

Sanitation Districts of Los Angeles County

Wastewater Budget Explanation and Glossary of Terms

Fiscal Year 2026-27

INTRODUCTION

The budget package for each District consists of the following sections:

- **Operating Fund Budget:** Details of the sources and uses of funds for the Operating Fund and Unrestricted Reserve Fund, described in the District's wastewater reserve policies. The proposed budget for the upcoming fiscal year is compared to the adopted budget for the current fiscal year.
- **Proposed Capital Projects:** Shows major capital projects budgeted expenditures for the fiscal year. If a District has no major capital projects budgeted, this section is omitted. Joint Outfall System capital projects are not listed on individual district budgets and are instead listed in the Joint Outfall System budget.
- **Unrestricted, Designated and Restricted Reserve Budget:** Provides beginning and ending balances of each category of reserves along with major inflows to and outflows from that reserve.
- **Rate and Other Information Summary:** Shows adopted and proposed rates for the various user fees, summary of projected sewage units, and other metrics.

TERMS USED IN THE BUDGET

Below are explanations of budget line items and other terms used in the budgets. Note that some terms may not apply for certain Districts.

Operating Fund Starting Balance	Projected cash balance in the Operating Fund as of July 1 at the beginning of the fiscal year shown.
Ad Valorem Tax Revenue	A District's share of Ad Valorem (property) taxes paid by property owners in a District.
Service Charge Rate	Fees paid by residential, commercial and small industrial users of a District's wastewater system. These fees are generally collected on the property tax bill as a separate line item.
Industrial Waste Rates	Fees paid by large industrial users of a District's wastewater system. For districts in the Joint Outfall System, Industrial Waste Revenue is shown on the Joint Outfall System budget, not each individual districts budget.
Contract Revenue	Revenue from commodity and energy revenue sales; leases; and other similar sources of revenue.
Agricultural and Recycled Water Sales	Revenue from commodity sales of composted material and reclaimed water
Interest	Interest revenue generated by Unrestricted, Designated, and Restricted Reserves.

Grant Proceeds	Grant revenue, generally from state or federal grants toward capital projects.
Loan Proceeds	Funds received from loans taken out to finance capital projects, primarily Clean Water State Revolving Fund (CWSRF) and Water Infrastructure Finance and Innovation Act (WIFIA) loans.
Transfers from Restricted Reserve Funds	Funds transferred from Restricted Funds including transfers from Capital Improvement Funds to be used toward capital expenditures.
Transfers from Designated Reserve Funds	Funds transferred from Designated Funds including the Rate Stabilization Fund.
Transfers from Districts	Funds transferred from the Joint Outfall Districts to Joint Outfall System for the remaining share of balances.
Joint Administration Operations	A District's share of Joint Administration Operating Expenditures less any operational or non-operational Joint Administration Revenues
Joint Outfall Operations	A District's share of Joint Outfall System Operating Expenditures less any operational or non-operational Joint Outfall System Revenues
Sewer System Operations	Expenditures related to operating and maintaining sewers and pumping plants.
Treatment Plant Operations	Expenditures related to operating and maintaining treatment plants.
Composting Facility Operations	Expenditures related to operating and maintaining composting facilities.
Contract Disposal Operations	Expenditures related to the operation and maintenance for conveyance and treatment of wastewater performed by another entity.
Other Operational Expenditures	Operational expenditures that are not directly related to facilities, such as insurance, annexations, and certain regulatory work.
Joint Administration Capital	Capital expenses that are not related to facilities, such as laboratory and administration office projects.
Joint Outfall Capital	Joint Outfall System capital expenses related to facilities.
Sewer System Capital	Capital expenditures related to rehabilitation or expansion of sewers and pumping plants.

Treatment Plant Capital	Capital expenditures related to upgrade, repair or expansion of treatment plants.
Composting Facility Capital	Capital expenditures related to upgrade, repair or expansion of composting facilities.
Field Office Capital	Capital expenditures related to upgrade, repair or expansion of field offices.
Contract Disposal Capital	Capital expenditures related to conveyance and treatment of wastewater performed by another entity.
Loan Repayment	Interest and principal payments toward loans, primarily CWSRF and WIFIA loans.
Bond Repayment	Interest and principal payments toward bond debt.
Transfers to Designated Reserve Funds (Transfers Out)	Surplus funds at the end of the fiscal year not required for operating or cash-flow purposes that are transferred to Designated Reserves. Designated Reserves are primarily used to help stabilize future rates and to set aside funds for future capital projects.
Transfers to Unrestricted Reserve Funds (Transfers in)	Funds transferred to Unrestricted Funds to be used to meet the cash flow needs of the Joint Outfall System.
Operating Fund Ending Balance	Projected balance in the Operating Fund as of June 30 at the end of the fiscal year shown.
Total Served Sewage Units	Total number of Sewage Units (single family home equivalent dischargers) that are served by facilities owned by the Districts.