



ORO LOMA SANITARY DISTRICT

ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2022

WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2021



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ORO LOMA SANITARY DISTRICT

Annual Comprehensive Financial Report Year Ended June 30, 2022

with Comparative Totals for the Fiscal Year Ended June 30, 2021

Presented by:



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Prepared by the Finance Department:



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ORO LOMA SANITARY DISTRICT
Comprehensive Annual Financial Report
for Fiscal Year Ended June 30, 2022
With Comparative Totals for the Fiscal Year Ended June 30, 2021

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INTRODUCTORY SECTION

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ORO LOMA SANITARY DISTRICT

December 31, 2022

To the Honorable Board of Directors and Customers of Oro Loma Sanitary District, San Lorenzo, California:

State law requires that every general purpose local government publish a complete set of audited financial statements within 6 months of each fiscal year-end. This report is published in alignment with Oro Loma Sanitary District's standard for transparency while fulfilling the State's requirement for the fiscal year ended June 30, 2022.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Cropper Accountancy Corporation has issued an unmodified opinion on the District's financial statements for the year ended June 30, 2022. Immediately following the independent auditor's report, the Management's Discussion and Analysis (MD&A) segment provides a narrative analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

DISTRICT OVERVIEW

Oro Loma Sanitary District was formed on August 11, 1911 to serve an 800-acre area. Today, the District encompasses 13 square miles, serving the communities of unincorporated Alameda County, including San Lorenzo, Ashland, Cherryland, Fairview, and portions of Castro Valley. The District's service area is located about 13 miles south of Oakland and 30 miles north of San Jose, on the eastern shore of the San Francisco Bay. The customer base is predominantly residential. Sewage collection and treatment services are provided to 47,945 customers, comprised of: residential 46,781 units (97.57%), commercial and light industrial 1,161 units (2.42%), and, 3 significant industrial customers (0.01%). The population served within the District's boundaries is 144,553.

Oro Loma also provides sewage treatment services for other agencies by agreement. Approximately 20,400 customers of Castro Valley Sanitary District, 800 customers of the City of San Leandro, and 170 customers of the City of Hayward are connected to the District's gravity sewer system due to topography.

The District is governed by a 5-member Board of Directors, elected in the County's general election, for alternating 4-year terms. The election is at-large and non-partisan. Directors must reside within the District's boundaries. Policy making and legislative authority are vested in the Board, which appoints the General Manager to manage and oversee the District's activities.

Mission Statement

To provide the highest value in wastewater, solid waste, and recycling services to our customers and protect the San Francisco Bay and our communities.

The District's enabling legislation is the Sanitary Act of 1923 of the State Health and Safety Code, which empowers the District to provide the following services.

Sewage Collection

- The District owns approximately 273 miles of underground sewer lines within its boundaries, and maintains 12 remote sewage lift stations, which are facilities for moving wastewater from lower to higher elevation, particularly where the elevation of the source is insufficient for gravity flow.
- Industrial dischargers are monitored for compliance to meet federal and state pretreatment standards, which assure treatment plant effluent quality.

Sewage Treatment

- The District operates a water pollution control plant with a permitted capacity of 20 million gallons per day (MGD). The plant is jointly owned by Oro Loma Sanitary District (75%) and Castro Valley Sanitary District (25%).
- An average daily flow of 11 million gallons of sewage is treated each day.
- The plant uses primary and advanced secondary treatment processes to clean wastewater to protect human health and the environment. The treated effluent is disposed of through a discharge pipe (collectively-owned by the District and 4 other local agencies) into the San Francisco Bay.
- Each day, 13 dry tons of biosolids are produced from the treatment process. These biosolids are disposed of annually, and beneficially used on agricultural land.

Reuse of Treated Wastewater (Water Reclamation)

An annual total of 57 million gallons (1.2%) of treated effluent is reused for irrigation at the Skywest Golf Course, saving fresh water for residents and businesses.

Other Inter-Governmental Agency Services

The District has joint ownership of an effluent discharge system through a Joint Powers Authority called East Bay Dischargers Authority (EBDA). The purpose of EBDA is to manage and operate common effluent transport and disposal facilities for its member agencies. EBDA also holds a National Pollutant Discharge Elimination System (NPDES) Permit from the California Regional Water Quality Control Board to discharge secondary treated wastewater from its member agencies into the San Francisco Bay. The District provides maintenance services to EBDA on a contract basis, and has cooperative support agreements with other governmental agencies in the event of disasters and emergencies.

The previous EBDA Joint Powers Agreement expired on December 31, 2019. The five member agencies of the JPA unanimously extended the terms of that agreement until June 30, 2020, and reached an amended and restated agreement which took effect on July 1, 2020. The amendment contains changes in maximum flow rate capacity among member agencies, specifies the transport system's segment allocations, and establishes the basis for the allocation of operating and capital costs, as well as costs for planning and special studies. The District's new ownership share in EBDA is 19.140% as a result of the amendment.

Solid Waste (Garbage) Services

The District contracts with Waste Management of Alameda County to provide garbage services for the unincorporated areas of Alameda County and parts of the Cities of Hayward and San Leandro.

Recycling Services

The District contracts with Waste Management of Alameda County to provide recycling and green waste programs for the unincorporated areas of Alameda County and parts of the City of San Leandro. These programs are intended to reduce solid waste in accordance with the California Integrated Waste Management Act of 1989 (AB939), and the Alameda County Measure D. The District has been achieving and exceeding its AB939 mandated solid waste reduction goals since 1995.

ECONOMIC CONDITION

Local Economy

Oro Loma Sanitary District's service area crosses over several political jurisdictions. Of the 47,945 customers within District boundaries, approximately 60% reside in unincorporated communities of Alameda County, 32% live in the City of San Leandro, and 8% live in the City of Hayward. Economic conditions vary slightly among communities. The 2017-2021 statistics published by the U.S. Census Bureau provided the following information on median household income and occupancy: for the unincorporated areas of Alameda County, \$95,903 with 3.09 persons per household; for the City of San Leandro, \$89,663 with 2.94 persons per household; and, for the City of Hayward, \$98,837 with 3.21 persons per household. Much like the rest of the nation, the local economy has experienced severe adversity from the COVID-19 pandemic since 2020. The average unemployment rate in 2021-2022 was 9.8% but is expected to decrease over time as businesses reopen to full capacity. Median housing sale price was \$513,000. Based on economic forecasts by the California Department of Transportation, it is anticipated that the County's population growth will be 0.4% per year.

Long-Term Financial Planning

The District utilizes strategic capital spending, and utilizes in-house engineering design and construction management expertise for most pipeline projects. Consulting engineers may be engaged to assist with the design of treatment plant improvements. Staff continually updates long-term cost projections for collection system and treatment plant improvements. These projections serve as planning tools to ensure that the District's facilities, equipment, and infrastructure are in optimal condition and meet projected demands.

The District plans to spend an average of \$25.0 million annually for the next 5 years in renewal and replacement and capital improvements. Of this total, an average of \$11.4 million per year is allocated to renewing the existing collection system and facilities. Other major long-range plans in the treatment plant include; design and construction of digesters No. 8 and No. 9; upgrade of the cogeneration system; replacement of the influent pump station and barscreens; rehabilitation of the gravity belt thickener; and, renewal of the digester gas system flares.

The operating budget is expected to increase in line with inflation and regulatory compliance requirements without any significant staffing changes. The Board adopted a 5-year rate plan in 2021, with 7.5% annual rate increases to provide for necessary spending. Additionally, in August 2021, the District entered into two separate financial obligations to provide funding for the Sewer Collection System Pipeline Rehabilitation & Replacement Project. The State Water Resources Control Board's State Revolving Fund (SRF) allows up to \$25 million in project cost reimbursements with an annual rate of 0.9%; and, through the Water Infrastructure Finance & Innovation Act (WIFIA), a maximum principal amount of \$24.5 million has been approved at an annual rate of 1.91%. With these new sources of financing, the District can achieve its strategic goal of replacing 40 miles of sewer pipe by 2029.

Relevant Financial Policies

The Board adopted a set of financial policies and standard procedures, and regularly reviews and updates them. These policies and procedures provide a framework for the District to prudently manage its resources and to be accountable stewards for the public it serves.

- **Balanced Budget**

One of the District's fiscal responsibilities is to maintain a balanced budget in which revenues are sufficient to cover expenses required to meet planned needs. To assist in its decision-making, the Board regularly examines a 5-year cash flow projection. The District will fund capital improvements by a combination of rate increases and external financing. The Board anticipates temporary deficits due to the \$6 million cost of cart replacements mandated by SB 1383: Short-Lived Climate Pollutants. The District will recover this cost through franchise fees and progressive recycling rate increases over the next several years.

- **Budgetary Controls Policy**

The Board maintains budgetary controls by reviewing monthly financial reports to ensure compliance with the adopted budget. The General Manager has authority to reallocate up to \$50,000 between projects based on actual need, while increases in the total budget always require Board approval. The adopted

budget is typically amended shortly after the year begins to carry over prior year unused appropriations for projects in progress. Subsequent budget amendments occur continuously throughout the remainder of the year as priorities are revised and new needs are identified. The District has consistently met its budgetary control requirements by managing operating expenses at between 90% to 96% of budget.

- **Investment Policy**

The Investment Policy provides the framework for investing public funds held by the District. It follows the State of California's guidelines, and defines the risks associated with investing funds, lists the authorized financial institutions and custodians, identifies the permissible instruments and maturities, and describes the internal control and reporting requirements. The Finance & Insurance Committee oversees the ongoing compliance of this policy, and the Board reviews it annually. The District diversifies its investments among Federal agency bonds and certificates of deposits.

- **Financial Reserves Policy**

The Financial Reserves Policy sets the required reserves so that there are sufficient funds to meet the needs of specifically identified purposes. This policy is reviewed by the Board as needed. If cash reserves approach the set minimum, the Board may either revise the reserve level or authorize equity transfers between component funds to ensure that the approved reserve is maintained. The current reserve level is \$8.02 million, which represents half of the District's projected sewer service revenues collected through Alameda County for the fiscal year.

