rates in the event of future unexpected operating costs.

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



Thank You

LACSD STAFF FOR CONTINUING TO
PROVIDE A CRITICAL SERVICE.

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APPENDIX B BOOK-ENTRY ONLY SYSTEM

The information in this Appendix concerning The Depository Trust Company (“DTC”), New York, New York, and DTC's book entry system has been obtained from DTC and District No. 14, the Authority and the Underwriter take no responsibility for the completeness or accuracy thereof. District No. 14, the Authority and the Underwriter cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Holders (a) payments of interest, principal or premium, if any, with respect to the 2021 Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2021 Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2021 Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current “Rules” applicable to DTC are on file with the Securities and Exchange Commission and the current “Procedures” of DTC to be followed in dealing with DTC Participants are on file with DTC.

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the 2021 Bonds. The 2021 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered 2021 Bond will be issued for each maturity of the 2021 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2021 Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2021 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2021 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their

ownership interests in 2021 Bonds, except in the event that use of the book-entry system for the 2021 Bonds is discontinued.

To facilitate subsequent transfers, all 2021 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of 2021 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2021 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2021 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2021 Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the 2021 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of 2021 Bonds may wish to ascertain that the nominee holding the 2021 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the 2021 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the 2021 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2021 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the 2021 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the 2021 Bonds at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

The Authority may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

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APPENDIX C
SUMMARY OF CERTAIN LEGAL DOCUMENTS

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APPENDIX C

SUMMARY OF CERTAIN LEGAL DOCUMENTS

The following is a summary of certain provisions of the 2021 Installment Agreement and the 2021 Indenture (each as defined in the forepart of this Official Statement). This summary does not purport to be comprehensive and reference should be made to the 2021 Installment Agreement and the 2021 Indenture for a full and complete statement of their provisions.

CERTAIN DEFINITIONS

“Act” means the Marks-Roos Local Bond Pooling Act of 1985, constituting Section 6584 *et seq.* of the California Government Code.

“Ad Valorem Taxes” means, for any period, the *ad valorem* property taxes received by the District during such period pursuant to Article XIII A of the Constitution of the State of California and Section 95 *et seq.* of the California Revenue and Taxation Code, excluding any such taxes levied to pay any voter approved general obligation indebtedness of the District.

“Additional Parity Obligations” means Parity Obligations other than the Installment Purchase Agreement and the Prior Installment Purchase Agreement.

“Adjusted Net Revenues” means, for any period, the Net Revenues for such period, less amounts, if any, transferred during such period from the Revenue Account to the Rate Stabilization Account.

“Administrative Costs” means the ordinary and necessary administrative costs and incidental expenses related to the Authority Bonds, the Indenture and the Installment Purchase Agreement, including, but not limited to Obligation Trustee fees (including any fees and expenses of Obligation Trustee counsel) and indemnification payable by the Authority pursuant to the Indenture and fees incurred in connection with the calculation of arbitrage rebate due to the federal government with respect to the Authority Bonds.

“Assumed Debt Service” means, for any period (a) for any Parity Obligation other than Parity District Bonds, that portion of the Parity Obligation Payments for such Parity Obligation required to be made in such period, and (b) for Parity District Bonds, the sum of (i) the interest payable during such period on all such outstanding Parity District Bonds, assuming that all outstanding serial Parity District Bonds are retired as scheduled and that all outstanding term Parity District Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any such Parity District Bonds), (ii) that portion of the principal amount of all such outstanding serial Parity District Bonds maturing on any principal payment date which falls in such period, and (iii) that portion of the principal amount of all outstanding term Parity District Bonds required to be redeemed or paid on any redemption date which falls in such period (together with the redemption premiums, if any, thereon). For purposes of calculating Assumed Debt Service, the following assumptions shall be used:

(A) in determining the principal amount due in each period, payment shall be assumed to be made in accordance with any amortization schedule established for such Parity Obligations, including any scheduled payment at maturity or mandatory redemption or prepayment of Parity Obligations on the basis of accreted value and, for such purpose, the scheduled payment at maturity or redemption payment or prepayment shall be deemed a principal payment;

(B) in determining the interest due in each period, interest payable at a fixed rate shall be assumed to be made at such fixed rate and on the required payment dates;

(C) if any outstanding Parity Obligations constitute Variable Rate Indebtedness, the interest rate on such Parity Obligations shall be assumed to be 110% of the rate of interest on such Parity Obligations on the date of calculation;

(D) if Additional Parity Obligations proposed to be incurred will be Variable Rate Indebtedness, then such Additional Parity Obligations shall be assumed to bear interest at the rate quoted in the “25 Revenue Bond Index” for the last week of the month preceding the date of sale of such Additional Parity Obligations, as published in The Bond Buyer, or if that index is no longer published, another similar index selected by the District, or if the District fails to select a replacement index, an interest rate equal to 80% of the yield for outstanding United States Treasury bonds having an equivalent maturity as the Additional Parity Obligations proposed to be issued, or if there are no such Treasury Bonds having equivalent maturities, 80% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States, ranked by assets;

(E) if any outstanding Parity Obligations constitute Balloon Indebtedness (and such Parity Obligations do not constitute Short-Term Obligations excluded from the calculation of Assumed Debt Service pursuant to clause (H), below) or if Additional Parity Obligations proposed to be incurred would constitute Balloon Indebtedness (and such Additional Parity Obligations would not constitute Short-Term Obligations excluded from the calculation of Assumed Debt Service pursuant to clause (H), below), then such amounts as constitute Balloon Indebtedness shall be treated as if the principal amount of such Parity Obligations were amortized from the date originally incurred in substantially equal installments of principal and interest over a term of 30 years; the interest rate used for such computation shall be the rate quoted in the “25 Revenue Bond Index” for the last week of the month preceding the date of calculation, as published in The Bond Buyer, or if that index is no longer published, another similar index selected by the District, or if the District fails to select a replacement index, an interest rate equal to 80% of the yield for outstanding United States Treasury bonds having an equivalent maturity as the Parity Obligations on the date incurred, or if there are no such United States Treasury bonds having equivalent maturities, 80% of the lowest prevailing prime rate of any of the five largest commercial banks in the United States, ranked by assets;

(F) if any outstanding Parity Obligations constitute Credit Enhanced Obligations or if Additional Parity Obligations proposed to be incurred would constitute Credit Enhanced Obligations, then (x) Assumed Debt Service on such Parity Obligations shall be deemed to include any periodic payment payable to the Credit Enhancer as a condition of the Credit Enhancer’s standing ready to provide moneys necessary for payment to the holders of such Credit Enhanced Obligations, and (y) Assumed Debt Service on such Parity Obligations shall not be based upon the terms of any reimbursement obligations to the Credit Enhancer except to the extent and for periods during which payments have been required to be made pursuant to such reimbursement obligations due to the Credit Enhancer’s advancing funds and not being reimbursed;

(G) if any outstanding Parity Obligations constitute Option Obligations or if Additional Parity Obligations proposed to be incurred would constitute Option Obligations, then (x) Assumed Debt Service on such Parity Obligations shall not include amounts payable upon exercise by the holder thereof of the option to tender such Parity Obligations for payment to the extent and for so long as a Liquidity Backer is required to provide the moneys necessary for such payment, (y) Assumed Debt Service on such Parity Obligations shall be deemed to include any periodic fees payable to the Liquidity Backer as a condition of the Liquidity Backer’s standing ready to provide the moneys necessary for such payment, and (z) Assumed Debt Service on such Parity Obligations shall not be based upon the terms of any reimbursement obligation to the Liquidity Backer except

to the extent and for periods during which payments have been required to be made pursuant to such reimbursement obligation due to the Liquidity Backer advancing funds and being reimbursed;

(H) if any outstanding Parity Obligations constitute Short-Term Obligations or if Additional Parity Obligations proposed to be incurred would constitute Short-Term Obligations, and such Short-Term Obligations are or will be payable only out of Ad Valorem Taxes or Revenues of the Fiscal Year in which such Short-Term Obligations are incurred, then Debt Service on such Short-Term Obligations shall be disregarded and not included in calculating Assumed Debt Service;

(I) if any outstanding Parity Obligation constitutes a Financial Contract, then amounts payable by the District under such Financial Contract shall be included in calculating Assumed Debt Service only if and to the extent that such amounts exceed amounts receivable by the District under such Financial Contract; if the interest rate applicable to payments receivable by the District under such Financial Contract is a variable rate, such variable rate shall be calculated in accordance with clause (C), above;

(J) if any Additional Parity Obligation proposed to be incurred will be a Financial Contract, then amounts payable by the District under such Financial Contract shall be included in calculating Assumed Debt Service only if and to the extent that such amounts exceed amounts receivable by the District under such Financial Contract; if the interest rate applicable to payments receivable by the District under such Financial Contract will be a variable rate, such variable rate shall be calculated in accordance with clause (D), above;

(K) if amounts constituting accrued interest or capitalized interest have been deposited with an Obligation Trustee for Parity Obligations, then the interest payable with respect to such Parity Obligations from such amounts shall be disregarded and not included in calculating Assumed Debt Service;

(L) if moneys or Defeasance Securities have been deposited by the District into a separate fund or account or are otherwise held by the District or by a fiduciary to be used to pay Debt Service on specified Parity Obligations, and such Parity Obligations are discharged, or no longer outstanding, pursuant to the terms of the instrument under which they are issued or arise, then the Debt Service to be paid from such moneys or Defeasance Securities, or from the earnings thereon, shall be disregarded and not included in calculating Assumed Debt Service;

(M) the amount on deposit in an Obligation Reserve Fund on any date of calculation of Assumed Debt Service shall be deducted from the amount of principal due at the final maturity of the Parity Obligations for which such Obligation Reserve Fund was established and in each preceding year until such amount is exhausted; and

(N) with respect to Parity Obligation Payments that are not comprised of separate payments of interest and principal but which, rather, are required pursuant to the instrument under which they arise to be paid in amounts sufficient to pay principal and interest on bonds, notes or other obligations of an entity other than the District, for purposes of calculating Assumed Debt Service, interest payments and principal payments (whether at maturity or by redemption or prepayment) with respect to such bonds, notes or other obligations shall be deemed to be interest payments and principal payments with respect to such Parity Obligation Payments.

“Assumed Maximum Annual Debt Service” means, at any point in time, with respect to Parity Obligations to be outstanding immediately after the incurring of the Parity Obligations in connection with

the incurrence of which Assumed Maximum Annual Debt Service is being calculated, the maximum amount of Assumed Debt Service on such Parity Obligations in the then current or any future Bond Year.

“Authority” means the Los Angeles County Sanitation Districts Financing Authority, a joint exercise of powers authority organized and existing under and by virtue of the laws of the State, and any successor thereto.

“Authority Bonds” means the Los Angeles County Sanitation Districts Financing Authority Capital Projects Revenue Bonds, 2021 Series A (District No. 14 Revenue Bonds) (Green Bonds) issued under and pursuant to the Indenture.

“Authority Revenues” means all Installment Payments payable by the District pursuant to the Installment Purchase Agreement, including any prepayments thereof, and any amounts received by the Trustee as a result of or in connection with the Trustee’s pursuit of remedies under the Installment Purchase Agreement upon an Installment Purchase Agreement Default Event.

“Authorized Denominations” means, with respect to the Bonds, \$5,000 and integral multiples thereof.

“Authorized Representative” means (a) with respect to the Authority, the Chairperson, the President, the Vice President, the Treasurer and the Secretary of the Authority, and any other Person designated as an Authorized Representative of the Authority in a Written Certificate of the Authority filed with the Trustee, and (b) with respect to the District, the Chairperson of the Board of Directors of the District (or his or her designee), the Chief Engineer and General Manager of the District (or his or her designee), the Assistant Chief Engineer and Assistant General Manager of the District (or his or her designee) and the Chief Accountant of the District (or his or her designee), and any other Person designated as an Authorized Representative of the District in a Written Certificate of the District filed with the Trustee.

“Balloon Indebtedness” means a Parity Obligation 50% or more of the principal of which matures or is payable on the same date and which is not required by the instrument pursuant to which such Parity Obligation was incurred to be amortized by payment or redemption prior to such date.

“Beneficial Owners” means those Persons for which the Participants have caused the Depository to hold Book-Entry Bonds.

“Bond Counsel” means a firm of attorneys which are nationally recognized as experts in the area of municipal finance.

“Bond Year” means each twelve-month period beginning on October 2 in each year and extending to the next succeeding October 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date and end on October 1, 2021.

“Bonds” means the Los Angeles County Sanitation Districts Financing Authority Capital Projects Revenue Bonds, 2021 Series A (District No. 14 Revenue Bonds) (Green Bonds), issued under the Indenture.

“Book-Entry Bonds” means the Bonds registered in the name of the Depository, or the Nominee thereof, as the registered owner thereof pursuant to the terms and provisions of the Indenture described under the caption “CERTAIN PROVISIONS OF THE BONDS – Book-Entry System.”

“Business Day” means a day that is not (a) a Saturday, Sunday or legal holiday in the State, (b) a day on which banking institutions in the State, or in any state in which the Office of the Trustee is located,

are required or authorized by law (including executive order) to close, or (c) a day on which the New York Stock Exchange is closed.

“**Cede & Co.**” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to Book-Entry Bonds.

“**Closing Date**” means the date upon which the Bonds are delivered to the Original Purchaser.

“**Code**” means the Internal Revenue Code of 1986.

“**Connection Fees**” means connection and other similar fees imposed by the District for the privilege of connecting any parcel within the boundaries of the District directly or indirectly to the Sewerage System, or for increasing the strength and/or quantity of wastewater attributable to a connected parcel within the District.

“**Continuing Disclosure Agreement**” means the Continuing Disclosure Agreement, dated as of the date of the Indenture, by and between the Authority and U.S. Bank National Association, in its capacity as Trustee and in its capacity as dissemination agent thereunder, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

“**Costs of Issuance**” means all the costs of issuing and delivering the Bonds, including, but not limited to, all printing and document preparation expenses in connection with the Indenture, the Installment Purchase Agreement, the Bonds and any preliminary official statement and final official statement pertaining to the Bonds, rating agency fees, CUSIP Service Bureau charges, legal fees and expenses of counsel with the issuance and delivery of the Bonds, the initial fees and expenses of the Trustee and its counsel, and any other cost, and other fees and expenses incurred in connection with the issuance and delivery of the Bonds, to the extent such fees and expenses are approved by the District.

“**Costs of Issuance Fund**” means the fund by that name established pursuant to the Indenture as described under the caption “PLEDGE AND ASSIGNMENT; FUNDS AND ACCOUNTS – Costs of Issuance Fund.”

“**Credit Enhanced Obligations**” means Parity Obligations, the payments with respect to which are secured by an irrevocable letter of credit, surety bond, insurance policy or other credit facility or arrangement with an entity which the District is obligated to reimburse for advances made for amounts due on such Credit Enhanced Obligations.

“**Credit Enhancer**” means the entity issuing or providing the irrevocable letter of credit, surety bond, insurance policy or other credit facility or arrangement securing payments with respect to Credit Enhanced Obligations.

“**Debt Service**” means, for any period (a) for any Parity Obligation other than Parity District Bonds, that portion of the Parity Obligation Payments for such Parity Obligation required to be made in such period, and (b) for Parity District Bonds, the sum of (i) the interest payable during such period on all such outstanding Parity District Bonds, assuming that all outstanding serial Parity District Bonds are retired as scheduled and that all outstanding term Parity District Bonds are redeemed or paid from sinking fund payments as scheduled (except to the extent that such interest is to be paid from the proceeds of sale of any such Parity District Bonds), (ii) that portion of the principal amount of all such outstanding serial Parity District Bonds maturing on any principal payment date which falls in such period, and (iii) that portion of the principal amount of all outstanding term Parity District Bonds required to be redeemed or paid on any redemption date which falls in such period (together with the redemption premiums, if any, thereon);

provided, however, that (A) if amounts constituting accrued interest or capitalized interest have been deposited with an Obligation Trustee for Parity Obligations, then the interest payable with respect to such Parity Obligations from such amounts shall be disregarded and not included in calculating Debt Service, (B) if moneys or Defeasance Securities have been deposited by the District into a separate fund or account or are otherwise held by the District or by a fiduciary to be used to pay Debt Service on specified Parity Obligations, and such Parity Obligations are discharged, or no longer outstanding, pursuant to the terms of the instrument under which they are issued or arise, then the Debt Service to be paid from such moneys or Defeasance Securities, or from the earnings thereon, shall be disregarded and not included in calculating Debt Service, (C) interest income received on investment of moneys in an Obligation Reserve Fund and transferred to the District in such period shall, for the purposes of calculating Debt Service, offset interest payments and principal payments with respect to such Parity Obligation Payments required to be made in such period, (D) the amount on deposit in an Obligation Reserve Fund on any date of calculation of Debt Service shall be deducted from the amount of principal due at the final maturity of the Parity Obligations for which such Obligation Reserve Fund was established and in each preceding year until such amount is exhausted, and (E) with respect to Parity Obligation Payments that are not comprised of separate payments of interest and principal but which, rather, are required pursuant to the instrument under which they arise to be paid in amounts sufficient to pay principal and interest on bonds, notes or other obligations of an entity other than the District, for purposes of calculating Debt Service, interest payments and principal payments (whether at maturity or by redemption or prepayment) with respect to such bonds, notes or other obligations shall be deemed to be interest payments and principal payments with respect to such Parity Obligation Payments.

“Defeasance Securities” means (a) non-callable direct obligations of the United States of America (“United States Treasury Obligations”), and (b) evidences of ownership of proportionate interests in future interest and principal payments on United States Treasury Obligations held by a bank or trust company as custodian, under which the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor and the underlying United States Treasury Obligations are not available to any Person claiming through the custodian or to whom the custodian may be obligated.