- **Capital Assets Policy**

The Capital Assets Policy defines the threshold of a fixed asset to be \$10,000 with useful life of more than 1 year. It addresses the acquisition and disposal processes of an asset, as well as measures to safeguard assets through periodic inventory. Assets that meet the defined criteria are capitalized in the accounting system at fiscal year-end and depreciated over their useful lives. The assets will remain on the District's records until they are approved by the Board for disposal through annual surplus review.

- **Internal Control Policy**

The District established a framework for internal control, using the California State Controller's guidelines. It follows the standards adopted by the American Institute of Certified Public Accountants (AICPA) and the internal control framework provided by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The objective of this policy is to safeguard tangible and intangible assets, and to prevent and detect errors and fraud. The Board maintains internal control through committees overseeing 5 key areas – Construction; Finance and Insurance; Operations; Personnel, Safety and Public Information; and, Solid Waste. Other measures such as segregation of duties, requirement of dual signatures on payments, and limiting the possession of District credit cards are implemented as additional control.

- **Cash Management Policy**

The Cash Management Policy establishes specific procedures for collecting, depositing and disbursing District cash. It defines the role and responsibility of staff in day-to-day tasks such as cash receipts, accounts payable and petty cash disbursements, payroll processing, and bank reconciliation. The Finance & Insurance Committee reviews check registers and audits selected payments at monthly committee meetings. Bank reconciliations are performed by the Finance Manager and approved by the General Manager. Separate personnel handles cash deposits and payments, and a restricted group of designated persons is authorized to initiate fund transfers. Payroll is processed by 2 individuals and approved by the General Manager to ensure checks and balances. The District maintains a structured financial environment, in which the risks of unauthorized cash transactions are significantly reduced.

- **Purchasing Policy**

The Purchasing Policy provides guidelines for the procurement of goods and services. It defines the levels of authority and responsibilities, documentation required, and describes the competitive bidding process.

Major Initiatives

The District maintains a 10-year Strategic Plan which establishes strategic goals to meet its vision in the areas of financial stability, safety and employee development, regulatory compliance, customer service, and, infrastructure.

With increasing concern for the sustainability of public employee retirement benefits, the District has taken significant steps to lower its unfunded accrued liability (UAL) by contributing over \$10 million in additional discretionary payments between 2015 and 2021. As of the last valuation date of June 30, 2021, the UAL stands at \$4.3 million. The District will pay down the liability by utilizing an accelerated 10-year amortization schedule.

The Board recognizes the critical need to maintain reliable infrastructure, in particular, to replace the District's aging sewer pipes (50-70 years old). Through its Strategic Plan, the District aims to replace 32 miles of pipe in the next 5 years using external financing sources.

The Board values communication and engagement with the public. A Communications Plan is updated periodically to maintain public outreach through newsletters, social media and events such as open house and plant tours. These efforts serve as learning opportunities on the District's mission and its role in protecting the environment.

In 2016, Governor Brown signed into law Senate Bill 1383: Short-Lived Climate Pollutants which will go into effect on January 1, 2022. The Bill establishes organics waste reduction targets and requires jurisdictions to have policies and programs in place by the effective date. While there are multiple aspects within SB 1383, the largest cost stems from a requirement to provide color-compliant containers for the entire customer base. The District spent \$6 million to replace refuse and recycling carts in 2022. Costs of the new carts will be recovered through franchise fees from refuse revenues as well as recycling fees.

The District updates its strategic plan biennially and allocates staffing and other resources to achieve its vision and goals. In the next decade, the District plans to utilize an existing near-shore outfall for peak flow discharge, achieve energy neutrality, implement an office of the future, and replace part of its fleet with electric vehicles along with charging stations. It will continue to educate the community on protecting the environment by active involvement in community outreach through quarterly newsletters, ongoing school programs, and neighborhood events.

SIGNIFICANT ACCOMPLISHMENTS

The Board has consistently maintained sound fiscal policies by closely monitoring operating expenses, capital spending, and setting strategic goals with the long term in mind. The District is committed to eliminating unnecessary costs while providing the best possible service and system reliability for its customers. It is also fully funded for its other post-employment benefit (retiree medical) obligations. Through collective bargaining changes over the past 15 years, the District has taken significant steps to reduce future liabilities by increasing eligibility requirements, increasing minimum retirement age, and limiting benefits to single party only.

Major accomplishments during the last 5 fiscal years were as follows:

- The District maintains the lowest sewer service rates in Alameda County, and one of the lowest known rates in the State of California. As of July 1, 2022, the annual single-family residential sewer rate of \$342 is 50% below the average of \$681 within the County.
- As of October 1, 2022, the monthly garbage and recycling rate for a 35-gallon container in unincorporated Alameda is \$27.77, 37% less than the average of \$43.95 within the County.
- The District maintains a high safety culture and continuously seeks to improve job safety. As of December 31, 2022, the District has achieved 1936 days without a lost time injury.
- The District has been proactive in managing its unfunded accrued liability (UAL) for pension. Between March 2015 and July 2016, the District contributed \$8.35 million in additional discretionary payments and is currently over 80% funded. In FY 2020-21, further payments of \$1.9 million towards the UAL were made.
- The District has maintained over 99% funded status on Other Post-Retirement Employee Benefits (OPEB) obligations since 2013.

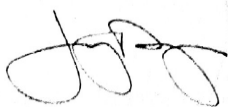
- The District won the 2019-20 and 2021-22 CSRMA Workers' Compensation Excellence Award, and was recognized for its ergonomic assessments of plant and field operations, for focusing on back injury prevention, and for keeping policies up to date on an ongoing basis.
- The District was honored with the Government Finance Officers Association (GFOA) Distinguished Budget Presentation Award for its Two-Year Budgets for fiscal years 2015-17, 2017-19, 2019-21, and 2021-23.
- The District completed the Wet Weather Equalization/Horizontal Levee Demonstration project which includes the construction of an 8-million gallon storage basin for wet weather equalization, combined with a horizontal levee for demonstration of wetland for dry weather flows. Benefits of this project include the ability to divert peak wet weather flows, improvement of existing wildlife habitat, and evaluation of the leading alternative response to sea level rise in the Bay Area. The \$8.5 million project was funded in part by a \$1.9 million grant from the State of California.
- The District's Horizontal Levee Demonstration project won the 2017 California Association of Sanitation Agencies (CASA) Award of Excellence for Outstanding Capital Project for Small Agency and the 2017 Friends of the San Francisco Estuary Outstanding Environment Project Award.
- In 2017, the Boards of Oro Loma Sanitary District and Castro Valley Sanitary District jointly received the San Francisco Bay Institute's Bay Hero Award for their vision and leadership related to sea rise response.
- In 2021, the District completed the \$24.7 million Nutrient Optimization Project. The upgraded facilities enhance the nutrient treatment process and provide nitrogen removal (nitrification and denitrification) that meets permit limits until at least 2040.
- The District is currently in the final stages of completing the construction of a consolidated operations building to promote efficiency and collaboration among work groups.

ACFR AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Oro Loma Sanitary District for its annual comprehensive financial report for the fiscal year ended June 30, 2021. This was the 27th consecutive year that the District has received this prestigious award. The long history reflects the District's consistent culture of transparency. To be awarded a Certificate of Achievement, the governmental entity has to publish an informative, well organized, and easily readable report that satisfies both generally accepted accounting principles and applicable program requirements. A Certificate of Achievement for Excellence in Financial Reporting is valid for 1 year. We believe that our current report exceeds the Certificate of Achievement Program's requirements, and are submitting it to GFOA to determine its eligibility for another certificate.

We wish to express our sincere appreciation to the Board of Directors, and especially to the members of the Finance & Insurance Committee – Directors Shelia Young and Benny Lee, and to the audit team of Cropper Accountancy Corporation for their support in submitting this Annual Comprehensive Financial Report. The presentation of this report could not have been accomplished without the professionalism and dedication demonstrated by the management and staff of the District. We would like to convey special thanks to all who provided input in the preparation of this report.

Respectfully submitted,



Jimmy Dang
General Manager/Treasurer



Arlene Wong
Finance Manager



Pearl Gonzalez
Accountant



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Oro Loma Sanitary District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