“Depository” means DTC, and its successors as securities depository for any Book-Entry Bonds, including any such successor appointed pursuant to the Indenture described under the caption “CERTAIN PROVISIONS OF THE BONDS – Book-Entry System.”

“District” means County Sanitation District No. 14 of Los Angeles County, a county sanitation district organized and existing under and by virtue of the laws of the State, and any successor thereto.

“DTC” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York.

“Electronic Means” means e-mail, facsimile transmission, secure electronic transmission containing applicable authorization codes, passwords and/or authentication keys issued by the Trustee, or another method or system specified by the Trustee as available for use in connection with its services under the Indenture.

“Event of Default” means (i) an event described in the Installment Purchase Agreement summarized under the heading “EVENTS OF DEFAULT AND REMEDIES OF THE AUTHORITY – Events of Default” and (ii) an event described in the Indenture summarized under the heading “EVENTS OF DEFAULT AND REMEDIES – Events of Default.”

“Financial Contract” means any interest rate swap agreement, currency swap agreement, forward payment conversion agreement, future or contract entered into by the District with respect to any Parity

Obligation providing for payment based on levels of, or changes in, interest rates, currency exchange rates, stock or other indices, or a contract entered into by the District with respect to any Parity Obligation to exchange cash flows or a series of payments, or a contract entered into by the District with respect to any Parity Obligation, including, without limitation, interest rate floors or caps, options, rates or calls, to hedge payment, currency, rate, spread, or similar exposure or any similar contract entered into by the District with respect to any Parity Obligation.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30, or any other twelve-month period selected and designated as the official Fiscal Year of the District.

“Generally Accepted Accounting Principles” means the uniform accounting and reporting procedures set forth in publications of the American Institute of Certified Public Accountants or its successor, or by any other generally accepted authority on such procedures, and includes, as applicable, the standards set forth by the Governmental Accounting Standards Board or its successor.

“Indenture” means the Indenture, dated as September 1, 2021, by and between the Authority and U.S. Bank National Association, as Trustee, as originally executed and as it may from time to time be amended, supplemented or otherwise modified by any Supplemental Indenture.

“Installment Payments” means the installment payments required to be made by the District pursuant to the Installment Purchase Agreement described under the heading “PURCHASE AND SALE OF PURCHASED IMPROVEMENTS; PAYMENTS – Installment Payments; Parity Obligations.”

“Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of September 1, 2021, by and between the District and the Authority, as originally executed and as it may from time to time be amended, supplemented or otherwise modified in accordance with the terms of the Installment Purchase Agreement.

“Installment Purchase Agreement Default Event” means an event described in the Installment Purchase Agreement summarized under the heading “EVENTS OF DEFAULT AND REMEDIES OF THE AUTHORITY – Events of Default”

“Interest Account” means the account by that name within the Payment Fund established pursuant to the Indenture as described under the caption “PLEDGE AND ASSIGNMENT; FUNDS AND ACCOUNTS – Payment Fund.”

“Interest Payment Dates” means April 1 and October 1 of each year, commencing April 1, 2022.

“Joint Administration Agreement” means the Amended Joint Administration Agreement, effective May 28, 2014, by and among the County Sanitation District of Los Angeles County named therein, as originally executed and as it may from time to time be amended, supplemented or otherwise modified in accordance with the terms thereof.

“Junior Obligations” means (a) the bonds and notes, including bond anticipation notes and commercial paper notes, and other substantively similar evidences of indebtedness of the District, howsoever denominated, the interest and principal payments payable by the District under and pursuant thereto are payable from Net Revenues in the Surplus Fund after payment therefrom of Reserve Facility Costs due and payable, and (b) the loan payments, installment payments, lease payments, rental payments or similar payments of interest and principal or, if there are no separate payments of interest and principal, the loan payments, installment payments, lease payments, rental payments or similar payments payable by the District under and pursuant to loan agreements, credit agreements, credit facilities, lines of credit,

installment purchase agreements, installment sales agreements, financing leases or other substantively similar agreements or contracts of entered into by the District, howsoever denominated, which payments are payable from Net Revenues in the Surplus Fund after payment therefrom of Reserve Facility Costs due and payable, and each of which is (i) issued, incurred or entered into in accordance with and subject to the provisions of the Installment Purchase Agreement described under the caption “ADDITIONAL OBLIGATIONS – Parity Obligations; Junior Obligations,” (ii) the obligations with respect to which are designated therein as Junior Obligations, and (iii) issued, incurred or entered into under and pursuant to applicable law.

“Letter of Representations” means the Letter of Representations from the Authority to the Depository, in which the Authority makes certain representations with respect to issues of its securities for deposit by the Depository.

“LIBOR” means, as of any date, the British Banker’s Association average of interbank offered rates in the London market for United States dollar deposits for a one-year period, as most recently reported in The Wall Street Journal or, if not reported in such newspaper, as reported in such other source as may be selected by the District.

“Liquidity Backer” means any bank or other financial institution whose long-term indebtedness is rated “AA” or better by S&P or whose long-term indebtedness is rated “Aa” or better by Moody’s, such ratings to be determined without regard to any subcategory or modifier.

“Maintenance and Operations Costs” means, for any period, the reasonable and necessary costs spent or incurred by the District for maintaining and operating the Sewerage System, calculated in accordance with Generally Accepted Accounting Principles, including (among other things) the reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Sewerage System in good repair and working order, and including Administrative Costs, salaries and wages of employees, payments to its employee retirement systems (to the extent paid from Revenues), overhead, insurance, taxes (if any), fees of auditors, accountants, attorneys or engineers and insurance premiums, but excluding in all cases (a) depreciation, replacement and obsolescence charges or reserves therefor, (b) amortization of intangibles or other bookkeeping entries of a similar nature, (c) costs of capital additions, replacements, betterments, extensions or improvements to the Sewerage System, which under Generally Accepted Accounting Principles are chargeable to a capital account or to a reserve for depreciation, (d) charges for the payment of principal of or interest on any general obligation bond of the District heretofore or hereafter issued for purposes of the Sewerage System, and (e) charges for the payment of any debt service on debt obligations of the District.

“Moody’s” means Moody’s Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, except that if such corporation shall no longer perform the function of a securities rating agency for any reason, the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority.

“Net Proceeds” means, when used with respect to any insurance, self-insurance or condemnation award, the proceeds from such award remaining after payment of all expenses (including attorneys’ fees) incurred in the collection of such proceeds.

“Net Revenues” means, for any period, the Revenues for such period, less the Maintenance and Operation Costs for such period.

“Nominee” means the nominee of the Depository, which may be the Depository, as determined from time to time pursuant to the Indenture described under the caption “CERTAIN PROVISIONS OF THE BONDS – Book-Entry System.”

“Obligation Reserve Fund” means, with respect to a Parity Obligation, any debt service reserve fund or account established to secure the payment of Parity Obligation Payments with respect to such Parity Obligation.

“Obligation Trustee” means, with respect to a Parity Obligation, the trustee, fiscal agent or other fiduciary authorized to act for the benefit and on behalf of the owners of such Parity Obligation or the owners of interests in such Parity Obligation, as the case may be.

“Office of the Trustee” means the principal corporate trust office of the Trustee in Los Angeles, California, or such other office as may be specified to the Authority in writing; provided, however, that with respect to presentation of Bonds for payment or for registration of transfer and exchange, such term shall mean the office or agency of the Trustee at which, at any particular time, its corporate trust agency business shall be conducted, which other office or agency shall be specified to the Authority by the Trustee in writing.

“Operating Fund” means the fund by that name established pursuant to the provisions of the Installment Purchase Agreement described under the caption “PLEDGES; FUNDS AND ACCOUNTS – Establishment of Funds and Accounts.”

“Opinion of Bond Counsel” means a written opinion of counsel of recognized national standing in the field of law relating to municipal bonds, appointed and paid by the Authority and satisfactory to and approved by the Trustee.

“Option Obligations” means Parity Obligations which by their terms, or by the terms of the instrument pursuant to which they were incurred, may be or are required to be tendered by and at the option of the holder thereof for payment or purchase by the District or a third party prior to the stated maturity thereof.

“Original Purchaser” means the original purchaser of the Bonds from the Authority.

“Outstanding” means, when used as of any particular time with reference to Bonds, subject to the provisions of the Indenture described under the caption “MISCELLANEOUS – Disqualified Bonds,” all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation, (b) Bonds with respect to which all liability of the Authority shall have been discharged in accordance with the provisions of the Indenture described under the caption “DEFEASANCE – Discharge of Indenture,” of the Indenture, and (c) Bonds in lieu of which other Bonds shall have been authenticated and delivered by the Trustee, or that have been paid without surrender thereof, pursuant to the Indenture summarized under the caption “CERTAIN PROVISIONS OF THE BONDS – Bonds Mutilated, Lost, Destroyed or Stolen.”

“Owner” means, with respect to a Bond, the Person in whose name such Bond is registered on the Registration Books.

“Parity District Bonds” means all revenue bonds, notes or other evidences of indebtedness of the District authorized, executed, issued and delivered under and pursuant to applicable law, the payments of which are made from the Net Revenues on a parity with the Parity Contract Payments.

“Parity Contract Payments” means the installment, lease or other payments of interest and principal or, if there are no separate payments of interest and principal, the installment, lease or other payments, including the Installment Payments and the Prior Installment Payments, payable by the District under and pursuant to Parity Contracts.

“Parity Contracts” means the Installment Purchase Agreement and all contracts or leases of the District authorized and executed by the District under and pursuant to applicable law, the installment, lease or other payments under which are payable from the Net Revenues on a parity with the Parity District Bonds.

“Parity Obligation Payment Account” means the account by that name within the Operating Fund established pursuant to the Installment Purchase Agreement as described under the caption “PLEDGES; FUNDS AND ACCOUNTS – Establishment of Funds and Accounts,” which account is denominated the “Subordinate Revenue Obligation Payment Account” in the Prior Installment Purchase Agreement.

“Parity Obligation Payments” means the debt service payments payable by the District under and pursuant to Parity District Bonds and Parity Contract Payments.

“Parity Obligations” means Parity District Bonds and Parity Contracts.

“Participant” means any entity that is recognized as a participant by DTC in the book-entry system of maintaining records with respect to Book-Entry Bonds.

“Participating Underwriter” has the meaning ascribed thereto in the Continuing Disclosure Agreement.

“Payment Date” means March 15 and September 15 of each year, commencing March 15, 2022.

“Payment Fund” means the fund by that name established in accordance with the Indenture as described under the caption “PLEDGE AND ASSIGNMENT; FUNDS AND ACCOUNTS – Payment Fund.”

“Permitted Investments” means the following:

(a) United States Treasury notes, bonds, bills or certificates of indebtedness, or obligations of, or obligations guaranteed directly or indirectly by, the United States of America or securities or other instruments evidencing ownership interests in such obligations or in specified portions of the interest on or principal of such obligations;

(b) Obligations issued by the Federal Home Loan Bank Board, Federal Home Loan Mortgage Corporation or the Tennessee Valley Authority, or (ii) obligations, participations or other instruments of or issued by, or fully guaranteed as to interest and principal, the Federal National Mortgage Association (excluding stripped mortgage backed securities which are valued at greater than par on the unpaid principal), or (iii) guaranteed portions of Small Business Administration notes, or (iv) obligations, participations or other instruments of or issued by a federal agency or a United States of America government-sponsored enterprise;

(c) Commercial paper at the time of investment of “prime” quality of the highest ranking or of the highest letter and numerical rating as provided by Moody’s and S&P, which commercial paper is limited to issuing authorities that are organized and operating within the United States of America and that have

total assets in excess of \$500,000,000 and that have an “A” or higher rating for the issuer’s unsecured debentures, other than commercial paper, as provided by Moody’s and S&P; provided that purchases of eligible commercial paper may not exceed 180 days maturity nor represent more than 10% of the outstanding commercial paper of an issuing authority;

(d) Certificates of deposit, whether negotiable or non-negotiable, issued by a state or national bank (including the Master Trustee, its parent and their affiliates) or a state or federal savings and loan association, provided that such certificates of deposit shall be either (i) continuously and fully insured by the Federal Deposit Insurance Corporation, or (ii) have maturities of not more than 365 days and issued by any state or national bank or a state or federal savings and loan association, the short term obligations of which are rated in the highest short term letter and numerical rating category by Moody’s and S&P;

(e) Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers’ acceptances, which are eligible for purchase by the Federal Reserve System. Purchases of banker’s acceptances may not exceed 270 days maturity;

(f) Certificates, notes, warrants, bonds or other evidence of indebtedness of the State of California or of any political subdivision or public agency thereof which are in the highest short-term rating category or within one of the three highest long term rating categories of Moody’s and S&P (excluding securities that do not have a fixed par value and/or whose terms do not promise a fixed dollar amount at maturity or call date);

(g) For amounts less than \$10,000: interest-bearing demand or time deposits (including certificates of deposit) in a nationally or state-chartered bank, or state or federal savings and loan association in the State of California, fully insured by the Federal Deposit Insurance Corporation, including the Trustee, its parent and their affiliates;

(h) Investments in taxable money market funds or portfolios restricted to obligations maturing in one year or less and which funds or portfolios are rated in either of the two highest rating categories by Moody’s or S&P, or have or are portfolios guaranteed as to payment of principal and interest by the full faith and credit of the United States of America including funds for which the Master Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Master Trustee or such holding company provide investment advisory or other management services;

(i) Guaranteed investment contracts or funding agreements with insurance companies, rated “Aa” and “AA” as to claims paying ability by Moody’s and S&P, respectively, such agreements with securities dealers, commercial banks or insurance companies, the long term unsecured obligations of which are rated within one of the three highest long term rating categories of Moody’s and S&P, or such agreements the obligations of such securities dealers, commercial banks or insurance companies under which are guaranteed by a Person the long term unsecured obligations of which are rated within one of the three highest long term rating categories of Moody’s and S&P;

(j) Investment agreements with a domestic or foreign bank or corporation (other than a life or property casualty insurance company) the long-term debt of which, or, in the case of a guaranteed corporation the long-term debt, or, in the case of a monoline financial guaranty insurance company, claims paying ability, of the guarantor is rated at least “Aa3” by Moody’s and “AA-” by S&P; provided, that, by the terms of the investment agreement:

(i) the invested funds are available for withdrawal without penalty or premium, at any time upon not more than seven days’ prior notice;

(ii) the investment agreement shall state that it is the unconditional and general obligation of, and is not subordinated to any other obligation of, the provider thereof or, if the provider is a bank, the agreement or the opinion of counsel shall state that the obligation of the provider to make payments thereunder ranks pari passu with the obligations of the provider to its other depositors and its other unsecured and unsubordinated creditors;

(iii) the Authority receives the opinion of domestic counsel that such investment agreement is legal, valid and binding and enforceable against the provider in accordance with its terms and of foreign counsel (if applicable);

(iv) the investment agreement shall provide that if during its term (i) the provider's rating by either Moody's or S&P falls below "Aa3" or "AA-," respectively, the provider shall, at its option, within 10 days of receipt of publication of such downgrade, either (A) collateralize the investment agreement by delivering or transferring in accordance with applicable state and federal laws (other than by means of entries on the provider's books) to the a holder of the collateral, collateral free and clear of any third-party liens or claims the market value of which collateral is maintained at levels and upon such conditions as would be acceptable to Moody's and S&P to maintain an "A" rating in an "A" rated structured financing (with a market value approach); or (B) repay the principal of and accrued but unpaid interest, on the investment, and (ii) the provider's rating by either Moody's or S&P is withdrawn or suspended or falls below "A3" or "A-," respectively, the provider must, at the direction of the Authority, within 10 days of receipt of such direction, repay the principal of and accrued but unpaid interest on the investment, in either case with no penalty or premium to or upon the order of the Authority;

(v) the investment agreement shall state, and an opinion of counsel shall be rendered, in the event collateral is required to be pledged by the provider under the terms of the investment agreement, at the time such collateral is delivered, that the holder of collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the holder of collateral is in possession); and

(vi) the investment agreement shall provide that if during its term (i) the provider shall default in its payment obligations, the provider's obligations under the investment agreement shall, at the direction of the Authority, be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to or upon the order of the Authority, and (ii) the provider shall become insolvent, not pay its debts as they become due, be declared or petition to be declared bankrupt, etc., the provider's obligations shall automatically be accelerated and amounts invested and accrued but unpaid interest thereon shall be repaid to or upon the order of the Authority;

(k) Any other investments permitted by Section 53600, et seq., of the California Government Code, as amended.

"Person" means an individual, corporation, limited liability company, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Principal Account" means the account by that name within the Payment Fund established pursuant to the Indenture as described under the caption "PLEDGE AND ASSIGNMENT; FUNDS AND ACCOUNTS – Payment Fund."

"Principal Payment Date" means a date on which the principal of the Bonds becomes due and payable as a result of the maturity thereof.

“Prior Installment Payments” has the meaning ascribed to the term “Installment Payments” in the Prior Installment Purchase Agreement.

“Prior Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of July 1, 2015, by and between the District and the Authority, as originally executed and as it may from time to time be amended, supplemented or otherwise modified in accordance with the terms of the Installment Purchase Agreement.

“Purchased Improvements” means the improvements to the Sewerage System described in the Installment Purchase Agreement.

“Rate Stabilization Account” means the account by that name within the Operating Fund authorized to be established pursuant to the Installment Purchase Agreement as described under the caption “PLEDGES; FUNDS AND ACCOUNTS – Establishment of Funds and Accounts.”

“Rebate Fund” means the fund by that name established pursuant to the Indenture as described under the caption “PLEDGE AND ASSIGNMENT; FUNDS AND ACCOUNTS – Rebate Fund.”

“Rebate Requirement” has the meaning ascribed to such term in the Tax Certificate.

“Record Date” means, with respect to interest payable on any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date, whether or not such day is a Business Day.