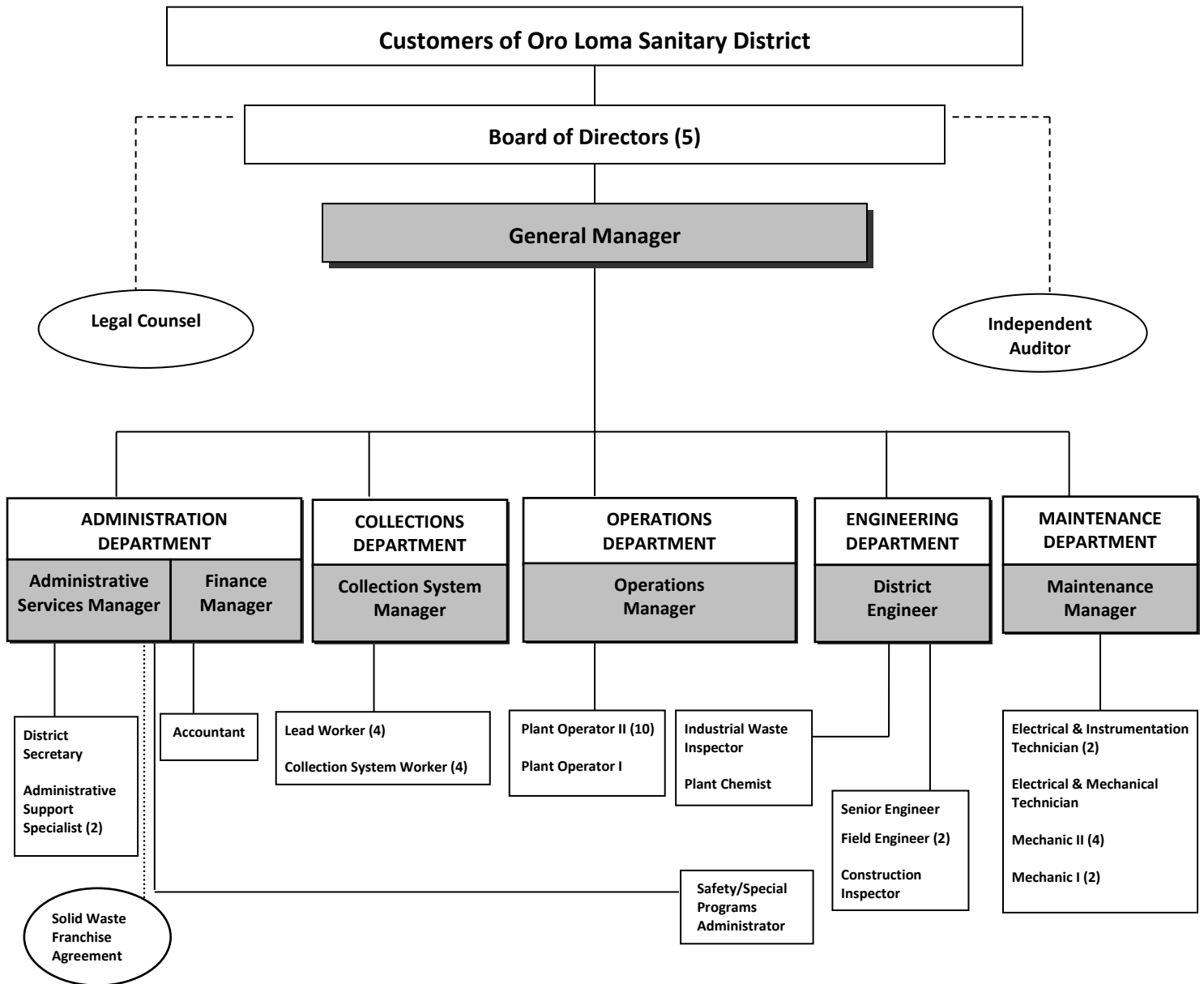
June 30, 2021

Christopher P. Morill

Executive Director/CEO

ORO LOMA SANITARY DISTRICT

ORGANIZATIONAL CHART



ORO LOMA SANITARY DISTRICT

GOVERNING BODY • BOARD OF DIRECTORS

The District is governed by a five-member Board of Directors, elected in the County's general election for alternating four-year terms. The public is welcome to attend the District's Board meetings held on the first and third Tuesdays of each month at 3:00 p.m., and Committee meetings at various times throughout the month. A listing of dates and times is available on the District's website at www.oroloma.org.



Fred Simon, President

Term Expires 2026

Chairperson of Operations Committee, Member of Finance & Insurance Committee, and Representative on EBDA.

Mr. Simon is a registered Professional Engineer with over 20 years of experience in the Bay Area. He has worked for East Bay Municipal Utility District and is currently employed by Contra Costa Water District. He is a resident of the Heron Bay community in San Leandro. Mr. Simon was first elected to the Board in November 2018.



Shelia Young, Vice President

Term Expires 2026

Chairperson of Construction Committee, Member of Solid Waste Committee, Representative on StopWaste, Executive Board Member of ACSDA, and Alternate Representative on EBDA.

Ms. Young is currently a business/environmental consultant who managed her own business for 30 years prior to service as Mayor of the City of San Leandro. She was named Mayor Emeritus in 2008. Ms. Young was first elected to the Board of Directors in 2014 and was re-elected in 2018.



Benny Lee, Secretary

Term Expires 2024

Chairperson of Finance & Insurance Committee, Member of Personnel/Safety/Public Information Committee, and Representative on ACSDA.

Mr. Lee is a financial systems and information technology professional and has a B.S. Degree in Business Administration. He is active in numerous local community organizations, cultural groups, and civic boards. He served as a member of the San Leandro City Council from 2012 to 2020. Mr. Lee was first elected to the Board in 2020.

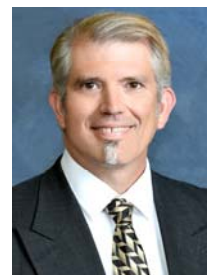


Rita Duncan, Director

Term Expires 2026

Chairperson of Solid Waste Committee, Member of Construction Committee, Representative on HASPA, Alternate Representative on ACSDA, Alternate Representative on StopWaste, and Vice Chairperson of CASA Federal Legislative Committee.

Ms. Duncan retired as Director of Human Resources of a Bay Area manufacturing company. She was also formerly the Director of the Math, Engineering, Achievement & Education Outreach Program for the Stanford School of Engineering. Ms. Duncan was first appointed to the Board in January 2016, elected in November 2016, and re-elected in 2018.



Paul Stelzmann, Director

Term Expires 2024

Chairperson of Personnel/Safety/Public Information Committee and Member of Operations Committee.

Mr. Stelzmann has an extensive background in water treatment plant operations and possesses degrees in biology and chemistry. His responsibilities as a Senior Water Treatment Operator at East Bay Municipal Utility District include ensuring safe and efficient plant operations, compliance with State and Federal regulations, and operator training. Mr. Stelzmann was first elected to the Board in 2020.

Note: ACSDA – Alameda County's chapter of the California Special Districts Association

ACWMA – Alameda County Waste Management Authority, also known as StopWaste.org

CASA – California Association of Sanitation Agencies

EBDA – East Bay Dischargers Authority

HASPA – Hayward Area Shoreline Planning Agency

ORO LOMA SANITARY DISTRICT

MANAGEMENT TEAM

Official



Jimmy Dang, General Manager/Treasurer

Directs, manages, and coordinates District activities in accordance with Board policies. Develops the District's Strategic Plan and keeps the Board informed on projects and programs to facilitate good decision making. As Treasurer, the General Manager also oversees the District's financial operations, investments and risk management.

Departmental Management

Administration



Andreea Simion, Administrative Services Manager

Manages human resources, benefits, employee relations, and labor relations functions. Oversees Board and administrative support services, information technology, and public outreach programs. Also manages the District's agreement for solid waste services with Waste Management, including contract compliance management and program oversight.



Arlene Wong, Finance Manager

Manages the District's financial controls and reporting system, including budgeting, cash flow, investments, billings, payments, payroll, financial audits and compliance. Ensures that the District is meeting its fiduciary responsibilities. Oversees activities related to debt issuance and compliance. Assists other managers in budget monitoring and project costing.

Collections



Christopher Brown, Collection System Manager

Manages the inspection, assessment, and maintenance of the sewer collection system. Performs regulatory reporting and maintains continuous emergency response. Ensures that exemplary customer service is provided when the crew performs sewer line work throughout District neighborhoods.

ORO LOMA SANITARY DISTRICT

MANAGEMENT TEAM

Engineering



William Halsted, District Engineer

Manages the Engineering Department. Administers the Capital and Renewal & Replacement programs for the District. Oversees long-term planning for the collection system and treatment facility, issuance of permits for construction, repairs, and annexations, and reviews plans and specifications.

Treatment Plant



Gene Palop, Operations Manager

Manages continuous operations of the treatment plant and water reclamation facilities. Oversees processes for energy optimization, grease acceptance for digesters efficiency, and sludge dewatering. Maintains primary responsibility for regulatory compliance with the District's National Pollutant Discharge Elimination System (NPDES) permit.



Joseph McCauley, Maintenance Manager

Manages treatment facilities and equipment maintenance and provides support to the Operations and Collections Departments. Maintains efficient response to remote site pump station failures. Collaborates with the Engineering Department in various projects. Maintains primary responsibility for compliance with the Air Board's regulations.

VISION OF ORO LOMA SANITARY DISTRICT

Safety is paramount.

We will maintain a safety program, safety culture, safe work habits, and safe work record to reflect our practice of proactive risk identification and mitigation. Our vision is to send a generation of employees into retirement without impairment.



Our staff remains our key asset.

We will practice deliberate knowledge transfer, keep the selection of extraordinary team players as our norm, foster an environment to promote professional development, and offer an appropriate compensation package. We strive to create and nurture an inclusive culture, where differences and diversity of thought contribute to exemplary customer service.

Our response to emerging regulations gives us a competitive advantage.

We will perform sound planning, engage with the regulatory community, and innovate as we select optimal responses to significant emerging regulations.

New technologies are only implemented when worth our investment.

We will scrutinize available technologies and implement only those that make us future-ready and increase our standard for operational resiliency while meeting our high standards for investment of public funds.

Measured risk taking is part of sound management.

We will continue to take prudent business risks that improve the District's ability to respond to future challenges while maintaining our fiscal strength.

The public deserves that we manage with the long-term value in mind.

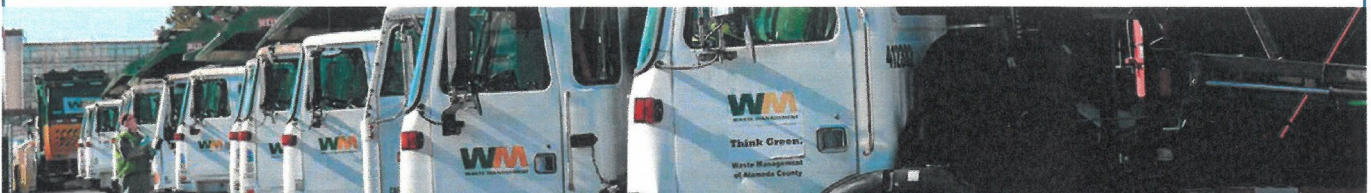
Through sound management and ongoing infrastructure renewal, we will maintain our position as a reliable and low-cost service provider for generations to come.

Our best service starts with proactive communication.

We will identify issues of public concern and communicate our approach to addressing these issues well in advance of any requirement for significant action.

Excellence is pursued over average performance.

We will set the standard for operational resiliency, regulatory compliance, and cost-efficient operations among sanitary agencies in the State.