“Registration Books” means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to the Indenture.

“Reserve Facility” means any line of credit, letter of credit, insurance policy, surety bond or other credit source deposited in lieu of cash in an Obligation Reserve Fund.

“Reserve Facility Agreement” means the contract or agreement entered into by the District and the issuer of a Reserve Facility in connection with the issuance of such Reserve Facility providing for the reimbursement of such issuer for claims paid under such Reserve Facility, the payment of interest on the amounts so paid and the payment of reasonable costs, expenses and other amounts.

“Reserve Facility Costs” means, with respect to a Reserve Facility, interest on any claims paid under such Reserve Facility, as provided therein or in Reserve Facility Agreement entered into by the District and the issuer of such Reserve Facility in connection with the issuance of such Reserve Facility, and any other amounts payable to such issuer pursuant to such Reserve Facility or such Reserve Facility Agreement; provided, however, that Reserve Facility Costs shall not include amounts to reimburse such issuer for claims paid under such Reserve Facility.

“Revenue Account” means the account by that name within the Operating Fund established pursuant to the Installment Purchase Agreement as described under the caption “PLEDGES; FUNDS AND ACCOUNTS – Establishment of Funds and Accounts.”

“Revenues” means, for any period, all income and revenue received by the District from the operation or ownership of the Sewerage System, determined in accordance with Generally Accepted Accounting Principles, including all rates and charges received by the District for the services of the Sewerage System, investment income (to the extent generally available to pay costs with respect to the Sewerage System) and all other money howsoever derived by the District from the operation or ownership

of the Sewerage System or arising from the Sewerage System, together with (a) Ad Valorem Taxes received by the District during such period, (b) Connection Fees collected during such period to the extent that such Connection Fees could be properly applied to the payment of, or loaned from the District's Capital Improvement Fund for the payment of, outstanding Parity Obligations, (c) amounts, if any, transferred during such period from the Rate Stabilization Account to the Revenue Account, but excluding (i) payments received under Financial Contracts, (ii) refundable deposits made to establish credit and advances or contributions in aid of construction, and (iii) ad valorem taxes to the extent required by law to pay any voter approved general obligation indebtedness of the District.

“S&P” means S&P Global Ratings, a corporation organized and existing under the laws of the State of New York, its successors and assigns, except that if such entity shall no longer perform the functions of a securities rating agency for any reason, the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Authority and approved by the Trustee.

“Sewerage System” means the whole and each and every part of the wastewater collection, conveyance, treatment and disposal facilities of the District, all real and personal property, or any interest therein, constituting a part thereof and all additions, improvements, betterments and extensions thereto whether presently existing or hereafter acquired, constructed or installed.

“Short-Term Obligations” means Parity Obligations having an original maturity of less than or equal to one year and which are not renewable at the option of the District for a term greater than one year beyond the date of original incurrence.

“State” means the State of California.

“State Loans” means the loans evidenced by (a) Loan Contract (Contract No. 03-846-550-0; Project No. 4783-110), by and between the District and the State Water Resources Control Board, (b) Loan Contract (Contract No. 03-847-550-0; Project No. 4783-210), by and between the District and the State Water Resources Control Board, (c) Loan Contract (Contract No. 03-848-550-0; Project No. 4783-310), by and between the District and the State Water Resources Control Board, and (d) Loan Contract (Contract No. 08-816-550-0; Project No. 4916-110), by and between the District and the State Water Resources Control Board, as amended to date.

“Supplemental Indenture” means any supplemental indenture amendatory of or supplemental to the Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

“Support Payment Due Date” means the date ten days after each Payment Date.

“Support Payments” has the meaning ascribed to such term in the Prior Installment Purchase Agreement.

“Surplus Account” means the account by that name within the Operating Fund established pursuant to the Installment Purchase Agreement as described under the caption “PLEDGES; FUNDS AND ACCOUNTS – Establishment of Funds and Accounts.”

“Tax Certificate” means the Tax Certificate executed by the Authority at the time of issuance of the Bonds relating to the requirements of Section 148 of the Code, including the exhibits thereto, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

“**Trustee**” means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, or any successor thereto as Trustee under the Indenture, substituted in its place as provided therein.

“**Variable Rate Indebtedness**” means any portion of any Parity Obligation the interest rate on which is not established at the time of incurring such Parity Obligation and has not, at some subsequent date, been established at a rate which is not subject to fluctuation or subsequent adjustment.

“**Verification Report**” means, with respect to the deemed payment of Bonds pursuant to the provisions of the Indenture described under paragraph (a) under the caption entitled “DEFEASANCE – Bonds Deemed to Have Been Paid,” a report of a nationally recognized certified public accountant, or firm of such accountants, verifying that the Defeasance Securities and cash, if any, deposited in connection with such deemed payment satisfy the requirements of the provisions of the Indenture described in paragraph (a) under the caption entitled “DEFEASANCE – Bonds Deem to Have Been Paid.”

“**Written Certificate**” and “**Written Request**” (a) of the Authority mean, respectively, a written certificate or written request signed in the name of the Authority by an Authorized Representative of the Authority, and (b) of the District mean, respectively, a written certificate or written request signed in the name of the District by an Authorized Representative of the District. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

INSTALLMENT PURCHASE AGREEMENT

REPRESENTATIONS AND WARRANTIES

Representations and Warranties of the District. The District represents and warrants that:

- (a) the District is a county sanitation district organized and existing under the laws of the State;
- (b) the District has full legal right, power and authority to enter into the Installment Purchase Agreement and carry out its obligations under the Installment Purchase Agreement and to carry out and consummate all transactions contemplated by the Installment Purchase Agreement, and the District has complied with the provisions of applicable law in all matters relating to such transactions;
- (c) by proper action, the District has duly authorized the execution, delivery and due performance of the Installment Purchase Agreement;
- (d) the execution and delivery of the Installment Purchase Agreement and the consummation of the transactions contemplated in the Installment Purchase Agreement will not violate, in a manner that would materially adversely affect the District’s ability to perform its obligations under the Installment Purchase Agreement, any provision of law, any order of any court or other agency of government, or any indenture, material agreement or other instrument to which the District is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument, which conflict, breach or default would materially adversely affect the District’s ability to perform its obligations under the Installment Purchase Agreement, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the District which lien, charge or encumbrance would materially adversely affect the District’s ability to perform its obligations under the Installment Purchase Agreement; and

(e) the District has determined that it is necessary and proper for District uses and purposes within the terms of applicable law that the District acquire the Purchased Improvements in the manner provided for in the Installment Purchase Agreement, in order to provide essential services and facilities to the persons residing in the District.

Representations and Warranties of the Authority. The Authority represents and warrants that:

(a) the Authority is a joint exercise of powers authority organized and existing under the laws of the State;

(b) the Authority has full legal right, power and authority to enter into the Installment Purchase Agreement and to carry out and consummate all transactions contemplated by the Installment Purchase Agreement, and the Authority has complied with the provisions of applicable law in all matters relating to such transactions;

(c) by proper action, the Authority has duly authorized the execution, delivery and due performance of the Installment Purchase Agreement; and

(d) the execution and delivery of the Installment Purchase Agreement and the consummation of the transactions contemplated in the Installment Purchase Agreement will not violate any provision of law, any order of any court or other agency of government, or any indenture, material agreement or other instrument to which the Authority is now a party or by which it or any of its properties or assets is bound, or be in conflict with, result in a breach of or constitute a default (with due notice or the passage of time or both) under any such indenture, agreement or other instrument, or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority.

PURCHASE OF PURCHASED IMPROVEMENTS BY, AND SALE THEREOF TO, THE AUTHORITY; PAYMENT

Purchase and Sale of Purchased Improvements. The District represents and warrants that it is the sole and exclusive owner of the Purchased Improvements. The Authority, as provided in the Installment Purchase Agreement, purchases from the District, and the District, as provided in the Installment Purchase Agreement, sells to the Authority, the Purchased Improvements in accordance with the provisions of the Installment Purchase Agreement. All right, title and interest in the Purchased Improvements shall immediately vest in the Authority on the Closing Date without further action on the part of the Authority or the District.

Payment. On the Closing Date, the Authority shall pay to the District, as and for the purchase price of the Purchased Improvements, the amount to be set forth in the Installment Purchase Agreement, which amount shall be paid from the proceeds of the Authority Bonds, and which the District directs shall be applied as provided in the Indenture.

PURCHASE AND SALE OF PURCHASED IMPROVEMENTS; PAYMENTS

Purchase and Sale of Purchased Improvements. The District, as provided in the Installment Purchase Agreement, purchases from the Authority, and the Authority, as provided in the Installment Purchase Agreement, sells to the District, for the Installment Payments, the Purchased Improvements in accordance with the provisions of the Installment Purchase Agreement. All right, title and interest in the Purchased Improvements shall immediately vest in the District on the Closing Date without further action on the part of the District or the Authority.

Installment Payments; Parity Obligations. The District shall pay to the Authority the Installment Payments at the times and in the amounts provided in the Installment Purchase Agreement. The Installment Payments shall be paid from Net Revenues. The amount of the Installment Payment payable by the District shall be equal to the interest on, or the principal of and interest on the Authority Bonds due on the following Interest Payment Date. Pursuant to the Indenture, the Installment Payments are to be applied to the payment of the principal of and interest on the Authority Bonds, and the Installment Payments shall be made in amounts that are sufficient, but no more than sufficient, to pay the scheduled payments of principal of and interest on the Outstanding Authority Bonds. If and to the extent that, on any Payment Date, there are amounts on deposit in the Payment Fund established under the Indenture, said amounts shall be credited against the Installment Payment due on such date. Each Installment Payment shall be paid to the Trustee, as assignee of the Authority, no later than the applicable Payment Date, in lawful money of the United States of America, in funds that will be available not later than the Business Day following payment.

The Installment Purchase Agreement constitutes a Parity Contract and, consequently, a Parity Obligation. The Installment Payments constitute Parity Contract Payments and, consequently, Parity Obligation Payments.

Late Payments. In the event the District fails to make any of the payments required to be made by it under the Installment Purchase Agreement, such payment shall continue as an obligation of the District until such amount shall have been fully paid and, to the extent permitted by law, the District agrees to pay the same with interest accruing thereon at a rate per annum equal to LIBOR, plus 0.50%.

Special Obligation. (a) The obligation of the District to make the Installment Payments and other payments required to be made by it under the Installment Purchase Agreement is a special obligation of the District payable, in the manner provided therein, solely from Net Revenues and other funds provided for therein, and does not constitute a debt of the District or of the State or of any political subdivision thereof in contravention of any constitutional or statutory debt limitation or restriction. Neither the faith and credit nor the taxing power of the District or the State or any political subdivision thereof is pledged to the payment of the Installment Payments or other payments required to be made under the Installment Purchase Agreement.

(b) Notwithstanding anything contained in the Installment Purchase Agreement, the District shall not be required to advance any moneys derived from any source of income other than Net Revenues and the other funds provided therein for the payment of the Installment Payments and other payments required to be made by it under the Installment Purchase Agreement, or for the performance of any agreements or covenants required to be performed by it contained therein. The District may, however, but in no event shall be obligated to, advance moneys for any such purpose so long as such moneys are derived from a source legally available for such purpose and may be legally used by the District for such purpose.

Obligation Absolute. The obligation of the District to make the Installment Payments and other payments required to be made by it under the provisions of the Installment Purchase Agreement described under the heading "PURCHASE AND SALE OF PURCHASED IMPROVEMENTS; PAYMENTS," from Net Revenues as described therein, is absolute and unconditional, and until such time as the Installment Payments and such other payments shall have been paid in full (or the agreements, covenants and other obligations of the District under the Installment Purchase Agreement have been discharged and satisfied pursuant to the provisions of the Installment Purchase Agreement described under the heading "DISCHARGE OF OBLIGATIONS – Discharge of Obligations"), the District shall not discontinue or suspend any Installment Payments or other payments required to be made by it under the Installment Purchase Agreement when due, whether or not the Purchased Improvements or any part thereof are operating or operable, or their use is suspended, interfered with, reduced or curtailed or terminated in whole or in part, and such Installment Payments and other payments shall not be subject to reduction whether by

offset or otherwise and shall not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever.

PLEDGES; FUNDS AND ACCOUNTS

Pledge of Net Revenues. (a) The District has pledged, pursuant to the Prior Installment Purchase Agreement, and pledges, all of the Net Revenues to the payment of the Parity Obligations as provided therein and in the Installment Purchase Agreement, and the Net Revenues shall not be used for any other purpose while any of the Parity Obligations remain unpaid; provided, however, that out of the Net Revenues there may be apportioned such sums for such purposes as are expressly permitted thereby and by the Installment Purchase Agreement. Such pledge constitutes a first lien on Net Revenues for the payment of the Parity Obligations.

(b) The District has pledged, pursuant to the Prior Installment Purchase Agreement, and pledges, all of the Net Revenues to the reimbursement of claims paid under Reserve Facilities and the payment of Reserve Facility Costs as provided therein and in the Installment Purchase Agreement, and the Net Revenues shall not be used for any other purpose while any of such claims or Reserve Facility Costs remain unpaid; provided, however, that out of the Net Revenues there may be apportioned such sums for such purposes as are expressly permitted thereby and by the Installment Purchase Agreement. Such pledge, and the lien created thereby, shall be junior and subordinate to the pledge of, and lien on, the Net Revenues for the payment of the Parity Obligations.

(c) The District may, in connection with the incurrence of Junior Obligations, pledge the Net Revenues to the payment of Junior Obligations; provided, however, that such pledge, and any lien created thereby, shall be junior and subordinate to the pledge of, and lien on, the Net Revenues for the payment of Parity Obligations and to the pledge of, and lien on, the Net Revenues for the reimbursement of claims paid under Reserve Facilities and the payment of Reserve Facility Costs.

Establishment of Funds and Accounts. Pursuant to the Prior Installment Purchase Agreement, the District has agreed, and the District agrees, to establish and maintain within its treasury, so long as any Obligations remain outstanding, an Operating Fund and a Capital Improvement Fund. Subject to the provisions thereof, pursuant to the Prior Installment Purchase Agreement, the District has agreed, and, subject to the provisions of the following paragraph, the District agrees to establish and maintain within the Operating Fund, so long as any Parity Obligations remain outstanding, the following accounts:

- (a) Revenue Account;
- (b) Parity Obligation Payment Account;
- (c) denominated the “Subordinate Revenue Obligation Payment Account” in the Prior Installment Purchase Agreement);
- (d) Rate Stabilization Account; and
- (e) Surplus Account.

Notwithstanding the foregoing, the District need only establish a Rate Stabilization Account if and when it deems the establishment of such account to be necessary or appropriate for the management of its financial affairs.

Allocation of Revenues. The District, in order to carry out and effectuate the pledge contained in the Prior Installment Purchase Agreement, has agreed and covenanted and, in order to carry out and effectuate such pledge and the pledge as described in the Installment Purchase Agreement under the heading “PLEDGES; FUNDS AND ACCOUNTS – Establishment of Funds and Accounts,” the District agrees and covenants that all Revenues received by it shall be deposited when and as received in the Revenue Account.

The District shall pay from the Revenue Account all Maintenance and Operation Costs (including amounts reasonably required to be set aside in contingency reserves for Maintenance and Operations Costs), the payment of which is not immediately required) as and when the same shall be due and payable.

After having paid, or having made provision for the payment of, Maintenance and Operation Costs, the District shall set aside and deposit or transfer, as the case may be, from the Revenue Account the amounts set forth below at the following times and in the following order of priority:

(a) Parity Obligation Payment Account. On or before each Payment Date, the District shall transfer legally available Net Revenues to the Parity Obligation Payment Account in an amount that, together with other amounts on deposit therein, is at least equal to Debt Service due and payable on all Parity Obligations before the following Payment Date; provided, however, that no such deposit need be made if the amounts on deposit in such Parity Obligation Payment Account are at least equal to the amount of such Debt Service. If the District is notified that it is required to make a Support Payment for a Parity Obligation, then on or before the date such Support Payment is due, the District shall transfer legally available Net Revenues to the Parity Obligation Payment Account in an amount equal to such Support Payment. In the event that the District has insufficient Net Revenues to make all of the transfers contemplated by this paragraph (a) then such transfers shall be made, as nearly as practicable, pro rata, based on the respective principal amounts of the Parity Obligations, payments with respect to which are required to be made.

(b) Parity Obligation Reserve Funds. After having made the transfers required by paragraph (a), above, the District shall, on or before each Payment Date, transfer to each Obligation Trustee for Parity Obligations, for deposit in the applicable Obligation Reserve Fund, legally available Net Revenues in an amount equal to the amount, if any, required to be deposited therein to build up or replenish such Obligation Reserve Fund, as and to the extent required by the applicable instrument pursuant to which such Parity Obligation was incurred, and to reimburse the issuer of any Reserve Facility on deposit in such Obligation Reserve Fund for any claims paid thereunder, as and to the extent required by the Reserve Facility Agreement pursuant to which such Reserve Facility was issued. In the event that there are insufficient Net Revenues to make all of the transfers contemplated by this paragraph (b), then said transfers shall be made, as nearly as practicable, pro rata, based on the respective principal amounts of the Parity Obligations, deposits to the Obligation Reserve Funds for which are required to be made.

(c) Rate Stabilization Account. After having made the transfers required by paragraphs (a) and (b), above, the District may, on or before the Interest Payment Date immediately following the date on which said transfers are required to be made, transfer all or a portion of the Net Revenues remaining in the Revenue Account to the Rate Stabilization Account; provided, however, that the District shall not make any such transfer to the Rate Stabilization Account if and to the extent that such transfer would result in there being insufficient amounts in the Surplus Account to pay Reserve Facility Costs then due and payable.

(d) Surplus Account. After having made the transfers required or permitted by paragraphs (a), (b) and (c), above, the District shall, on or before the Interest Payment Date immediately following the date on which said transfers are required to be made, transfer all of the Net Revenues remaining in the Revenue Account to the Surplus Account.

Allocation of Connection Fees. The District, in order to carry out and effectuate the pledge contained in the Prior Installment Purchase Agreement, has agreed and covenanted and, in order to carry out and effectuate such pledge and the pledge as described in the Installment Purchase Agreement under the heading "PLEDGES; FUNDS AND ACCOUNTS – Establishment of Funds and Accounts," the District

agrees and covenants that all Connection Fees received by it shall be deposited when and as received in the Capital Improvement Fund. The District shall apply the Connection Fees on deposit in the Capital Improvement Fund to (a) the payment of the costs of acquiring, constructing and installing improvements to the Sewerage System, and (b) if permissible, the making of loans to pay other costs of acquiring, constructing and installing improvements to the Sewerage System. Additionally, to the extent that there are insufficient Net Revenues to make all of the transfers required by paragraphs (a), (b), (c) and (d) appearing in the provisions in the Installment Purchase Agreement described under the heading "PLEDGES; FUNDS AND ACCOUNTS – Allocation of Revenues," such Connection Fees shall be set aside and deposited, and, if necessary and permissible, loaned, as the case may be, to make up the deficiencies in the transfers of Net Operating Revenue, in the order of priority specified in the provisions of the Installment Purchase Agreement described under the heading "PLEDGES; FUNDS AND ACCOUNTS – Parity Obligation Payment Account."

Parity Obligation Payment Account. During the period from each Payment Date to the day preceding the following Payment Date, the District shall transfer from the Parity Obligation Payment Account (a) to the Trustee on said Payment Date, the Installment Payment then due and payable, and (b) to the appropriate entity, the Parity Obligation Payments (other than the Installment Payments) as and when due and payable, as required by the instrument pursuant to which such Parity Obligations were incurred. In the event there are insufficient amounts on deposit in the Parity Obligation Payment Account to make all of such Parity Obligation Payments, then said payments shall be made, as nearly as practicable, pro rata, based on the respective principal amounts of the Installment Payments and Parity Obligation Payments due and payable during such period.

Surplus Account. Amounts on deposit in the Surplus Account shall be used to pay, first, Reserve Facility Costs due and payable, second, Junior Obligations due and payable and, third, such amounts may from time to time be used for any other purposes for which District funds may be legally applied.

ADDITIONAL OBLIGATIONS

Parity Obligations. The District may at any time incur Parity Obligations, provided:

(a) There shall not have occurred and be continuing an Event of Default under the Installment Purchase Agreement.

(b) The District provides to each Obligation Trustee for Parity Obligations a Written Certificate of the District demonstrating that Adjusted Net Revenues for any 12 consecutive calendar months during the 24 calendar month period ending prior to the incurring of such Parity Obligations, determined in accordance with Generally Accepted Accounting Principles and as shown by the books of the District, shall have amounted to at least 110% of Assumed Maximum Annual Debt Service on all Parity Obligations to be outstanding immediately after the incurring of such Parity Obligations. For purposes of demonstrating compliance with the foregoing, Adjusted Net Revenues may be adjusted for (x) any changes in rates and charges for the services of the Sewerage System which have been adopted prior to the date of incurring such Parity Obligations, (y) customers added to the Sewerage System subsequent to the commencement of the applicable 12 month computation period but prior to the date of incurring such Parity Obligations, and (z) the estimated change in available Adjusted Net Revenues which will result from the connection of existing residences or businesses to the Sewerage System within one year following completion of any project to be funded or any system to be acquired from the proceeds of such Parity Obligations.

For purposes of preparing the Written Certificate of the District described above, the District may rely upon financial statements prepared by the District that have not been subject to

audit by an independent certified public accountant if audited financial statements for the period are not available. Such Written Certificate of the District shall not be required if the Parity Obligations being incurred are Short-Term Obligations excluded from the calculation of Assumed Debt Service pursuant to clause (H) of the definition thereof. Such Written Certificate of the District shall also not be required if (x) the Parity Obligations being incurred are for the exclusive purpose of refunding then outstanding Parity Obligations, and (y) at the time of the incurring of such Parity Obligations a Written Certificate of the District shall be delivered showing that the present value of Assumed Debt Service on the refunding Parity Obligations through maturity will be less than the present value of Assumed Debt Service on the refunded Parity Obligations through maturity.

(c) The Parity Obligation Payments for such Parity Obligations shall not be subject to acceleration in the event of a default by the District.

(d) The Support Payments, if any, payable by the District in connection with such Parity Obligations shall be payable only on Support Payment Due Dates.

(e) Any required transfer of Net Revenues for replenishment of an Obligation Reserve Fund for such Parity Obligations or for reimbursement of a claim paid under a Reserve Facility on deposit therein, other than from delinquent Parity Obligation Payments with respect thereto, shall occur only on Payment Dates.

Parity Obligations; Junior Obligations. (a) The District shall not incur any obligations payable from Net Revenues on a basis senior to the Parity Obligations. The District shall not incur any obligations payable from Net Revenues on a parity with the Parity Obligations, except as provided in the provisions of the Installment Purchase Agreement described under the heading “ADDITIONAL OBLIGATIONS – Parity Obligations.”

(b) The District may, in accordance with the terms of the Installment Purchase Agreement, at any time and from time to time incur Junior Obligations, which incurrence shall not be subject to the provisions of the Installment Purchase Agreement described under the heading “ADDITIONAL OBLIGATIONS – Parity Obligations;” provided, however, that (i) such Junior Obligations shall be payable solely from Net Revenues in the Surplus Fund, but only after payment therefrom of Reserve Facility Costs due and payable, (ii) if any default with respect to any outstanding Parity Obligations shall have occurred and be continuing, all Debt Service payments and all other payments payable pursuant to such Parity Obligations shall be paid in full in cash of as the same become due and payable in accordance with the provisions of the instruments pursuant to which such Parity Obligations are incurred before any payment is paid with respect to such Junior Obligations, and (iii) that such Junior Obligations shall not be subject to acceleration in the event of a default by the District.

COVENANTS

Compliance with Agreements. The District shall punctually pay the Installment Payments and other payments required to be made by it under the Installment Purchase Agreement in strict conformity with the terms of the Installment Purchase Agreement, and shall faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Installment Purchase Agreement required to be observed and performed by it, and shall not terminate the Installment Purchase Agreement for any cause including any acts or circumstances that may constitute failure of consideration, destruction of or damage to the Purchased Improvements, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof or any failure of the Authority to observe or perform any agreement, condition, covenant or term contained in the Installment Purchase Agreement required to be observed and performed by it, whether express or implied, or any duty,

liability or obligation arising out of or connected with the Installment Purchase Agreement or the insolvency, or deemed insolvency, or bankruptcy or liquidation of the Authority or any force majeure, including acts of God, tempest, storm, earthquake, war, rebellion, riot, civil disorder, acts of public enemies, blockade or embargo, strikes, industrial disputes, lock outs, lack of transportation facilities, fire, explosion, or acts or regulations of governmental authorities.

The District shall faithfully observe and perform all the agreements, conditions, covenants and terms contained in the Prior Installment Purchase Agreement required to be observed and performed by it.

Against Encumbrances. The District shall not mortgage or otherwise encumber, pledge or place any charge upon the Sewerage System or any part thereof, or upon any of the Revenues that would impair the District's ability to comply with its obligations under the Installment Purchase Agreement.

The District shall not issue any bonds or incur obligations payable from Revenues or secured by a pledge, lien or charge upon Revenues, except as provided in the Installment Purchase Agreement.

Against Sale or Other Disposition of Property. The District shall not sell, lease or otherwise dispose of the Sewerage System or any part thereof essential to the proper operation of the Sewerage System or to the maintenance of Revenues; provided, however, that any real or personal property that has become non-operative or that is not needed for the efficient and proper operation of the Sewerage System, or any material or equipment that has become worn out, may be sold if such sale will not materially reduce Net Revenues and if the proceeds of such sale are deposited in the Operating Fund. The District shall not enter into any agreement or lease that impairs the operation of the Sewerage System or any part thereof necessary to secure adequate Revenues for the payment of the Parity Obligations or that would otherwise impair the rights of the Authority with respect to Revenues or the operation of the Sewerage System. Notwithstanding the foregoing, the District may sell or lease the Sewerage System or any part thereof if all of the following conditions are satisfied: (a) the Sewerage System or such part thereof is sold or leased to another local governmental agency (including the Authority) or to a nonprofit corporation that is organized for the purpose of assisting one or more local governmental agencies in financing or refinancing capital projects, (b) in the case of a sale of the Sewerage System or a part thereof, the District, as part of that same sale transaction, simultaneously repurchases the Sewerage System or such part thereof, (c) in the case of a lease of the Sewerage System or a part thereof, the District, as part of that same lease transaction, simultaneously leases back, for a term that is not substantially less than the term of that lease, the Sewerage System or such part thereof, and (d) the net financing proceeds obtained by the District from such sale and repurchase or lease and lease back are used by the District, or set aside for use by the District, either to pay for improvements to the Sewerage System or to refund or refinance Parity Obligations.

Maintenance and Operation of the Sewerage System; Budgets. The District shall maintain and preserve the Sewerage System in good repair and working order at all times and will operate the Sewerage System in an efficient and economical manner and shall pay all of Maintenance and Operation Costs as they become due and payable, but the District shall not be required to pay such Maintenance and Operation Costs if the validity thereof shall be contested in good faith so long as such nonpayment will not materially adversely affect the District's ability to perform its obligations under the Installment Purchase Agreement. On or before July 1 of each Fiscal Year, commencing July 1, 2022, the District shall adopt a budget approved by the Board of Directors of the District that appropriates amounts for the payment of Parity Obligations payable during such Fiscal Year.

Amount of Rates and Charges. The District, to the extent permitted by applicable law, shall fix, prescribe and collect rates and charges for the services of the Sewerage System that will be at least sufficient to yield during each Fiscal Year (a) Revenues sufficient to make all payments in such Fiscal Year required by the Installment Purchase Agreement, including payments of Maintenance and Operations Costs, Debt

Service on Parity Obligations, any amounts payable under any Reserve Facility Agreement and debt service on Junior Obligations, and (b) Net Revenues equal to 110% of Debt Service on Parity Obligations for such Fiscal Year. The District may make adjustments from time to time in such rates and charges and may make such classification thereof as it deems necessary, but shall not reduce the rates and charges then in effect unless Revenues and Net Revenues from such reduced rates and charges shall at all times be sufficient to meet the requirements of the provisions of the Installment Purchase Agreement summarized in this paragraph.

Payment of Claims. The District shall pay and discharge any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien on Net Revenues or any part thereof or on any funds in the hands of the District or the Trustee that might impair the security of the Installment Payments, but the District shall not be required to pay such claims if the validity thereof shall be contested in good faith so long as such nonpayment will not materially adversely affect the District's ability to perform its obligations under the Installment Purchase Agreement.

Compliance with Contracts. The District shall comply with, keep, observe and perform all agreements, conditions, covenants and terms, express or implied, required to be performed by it contained in all contracts for the use of the Sewerage System and all other contracts affecting or involving the Sewerage System to the extent that the District's failure to so comply, keep, observe or perform would have a material adverse effect on the District's ability to perform its obligations under the Installment Purchase Agreement.

Insurance. The District shall procure and maintain or cause to be procured and maintained casualty insurance on the Sewerage System with responsible insurers, or provide self-insurance, which may be provided in the form of risk-sharing pools, in such amounts and against such risks, including accident to or destruction of the Sewerage System, as are usually covered in connection with wastewater systems similar to the Sewerage System. In the event of any damage to or destruction of the Sewerage System caused by the perils covered by such insurance or self-insurance, the Net Proceeds thereof shall be applied to the reconstruction, repair or replacement of the damaged or destroyed portion of the Sewerage System. The District shall begin such reconstruction, repair or replacement promptly after such damage or destruction shall occur, shall continue and properly complete such reconstruction, repair or replacement as expeditiously as possible, and shall pay out of such Net Proceeds all costs and expenses in connection with such reconstruction, repair or replacement so that the same shall be completed and the Sewerage System shall be free and clear of all claims and liens unless the District determines that such property or facility is not necessary to the efficient or proper operation of the Sewerage System and therefore determines not to reconstruct, repair or replace such project or facility. If such Net Proceeds exceed the costs of such reconstruction, repair or replacement, then the excess Net Proceeds shall be deposited in the Operating Fund and be available for other proper uses of funds deposited in the Operating Fund.

The District shall procure and maintain such other insurance as it shall deem advisable or necessary to protect its interests and the interests of the Authority, which insurance shall afford protection in such amounts and against such risks as are usually covered in connection with wastewater systems similar to the Sewerage System; provided, however, that any such insurance may be maintained under a self-insurance program so long as such self-insurance is maintained in the amounts and manner usually maintained in connection with wastewater systems similar to the Sewerage System and is, in the opinion of an accredited actuary, actuarially sound.

All policies of insurance required to be maintained under the Installment Purchase Agreement shall, to extent reasonably obtainable, provide that the Authority and the Trustee shall be given 30 days' written notice of any intended cancellation thereof or reduction of coverage provided thereby. If the District has elected to satisfy any insurance requirement under the Installment Purchase Agreement through self-

insurance, the District shall provide to the Trustee annually on or before July 1 a certificate of an accredited actuary, certifying in writing that such self insurance is adequate to meet the particular requirements of the Installment Purchase Agreement.

Accounting Records. The District shall keep appropriate accounting records in which complete and correct entries shall be made of all transactions relating to the Sewerage System, which records shall be available for inspection by the Authority and the Trustee at reasonable hours and under reasonable conditions.

Protection of Security and Rights of the Authority. The District shall preserve and protect the security of the Installment Purchase Agreement and the rights of the Authority to the Installment Payments and other payments required to be made by the District under the Installment Purchase Agreement and shall warrant and defend such rights against all claims and demands of all Persons.

Payment of Taxes and Compliance with Governmental Regulations. The District shall pay and discharge all taxes, assessments and other governmental charges that may be lawfully imposed upon the Sewerage System or any part thereof or upon Revenues when the same shall become due. The District shall duly observe and comply with all valid regulations and requirements of any governmental authority relative to the operation of the Sewerage System or any part thereof, but the District shall not be required to comply with any regulations or requirements so long as the validity or application thereof shall be contested in good faith.

Collection of Rates and Charges; No Free Service. The District shall have in effect at all times rules and regulations for the payment of bills for services of the Sewerage System. The District shall not permit any part of the Sewerage System or any facility thereof to be used or taken advantage of free of charge by any Person, or by any public agency, including the United States of America, the State and any city, county, district, political subdivision, public authority or agency of any thereof, except (a) to the extent that any such free use is required by the terms of any existing contract, agreement or arrangement, and (b) for incidental insignificant free use so long as such free use does not prevent the District from satisfying its other covenants under the Installment Purchase Agreement, including the provisions of the Installment Purchase Agreement described under the heading "COVENANTS – Amount of Rates and Charges."

Eminent Domain Proceeds. If all or any part of the Sewerage System shall be taken by eminent domain proceedings, the Net Proceeds thereof shall be applied to the replacement of the property or facilities so taken, unless the District determines that such property or facility is not necessary to the efficient or proper operation of the Sewerage System and therefore determines not to replace such property or facilities. Any Net Proceeds of such award not applied to replacement, or remaining after such work has been completed, shall be deposited in the Operating Fund and be available for other proper uses of funds deposited in the Operating Fund.

Tax Covenants. The District shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Authority Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the District shall comply with the requirements of the Tax Certificate, which is incorporated in the Installment Purchase Agreement as if fully set forth therein. This covenant shall survive payment in full or defeasance of the Authority Bonds.

Enforcement of Contracts. The District shall not voluntarily consent to or permit any rescission of, nor will it consent to any amendment or supplement to, or otherwise take any action under or in connection with, any contracts previously or hereafter entered into, which contracts provide the District with an interest in wastewater collection, conveyance, treatment or disposal facilities, including the Joint Administration

Agreement, unless the Board of Directors of the District determines by resolution that such rescission or amendment would not materially adversely affect the ability of the District to pay the Installment Payments or other payments required to be made by it under the Installment Purchase Agreement, or to perform and observe all of its covenants under the Installment Purchase Agreement.

Administrative Costs. The District shall pay each charge constituting an Administrative Cost. Administrative Costs shall be paid by the District directly to the Person or Persons to whom such amounts shall be payable. The District shall pay all such amounts when due or at such later time as such amounts may be paid without penalty or, in any other case, within 30 days after notice in writing from the Trustee to the District stating the amount of Administrative Costs then due and payable and the purpose thereof.

Continuing Disclosure. The District shall provide the Authority with such financial and operating data and other information with respect to the District, at such times, as is necessary or appropriate for the Authority to comply with its undertakings under the Continuing Disclosure Agreement.

Indemnification. To the extent permitted by law, the District shall indemnify and hold the Authority and the Trustee, as assignee of the Authority, and their officers and members harmless against any and all liabilities that might arise out of or are related to the Purchased Improvements or any portion thereof or the Authority Bonds, and the District shall defend the Authority and the Trustee, as assignee of the Authority, and their officers and members in any action arising out of or related to the Purchased Improvements or any portion thereof or the Authority Bonds.

Further Assurances. The District shall adopt, deliver, execute and make any and all further assurances, instruments and resolutions as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Installment Purchase Agreement and for the better assuring and confirming unto the Authority of the rights and benefits provided to it in the Installment Purchase Agreement.