ORO LOMA SANITARY DISTRICT

LOCATION & SERVICE AREA

Oro Loma Sanitary District was originally formed to serve an 800-acre area. Today, the District encompasses 13 square miles, serving the communities of unincorporated Alameda County, including San Lorenzo, Ashland, Cherryland, Fairview, portions of Castro Valley, and designated areas of the Cities of Hayward and San Leandro. The District's service area is located about 13 miles south of Oakland and 30 miles north of San Jose on the eastern shore of the San Francisco Bay.

ORO LOMA SANITARY DISTRICT SERVICE AREA



DISTRICT AWARDS – LAST TEN YEARS

California Association of Sanitation Agencies (CASA)

Award of Excellence for Outstanding Capital Project for Small Agency (Horizontal Levee Demonstration Project)	2017
Award of Excellence for Outstanding Capital Project (Nutrient Optimization Project)	2021

California Sanitation Risk Management Authority (CSRMA)

Safety, Health, Environment, Liability and Losses (SHELL) Award	FY 2012-13
Safety Superstar	FY 2009-10
Workers' Compensation Excellence Award	FY 2015-16, FY 2019-20 FY 2021-22

California Water Environment Association (CWEA)

(* denotes an award at both the San Francisco Bay Section and State levels)

Collection System of the Year (250-500 miles)	2010*, 2013*, 2022
Plant of the Year (5-20 MGD)	2011
Plant Safety Award (26-75 employees)	2014*
Research Achievement Award (Zeolite-Anammox Pilot Project)	2014

Government Finance Officers Association (GFOA)

Certificate of Achievement for Excellence in Financial Reporting	Continuously since FY 1994-95
Distinguished Budget Presentation Award (Two-Year Budget)	Continuously since FYs 2015-17

Water Environment Federation (WEF)

George W. Burke Facility Safety Award	2015
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Others

Special District Leadership Foundation Transparency Certificate of Excellence	2014, 2020
Friends of the San Francisco Estuary Outstanding Environment Project Award (Horizontal Levee Demonstration Project)	2017
San Francisco Bay Institute Bay Hero Award (Innovative response to sea level rise) Joint recipients: Oro Loma and Castro Valley Sanitary Boards	2017

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Oro Loma Sanitary District
San Lorenzo, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities of the Oro Loma Sanitary District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Oro Loma Sanitary District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Oro Loma Sanitary District, as of June 30, 2022, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Oro Loma Sanitary District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Oro Loma Sanitary District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing

standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Oro Loma Sanitary District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Oro Loma Sanitary District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the pension's Schedule of the District's Contributions, Schedule of the District's Proportionate Share of the Plan's Net Pension Liability, Schedule of Changes in Net OPEB Liability & Related Ratios, Schedule of the District's Contributions, and all other schedules presented in the required supplementary information (as shown in the table of contents) be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oro Loma Sanitary District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2022, on our consideration of the Oro Loma Sanitary District's 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Oro Loma Sanitary District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oro Loma Sanitary District's internal control over financial reporting and compliance.



CROPPER ACCOUNTANCY CORPORATION

Walnut Creek, California

November 8, 2022

MANAGEMENT'S DISCUSSION & ANALYSIS

SERVICE RECOGNITIONS

Oro Loma Sanitary District congratulates the following personnel for their dedicated years of service.

20 Years



Jose Rodriguez
Plant Operator I

15 Years



Lacey Aldridge
Administrative Support
Specialist



Earl Miranda
Lead Worker

10 Years



Pearl Gonzalez
Accountant



Trevor Schofield
Plant Operator II

**ORO LOMA SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022**

Oro Loma Sanitary District was established in 1911 and subsequently reorganized in 1940. The District is empowered to own and operate sewage facilities, and to provide sewer, solid waste and recycling services to its customers. The elected Board of Directors oversees its operations, sets policies, establishes fees, and ensures that its mission in serving the public is achieved.

This financial report consists of the following sections: independent auditors' report, management's discussion and analysis, basic financial statements, notes to the financial statements, required supplementary information, other supplementary information, and other independent auditors' report.

The management discussion and analysis (MD&A) is an overview of the District's operations and financial performance during the fiscal year ended June 30, 2022. This information is presented in conjunction with the basic financial statements and the accompanying notes, which immediately follow this section.

Financial Highlights for the Fiscal Year Ended June 30, 2022

- The ending net position as of June 30, 2022 was \$123,452,958, reflecting an increase of \$13,652,252 (12.4%) from the prior year net position of \$109,800,706.
- Total assets were \$148,923,323, reflecting an increase of \$16,564,885 (12.5%) from \$132,358,438 in the prior year. New assets in the total of \$9.4 million were capitalized and were offset by the current annual depreciation of \$3.7 million. The most prominent asset addition was a fleet of refuse and recycling carts for \$6.5 million, acquired in compliance with SB 1383: Short-Lived Climate Pollutants which took effect in January 2022. Other capitalized assets included pipeline replacements (\$1.9 million), Wickman lift station backup generator (\$154,633), and operator training program (\$219,107). Construction in progress increased by \$12.8 million (655.3%) primarily from robust sewer line replacements and construction of the Consolidated Operations Building. Cash and investments decreased by \$9.4 million (56.2%) due to major project spending on sewer line replacements (\$10.5 million) and building construction (\$3.7 million), offset by proceeds from WIFIA and SRF financing (\$5.2 million). Investments at fair value was \$3.6 million (67.4%) higher than last year, resulting from a \$4 million net increase in new securities with a \$0.45 million drop in fair market value. In addition, the Net OPEB Asset increased by \$2.7 million based on the latest GASB Statement No. 75 actuarial valuation.
- Total liabilities were \$23,191,031, reflecting a decrease of \$2,260,119 (8.9%) from \$25,451,150 in the prior year. Increases in accounts payable of \$1.8 million (226.1%) and customer deposits payable of \$514,648 (447.2%) were both due to the accelerated pace in construction project activity. Total long-term debt increased by \$4.9 million (37.5%) as the District obtained new Federal and State financing this year. These increases were fully offset by the \$9.6 million (92.5%) decrease in the Net Pension Liability, due to favorable market returns of 21.3% in the measurement period of FY 2020-21, along with \$1.9 million in additional discretionary payments towards the unfunded accrued liability.
- Deferred outflows of resources decreased by \$3,044,522 (54.9%) from \$5,541,700 to \$2,497,178, and deferred inflows of resources increased by \$2,128,230 (80.4%) from \$2,648,282 to \$4,776,512. These items represent the different components required by various GASB pronouncements. Deferred outflows reflect consumption of net assets that are applicable to a future reporting period and will increase the net position in a similar manner as assets. Deferred inflows are acquisition of net assets that are applicable to a future reporting and will decrease the net position in a similar manner as liabilities. A new deferred inflow in the amount of \$206,522 was reported this year as the District first implemented GASB Statement No. 87 for leases.

**ORO LOMA SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022**

Required Financial Statements

The District provides services to the public and generates revenues through fee-based business-type activities. The accounting methods used are similar to those used by private entities, utilizing an enterprise fund under a broad fund category, known as proprietary funds. Required financial statements are listed as follows:

- The Statement of Net Position presents information about assets and deferred outflows of resources, and liabilities and deferred inflows of resources. It also provides a basis for evaluating liquidity, financial flexibility, and the capital structure.
- The Statement of Revenues, Expenses, and Changes in Net Position accounts for revenues and expenses. It shows current operations and provides a comparison to the prior year, and can be used to determine whether resources have been successfully recovered through user fees and other revenues.
- The Statement of Cash Flows provides information about cash receipts and disbursements, and net changes in cash resulting from operations, investing, and capital and non-capital financing activities. It shows various cash sources and uses, and the changes in cash and cash equivalents between years.

Financial Analysis of the District

Total net position increased by \$13,652,252 (12.4%) during FY 2021-22. Changes affecting net position are reflected in the following table.

Table 1: Oro Loma Sanitary District – Statement of Net Position

Period Ended June 30	Change in 2022				Change in 2021		
	2022	2021	\$	%	2020	\$	%
Current and other assets	\$ 28,952,967	\$ 30,885,591	\$ (1,932,624)	-6.3%	\$ 29,440,486	\$ 1,445,105	4.9%
Capital assets	119,970,356	101,472,847	18,497,509	18.2%	98,693,834	2,779,013	2.8%
Total assets	<u>148,923,323</u>	<u>132,358,438</u>	<u>16,564,885</u>	<u>12.5%</u>	<u>128,134,320</u>	<u>4,224,118</u>	<u>3.3%</u>
Deferred outflows of resources	<u>2,497,178</u>	<u>5,541,700</u>	<u>(3,044,522)</u>	<u>-54.9%</u>	<u>3,494,342</u>	<u>2,047,358</u>	<u>58.6%</u>
Current liabilities	4,323,673	1,904,775	2,418,898	127.0%	4,010,097	(2,105,322)	-52.5%
Non-current liabilities	18,867,358	23,546,375	(4,679,017)	-19.9%	22,439,627	1,106,748	4.9%
Total liabilities	<u>23,191,031</u>	<u>25,451,150</u>	<u>(2,260,119)</u>	<u>-8.9%</u>	<u>26,449,724</u>	<u>(998,574)</u>	<u>-3.8%</u>
Deferred inflows of resources	<u>4,776,512</u>	<u>2,648,282</u>	<u>2,128,230</u>	<u>80.4%</u>	<u>3,063,592</u>	<u>(415,310)</u>	<u>-13.6%</u>
Net position							
Net investment in capital assets	101,668,469	88,059,830	13,608,639	15.5%	84,883,862	3,175,968	3.7%
Unrestricted	21,784,489	21,740,876	43,613	0.2%	17,231,484	4,509,392	26.2%
Total net position	<u>\$123,452,958</u>	<u>\$109,800,706</u>	<u>\$ 13,652,252</u>	<u>12.4%</u>	<u>\$102,115,346</u>	<u>\$ 7,685,360</u>	<u>7.5%</u>