DISCHARGE OF OBLIGATIONS

Discharge of Obligations. If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Authority Bonds the interest thereon and the principal thereof or if all Outstanding Authority Bonds shall be deemed to have been paid at the times and in the manner stipulated in the Indenture, and if all amounts then due and payable under the Installment Purchase Agreement shall have been paid or provided for, then all agreements, covenants and other obligations of the District under the Installment Purchase Agreement shall thereupon cease, terminate and become void and be discharged and satisfied.

EVENTS OF DEFAULT AND REMEDIES OF THE AUTHORITY

Events of Default. The following events shall be Events of Default:

(a) if default shall be made by the District in the due and punctual payment of or on account of any Parity Obligations as the same shall become due and payable;

(b) if default shall be made by the District in the performance of any of the agreements or covenants required in the Installment Purchase Agreement to be performed by it, other than as specified in paragraph (a), above, and such default shall have continued for a period of 30 days after the District shall have been given notice in writing of such default by the Authority; provided, however, that if, in the reasonable opinion of the District, the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute an Event of Default

if corrective action is instituted by the District within such 30 day period and the District shall thereafter diligently and in good faith cure such failure in a reasonable period of time and, provided, further, that, unless consented to by the Trustee, such period of time shall not exceed 180 days; or

(c) the commencement by the District of a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

Remedies on Default. Upon the occurrence of an Event of Default, the Authority shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the District or any board member, officer or employee thereof, and to compel the District or any such board member, officer or employee to perform and carry out his or her duties under applicable law and the agreements and covenants required to be performed by him or her contained in the Installment Purchase Agreement;

(b) by suit in equity to enjoin any acts or things which are unlawful or violate the rights of the Authority;

(c) by suit in equity require the District and its board members, officers and employees to account as the trustee of an express trust; and

(d) to have a receiver or receivers appointed for the Sewerage System and of the issues, earnings, income, products and profits thereof, pending such proceedings, with such powers as the court making such appointment shall confer.

Application of Net Revenues After Default. If an Event of Default shall occur and be continuing, all Net Revenues, and any other funds, thereafter received by the Authority under any of the provisions of the Installment Purchase Agreement shall be applied as follows and in the following order:

(a) to the payment of the costs and expenses of the Authority if any, in carrying out the provisions of the provisions of the Installment Purchase Agreement relating to events of default and remedies of the Authority;

(b) to the payment of the entire principal amount of unpaid Parity Obligations, and the accrued interest thereon, with interest on the overdue installments at the rate or rates of interest applicable thereto, in accordance with their respective terms, provided, however, that if such Net Revenues are not sufficient to pay such amounts in full, then said Net Revenues shall be applied, as nearly as practicable, pro rata, based on the respective principal amounts of unpaid Parity Obligations.

(c) to such other liabilities of the District as are then payable.

Non-Waiver. Nothing in the Installment Purchase Agreement shall affect or impair the obligation of the District, which is absolute and unconditional, to pay the Installment Payments to the Authority at the respective due dates from Net Revenues, or shall affect or impair the right of the Authority, which is also absolute and unconditional, to institute suit to enforce such payment by virtue of the contract embodied in the Installment Purchase Agreement.

A waiver of any default or breach of duty or contract by the Authority shall not affect any subsequent default or breach of duty or contract or impair any rights or remedies on any such subsequent

default or breach of duty or contract. No delay or omission by the Authority to exercise any right or remedy accruing upon any default or breach of duty or contract shall impair any such right or remedy or shall be construed to be a waiver of any such default or breach of duty or contract or an acquiescence therein, and every right or remedy conferred upon the Authority by applicable law or by the Installment Purchase Agreement may be enforced and exercised from time to time and as often as shall be deemed expedient by the Authority.

If any action, proceeding or suit to enforce any right or exercise any remedy is abandoned or determined adversely to the Authority, the District and the Authority shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken.

Remedies Not Exclusive. No remedy in the Installment Purchase Agreement conferred upon or reserved to the Authority is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given under the Installment Purchase Agreement or now or hereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by law.

MISCELLANEOUS

Amendments. (a) The Installment Purchase Agreement and the rights and obligations of the District and the Authority thereunder may be amended in writing as may be mutually agreed by the District and the Authority, with the written consent of the Owners of at least a majority in aggregate principal amount of Authority Bonds Outstanding, provided that no such amendment shall (i) extend the payment date of any Installment Payment, or reduce the amount of any Installment Payment without the prior written consent of the Owner of each Authority Bond affected thereby, or (ii) reduce the percentage of Authority Bonds the consent of the Owners of which is required for the execution of any amendment of the Installment Purchase Agreement.

(b) The Installment Purchase Agreement and the rights and obligations of the District and the Authority thereunder may also be amended at any time by an amendment of the Installment Purchase Agreement, which shall become binding upon execution by the District and the Authority, without the written consents of any Owners, but only for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Authority or the District contained in the Installment Purchase Agreement other covenants and agreements thereafter to be observed or to surrender any right or power in the Installment Purchase Agreement or therein reserved to or conferred upon the Authority or the District;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in the Installment Purchase Agreement; and

(iii) in any other respect whatsoever as the Authority and the District may deem necessary or desirable, provided that such amendment does not materially adversely affect the interests of the Owners of the Authority Bonds.

(c) The District shall not amend the Prior Installment Agreement, or agree to an amendment thereof if such amendment would materially adversely affect the interests of the Owners of the Authority Bonds.

Assignment to Trustee. The District understands and agrees that, upon the execution and delivery of the Indenture, which is occurring simultaneously with the execution and delivery of the Installment Purchase Agreement, certain right, title and interest of the Authority in and to the Installment Purchase Agreement will be sold, assigned and transferred to the Trustee for the benefit of the Owners of the Authority Bonds. The District consents to such sale, assignment and transfer. Upon the execution and delivery of the Indenture, references in the operative provisions of the Installment Purchase Agreement to the Authority shall be deemed to be references to the Trustee, as assignee of the Authority.

Benefits of Installment Purchase Agreement Limited to Parties. Nothing contained in the Installment Purchase Agreement, expressed or implied, is intended to give to any Person other than the District, the Authority and the assigns of the Authority any right, remedy or claim under or pursuant thereto, and any agreement or covenant required in the Installment Purchase Agreement to be performed by or on behalf of the District or the Authority shall be for the sole and exclusive benefit of the other party to the Installment Purchase Agreement.

Successor Is Deemed Included in all References to Predecessor. Whenever either the District or the Authority is named or referred to in the Installment Purchase Agreement, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the District or the Authority, and all agreements and covenants required thereby to be performed by or on behalf of the District or the Authority shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Waiver of Personal Liability. No board member, officer or employee of the District shall be individually or personally liable for the payment of the Installment Payments or other payments required to be made by the District under the Installment Purchase Agreement, but nothing contained therein shall relieve any board member, officer or employee of the District from the performance of any official duty provided by any applicable provisions of law or thereby.

Partial Invalidity. If any one or more of the agreements or covenants or portions thereof required under the Installment Purchase Agreement to be performed by or on the part of the District or the Authority shall be contrary to law, then such agreement or agreements, such covenant or covenants or such portions thereof shall be null and void and shall be deemed separable from the remaining agreements and covenants or portions thereof and shall in no way affect the validity of the Installment Purchase Agreement.

Effective Date; Termination. The Installment Purchase Agreement shall become effective upon its execution and delivery, and shall terminate when all Installment Payments and other payments required to be made under the Installment Purchase Agreement shall have been fully paid or when there are no longer any Authority Bonds Outstanding.

Governing Laws. The Installment Purchase Agreement shall be governed by and construed in accordance with the laws of the State.

INDENTURE

CERTAIN PROVISIONS OF THE BONDS

Registration Books. The Trustee shall keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which shall be available for inspection and copying by the Authority during regular business hours and upon reasonable notice; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe,

register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as provided in the Indenture.

Transfer and Exchange of Bonds. Any Bond may be transferred upon the Registration Books by the Person in whose name it is registered, in person or by such Person's duly authorized attorney, upon surrender of such Bond to the Trustee for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer, the Authority shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds of the same maturity in a like aggregate principal amount, in any Authorized Denomination. The Trustee shall require the Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer. The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of the same maturity of other Authorized Denominations. The Trustee shall require the payment by the Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

Book-Entry System. (a) The Bonds shall initially be issued as Book-Entry Bonds, and the Bonds of each maturity date shall be in the form of a separate single fully-registered Bond (which may be typewritten). Upon initial issuance, the ownership of each Bond shall be registered in the Registration Books in the name of the Nominee, as nominee of the Depository.

Payment of principal of, and interest on, any Book-Entry Bond registered in the name of the Nominee shall be made on the applicable payment date by wire transfer of New York clearing house or equivalent next day funds or by wire transfer of same day funds to the account of the Nominee. Such payments shall be made to the Nominee at the address that is, on the Record Date, shown for the Nominee in the Registration Books.

(b) With respect to Book-Entry Bonds, the Authority and the Trustee shall have no responsibility or obligation to any Participant or to any Person on behalf of which such a Participant holds an interest in such Book-Entry Bonds. Without limiting the immediately preceding sentence, the Authority and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Participant with respect to any ownership interest in Book-Entry Bonds, (ii) the delivery to any Participant or any other Person, other than an Owner as shown in the Registration Books, of any notice with respect to Book-Entry Bonds, (iii) the payment to any Participant or any other Person, other than an Owner as shown in the Registration Books, of any amount with respect to principal of or interest on Book-Entry Bonds, or (iv) any consent given or other action taken by the Depository as Owner.

(c) The Authority and the Trustee may treat and consider the Person in whose name each Book-Entry Bond is registered in the Registration Books as the absolute Owner of such Book-Entry Bond for the purpose of payment of principal of and interest on such Bond, for the purpose of registering transfers with respect to such Book-Entry Bond, for the purpose of obtaining any consent or other action to be taken by Owners and for all other purposes whatsoever, and the Authority and the Trustee shall not be affected by any notice to the contrary.

(d) The Trustee shall pay all principal of and interest on the Book-Entry Bonds only to or "upon the order of" (as that term is used in the Uniform Commercial Code as adopted in the State) the respective Owner, as shown in the Registration Books, or such Owner's respective attorney duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations with respect to payment of principal of and interest on the Book-Entry Bonds to the extent of the sum or sums so paid. No Person other than an Owner, as shown in the Registration Books, shall receive an authenticated Book-Entry Bond. Upon delivery by the Depository to the Owners, the Authority and the

Trustee of written notice to the effect that the Depository has determined to substitute a new nominee in place of the Nominee, and subject to the provisions in the Indenture with respect to Record Dates, the word Nominee in the Indenture shall refer to such nominee of the Depository.

(e) In order to qualify the Book-Entry Bonds for the Depository's book-entry system, the Authority shall execute and deliver to the Depository a Letter of Representations. The execution and delivery of a Letter of Representations shall not in any way impose upon the Authority or the Trustee any obligation whatsoever with respect to Persons having interests in such Book-Entry Bonds other than the Owners, as shown on the Registration Books. Such Letter of Representations may provide the time, form, content and manner of transmission, of notices to the Depository. In addition to the execution and delivery of a Letter of Representations by the Authority, the Authority and the Trustee shall take such other actions, not inconsistent with the Indenture, as are reasonably necessary to qualify Book-Entry Bonds for the Depository's book-entry program.

(f) In the event the Authority determines that it is in the best interests of the Beneficial Owners that they be able to obtain certificated Bonds and that such Bonds should therefore be made available, and notifies the Depository and the Trustee of such determination, the Depository will notify the Participants of the availability through the Depository of certificated Bonds. In such event, the Trustee shall transfer and exchange certificated Bonds as requested by the Depository and any other Owners in appropriate amounts. In the event (i) the Depository determines not to continue to act as securities depository for Book-Entry Bonds, or (ii) the Depository shall no longer so act and gives notice to the Trustee of such determination, then the Authority shall discontinue the Book-Entry system with the Depository. If the Authority determines to replace the Depository with another qualified securities depository, the Authority shall prepare or direct the preparation of a new single, separate, fully-registered Bond for each maturity date of such Book-Entry Bonds, registered in the name of such successor or substitute qualified securities depository or its nominee. If the Authority fails to identify another qualified securities depository to replace the Depository, then the Book-Entry Bonds shall no longer be restricted to being registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging such Bonds shall designate, in accordance with the provisions of the Indenture described under the captions "CERTAIN PROVISIONS OF THE BONDS – Transfer and Exchange of Bonds," " – Bonds Mutilated, Lost, Destroyed or Stolen," and " – Temporary Bonds." Whenever the Depository requests the Authority to do so, the Authority shall cooperate with the Depository in taking appropriate action after reasonable notice (i) to make available one or more separate certificates evidencing the Book-Entry Bonds to any Participant having Book-Entry Bonds credited to its account with the Depository, and (ii) to arrange for another securities depository to maintain custody of certificates evidencing the Book-Entry Bonds.

(g) Notwithstanding any other provision of the Indenture to the contrary, if the Depository is the sole Owner of the Bonds, so long as any Book-Entry Bond is registered in the name of the Nominee, all payments of principal of and interest on such Book-Entry Bond and all notices with respect to such Book-Entry Bond shall be made and given, respectively, as provided in the Letter of Representations or as otherwise instructed by the Depository.

(h) In connection with any notice or other communication to be provided to Owners pursuant to the Indenture by the Authority or the Trustee, with respect to any consent or other action to be taken by Owners of Book-Entry Bonds, the Trustee shall establish a record date for such consent or other action and give the Depository notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Authority, at the expense of the Owner of said Bond, shall execute, and the Trustee shall thereupon authenticate and

deliver, a new Bond of the same maturity in a like principal amount in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be canceled by it and delivered to, or upon the order of, the Authority. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence and indemnity satisfactory to the Trustee shall be given, the Authority, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of the same maturity in a like aggregate principal amount in lieu of and in replacement for the Bond so lost, destroyed or stolen (or if any such Bond shall have matured, instead of issuing a replacement Bond, the Trustee may pay the same without surrender thereof). The Authority may require payment by the Owner of a sum not exceeding the actual cost of preparing each replacement Bond issued under the provisions of the Indenture described under the heading "CERTAIN PROVISIONS OF THE BONDS – Bonds Mutilated, Lost, Destroyed or Stolen" and of the expenses that may be incurred by the Authority and the Trustee. Any Bond issued under the provisions of the Indenture summarized in this paragraph in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Authority whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of the Indenture with all other Bonds secured by the Indenture.

Temporary Bonds. The Bonds may be issued in temporary form exchangeable for definitive Bonds when ready for delivery. Any temporary Bonds may be printed, lithographed or typewritten, shall be of such Authorized Denominations as may be determined by the Authority, shall be in fully-registered form without coupons and may contain such reference to any of the provisions of the Indenture as may be appropriate. Every temporary Bond shall be executed by the Authority and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Authority issues temporary Bonds it shall execute and deliver definitive Bonds as promptly thereafter as practicable, and thereupon the temporary Bonds may be surrendered, for cancellation, at the Office of the Trustee and the Trustee shall authenticate and deliver, in exchange for such temporary Bonds, an equal aggregate principal amount of definitive Bonds of such maturities in Authorized Denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under the Indenture as definitive Bonds authenticated and delivered under the Indenture.

PLEDGE AND ASSIGNMENT; FUNDS AND ACCOUNTS

Pledge and Assignment. (a) Subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth therein, in order to secure the payment of the principal of and interest on the Bonds in accordance with their terms, the provisions of the Indenture and the Act, the Authority pledges to the Owners, and grants thereto a lien on and a security interest in, all of the Authority Revenues and any other amounts held in the funds and accounts established under the Indenture, other than the Rebate Fund. Said pledge shall constitute a first lien on and security interest in such assets, which shall immediately attach to such assets and be effective, binding and enforceable against the Authority, its successors, purchasers of any of such assets, creditors and all others asserting rights therein, to the extent set forth in, and in accordance with, the Indenture, irrespective of whether those parties have notice of the pledge of, lien on and security interest in such assets and without the need for any physical delivery, recordation, filing or further act.

(b) The Authority assigns and transfers to the Trustee, irrevocably and absolutely, without recourse, for the benefit of the Owners, all of its right, title and interest in and to the Installment Purchase Agreement, including, without limitation, the right to receive Installment Payments and the right to exercise any remedies provided in the Installment Purchase Agreement in the event of a default by the District thereunder; provided, however, that the Trustee shall not be required to perform any of the substantive obligations of the Authority thereunder, and, provided, further that Authority shall retain the rights to indemnification, to give consents and approvals thereunder, and to payment or reimbursement of its

reasonable costs and expenses under the Installment Purchase Agreement. The Trustee accepts said assignment for the benefit of the Owners, subject to the provisions of the Indenture.

(c) The Trustee shall be entitled to and shall receive all of the Installment Payments, and any Installment Payments collected or received by the Authority shall be deemed to be held, and to have been collected or received, by the Authority as agent of the Trustee and shall forthwith be paid by the Authority to the Trustee.

Payment Fund. (a) The Trustee shall establish and maintain a special fund designated the “Payment Fund.” Within the Payment Fund, the Trustee shall establish and maintain a separate account designated the “Interest Account” and a separate account designated the “Principal Account.”

(b) All Authority Revenues received by the Trustee shall be deposited by the Trustee in the Payment Fund.

(c) The Trustee, on each Interest Payment Date, shall transfer from the Payment Fund to the Interest Account an amount equal to the interest on the Bonds coming due on such Interest Payment Date. On each Interest Payment Date, the Trustee shall withdraw from the Interest Account for payment to the Owners of the Bonds the interest on the Bonds then due and payable. In the event that, on such Interest Payment Date, amounts in the Interest Account are insufficient to pay the interest on the Bonds due and payable on such Interest Payment Date, the Trustee shall apply available funds therein in accordance with the provisions of the Indenture described under the heading “EVENTS OF DEFAULT AND REMEDIES – Application of Amounts After Default.”

(d) The Trustee, on each Principal Payment Date, shall transfer from the Payment Fund to the Principal Account an amount equal to the principal of the Bonds, coming due on such date. On each Principal Payment Date, the Trustee shall withdraw from the Principal Account for payment to the Owners of the Bonds such principal then due and payable. In the event that, on such Principal Payment Date, amounts in the Principal Account are insufficient to pay the principal due and payable on such Principal Payment Date, the Trustee shall apply available funds therein in accordance with the provisions of the Indenture described under the heading “EVENTS OF DEFAULT AND REMEDIES – Application of Amounts After Default.”

Rebate Fund. The Trustee shall establish and maintain a special fund designated the “Rebate Fund.” There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate, as specified in a Written Request of the Authority. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement, for payment to the United States of America. Notwithstanding defeasance of the Bonds pursuant to the provisions of the Indenture described under the caption “DEFEASANCE” or anything to the contrary contained therein, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by the provisions of the Indenture summarized in this paragraph and by the Tax Certificate (which is incorporated in the Indenture by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Authority, and shall have no liability or responsibility to enforce compliance by the Authority or the District with the terms of the Tax Certificate. The Trustee may conclusively rely upon the determinations, calculations and certifications of the Authority or the District required by the Tax Certificate. The Trustee shall have no responsibility to independently make any calculation or determination or to review the calculations of the Authority.

Costs of Issuance Fund. (a) The Trustee shall establish and maintain a separate fund designated the “Costs of Issuance Fund.” On the Closing Date, the Trustee shall deposit in the Costs of Issuance Fund the amount required to be deposited therein pursuant to the Indenture.

(b) The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the District stating (i) the Person to whom payment is to be made and instructions for such payment, (ii) the amount to be paid, (iii) the purpose for which the obligation was incurred, (iv) that such payment is a proper charge against the Costs of Issuance Fund, and (v) that such amounts have not been the subject of a prior disbursement from the Costs of Issuance Fund, in each case together with a statement or invoice for each amount requested thereunder. On the last Business Day that is no later than six months after the Closing Date, the Trustee shall transfer any amount remaining in the Costs of Issuance Fund to the Interest Account and, upon making such transfer, the Costs of Issuance Fund shall be closed.

Investments. (a) Except as otherwise provided in the Indenture, all moneys in any of the funds or accounts established pursuant to the Indenture shall be invested by the Trustee solely in Permitted Investments, as directed in a Written Request of the Authority received by the Trustee no later than two Business Days prior to the making of such investment. Moneys in all such funds and accounts shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in the Indenture. Absent a timely Written Request of the Authority with respect to the investment of moneys in any of the funds or accounts established pursuant to the Indenture held by the Trustee, the Trustee shall invest such moneys in Permitted Investments described in paragraph (i) of the definition thereof; provided, however, that any such investment shall be made by the Trustee only if, prior to the date on which such investment is to be made, the Trustee shall have received a Written Request of the Authority specifying a specific money market fund that satisfies the requirements of said paragraph in which such investment is to be made and, if no such Written Request of the District is so received, the Trustee shall hold such moneys uninvested.

(b) Any interest or profits received with respect to investments held in any of the funds or accounts established under the Indenture shall be retained therein.

(c) Permitted Investments acquired as an investment of moneys in any fund or account established under the Indenture shall be credited to such fund or account. For the purpose of determining the amount in any fund or account, all Permitted Investments credited to such fund or account shall be valued by the Trustee at the market value thereof, such valuation to be performed not less frequently than semiannually on or before each March 15 and August 15. In determining the market value of Permitted Investments, the Trustee may use and rely upon generally recognized pricing information services, including brokers and dealers in securities, available to it.

(d) The Trustee may act as principal or agent in the making or disposing of any investment. Upon the Written Request of the Authority, the Trustee shall sell or present for redemption any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investments are credited, and the Trustee shall not be liable or responsible for any loss resulting from any investment made or sold pursuant to the provisions of the Indenture described under this heading (“PLEDGE AND ASSIGNMENT; FUNDS AND ACCOUNTS – Investments”). For purposes of investment, the Trustee may commingle moneys in any of the funds and accounts established under the Indenture.

(e) The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, at no additional cost, the Authority specifically waives

receipt of such confirmations to the extent permitted by law. The Trustee shall furnish the Authority periodic cash transaction statements, which shall include details for all investment transactions made by the Trustee under the Indenture.

COVENANTS

Punctual Payment. The Authority shall punctually pay or cause to be paid the principal of and interest on the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of the Authority Revenues and other assets pledged for such payment as provided in the Indenture and received by the Authority or the Trustee.

Compliance with Indenture. The Authority shall faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Indenture required to be complied with, kept, observed and performed by it.

Compliance with Installment Purchase Agreement. The Authority shall faithfully comply with, keep, observe and perform all the agreements, conditions, covenants and terms contained in the Installment Purchase Agreement required to be complied with, kept, observed and performed by it and, together with the Trustee, shall enforce the Installment Purchase Agreement against the District in accordance with its terms.

Against Encumbrances; Defense of Pledge. The Authority shall not create, or permit the creation of, any pledge of, lien on, security interest in or charge or other encumbrance upon the assets pledged under the Indenture, except as permitted thereby. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect said pledge of such assets, and the lien thereon and security interest therein created by the Indenture, against all claims and demands of all Persons whomsoever.

Collection of Authority Revenues. The Trustee shall collect and cause to be paid to it all Authority Revenues promptly as such Authority Revenues become due and payable, and shall enforce and cause to be enforced all rights of the Trustee under and with respect to the Installment Purchase Agreement.

Tax Covenants.(a) The Authority shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Authority shall comply with the requirements of the Tax Certificate, which is incorporated in the Indenture as if fully set forth in the Indenture. This covenant shall survive payment in full or defeasance of the Bonds.

(b) In the event that at any time the Authority is of the opinion that for purposes of the provisions described under this heading (“COVENANTS – Tax Covenants”), it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee in any of the funds or accounts established under such provisions of the Indenture, the Authority shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(c) Notwithstanding any provisions described under this heading (“COVENANTS – Tax Covenants”), if the Authority shall provide to the Trustee an Opinion of Bond Counsel to the effect that any specified action required under such provisions of the Indenture is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds, the Trustee may conclusively rely on such opinion in complying with the requirements of the Indenture described under this heading (“COVENANTS – Tax Covenants”) and of the Tax Certificate, and such covenants under the Indenture shall be deemed to be modified to that extent.

Continuing Disclosure. The Authority shall comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of the Indenture, failure of the Authority to comply with the Continuing Disclosure Agreement shall not constitute an Event of Default under the Indenture; provided, however, that the Trustee may (and, at the written direction of the Participating Underwriters or the Owners of at least 25% of the aggregate principal amount of Outstanding Bonds, and upon receipt of indemnification reasonably satisfactory to the Trustee, shall) or any Owner or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

Annual Reports and Notifications to the California Debt and Investment Advisory Commission. Not later than October 30 of each year, commencing October 30, 2022 and continuing until the October 30 following the final maturity of the Bonds, the Authority shall supply to the California Debt and Investment Advisory Commission the information required to be provided thereto pursuant to Section 6599.1(b) of the Act. If at any time the Trustee fails to pay principal or interest due on any scheduled payment date for the Bonds, the Trustee shall notify the Authority in writing of the occurrence of such event and, in accordance with Section 6599.1(c) of the Act, the Authority shall notify the California Debt and Investment Advisory Commission of the occurrence of such event within 10 days of such occurrence.

Further Assurances. Each of the Authority and the Trustee shall make, execute and deliver any and all such further agreements, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture and for the better assuring and confirming unto the Owners of the rights and benefits provided in the Indenture and the Installment Purchase Agreement.

EVENTS OF DEFAULT AND REMEDIES

Events of Default. The following events shall be Events of Default:

- (a) failure to pay any installment of principal of any Bond as and when the same shall become due and payable, whether at maturity as therein expressed or otherwise;
- (b) failure to pay any installment of interest on any Bond as and when the same shall become due and payable;
- (c) the occurrence and continuation of an Installment Purchase Agreement Default Event;
- (d) failure by the Authority to observe and perform any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such failure shall have continued for a period of 30 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Authority by the Trustee or the Owners of not less than 5% in aggregate principal amount of the Bonds at the time Outstanding; provided, however, that if, in the reasonable opinion of the Authority, the failure stated in the notice can be corrected, but not within such 30 day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Authority within such 30 day period and the Authority shall thereafter diligently and in good faith cure such failure in a reasonable period of time, provided, further, that, unless consented to by the Trustee, such period of time shall not exceed 180 days;
- (e) the commencement by the Authority of a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

Action on Default. In each and every case during the continuance of an Event of Default, the Trustee may or, at the written direction of the Owners of not less than a majority of the aggregate principal amount of Bonds then Outstanding, shall exercise any of the remedies granted to the Authority under the Installment Purchase Agreement and, in addition, take whatever action at law or in equity may appear necessary or desirable to protect and enforce any of the rights vested in the Trustee or the Owners by the Indenture or by the Bonds, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement or for the enforcement of any other legal or equitable right, including any one or more of the remedies set forth in provisions of the Indenture described under the heading “EVENTS OF DEFAULT AND REMEDIES – Other Remedies.”

Other Remedies. If an Event of Default shall have occurred and be continuing, the Trustee shall have the right:

(a) by mandamus or other action or proceeding or suit at law or in equity to enforce its rights against the Authority or any member, director, officer or employee thereof, and to compel the Authority or any such member, director, officer or employee to perform or carry out its or his or her duties under law and the agreements and covenants required to be performed by it or him or her contained in the Indenture or in the Bonds;

(b) by suit in equity to enjoin any acts or things that are unlawful or violate the rights of the Trustee or the Owners; or

(c) by suit, action or proceeding in any court of competent jurisdiction, to require the Authority to account as if it were the trustee of an express trust.

Remedies Not Exclusive. No remedy in the Indenture conferred upon or reserved to the Trustee is intended to be exclusive of any other remedy, and each such remedy shall be cumulative and shall be in addition to every other remedy given under the Indenture or now or thereafter existing in law or in equity or by statute or otherwise and may be exercised without exhausting and without regard to any other remedy conferred by any law. The assertion or employment of any right or remedy under the Indenture, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Application of Amounts After Default. If an Event of Default shall occur and be continuing, all Authority Revenues and any other funds thereafter received by the Trustee under any of the provisions of the Indenture shall be applied by the Trustee as follows and in the following order:

(a) to the payment of any expenses incurred by the Trustee necessary in the opinion of the Trustee to protect the interests of the Owners and payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Indenture;

(b) to the payment to the Persons entitled thereto of all installments of interest on the Bonds then due in the order of the maturity of such installments, with interest on the overdue interest at the rate borne by the respective Bonds and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and

(c) to the payment to the Persons entitled thereto of all installments of principal of the Bonds then due, with interest on the overdue principal at the rate borne by the respective Bonds on the date of maturity and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such

interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the Persons entitled thereto, without any discrimination or preference.

Power of Trustee to Enforce. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of the Owners of such Bonds, subject to the provisions of the Indenture. Nothing in the Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Owner any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Owner thereof, or to authorize the Trustee to vote in respect of the claim of any Owner in any such proceeding without the approval of the Owners so affected.

Owners' Direction of Proceedings. Anything in the Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee under the Indenture; provided, however, that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, and, provided, further, that the Trustee shall have the right to decline to follow any such direction that in the opinion of the Trustee would be unjustly prejudicial to Owners not parties to such direction.

Limitation on Owners' Right to Sue. No Owner of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Act or any other applicable law with respect to such Bond, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default, (b) the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted or to institute such suit, action or proceeding in its own name, (c) such Owner or said Owners shall have tendered to the Trustee indemnity reasonably satisfactory to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request, and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are, in every case, to be conditions precedent to the exercise by any Owner of any remedy under the Indenture or under law; it being understood and intended that no one or more Owners shall have any right in any manner whatever by such Owner's or Owners' action to affect, disturb or prejudice the security of the Indenture or the rights of any other Owners, or to enforce any right under the Bonds, the Indenture, the Act or other applicable law with respect to the Bonds, except in the manner therein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner provided in the Indenture and for the benefit and protection of all Owners, subject to the provisions of the Indenture.

Termination of Proceedings. If any action, proceeding or suit to enforce any right or to exercise any remedy is abandoned or determined adversely to the Trustee or any Owner, then, subject to any such adverse determination, the Trustee, such Owner and the Authority shall be restored to their former positions, rights and remedies as if such action, proceeding or suit had not been brought or taken. In case any proceedings taken by the Trustee or any one or more Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or any Owner, then in every such case the Trustee, such Owner and the Authority, subject to any determination in such proceedings, shall be restored to their former positions and rights under the Indenture, severally and

respectively, and all rights, remedies, powers and duties of the Trustee, the Owners and the Authority shall continue as though no such proceedings had been taken.

No Waiver of Default. No delay or omission of the Trustee or of any Owner to exercise any right or power arising upon the occurrence of any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or an acquiescence therein, and every power and remedy given by the Indenture to the Trustee or to the Owners may be exercised from time to time and as often as may be deemed expedient.

THE TRUSTEE

Duties and Liabilities of Trustee. The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default that may have occurred, perform such duties and only such duties as are expressly and specifically set forth in the Indenture. The Trustee shall, during the existence of any Event of Default that has not been cured or waived, exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

Qualifications; Removal and Resignation; Successors. (a) The Trustee initially a party to the Indenture and any successor thereto shall at all times be a trust company, national banking association or bank having trust powers in good standing in or incorporated under the laws of the United States or any state thereof, which is (or if such trust company, national banking association or bank is a member of a bank holding company system, its parent bank holding company is) (i) a national banking association that is supervised by the Office of the Comptroller of the Currency and has at least \$250 million of assets, or (ii) a state-chartered commercial bank that is a member of the Federal Reserve System and has at least \$1 billion of assets. If such trust company, national banking association or bank publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining agency above referred to, then for the purpose of the provisions of the Indenture described under this heading "THE TRUSTEE – Qualifications; Removal and Resignation; Successors" the combined capital and surplus of such trust company, national banking association or bank shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

(b) The Authority may, by an instrument in writing, upon at least 30 days' notice to the Trustee, remove the Trustee initially a party to the Indenture and any successor thereto unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee initially a party to the Indenture and any successor thereto if (i) at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing), or (ii) the Trustee shall cease to be eligible in accordance with the preceding paragraph (a) above, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee.

(c) The Trustee may at any time resign by giving written notice of such resignation by first-class mail, postage prepaid, to the Authority, and to the Owners at the respective addresses shown on the Registration Books. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of the preceding paragraph (a) above, the Trustee shall resign immediately in the manner and with the effect specified in the provisions of the Indenture described under this heading ("THE TRUSTEE – Qualifications; Removal and Resignation; Successors").

(d) Upon removal or resignation of the Trustee, the Authority shall promptly appoint a successor Trustee by an instrument in writing. Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee; provided, however, that any successor Trustee shall be qualified as provided in paragraph (a) above. If no qualified successor Trustee shall have been appointed and have accepted appointment within 45 days following notice of removal or notice of resignation as aforesaid, the removed or resigning Trustee or any Owner (on behalf of such Owner and all other Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture shall signify its acceptance of such appointment by executing and delivering to the Authority and to its predecessor Trustee a written acceptance thereof, and thereupon such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee in the Indenture; but, nevertheless at the Written Request of the Authority or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Indenture. Upon acceptance of appointment by a successor Trustee as provided in the Indenture described under this heading (“THE TRUSTEE – Qualifications; Removal and Resignation; Successors”), the successor Trustee shall, within 15 days after such acceptance, mail, by first-class mail postage prepaid, a notice of the succession of such Trustee to the trusts under the Indenture to the Owners at the addresses shown on the Registration Books.

(e) Any trust company, national banking association or bank into which the Trustee may be merged or converted or with which it may be consolidated or any trust company, national banking association or bank resulting from any merger, conversion or consolidation to which it shall be a party or any trust company, national banking association or bank to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such trust company, national banking association or bank shall be eligible under the paragraph (a) above, shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything in the Indenture to the contrary notwithstanding.

Liability of Trustee. (a) The recitals of facts in the Indenture and in the Bonds contained shall be taken as statements of the Authority and the Trustee shall not assume responsibility for the correctness of the same or incur any responsibility in respect thereof, other than as expressly stated in the Indenture in connection with the respective duties or obligations in the Indenture or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds.

(b) The Trustee makes no representations as to the validity or sufficiency of the Indenture or of any Bonds, or in respect of the security afforded by the Indenture and the Trustee shall incur no responsibility in respect thereof. The Trustee shall be under no responsibility or duty with respect to the issuance of the Bonds for value, the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee, or the application of any moneys paid to the Authority or others in accordance with the Indenture.

(c) The Trustee shall not be liable in connection with the performance of its duties under the Indenture, except for its own negligence or willful misconduct.

(d) No provision of the Indenture or any other document related thereto shall require the Trustee to risk or advance its own funds.

(e) The Trustee may execute any of its powers or duties under the Indenture through attorneys, agents or receivers and shall not be answerable for the actions of such attorneys, agents or receivers if selected by it with reasonable care.

(f) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(g) The immunities and protections extended to the Trustee also extend to its directors, officers, employees and agents.

(h) Before taking action under the provisions of the Indenture described under the headings "EVENTS OF DEFAULT AND REMEDIES" or "THE TRUSTEE" or upon the direction of the Owners, the Trustee may require indemnity satisfactory to the Trustee be furnished to it to protect it against all fees and expenses, including those of its attorneys and advisors, and protect it against all liability it may incur.

(i) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture.

(j) The Trustee may become the Owner of Bonds with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

(k) The Trustee shall have no responsibility with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds.