**ORO LOMA SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022**

This ending net position of \$123,452,958 is made up of the following components:

- \$101,668,469 – Net investment in capital assets. This amount represents investment in capital assets net of accumulated depreciation and related debt. The capital assets are used to provide a variety of services. One of the biggest components of the assets category is the wastewater pollution control plant owned jointly by the District (75%) and Castro Valley Sanitary District (CVSan) (25%). Under a long-term agreement, CVSan reimburses the District and capitalizes its share of capital assets on its own financial records. Assets that do not pertain to the operations and maintenance of the water pollution control plant are fully owned by the District.
- \$21,784,489 – Unrestricted category. This amount is comprised of:
 - \$5,406,842 Investment in effluent discharge facilities – EBDA
 - \$16,377,647 Unrestricted net position

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ORO LOMA SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

Table 2: Oro Loma Sanitary District - Statement of Revenues, Expenses and Changes in Net Position

Period Ended June 30	2022	2021	Change (\$)	Change (%)	2020	Change (\$)	Change (%)
Operating revenues							
District service charges	\$19,453,724	\$17,740,859	\$1,712,865	9.7%	\$16,668,779	\$1,072,080	6.4%
Agency treatment charges	4,266,940	4,142,939	124,001	3.0%	3,674,605	468,334	12.7%
Permits and inspection fees	172,991	190,363	(17,372)	-9.1%	296,034	(105,671)	-35.7%
Sanitary truck waste charges	23,375	24,530	(1,155)	-4.7%	22,275	2,255	10.1%
Grease receiving charges	176,544	128,142	48,402	37.8%	125,388	2,754	2.2%
Biosolid charges	171,173	242,501	(71,328)	-29.4%	103,022	139,479	135.4%
Annexation revenues	-	39,000	(39,000)	-100.0%	-	39,000	100.0%
Contract fees	2,166,182	1,805,310	360,872	20.0%	1,196,785	608,525	50.8%
Recycling charges-residential/green waste	2,845,587	2,327,273	518,314	22.3%	2,337,684	(10,411)	-0.4%
Recycling charges-commercial/industrial	190,287	183,120	7,167	3.9%	180,804	2,316	1.3%
Landfills fees-Measure D	368,971	356,453	12,518	3.5%	406,663	(50,210)	-12.3%
Other	952,546	917,962	34,584	3.8%	963,658	(45,696)	-4.7%
Total operating revenues	\$30,788,320	28,098,452	2,689,868	9.6%	25,975,697	2,122,755	8.2%
Operating expenses							
Engineering	641,114	687,340	(46,226)	-6.7%	687,567	(227)	0.0%
Sewage collections	2,814,917	3,956,977	(1,142,060)	-28.9%	2,422,749	1,534,228	63.3%
Sewage treatment operations	6,166,394	5,713,335	453,059	7.9%	5,766,944	(53,609)	-0.9%
Sewage treatment maintenance	2,958,246	2,628,968	329,278	12.5%	2,577,149	51,819	2.0%
Effluent disposal - EBDA	688,256	910,294	(222,038)	-24.4%	1,013,998	(103,704)	-10.2%
Administration and general	1,901,085	1,980,341	(79,256)	-4.0%	1,603,194	377,147	23.5%
Pension expense	(5,434,573)	2,392,988	(7,827,561)	-327.1%	2,362,927	30,061	1.3%
OPEB expense	(447,068)	37,465	(484,533)	-1293.3%	44,479	(7,014)	-15.8%
Depreciation	3,672,812	2,949,988	722,824	24.5%	2,875,500	74,488	2.6%
Decrease in carrying value of EBDA	554,562	-	554,562	100.0%	64,505	(64,505)	-100.0%
Solid waste	501,808	402,049	99,759	24.8%	531,647	(129,598)	-24.4%
Recycling-residential and commercial	2,845,495	2,843,550	1,945	0.1%	2,856,088	(12,538)	-0.4%
Total operating expenses	16,863,048	24,503,295	(7,640,247)	-31.2%	22,806,747	1,696,548	7.4%
Operating income (loss)	13,925,272	3,595,157	10,330,115	287.3%	3,168,950	426,207	-13.4%
Non-operating revenues							
Investment income	119,115	144,629	(25,514)	-17.6%	427,791	(283,162)	-66.2%
Increase in the fair value of investments	-	-	-	0.0%	59,729	(59,729)	-100.0%
Rents and leases	114,245	111,917	2,328	2.1%	109,152	2,765	2.5%
Gain on sale of capital assets	-	-	-	0.0%	3,340	(3,340)	-100.0%
Recovery of uncollectible accounts	37,038	36,217	821	2.3%	18,432	17,785	96.5%
Project grants	202,913	530,684	(327,771)	-61.8%	293,997	236,687	80.5%
Other miscellaneous revenues	117,745	218,482	(100,737)	-46.1%	110,615	107,867	97.5%
Total non-operating revenues	591,056	1,041,929	(450,873)	-43.3%	1,023,056	18,873	1.8%
Non-operating expenses							
Decrease in the fair value of investments	504,612	67,900	436,712	643.2%	-	67,900	100.0%
Write-off of capital assets	-	-	-	0.0%	57,284	(57,284)	-100.0%
Write-off of uncollectible accounts	944	2,834	(1,890)	-66.7%	1,762	1,072	60.8%
Debt issuance cost	377,686	-	377,686	100.0%	-	-	0.0%
Bond interest expense	454,284	443,295	10,989	2.5%	455,129	(11,834)	-2.6%
Total non-operating expenses	1,337,526	514,029	823,497	160.2%	514,175	(146)	0.0%
Income before contributions and transfers	13,178,802	4,123,057	9,055,745	219.6%	3,677,831	445,226	12.1%
Connection fees	473,450	3,562,303	(3,088,853)	-86.7%	171,738	3,390,565	1974.3%
Capital grants	-	-	-	0.0%	63,424	(63,424)	-100.0%
Change in net position	13,652,252	7,685,360	5,966,892	77.6%	3,912,993	3,772,367	96.4%
Net position – beginning	109,800,706	102,115,346	7,685,360	7.5%	98,202,353	3,912,993	4.0%
Net position – ending	\$123,452,958	\$109,800,706	\$13,652,252	12.4%	\$102,115,346	\$7,685,360	7.5%

**ORO LOMA SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022**

As presented in Table 2:

Total Operating Revenues \$30.8 million (FY 2021-22) and \$28.1 million (FY 2020-21) – Operating revenues increased by \$2.7 million (9.6%) in FY 2021-22 and \$2.1 million (8.2%) in FY 2020-21. Highlights in revenue activities are as follows:

- **District sewer service charges** increased by \$1.7 million (9.7%) in FY 2021-22 and \$1.1 million (6.4%) in FY 2020-21, primarily from the 7.5% annual sewer rate increases adopted by the Board. Residential sewer revenues increased by \$1.1 million (8.6%). Commercial sewer revenues (billed based on water consumption) grew by \$316,270 (14.1%), a combined result of the rate increase and market recovery of local businesses from the COVID-19 pandemic. Revenues from significant industrial customers also reflected a rebound in the economy with a \$372,249 (22.1%) growth from last year.
- **Agency treatment charges** increased by \$124,001 (3.0%) in FY 2021-22 and \$468,334 (12.7%) in FY 2020-21. Agency charges to CVSan increased by \$127,822 (3.7%) from various O&M and R&R project billings. Major projects in which CVSan shared costs included the San Francisco Bay water quality improvement (Microvi) project, truck pad stabilization, concrete assessment rehabilitation, belt press bearing replacements, and shoreline adaptation demonstration laboratory. Revenues from the Cities of Hayward and San Leandro rose by \$39,643 (8.2%), resulting from the cities' new sewer rates and improved economic conditions. These amounts were offset by a decrease in EBDA revenues of \$43,464 (18.7%) due to fewer maintenance work being performed by the District for EBDA.
- **Permits and inspection fees** decreased by \$17,372 (9.1%) in FY 2021-22 and \$105,671 (35.7%) in FY 2020-21. The decline was due to a lower number of engineering permits being issued, from 339 in FY 2020-21 to 297 in FY 2021-22. Revenues from industrial permits remained stable from last year.
- **Sanitary truck waste charges** decreased by \$1,155 (4.7%) in FY 2021-22 and have been stable over the years.
- **Grease receiving charges** increased by \$48,402 (37.8%) in FY 2021-22 and \$2,754 (2.2%) in FY 2020-21 due to increased volume of grease waste as restaurants returned to pre-pandemic level of operations.
- **Biosolids charges** decreased by \$71,328 (29.4%) in FY 2021-22 and increased by \$139,479 (135.4%) in FY 2020-21. The District contracts with Synagro to receive and store up to 8,000 wet tons of biosolids for drying per year. The volume of biosolids was 5,037 wet tons in FY 2021-22 and 7,581 wet tons in FY 2020-21. The District also earned a sludge-drying incentive of \$90,879 in FY 2020-21 for off-hauling biosolids material with a lower water content than when it was received. This incentive was not applicable in FY 2021-22.
- **Annexation revenues** decreased by \$39,000 in FY 2021-22. This one-time revenue source in FY 2020-21 was from the annexation of the Tract No. 6869 - Terrace View property into the District's service boundary.
- **Contract fees** increased by \$360,872 (20.0%) in FY 2021-22 and \$608,525 (50.8%) in FY 2020-21. The District provides solid waste services to its customers under an agreement with Waste Management of Alameda County (WMAC) and receives a franchise fee from WMAC. This revenue source is largely dependent upon annual garbage rate increases established by WMAC, which were 3.10% for the last 2 years. In addition, the District raised its franchise fee rate from 6% to 10% in an effort to recover costs associated with SB 1383: Short-Lived Climate Pollutants which took effect this year. The rate change impacted contract fees for part of FY 2020-21 and the entire FY 2021-22. Franchise fees from commercial container and drop box services have also shown favorable growth of more than 5% due to reopening of businesses, offices, and new construction activities.
- **All remaining operating revenue categories** showed various trends. Residential recycling revenues increased by \$518,314 (22.3%) this year due to a \$12 annual recycling rate increase earmarked for SB 1383 cost recovery. Landfill fees - Measure D increased by \$12,518 (3.5%) due to fluctuations in recycling levels.