(l) The Trustee shall not be liable for the failure to take any action required to be taken by it under the Indenture if and to the extent that the Trustee's taking such action is prevented by reason of an act of God, terrorism, war, riot, strike, fire, flood, earthquake, epidemic or other, similar occurrence that is beyond the control of the Trustee and could not have been avoided by exercising due care.

(m) The Trustee shall not be deemed to have knowledge of an Event of Default under the Indenture unless it has actual knowledge thereof.

(n) The permissive right of the Trustee to do things enumerated in the Indenture shall not be construed as a duty and it shall not be answerable for other than its negligence or willful misconduct.

(o) The Trustee shall not be responsible for or accountable to anyone for the subsequent use or application of any moneys that shall be released or withdrawn in accordance with the provisions of the Indenture.

Right to Rely on Documents and Opinions. (a) The Trustee shall be protected in acting upon any notice, requisition, resolution, request, consent, order, certificate, report, opinion, bonds or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The Trustee shall have the right to accept and act upon a Written Request of the Authority delivered using Electronic Means. If the Authority elects to deliver a Written Request of the Authority to the Trustee using Electronic Means and the Trustee acts upon such Written Request, the Trustee's understanding of such Written Request shall be deemed controlling. The Authority understands and agrees that the Trustee cannot determine the identity of the actual sender of such Written Request and that the Trustee shall conclusively presume that Written Requests of the Authority that purport to have been sent by an Authorized Representative of the Authority have been sent by such Authorized Representative. The Authority shall be responsible for ensuring that only Authorized Representatives transmit such Written Requests of the Authority to the Trustee and that the Authority is solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt thereof by the Authority. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Written Requests of the Authority delivered using Electronic Means notwithstanding such directions conflict or are inconsistent with a subsequent written Written Request of the Authority. The Authority agrees (i) to assume all risks arising out of the use of Electronic Means to submit Written Requests of the Authority to the Trustee, including without limitation the risk of the Trustee acting on unauthorized Written Requests of the Authority, and the risk of interception and misuse by third parties, (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Written Requests of the Authority to the Trustee and that there may be more secure methods of transmitting Written Requests of the Authority than the method selected by the Authority, (iii) that the security procedures, if any, to be followed in connection with its transmission of Written Requests of the Authority provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances, and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures. Notwithstanding the foregoing, the provisions of the Indenture summarized this paragraph, and the Trustee's actions pursuant thereto, are subject to the Trustee's standard of care and limitations on liability set forth in the provisions of the Indenture described under the headings "THE TRUSTEE – Duties and Liabilities of Trustee" and " – Liability of Trustee;" provided, however, that the Trustee's reliance on a Written Request of the Authority that purports to have been sent by an Authorized Representative of the Authority delivered in accordance with the provisions of the Indenture described under this heading ("THE TRUSTEE – Right to Rely on Documents and Opinions") using Electronic Means shall not, in and of itself, be construed as negligence.

(c) The Trustee shall have the right to accept and act upon a Written Request of the District delivered using Electronic Means. If the District elects to deliver a Written Request of the District to the Trustee using Electronic Means and the Trustee acts upon such Written Request, the Trustee's understanding of such Written Request shall be deemed controlling. The District understands and agrees that the Trustee cannot determine the identity of the actual sender of such Written Request and that the Trustee shall conclusively presume that Written Requests of the District that purport to have been sent by an Authorized Representative of the District have been sent by such Authorized Representative. The District shall be responsible for ensuring that only Authorized Representatives transmit such Written Requests of the District to the Trustee and that the District is solely responsible to safeguard the use and confidentiality of applicable user and authorization codes, passwords and/or authentication keys upon receipt thereof by the District. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such Written Requests of the District delivered using Electronic Means notwithstanding such directions conflict or are inconsistent with a subsequent written Written Request of the District. The District agrees (i) to assume all risks arising out of the use of Electronic Means to submit Written Requests of the District to the Trustee, including without limitation the risk of the

Trustee acting on unauthorized Written Requests of the District, and the risk of interception and misuse by third parties, (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting Written Requests of the District to the Trustee and that there may be more secure methods of transmitting Written Requests of the District than the method selected by the District, (iii) that the security procedures, if any, to be followed in connection with its transmission of Written Requests of the District provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances, and (iv) to notify the Trustee immediately upon learning of any compromise or unauthorized use of the security procedures. Notwithstanding the foregoing, the provisions of the Indenture summarized in this paragraph, and the Trustee's actions pursuant thereto, are subject to the Trustee's standard of care and limitations on liability set forth in the provisions of the Indenture described under the headings "THE TRUSTEE – Duties and Liabilities of Trustee" and " – Liability of Trustee;" provided, however, that the Trustee's reliance on a Written Request of the District that purports to have been sent by an Authorized Representative of the District delivered in accordance with the provisions of the Indenture described under this heading ("THE TRUSTEE – Right to Rely on Documents and Opinions") using Electronic Means shall not, in and of itself, be construed as negligence.

(d) Whenever in the administration of the duties imposed upon it by the Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Indenture, such matter (unless other evidence in respect thereof be specifically prescribed in the Indenture) may be deemed to be conclusively proved and established by a Written Certificate of the Authority or Written Certificate of the District, and such Written Certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of the Indenture in reliance upon such Written Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

(e) The Trustee may consult with counsel, who may be counsel to the Authority or the District, with regard to legal questions, including with respect to compliance of amendments to the Indenture or to the Installment Purchase Agreement, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it thereunder in good faith and in accordance therewith.

Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with prudent corporate trust industry standards, in which accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds, the Authority Revenues received by it and all funds and accounts established by it pursuant to the Indenture. Such books of record and account shall be available for inspection by the Authority during regular business hours and upon reasonable notice and under reasonable circumstances as agreed to by the Trustee. The Trustee shall deliver to the Authority a monthly accounting of the funds and accounts it holds under the Indenture; provided, however, that the Trustee shall not be obligated to deliver an accounting for any fund or account that (a) has a balance of zero, and (b) has not had any activity since the last reporting date.

Preservation and Inspection of Documents. All documents received by the Trustee under the provisions of the Indenture shall be retained in its possession and shall be subject during business hours and upon reasonable notice to the inspection of the Authority, the Owners and their agents and representatives duly authorized in writing.

Compensation and Indemnification of the Trustee. The Authority shall pay to the Trustee from time to time all reasonable compensation pursuant to a pre-approved fee letter for all services rendered under the Indenture, and also all reasonable expenses, charges, legal and consulting fees pursuant to a pre-approved fee letter and other disbursements pursuant to a pre-approved fee letter and those of its attorneys,

agents and employees, incurred in and about the performance of their powers and duties under the Indenture. The Authority shall, to the extent permitted by law, indemnify and save the Trustee and its officers, directors and employees harmless against any costs, suits, judgments, damages, liabilities, claims, expenses, including legal fees and expenses, and liabilities that it may incur in the exercise and performance of its powers and duties under the Indenture and under any related documents, including the enforcement of any remedies and the defense of any suit, and that are not due to its negligence or its willful misconduct. The duty of the Authority to indemnify the Trustee shall survive the resignation or removal of the Trustee and the discharge and satisfaction of the Indenture.

SUPPLEMENTAL INDENTURES

Supplemental Indentures. (a) The Indenture and the rights and obligations of the Authority the Trustee and the Owners thereunder may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into when there are filed with the Trustee the written consents of the Owners of a majority of the aggregate principal amount of the Bonds then Outstanding, exclusive of Bonds disqualified as provided in the Indenture described under the heading “MISCELLANEOUS – Disqualified Bonds.” No such modification or amendment shall (i) extend the fixed maturity of any Bond, reduce the amount of principal thereof or the rate of interest thereon or extend the time of payment thereof, without the prior written consent of the Owner of each Bond so affected, (ii) permit any pledge of, or the creation of any lien on, security interest in or charge or other encumbrance upon the assets pledged under the Indenture prior to or on a parity with the pledge contained in, and the lien and security interest created by, the Indenture or deprive the Owners of the pledge contained in, and the lien and security interest created by, the Indenture, except as expressly provided in the Indenture, without the prior written consent of the Owners of all of the Bonds then Outstanding, or (iii) modify or amend the provisions of the Indenture described under this heading (“SUPPLEMENTAL INDENTURES – Supplemental Indentures”) without the prior written consents of the Owners of all Bonds then Outstanding.

(b) The Indenture and the rights and obligations of the Authority, the Trustee and the Owners under the Indenture may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Authority and the Trustee may enter into without the consent of any Owners for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Authority in the Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power in the Indenture reserved to or conferred upon the Authority;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in the Indenture or in regard to questions arising thereunder that the Authority may deem desirable or necessary and not inconsistent therewith, provided that such modification or amendment does not materially adversely affect the rights or interests of the Owners under the Indenture; and

(iii) in any other respect whatsoever as the Authority may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the rights or interests of the Owners under the Indenture.

(c) Promptly after the execution by the Authority and the Trustee of any Supplemental Indenture, the Trustee shall mail a notice (the form of which shall be furnished to the Trustee by the Authority), by first class mail postage prepaid, setting forth in general terms the substance of such Supplemental Indenture, to the Owners at the respective addresses shown on the Registration Books. Any

failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture pursuant to the Indenture, the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Authority, the Trustee and the Owners shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after the effective date of any Supplemental Indenture pursuant to the provisions of the Indenture described under the heading "SUPPLEMENTAL INDENTURES" may and, if the Authority so determines, shall bear a notation by endorsement or otherwise in form approved by the Authority and the Trustee as to any modification or amendment provided for in such Supplemental Indenture and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such effective date, and presentation of such Bond for such purpose at the Office of the Trustee, a suitable notation shall be made on such Bond. If the Supplemental Indenture shall so provide, new Bonds so modified as to conform, in the opinion of the Authority and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall be prepared and executed by the Authority and authenticated by the Trustee and, in that case, upon demand of the Owner of any Bond Outstanding at the time of such effective date, and presentation of such Bond for such purpose at the Office of the Trustee, such a new Bond, in equal principal amount, with the same interest rate and maturity shall be exchanged for such Owner's Bond so surrendered.

Amendment of Particular Bonds. The provisions of the Indenture described under the heading "SUPPLEMENTAL INDENTURES" shall not prevent any Owner from accepting any amendment or modification as to any particular Bond owned by it, provided that due notation thereof is made on such Bond.

DEFEASANCE

Discharge of Indenture. (a) If the Authority shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the principal thereof and the interest thereon at the times and in the manner stipulated in the Indenture and therein, then the Owners shall cease to be entitled to the pledge of the Authority Revenues and the other assets as provided in the Indenture, and all agreements, covenants and other obligations of the Authority under the Indenture shall thereupon cease, terminate and become void and the Indenture shall be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Authority all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the Authority all money or securities held by it pursuant to the Indenture that are not required for the payment of the principal of and interest on the Bonds.

(b) Subject to the provisions of the preceding paragraph (a) above, when any Bond shall have been paid and if, at the time of such payment, each of the Authority shall have kept, performed and observed all of the covenants and promises in such Bonds and in the Indenture required or contemplated to be kept, performed and observed by it or on its part on or prior to that time, then the Indenture shall be considered to have been discharged in respect of such Bond and such Bond shall cease to be entitled to the pledge of the Authority Revenues and the other assets as provided in the Indenture, and all agreements, covenants and other obligations of the Authority under the Indenture shall cease, terminate, become void and be completely discharged and satisfied as to such Bond.

(c) Notwithstanding the discharge and satisfaction of the Indenture or the discharge and satisfaction of the Indenture in respect of any Bond, those provisions of the Indenture relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon the Trustee and the Owners and the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of and interest on the Bonds, to pay to the Owners of the Bonds the funds so held by the Trustee as and when such payment becomes due. Notwithstanding the discharge and satisfaction of the Indenture, the obligation of the Authority to indemnify the Trustee pursuant to the provisions of the Indenture described under the heading “THE TRUSTEE – Compensation and Indemnification of Trustee,” shall remain in effect and be binding upon the Authority.

Bonds Deemed to Have Been Paid. (a) If moneys shall have been set aside and held by the Trustee for the payment of any Bond and the payment of the interest thereon to the maturity date thereof, such Bond shall be deemed to have been paid within the meaning and with the effect provided in the Indenture described under the heading “DEFEASANCE – Discharge of Indenture.” Any Outstanding Bond shall prior to the maturity date thereof be deemed to have been paid within the meaning of and with the effect expressed in the provisions of the Indenture described under the heading “DEFEASANCE – Discharge of Indenture” if (i) there shall have been deposited with the Trustee either (A) money in an amount which shall be sufficient, or (B) Defeasance Securities, the principal of and the interest on which when due, and without any reinvestment thereof, together with the money, if any, deposited therewith, will provide moneys that shall be sufficient to pay when due the interest to become due on such Bond on and prior to the maturity date thereof and the principal of on such Bond, and (ii) in the event such Bond does not by its terms mature within the next succeeding 60 days, the Authority shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the Owner of such Bond that the deposit required by clause (i) above has been made with the Trustee and that such Bond is deemed to have been paid in accordance with the provisions of the Indenture described under this heading (“DEFEASANCE – Bonds Deemed to Have Been Paid”) and stating the maturity date upon which money is to be available for the payment of the principal of such Bond. Neither the money nor the Defeasance Securities deposited with the Trustee pursuant to the provisions of the Indenture summarized in this paragraph in connection with the deemed payment of Bonds, nor principal or interest payments on any such Defeasance Securities, shall be withdrawn or used for any purpose other than, and shall be held in trust for and pledged to, the payment of the principal of and interest on such Bonds.

(b) No Bond shall be deemed to have been paid pursuant to clause (i) of the preceding paragraph (a) above unless the Authority shall have caused to be delivered to the Authority and the Trustee (i) an executed copy of a Verification Report with respect to such deemed payment, addressed to the Authority and the Trustee, in form and in substance acceptable to the Authority, (ii) a copy of the escrow agreement entered into in connection with the deposit pursuant to clause (i)(B) of the preceding paragraph (a) above, resulting in such deemed payment, which escrow agreement shall be in form and in substance acceptable to the Authority and the Trustee, which escrow agreement shall provide that no substitution of Defeasance Securities shall be permitted except with other Defeasance Securities and upon delivery of a new Verification, and no reinvestment of Defeasance Securities shall be permitted except as contemplated by the original Verification Report or upon delivery of a new Verification Report, and (iii) a copy of an Opinion of Bond Counsel, dated the date of such deemed payment and addressed to the Authority and the Trustee, in form and in substance acceptable to the Authority, to the effect that such Bond has been paid within the meaning and with the effect expressed in the Indenture, the Indenture has been discharged in respect of such Bond and all agreements, covenants and other obligations of the Authority under the Indenture as to such Bond have ceased, terminated, become void and been completely discharged and satisfied.

(c) The Trustee may seek and is entitled to rely upon (i) an Opinion of Bond Counsel reasonably satisfactory to the Trustee to the effect that the conditions precedent to a deemed payment pursuant to clause (i) of paragraph (a) above have been satisfied, and (ii) such other opinions, certifications and computations, as the Trustee may reasonably request, of accountants or other financial consultants concerning the matters described in the preceding paragraph (b) above.

Unclaimed Moneys. Any moneys held by the Trustee in trust for the payment and discharge of the principal of, or interest on, any Bond that remain unclaimed for two years after the date when such principal or interest has become payable, if such moneys were held by the Trustee at such date, or for two years after the date of deposit of such moneys if deposited with the Trustee after the date when such principal or interest become payable, shall, at the Written Request of the Authority, be repaid by the Trustee to the Authority as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owner of such Bond shall look only to the Authority for the payment of such principal or interest. The Trustee shall hold any such moneys uninvested.

MISCELLANEOUS

Successor Deemed Included in all References to Predecessor. Whenever the Authority or the Trustee is named or referred to in the Indenture, such reference shall be deemed to include the successor to the powers, duties and functions that are presently vested in the Authority or the Trustee, and all agreements, conditions, covenants and terms required thereby to be observed or performed by or on behalf of the Authority or the Trustee shall bind and inure to the benefit of the respective successors thereof whether so expressed or not.

Limitation of Rights. Nothing in the Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any Person other than the Trustee, the Authority and the Owners, any legal or equitable right, remedy or claim under or in respect of the Indenture or any covenant, condition or provision therein contained, and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Trustee, the Authority and the Owners.

Destruction of Bonds. Whenever in the Indenture provision is made for the cancellation by the Trustee and the delivery to the Authority of any Bonds, the Trustee shall, in lieu of such cancellation and delivery, destroy such Bonds.

Evidence of Rights of Owners. (a) Any request, consent or other instrument required or permitted by the Indenture to be signed and executed by Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Owners in Person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent, or of the holding by any Person of Bonds transferable by delivery, shall be sufficient for any purpose of the Indenture and shall be conclusive in favor of the Authority and the Trustee if made in the manner provided in the provisions of the Indenture described under this heading (“MISCELLANEOUS – Evidence of Rights of Owners”).

(b) The fact and date of the execution by any Person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the Person signing such request, consent or other instrument acknowledged to him or her the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

(c) The ownership of Bonds shall be proved by the Registration Books.

(d) Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Authority or the Trustee in accordance therewith or reliance thereon.

Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under the Indenture, Bonds that are actually known by the Trustee to be owned or held by or for the account of the Authority or the District or any other obligor on the Bonds, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the District, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination; provided, however, that if 100% of the Bonds are so owned or held, such Bonds shall be deemed to be Outstanding. Bonds so owned that have been pledged in good faith may be regarded as Outstanding for the purposes of the provisions of the Indenture summarized in this paragraph if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Authority or the District or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee. Upon request of the Trustee, the Authority shall specify in a Written Certificate of the Authority delivered to the Trustee that Bonds, if any, are, as of the date of such Written Certificate, owned or held by or for the account of the Authority or the District.

Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest or principal due on any date with respect to particular Bonds shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners entitled thereto, subject, however, to the provisions of the Indenture described under the heading "DEFEASANCE – Unclaimed Moneys" but without any liability for interest thereon.

Funds and Accounts. Any fund or account required by the Indenture to be established and maintained by the Trustee may be established and maintained in the accounting records of the Trustee, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds and accounts shall at all times be maintained in accordance with prudent corporate trust industry standards to the extent practicable, and with due regard for the requirements of the Indenture and for the protection of the security of the Bonds and the rights of every Owner thereof. The Trustee may establish any such additional funds or accounts as it deems necessary to perform its obligations under the Indenture.

Business Days. If the date for making any payment or the last date for performance of any act or the exercising of any right, as provided in the Indenture shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day, with the same force and effect as if done on the nominal date provided in the Indenture and, unless otherwise specifically provided in the Indenture, no interest shall accrue for the period from and after such nominal date.

Waiver of Personal Liability. Notwithstanding anything contained in the Indenture to the contrary, no member, officer or employee of the Authority shall be individually or personally liable for the payment of any moneys, including without limitation, the principal of or interest on the Bonds, but nothing contained in the Indenture shall relieve any member, officer or employee of the Authority from the performance of any official duty provided by any applicable provisions of law, by the Installment Purchase Agreement or thereby.

Partial Invalidity. If any one or more of the agreements, conditions, covenants or terms required in the Indenture to be observed or performed by or on the part of the Authority or the Trustee shall be contrary to law, then such agreement or agreements, such condition or conditions, such covenant or covenants or such term or terms shall be null and void to the extent contrary to law and shall be deemed separable from the remaining agreements, conditions, covenants and terms of the Indenture and shall in no way affect the validity thereof or of the Bonds, and the Owners shall retain all the benefit, protection and security afforded to them under any applicable provisions of law. The Authority and the Trustee declare that they would have executed the Indenture, and each and every Article, Section, paragraph, subsection, sentence, clause and phrase of the Indenture and would have authorized the execution, authentication, issuance and delivery of the Bonds pursuant thereto irrespective of the fact that any one or more Articles, Sections, paragraphs, subsections, sentences, clauses or phrases of the Indenture or the application thereof to any Person or circumstance may be held to be unconstitutional, unenforceable or invalid.

Governing Laws. The Indenture and the Bonds shall be construed and governed in accordance with the laws of the State.

APPENDIX D
FORM OF CONTINUING DISCLOSURE AGREEMENT

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APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this “Disclosure Agreement”), dated as of September 1, 2021, is by and among the LOS ANGELES COUNTY SANITATION DISTRICTS FINANCING AUTHORITY, a joint exercise of powers authority organized and existing under the laws of the State of California (the “Authority”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America (“U.S. Bank”), in its capacity as Trustee (the “Trustee”) and in its capacity as Dissemination Agent (the “Dissemination Agent”).

WITNESSETH:

WHEREAS, pursuant to the Indenture, dated as of September 1, 2021 (the “Indenture”), by and between the Authority and the Trustee, the Authority has issued \$41,645,000 aggregate principal amount of its Los Angeles County Sanitation Districts Financing Authority Capital Projects Revenue Bonds, 2021 Series A (District No. 14 Revenue Bonds) (Green Bonds) (the “Bonds”);

WHEREAS, the Bonds are payable from and secured by installment payments to be made by Los Angeles County Sanitation District No. 14 of Los Angeles County (the “District”) pursuant to an Installment Purchase Agreement, dated as of September 1, 2021 (the “Installment Purchase Agreement”), by and between the District and the Authority; and

WHEREAS, this Disclosure Agreement is being executed and delivered by the Authority, the Trustee and the Dissemination Agent for the benefit of the Owners and Beneficial Owners of the Bonds and in order to assist the underwriters of the Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5);

NOW, THEREFORE, for and in consideration of the mutual promises and covenants herein contained, the receipt whereof is hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Disclosure Agreement have the meanings herein specified. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture or, if not defined therein, in the Installment Purchase Agreement.

“Annual Report” means any Annual Report provided by the Authority pursuant to, and as described in, Sections 2 and 3 hereof.

“Annual Report Date” means the date in each year that is the first day of the month following the eighth month after the end of the Authority’s Fiscal Year, which date, as of the date of this Disclosure Agreement, is March 1.

“Authority” means the Los Angeles County Sanitation Districts Financing Authority, a joint exercise of powers authority organized and existing under and by virtue of the laws of the State of California, and any successor thereto.

“Bonds” means the Los Angeles County Sanitation Districts Financing Authority Capital Projects Revenue Bonds, 2021 Series A (District No. 14 Revenue Bonds) (Green Bonds).

“Dissemination Agent” means U.S. Bank, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Authority and which has filed with the Trustee and the then existing Dissemination Agent a written acceptance of such designation.

“District” means County Sanitation District No. 14 of Los Angeles County, a sanitation district organized and existing under and by virtue of the laws of the State of California, and any successor thereto.

“Financial Obligation” means (a) a debt obligation of the Authority, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation of the Authority, or (c) a guarantee of (i) a debt obligation of the Authority, or (ii) a derivative instrument described in clause (b), above; provided, however, that the term “Financial Obligation” shall not include “municipal securities” (as such term is defined in the Securities Exchange Act of 1934, as amended) as to which a “final official statement” (as such term is defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Indenture” means the Indenture, dated as of September 1, 2021, by and between the Authority and U.S. Bank National Association, as originally executed and as it may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

“Installment Purchase Agreement” means the Installment Purchase Agreement, dated as of September 1, 2021, by and between the District and the Authority, as originally executed and as it may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

“Listed Events” means any of the events listed in subsection (a) or subsection (b) of Section 4 hereof.

“MSRB” means the Municipal Securities Rulemaking Board or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule. Until otherwise designated by the MSRB or the Securities and Exchange Commission, filings with the MSRB are to be made through the Electronic Municipal Market Access (EMMA) website of the MSRB, currently located at <http://emma.msrb.org>.

“Official Statement” means the Official Statement, dated August 24, 2021, relating to the Bonds.

“Participating Underwriters” means any of the original underwriters of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Trustee” means U.S. Bank National Association, as Trustee under the Indenture, or any successor thereto as Trustee thereunder substituted in its place as provided therein.

Section 2. Provision of Annual Reports. (a) The Authority shall, or shall cause the Dissemination Agent to, provide to the MSRB an Annual Report that is consistent with the requirements of Section 3 hereof, not later than the Annual Report Date, commencing with the report for Fiscal Year 2020-21. The Annual Report may include by reference other information as provided in Section 3 hereof; provided, however, that the audited financial statements of the Authority and the District, if any, may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if they are not available by that date. If the Authority’s or the District’s Fiscal Year changes, the Authority shall, or it shall instruct the Dissemination Agent to, give notice of such change in a filing with the MSRB.

(b) Not later than 15 business days prior to the date specified in subsection (a) of this Section for the providing of the Annual Report to the MSRB, the Authority shall provide the Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report, the Dissemination Agent shall contact the Authority to determine if the Authority is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent has not received a copy of the Annual Report from the Authority by the date specified in subsection (a) of this Section, the Dissemination Agent shall, in a timely manner, send a notice to the MSRB in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) provide each Annual Report received by it to the MSRB, as provided herein; and

(ii) file a report with the Authority and the Trustee certifying that such Annual Report has been provided pursuant to this Disclosure Agreement and stating the date it was provided to the MSRB.

Section 3. Content of Annual Reports. The Authority’s Annual Report shall contain or incorporate by reference the following:

(a) Audited financial statements of the Authority for the preceding Fiscal Year, prepared in accordance with the generally accepted accounting principles for municipalities in the State of California. If the Authority’s audited financial statements are not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 2(a) hereof, the Annual Report shall contain unaudited financial statements, in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when such audited financial statements become available.

(b) Audited financial statements of the District for the preceding Fiscal Year, prepared in accordance with the generally accepted accounting principles for municipalities in the State of California. If the District’s audited financial statements are

not available by the time the Annual Report is required to be provided to the MSRB pursuant to Section 2(a) hereof, the Annual Report shall contain unaudited financial statements, in a format similar to the financial statements contained in the Official Statement, and the audited financial statements shall be provided to the MSRB in the same manner as the Annual Report when such audited financial statements become available. The parties hereto acknowledge that, presently, separate audited financial statements are not prepared for the District but, rather, such financial statements are consolidated with the financial statements of the other County Sanitation Districts of Los Angeles County. So long as separate audited financial statements are not prepared for the District, the Authority's Annual Report shall contain or incorporate by reference the audited consolidated financial statements, if any, for the County Sanitation Districts of Los Angeles County.

(c) To the extent not included in the audited financial statements of the Authority or the District, if any, the Annual Report shall include the following:

(i) The principal amount of Bonds Outstanding as of the December 31 immediately preceding the Annual Report Date; and

(ii) An update, for the most recently ended Fiscal Year, of the information contained in the Official Statement in Table Nos. 2, 3, 4, 5, 8, and 9 (not including any projections contained therein).

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Authority, the District, or related public entities that have been made available to the public on the MSRB website. The Authority shall clearly identify each such other document so included by reference.

Section 4. Reporting of Significant Events. (a) Pursuant to the provisions of this Section, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not later than ten business days after the occurrence of the event:

- (i) principal and interest payment delinquencies;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions or issuance by the Internal Revenue Service of proposed or final determination of taxability or of a Notice of Proposed Issue (IRS Form 5701 TEB);
- (vi) tender offers;
- (vii) defeasances;

- (viii) rating changes;
- (ix) bankruptcy, insolvency, receivership or similar event of the Authority; and
- (x) default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties.

For purposes of the event identified in paragraph (ix) of this subsection, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Authority in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Authority, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Authority.

(b) Pursuant to the provisions of this Section, the Authority shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Bonds, if material, in a timely manner not later than ten business days after the occurrence of the event:

- (i) unless described in paragraph (v) of subsection (a) of this Section, other notices or determinations by the Internal Revenue Service with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (ii) modifications to rights of holders of the Bonds;
- (iii) bond calls;
- (iv) release, substitution, or sale of property securing repayment of the Bonds;
- (v) non-payment related defaults;
- (vi) the consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
- (vii) appointment of a successor or additional Trustee or the change of name of a Trustee; and
- (viii) incurrence of a Financial Obligation, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation, any of which affect holders of the Bonds.

(c) The Trustee shall, within one business day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Authority and inform the Authority of the event.

(d) Whenever the Authority obtains knowledge of the occurrence of a Listed Event described in subsection (b) of this Section, the Authority shall determine if such event would be material under applicable Federal securities laws.

(e) Whenever the Authority obtains knowledge of the occurrence of a Listed Event described in subsection (a) of this Section, or determines that knowledge of a Listed Event described in subsection (b) of this Section would be material under applicable Federal securities law, the Authority shall, or shall cause the Dissemination Agent to, file a notice of the occurrence of such Listed Event with the MSRB, within ten business days of such occurrence.

(f) Notwithstanding the foregoing, notice of Listed Events described in paragraph (iii) of subsection (b) of this Section need not be given any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Indenture.

Section 5. Format for Filings with MSRB. Any report or filing with the MSRB pursuant to this Disclosure Agreement must be submitted in electronic format, accompanied by such identifying information as is prescribed by the MSRB.

Section 6. Termination of Reporting Obligation. The Authority's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Authority shall give, or cause to be given, notice of such termination in a filing with the MSRB.

Section 7. Dissemination Agent. The Authority may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing 30 days' written notice to the Authority and the Trustee.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Authority, the Trustee and the Dissemination Agent may amend this Disclosure Agreement (and the Trustee and the Dissemination Agent shall agree to any amendment so requested by the Authority, so long as such amendment does not adversely affect the rights or materially increase the obligations of the Trustee or the Dissemination Agent), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of subsection (a) of Section 2 hereof, Section 3 hereof or subsection (a) or (b) of Section 4 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements

of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver (i) is approved by Owners of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of Owners or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Authority shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Authority. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in a filing with the MSRB, and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Authority from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice required to be filed pursuant to this Disclosure Agreement, in addition to that which is required by this Disclosure Agreement. If the Authority chooses to include any information in any Annual Report or notice in addition to that which is specifically required by this Disclosure Agreement, the Authority shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event or any other event required to be reported.

Section 10. Default. In the event of a failure of the Authority, the Trustee or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the written direction of any Participating Underwriter or the Owners of at least 25% of the aggregate principal amount of Outstanding Bonds, shall, upon receipt of indemnification reasonably satisfactory to the Trustee), or any Owner or Beneficial Owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority, the Trustee or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Authority, the Trustee or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. The Dissemination Agent shall be entitled to the protections and limitations from liability afforded to the Trustee thereunder. Neither the Trustee nor the Dissemination Agent shall be responsible for

the form or content of any Annual Report or notice of Listed Event. The Dissemination Agent shall receive reasonable compensation for its services provided under this Disclosure Agreement. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. To the extent permitted by law, the Authority agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, and which are not due to its negligence or its willful misconduct. The obligations of the Authority under this Section shall survive resignation or removal of the Dissemination Agent and the termination of this Disclosure Agreement.

The Dissemination Agent has no power to enforce performance on the part of the Authority. The Dissemination Agent shall not be responsible for the content of any notice or report prepared by the Authority pursuant to this Disclosure Agreement.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Trustee, the Dissemination Agent, the Participating Underwriter and the Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 13. Governing Laws. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of California.

Section 14. Electronic Signature. Each of the parties hereto agrees that the transaction consisting of this Disclosure Agreement may be conducted by electronic means. Each party agrees, and acknowledges that it is such party's intent, that if such party signs this Disclosure Agreement using an electronic signature, it is signing, adopting, and accepting this Disclosure Agreement and that signing this Disclosure Agreement using an electronic signature is the legal equivalent of having placed its handwritten signature on this Disclosure Agreement on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Disclosure Agreement in a usable format.

Section 15. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

**LOS ANGELES COUNTY
SANITATION DISTRICTS FINANCING
AUTHORITY**

By: _____

**U.S. BANK NATIONAL ASSOCIATION,
AS TRUSTEE**

By: _____
Authorized Signatory

**U.S. BANK NATIONAL ASSOCIATION,
AS DISSEMINATION AGENT**

By: _____
Authorized Signatory

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Los Angeles County Sanitation Districts Financing Authority
Name of Issue: Los Angeles County Sanitation Districts Financing Authority Capital
Projects Revenue Bonds, 2021 Series A (District No. 14 Revenue Bonds)
(Green Bonds)
Date of Issuance: September 15, 2021

NOTICE IS HEREBY GIVEN that the Los Angeles County Sanitation Districts Financing Authority (the “Authority”) has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of September 1, 2021, by and among the Authority and U.S. Bank National Association, in its capacity as Trustee and in its capacity as Dissemination Agent. [The Authority anticipates that such Annual Report will be filed by _____.]

Dated: _____

U.S. Bank National Association, as
Dissemination Agent, on behalf of
the Los Angeles County Sanitation
Districts Financing Authority

cc: Los Angeles County Sanitation Districts
Financing Authority

APPENDIX E
FORM OF PROPOSED OPINION OF BOND COUNSEL

Upon delivery of the 2021 Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Authority, proposes to render its final approving opinion with respect to the 2021 Bonds in substantially the following form:

[Date of Delivery]

Los Angeles County Sanitation Districts
Financing Authority
Whittier, California

Los Angeles County Sanitation Districts Financing Authority
Capital Projects Revenue Bonds, 2021 Series A
(District No. 14 Revenue Bonds) (Green Bonds)
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Los Angeles County Sanitation Districts Financing Authority (the “Authority”) in connection with the issuance of its \$41,645,000 aggregate principal amount of Los Angeles County Sanitation Districts Financing Authority Capital Projects Revenue Bonds, 2021 Series A (District No. 14 Revenue Bonds) (Green Bonds) (the “Series 2021 Bonds”), issued pursuant to the Indenture, dated as of September 1, 2021 (the “Indenture”), by and between the Authority and U.S. Bank National Association, as trustee (the “Trustee”).

In such connection, we have reviewed the Indenture, the Installment Purchase Agreement, dated as of September 1, 2021 (the “Installment Purchase Agreement”), by and between County Sanitation District No. 14 of Los Angeles County (the “District”) and the Authority, the Tax Certificate, dated the date hereof (the “Tax Certificate”), opinions of counsel to the Authority, the District, the Trustee and others, certificates of the Authority, the District, the Trustee and others and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein. Capitalized undefined terms used herein have the meanings ascribed thereto in the Indenture or, if not defined therein, in the Installment Purchase Agreement.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the original delivery of the Series 2021 Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the original delivery of the Series 2021 Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the Series 2021 Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than the Authority and the District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture, the Installment Purchase Agreement and the Tax Certificate, including, without limitation, covenants and agreements compliance with which is necessary

to assure that future actions, omissions or events will not cause interest on the Series 2021 Bonds to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Series 2021 Bonds, the Indenture, the Installment Purchase Agreement and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against governmental entities such as the Authority and the District in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute or having the effect of a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the assets described in, or as subject to the lien of, the Installment Purchase Agreement or the Indenture or the accuracy or sufficiency of the description of any such assets. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Series 2021 Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Series 2021 Bonds constitute the valid and binding, special, limited obligations of the Authority payable solely from the Authority Revenues and the other assets pledged therefor under the Indenture.
2. The Indenture has been duly executed and delivered by, and constitutes the valid and binding obligation of, the Authority.
3. The Installment Purchase Agreement has been duly executed and delivered by, and constitutes the valid and binding obligation of, each of the District and the Authority.
4. Interest on the Series 2021 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the Series 2021 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Series 2021 Bonds.

Faithfully yours,



LOS ANGELES COUNTY SANITATION DISTRICTS

Converting Waste Into Resources



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