ORO LOMA SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

Total Operating Expenses \$16.9 million (FY 2021-22) and \$24.5 million (FY 2020-21) – Operating expenses decreased by \$7.6 million (31.2%) in FY 2021-22 and increased by \$1.7 million (7.4%) in FY 2020-21. Overall departmental expenses in operations and maintenance (O&M) reflected inflationary impact of \$1.1 million (7.7%), while renewal and replacement (R&R) costs decreased by \$1.5 million (40.5%) due to prioritization of capital improvement projects within the collection system infrastructure. Effluent disposal - EBDA decreased by \$222,038 (24.4%) resulting primarily from the renewed JPA agreement in which the District's cost share was greatly reduced. Due to CalPERS' highly favorable investment returns of 21.3% and \$1.9 million in discretionary UAL payments in FY 2020-21, pension expense decreased significantly by \$7.8 million for the measurement period. OPEB expense decreased by \$484,533, also as a result of strong market returns. Depreciation expense increased by \$722,824 (24.5%) as assets capitalized last year from the \$24.4 million Nutrient Optimization Project began to depreciate. The change in the carrying value of EBDA was \$554,562.

For year-to-year operational comparison in which the effects of GASB Pension and OPEB adjustments were excluded, net operating expenses were \$24.2 million in FY 2021-22 and \$25.3 million in FY 2020-21, reflecting an actual operating decrease of \$1.1 million (4.2%) between years. As previously mentioned, the decrease consisted of the \$1.9 million additional UAL payments in FY 2020-21 and the \$1.5 million drop in R&R spending in FY 2021-22. These factors were offset by an increase in salaries of \$639,616 (11.2%), resulting from a cost-of-living adjustment of 4.1% and the overlap employment of several positions during staff transitions this year. Employee benefits increased by \$189,157 (6.8%) attributed almost entirely to the increase in CalPERS' mandatory UAL contributions. Expenses for public outreach increased by \$100,292 (39.2%) due to recycling outreach programs such as The 3P's Campaign, which aimed to educate the public in what is or is not flushable into the sewer system. New outreach efforts included promoting public awareness of the SB 1383: Short-Lived Climate Pollutants mandate, new refuse and recycling carts rollout, and information on how to sort different kinds of waste into the proper carts. Additionally, the \$1.3 million combined increase in depreciation expense and change in EBDA equity also contributed to the year-over-year differences.

Total Non-operating Revenues \$591,056 (FY 2021-22) and \$1,041,929 (FY 2020-21) – Non-operating revenues decreased by \$450,873 (43.3%) in FY 2021-22 and increased by \$18,873 (1.8%) in FY 2020-21. This was due to a \$327,771 (61.8%) decrease in project grants and the one-time \$115,932 reimbursement from EBDA in FY 2020-21 for the Pond Bridge Repair project.

Total Non-operating Expenses \$1,337,526 (FY 2021-22) and \$514,029 (FY 2020-21) – Non-operating expenses increased by \$823,497 (160.2%) primarily due to a \$436,712 drop in fair value of investments and incurrence of \$377,686 in debt issuance cost for the WIFIA bond issued this year.

Capital Assets

On June 30, 2022, the District had \$120.0 million (net of accumulated depreciation) invested in a broad range of capital assets, as compared to \$101.5 million on June 30, 2021. These assets include land, collection system subsurface lines and lift stations, the sewage treatment plant, machinery and equipment, vehicles, solid waste and recycling assets.

At the end of FY 2021-22, \$9.4 million was added to the capital asset inventory from completed projects. Capital assets added to the Collection system included pipeline replacements for a total of \$1.9 million, Wickman lift station backup generator for \$154,633, various pump equipment for \$130,679, and CCTV camera and accessories for \$35,373. For the treatment plant, the District's cost share for capitalized items included the computerized operator training program for \$219,107, hypochlorite PVC piping for \$87,159, belt filter press building water line replacement for \$65,657, anoxic mixers retrofit for \$60,137, influent pump station variable frequency drives replacement for \$54,310, H2S iron sponge tank system for \$51,735, and various other improvements for \$212,275. Recycling assets included the fleet of SB 1383-compliant refuse and recycling carts for \$6.5 million.

ORO LOMA SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

The annual comparison of capital assets is shown in Table 3, reflecting a \$22.2 million (12.2%) increase in FY 2021-22 and a \$5.7 million (3.2%) increase in FY 2020-21. Assets are recorded at cost and depreciated over their useful lives.

Table 3: Oro Loma Sanitary District – Capital Assets, at Cost

Period Ended June 30	2022	2021	2020
Land	\$ 873,234	\$ 873,234	\$ 873,234
Construction in progress	14,740,511	1,951,659	25,759,074
Subsurface lines	82,653,043	80,800,751	71,497,834
Engineering	55,450	55,450	55,450
Collections	8,918,150	8,597,464	8,332,155
Operations	81,823,242	81,131,611	61,546,427
Maintenance	4,103,801	4,082,426	3,957,342
Administration	2,112,721	2,112,721	2,112,721
District vehicles	2,849,143	2,811,768	2,553,846
Subtotal – Sewer Services	182,515,550	179,592,191	150,055,775
Subtotal – Solid Waste	-	-	-
Subtotal – Recycling	6,484,155	26,045	26,045
Total capital assets	\$ 204,613,450	\$ 182,443,129	\$ 176,714,128
Increase (decrease) over prior year	\$ 22,170,321	\$ 5,729,001	\$ 15,204,070

Table 4 summarizes the changes in capital assets, net of accumulated depreciation. The net increases in capital assets were \$18.5 million (18.2%) in FY 2021-22 and \$2.8 million (2.8%) in FY 2020-21. Additional information on capital assets is presented in Note 4 to the financial statements.

Table 4: Oro Loma Sanitary District – Capital Assets, Net of Accumulated Depreciation

Period Ended June 30	2022	2021	2020
Balance at beginning of year	\$ 182,443,129	\$ 176,714,128	\$ 161,510,058
Additions	22,531,471	30,941,881	15,636,312
Retirements, write-offs and transfers	(361,150)	(25,212,880)	(432,242)
Total capital assets	204,613,450	182,443,129	176,714,128
Accumulated depreciation at beginning of year	(80,970,282)	(78,020,294)	(75,158,326)
Depreciation - retired assets	-	-	13,532
Annual depreciation	(3,672,812)	(2,949,988)	(2,875,500)
Accumulated depreciation at end of year	(84,643,094)	(80,970,282)	(78,020,294)
Capital assets at end of year, net of depreciation	\$ 119,970,356	\$ 101,472,847	\$ 98,693,834
Increase (decrease) over prior year	\$ 18,497,509	\$ 2,779,013	\$ 12,342,102

ORO LOMA SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2022

Debt Administration

In October 2018, the District issued \$14.2 million of sewer revenue bonds to partially fund the \$24.4 million Nutrient Optimization Project. The bonds have an AA+ rating and 3.482% per annum interest rate and are payable over 25 years. Annual debt service (principal and interest) is approximately \$850,000.

In summer 2022, the District entered into two separate financial obligations to provide funding for the Sewer Collection System Pipeline Rehabilitation & Replacement Project. The State Water Resources Control Board's State Revolving Fund (SRF) authorized up to \$25 million in project cost reimbursements with an annual rate of 0.9%; and, through the Federal Water Infrastructure Finance & Innovation Act (WIFIA), a maximum principal of \$24.5 million was approved at an annual rate of 1.91%. Both obligations are payable over 30 years. Payments will commence in 2025 for SRF and 2029 for WIFIA.

Additional information on long-term debt activities is presented in Note 12 – Long Term Debt of the Notes to Financial Statements.

Economic Factors & Outlook for the Future

The Board and staff take pride in efficiency, accountability, customer service, entrepreneurial spirit, and an attitude of ownership. Application of these values allows the District to provide great service at a lower cost than other service providers in Alameda County. The single-family residential sewer service charge for FY 2021-22 was \$318, or 55% less than the average rate of \$708 in Alameda County.

With the goal of maintaining reliable infrastructure now and for the next generation, the Board has adopted a robust capital program to clear the backlog of sewer lines with defects. The District will use a combination of modest rate increases and low-cost financing to achieve its 40-mile sewer line replacement goal.

The District Board takes proactive steps to manage its pension liability. In FY 2020-21, an additional \$1.9 million was used to buy down the unfunded accrued liability (UAL) of \$10.7 million (source: 2019 CalPERS valuation). This action was part of a 10-year amortization of the liability. Along with favorable market returns in the prior year, the District is currently 93.6% funded for its pension liability.

In 2016, Governor Brown signed into law Senate Bill 1383: Short-Lived Climate Pollutants which became effective as of January 1, 2022. The Bill established organics waste reduction targets and requires jurisdictions to have policies and programs in place. As part of the implementation, the District spent \$6.5 million to provide color-compliant refuse and recycling carts for the entire customer base. Costs of the new carts will be progressively recovered through franchise fees from refuse revenues as well as recycling fees.

The District updates its strategic plan biennially and allocates staffing and other resources to achieve its vision and goals. In the next decade, the District plans to utilize an existing near-shore outfall for peak flow discharge, achieve energy neutrality, implement an office of the future, and replace part of its fleet with electric vehicles along with charging stations. We will continue to educate the community on protecting the environment by active involvement in community outreach through quarterly newsletters, ongoing school programs, and neighborhood events.

Request for Information

This report aims to provide the public with a financial overview, to maintain transparency, and to highlight the successes in fiscal responsibility. Additional information may be requested from the Finance Manager at 2655 Grant Avenue, San Lorenzo, CA 94580, or (510) 481-6979.

BASIC FINANCIAL STATEMENTS

ORO LOMA SANITARY DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2022
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2021

ASSETS

	2022	2021
Current assets		
Cash and cash equivalents	\$ 7,299,081	\$ 16,675,495
Investments at fair value	8,830,929	5,274,790
Interest receivable	44,227	21,943
Accounts receivable	3,951,092	2,301,655
Lease receivable (current)	60,788	-
Prepaid and other items	128,450	282,552
Total current assets	20,314,567	24,556,435
Non-current assets		
Investment in effluent discharge facilities - EBDA	5,406,842	5,961,404
Lease receivable (non-current)	145,734	-
Net other post-employment benefits (OPEB) asset	3,085,824	367,752
Capital assets		
Land	873,234	873,234
Sewer service assets	182,515,550	179,592,191
Recycling assets	6,484,155	26,045
Construction in progress	14,740,511	1,951,659
Less: accumulated depreciation	(84,643,094)	(80,970,282)
Total capital assets (net of accumulated depreciation)	119,970,356	101,472,847
Total non-current assets	128,608,756	107,802,003
Total assets	\$ 148,923,323	\$ 132,358,438
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	2,428,725	5,272,828
Other post-employment benefits related	68,453	268,872
Total deferred outflows of resources	\$ 2,497,178	\$ 5,541,700

The accompanying notes are an integral part of these financial statements

ORO LOMA SANITARY DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2022
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2021

LIABILITIES

	2022	2021
Current liabilities		
Accounts payable	\$ 2,537,397	\$ 778,034
Accrued salaries and wages	104,292	64,955
Customer deposits payable	629,718	115,070
Accrued compensated absences (current)	501,668	431,144
Accrued interest payable	130,598	110,572
Bonds payable (current)	420,000	405,000
Total current liabilities	4,323,673	1,904,775
Non-current liabilities		
Accrued compensated absences (non-current)	206,611	192,116
Bonds payable - 2018 Sewer Bonds (non-current), net of premium	12,586,062	13,008,017
Bonds payable - 2021 WIFIA Bonds (non-current)	4,914,555	-
Loan payable - SRF (non-current)	381,270	-
Net pension liability	778,860	10,346,242
Total non-current liabilities	18,867,358	23,546,375
Total liabilities	\$ 23,191,031	\$ 25,451,150
DEFERRED INFLOWS OF RESOURCES		
Pension related	1,906,452	1,986,876
Other post-employment benefits related	2,663,538	661,406
Lease related	206,522	-
Total deferred inflows of resources	\$ 4,776,512	\$ 2,648,282
NET POSITION		
Net investment in capital assets (net of related debt)	101,668,469	88,059,830
Unrestricted	21,784,489	21,740,876
Total net position	\$ 123,452,958	\$ 109,800,706

The accompanying notes are an integral part of these financial statements

ORO LOMA SANITARY DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	2022	2021
Operating revenues		
District service charges	\$ 19,453,724	\$ 17,740,859
Agency treatment charges	4,266,940	4,142,939
Permits and inspection fees	172,991	190,363
Sanitary truck waste charges	23,375	24,530
Grease receiving charges	176,544	128,142
Biosolid charges	171,173	242,501
Annexation revenues	-	39,000
Contract fees	2,166,182	1,805,310
Recycling charges - residential and green waste	2,845,587	2,327,273
Recycling charges - commercial and industrial	190,287	183,120
Landfills fees - Measure D	368,971	356,453
Other	952,546	917,962
Total operating revenues	30,788,320	28,098,452
Operating expenses		
Engineering	641,114	687,340
Sewage collections	2,814,917	3,956,977
Sewage treatment operations	6,166,394	5,713,335
Sewage treatment maintenance	2,958,246	2,628,968
Effluent disposal - EBDA	688,256	910,294
Administration and general	1,901,085	1,980,341
Pension expense	(5,434,573)	2,392,988
Other post-employment benefits (OPEB) expense	(447,068)	37,465
Depreciation	3,672,812	2,949,988
Decrease in carrying value of EBDA	554,562	-
Solid waste	501,808	402,049
Recycling - residential, green waste, commercial, industrial	2,845,495	2,843,550
Total operating expenses	16,863,048	24,503,295
Operating income	\$ 13,925,272	\$ 3,595,157

The accompanying notes are an integral part of these financial statements

ORO LOMA SANITARY DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>2022</u>	<u>2021</u>
Non-operating revenues		
Investment income	\$ 119,115	\$ 144,629
Rents and leases	114,245	111,917
Recovery of uncollectible accounts	37,038	36,217
Project grants	202,913	530,684
Other miscellaneous revenues	117,745	218,482
Total non-operating revenues	<u>591,056</u>	<u>1,041,929</u>
Non-operating expenses		
Decrease in the fair value of investments	504,612	67,900
Write-off of uncollectible accounts	944	2,834
Debt issuance cost	377,686	-
Bond interest expense (Revenue Bonds)	431,220	443,295
Bond interest expense (WIFIA)	23,064	-
Total non-operating expenses	<u>1,337,526</u>	<u>514,029</u>
Income before contributions and other items	13,178,802	4,123,057
Connection fees	473,450	3,562,303
Change in net position	13,652,252	7,685,360
Net position - beginning	<u>109,800,706</u>	<u>102,115,346</u>
Net position - ending	<u><u>\$ 123,452,958</u></u>	<u><u>\$ 109,800,706</u></u>

The accompanying notes are an integral part of the financial statements

ORO LOMA SANITARY DISTRICT
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Receipts from customers and users	\$ 29,137,939	\$ 28,904,669
Payments to suppliers	(2,525,401)	(16,969,250)
Payments to employees and employee benefit plans	(15,031,565)	(7,697,738)
Net cash provided by operating activities	<u>11,580,973</u>	<u>4,237,681</u>
Cash flows from non-capital financing activities		
Agency reimbursements	117,745	218,482
Rents and leases	114,245	111,917
Recovery of uncollectible accounts	37,038	36,217
Net cash provided by non-capital and related financing activities	<u>269,028</u>	<u>366,616</u>
Cash flows from capital and related financing activities		
Connection and other developers' fees	-	3,562,303
Additions to property, plant and equipment	(22,038,848)	(5,574,464)
Proceeds from revenue bonds	5,295,825	-
Payments for issuance of revenue bonds	(377,686)	-
Principal payments on long-term debt	(405,000)	(395,000)
Interest payments on long-term debt	(413,149)	(448,212)
Capital grants	676,363	530,684
Net cash provided by (used for) capital and related financing activities	<u>(17,262,495)</u>	<u>(2,324,689)</u>
Cash flows from investing activities		
Interest on investments	96,831	162,090
Sale or Purchases of investments	(4,060,751)	608,025
Net cash provided by (used for) investing activities	<u>(3,963,920)</u>	<u>770,115</u>
Net increase in cash and cash equivalents	(9,376,414)	3,049,723
Cash and cash equivalents, beginning of year	<u>16,675,495</u>	<u>13,625,772</u>
Cash and cash equivalents, end of year	<u><u>\$ 7,299,081</u></u>	<u><u>\$ 16,675,495</u></u>

The accompanying notes are an integral part of these financial statements.

**ORO LOMA SANITARY DISTRICT
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

	<u>2022</u>	<u>2021</u>
Reconciliation of operating income to net cash provided by (used for) operating activities		
Operating income	\$ 13,925,272	\$ 3,595,157
Adjustments to reconcile operating income to net cash provided by (used for) operating activities		
Depreciation expense	3,672,812	2,949,988
Write off of uncollectible accounts	(944)	(2,834)
(Increase) decrease in accounts receivables	(1,649,437)	809,051
(Increase) decrease in other current assets	154,102	(166,793)
Decrease in EBDA discharge facilities	554,562	(17,923)
(Increase) decrease in deferred outflows of resources	3,044,522	(2,047,358)
Increase (decrease) in deferred inflows of resources	1,921,708	(415,310)
Increase (decrease) in accounts payable	1,604,826	(1,996,702)
Increase (decrease) in deposits payable	514,648	(297,725)
Increase (decrease) in accrued salaries and compensated absences	124,356	109,934
Increase (decrease) in net pension liabilities	(9,567,382)	1,431,299
Increase (decrease) in OPEB liabilities (assets)	(2,718,072)	286,897
Net cash provided by (used for) operating activities	<u>\$ 11,580,973</u>	<u>\$ 4,237,681</u>
Schedule of non-cash investing and financing activities		
Change in fair value of investments not held as cash equivalents	\$ (504,612)	\$ (67,900)

The accompanying notes are integral part of these financial statements

CANYON RIDGE LIFT STATION BACKUP GENERATOR

The project includes the installation of a backup generator at the Canyon Ridge Lift Station. The backup generator will provide the power to prevent any overflows in the event of the loss of utility power.



NOTES TO FINANCIAL STATEMENTS

BELT FILTER PRESS WATER LINE REPLACEMENT

The project provides for the replacement of the No. 4 water line piping at the Belt Filter Press building in the treatment plant. The existing water lines were corroding and required replacement due to leaks, and to prevent potential loss of operation.

Before



After



**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 – DISTRICT OVERVIEW

Oro Loma Sanitary District was formed on August 7, 1911, and was subsequently reorganized under the Sanitary District Act of 1923 of the State Health & Safety Code. Its service area is located on the eastern shore of the San Francisco Bay, about 13 miles south of Oakland and 30 miles north of San Jose. It encompasses 13 square miles, serving the communities of unincorporated Alameda County, including San Lorenzo, Ashland, Cherryland, Fairview, portions of Castro Valley, and designated areas of the Cities of Hayward and San Leandro. Sewage collected goes through primary and secondary treatment processes at the water pollution control plant, and is subsequently disposed through East Bay Dischargers Authority (EBDA), a joint powers agency formed by five local sanitation jurisdictions. The District also provides garbage and recycling services through a long-term contract with Waste Management.

The District is governed by a five-member Board of Directors, elected in the Alameda County's general election for alternating four-year terms. The Board oversees policy decisions and appoints the General Manager to manage day-to-day operations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to enterprise governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting principles. The GASB establishes standards for financial reporting for all State and local governmental entities, which require a management discussion and analysis section, a statement of net position, a statement of revenues, expenses and changes in net position, and, a statement of cash flows. It requires the classification of net position into three components: investment in capital assets, restricted net position, and unrestricted net position.

Financial Reporting Entity

For financial reporting purposes, component units are defined as legally separate organizations for which the elected officials of the primary government are financially accountable, and, other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District has determined that there are no component units that meet these criteria as of June 30, 2022, and has reported all funds that are controlled by or are dependent upon its Board of Directors. Its relationship with East Bay Dischargers Authority (EBDA) is reflected based upon its proportionate share of the investment in the discharge facilities of EBDA.

Basis of Presentation and Accounting

The District is accounted for as an enterprise fund under the proprietary fund type. A fund is defined as an accounting entity with a self-balancing set of accounts recording the financial position and results of operations of a specific governmental activity. An enterprise fund accounts for operations that provide services on a continuous basis and its activities are substantially financed by revenues derived from user charges. Asset acquisitions and capital improvements are financed from existing cash reserves, cash flow from operations, issuance of debt, and contributed capital.

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Under the District's enterprise fund are component funds that account for revenues and expenses of its three service types – sewer service, solid waste and recycling. The sewer service component fund is further divided into three fund units by functional area – operations and maintenance (O&M), renewal and replacement (R&R), and capital improvement program (CIP).

Measurement focus determines which transactions are recorded within the financial statements. The proprietary fund type utilizes an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities are reported. Fund equity is classified as net position.

Basis of accounting refers to when transactions are recorded. The District utilizes the accrual basis of accounting in which all assets and deferred outflows of resources, liabilities and deferred inflows of resources are recorded on the Statement of Net Position. Revenues are recognized when earned, and expenses are recorded when the liability is incurred.

Budgets and Budgetary Accounting

The District adopts a biennial budget for both operating and capital expenditures. The budget serves as a financial plan and management tool to maintain fiscal responsibility. Amendments are prepared by management staff and approved by the Board to reprioritize project spending when necessary.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash represents deposits that can be readily withdrawn without substantial notice or penalty. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash, with original maturities of three months or less.

The District participates in an investment pool managed by the State of California known as the Local Agency Investment Fund (LAIF), which invests a portion of the pooled funds in structured notes and asset-backed securities. Details are described in Note 3.

Investments

Investments are reported in the Statement of Net Position at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*. Changes in fair value are recognized in the Statement of Revenues and Expenses and Changes in Net Position. Investment income includes interest earnings and any gains or losses realized upon maturity or sale of investments. See Note 3 for further disclosures.

Inventories

Inventories of fuel are held for consumption and are recorded at cost using the first-in-first-out (FIFO) method. Inventories are recognized as expenses when consumed rather than when purchased.

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease Assets

Lease assets are recorded at the amount of the initial measurement of the lease liabilities in accordance to GASB Statement No. 87. Lease assets are amortized over the lease term. See Note 5 for information on leases.

Capital Assets

Capital assets are defined by the District as assets with a minimum individual cost of \$10,000 and an estimated useful life of more than one year. Assets are recorded at acquisition cost on the Statement of Net Position. Capital costs for projects include salaries and overhead, contractual and professional services, materials, equipment, and other costs that contribute to the completion of the project. Costs of normal maintenance and repairs that neither add to the asset value nor materially extend useful lives are not capitalized. Capital assets for the treatment plant are owned jointly by the District (75%) and Castro Valley Sanitary District (25%) unless mutually agreed otherwise. Assets that do not pertain to the treatment plant are fully owned by the District. See Note 4 for further information on capital assets.

Depreciation

The purpose of depreciation is to spread the cost of capital assets over their useful lives. Depreciation is reported as an operating expense. Accumulated depreciation is the total amount of depreciation recorded over the years and is reported on the Statement of Net Position as a reduction to capital asset value. Depreciation is computed using the straight-line method based on the estimated useful lives of asset classifications ranging from 2 to 80 years. Depreciation of capital assets starts in the year following acquisition.

Capital Contributions

Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Examples include sewer pipelines, easements, and manholes, typically constructed in new residential developments. Other capital contributions include fees imposed on connections to the District's sewer system. These fees are reserved for the purpose of capital improvements.

Debt Management

The District issued \$14.2 million in Sewer Revenue Bonds in October 2018 to fund a portion of the Nutrient Optimization Project. In summer 2021, the District entered into two separate financial obligations with WIFIA and SRF to provide \$49.5 million in funding for the Sewer Collection System Pipeline Rehabilitation & Replacement Project. Payments for debt service are secured through the District's sewer revenues. The principal outstanding is a component of Net Investment in Capital Assets on the Statement of Net Position.

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Compensated absences reported in the Statement of Net Position include accumulated earned but unused vacation, floating holiday and compensated time-off. The amount is computed using current employee pay rates and carried as liability until used.

Balance at June 30, 2021		\$ 623,260
Addition for employees with accrued compensated absences earned	150,431	
Deduction for employees with accrued compensated absences used	(65,412)	
Net change in accrued compensated absences		85,019
Balance at June 30, 2022		<u>\$ 708,279</u>

The current portion of the compensated absences liability to be used within the next year is estimated by management to be \$501,668.

Net Position

The Statement of Net Position is designed to display the financial position of the District. Net position is the excess of assets and deferred outflow of resources over liabilities and deferred inflow of resources, and is classified into the following components:

- Net investment in capital assets – consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding balances of bonds attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted – consists of constraints placed on net asset use by creditors or by law and constitutional provisions. The District has no restricted net position on June 30, 2022.
- Unrestricted – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Classification of Revenues and Expenses

Operating revenues are generally fees for providing sewer, solid waste and recycling services. Non-operating revenues include income that is not directly derived from these services, but from investments, penalty charges, rent, gain on disposal of assets and other miscellaneous sources. Revenues can be used for either operating or capital purposes, except grants that are designated for specific purposes. Operating expenses are expenditures directly related to the District's primary operations, and include costs of providing sewage collection and treatment, solid waste and recycling services, as well as non-cash expenses like depreciation and decrease in the carrying value of EBDA. All other expenses are reported as non-operating expenses.

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan (the 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. See Note 7 and the Required Supplementary Information section for detailed disclosures.

Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability and deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan (the 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.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

The District established an OPEB trust with CalPERS (CERBT) in January 2008 while maintaining an in-house account to pay for OPEB obligations. Funds in the in-house account were fully exhausted in FY 2016-17. Since then, the District began withdrawing from the CERBT to reimburse itself for OPEB payments made during the year. Based on biennial actuarial valuations performed by an independent actuary, funding has consistently been around 100%. The District's OPEB valuations follow standards established by GASB Statement No. 75. See Note 8 and the Required Supplementary Information section for detailed disclosures.

Accounting Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes.

Subsequent Events

Management has reviewed subsequent events and transactions that occurred after the date of the financial statements through the date the audited statements were issued. In August 2022, additional debt on the WIFIA bond and SRF loan was incurred in the amounts of \$891,837 and \$1,203,892 respectively. Aside from these events, the financial statements presented herein include all events and transactions required to be recognized in accordance with generally accepted accounting principles.

ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

GASB Statement No. 87 – *Lease*. The objective of this Statement is to improve accounting and financial reporting for leases by governments, by requiring the recognition of certain lease assets and liabilities that were previously classified as operating leases and recognized as inflows/outflows of resources based on the payment provision of the contract. Lessees will be required to recognize a lease liability and an intangible right-to-use lease asset, and lessors will be required to recognize a lease receivable and a deferred inflow of resources. This Statement is originally effective beginning FY 2020-21, but has been postponed by 18 months as a result of GASB Statement No. 95. This statement has been implemented in the District's financial statements. See Note 5 for additional information.

GASB Statement No. 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. It requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement is originally effective beginning FY 2020-21, but has been postponed by one year as a result of GASB Statement No. 95. It has been the District's existing practice to record interest cost incurred during construction as an expense in the corresponding period.

GASB Statement No. 91 – *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This Statement is originally effective beginning FY 2021-22, but has been postponed by one year as a result of GASB Statement No. 95. It has no effect on the District's financial reporting.

GASB Statement No. 92 – *Omnibus 2020*. This Statement addresses issues that have been identified during implementation and application of certain GASB Statements. It includes specific provisions about the following:

- The effective date of Statement No. 87, *Leases*, and Implementation Guide No. 2019-3, *Leases*, for interim financial reports.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statements No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements.

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021 (was 2020).
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021 (was 2020).
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021 (was 2020).

This Statement has no effect on the District's financial reporting.

GASB Statement No. 93 – *Replacement of Interbank Offered Rates.* This Statement applies to governments that have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) — most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021. The objective of this Statement is to address the implications that result from the replacement of an IBOR and to provide guidance on financial reporting to preserve consistency and comparability when governments amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates. This Statement is originally effective beginning FY 2020-21, but has been postponed by one year as a result of GASB Statement No. 95. It has no effect on the District's financial reporting.

GASB Statement No. 94 – *Public-Private and Public-Public Partnerships and Availability Payment Arrangements.* The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange transaction. This Statement also applies to availability payment arrangements (APAs) in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange transaction. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report and disclose assets and liabilities related to these arrangements consistently. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs.

This Statement is effective beginning FY 2022-23. Since the District does not have any such arrangements, this Statement has no effect on the District's financial reporting.

ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The subscription term includes the period during which a government has a non-cancellable right to use the underlying IT assets. Under this Statement, a government generally should recognize a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term. The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. This Statement is not expected to have an effect on the District's financial reporting.

GASB Statement No. 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objective of this Statement is to increase consistency and comparability related to the reporting of fiduciary component units without a governing board, and for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. This Statement requires that a potential component unit without a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. In addition, this Statement requires that a Section 457 plan be classified as either a pension plan or an other-employee benefit plan depending on whether the plan meets the definition of a pension plan, and clarifies that Statement 84 should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. This Statement also supersedes the remaining provisions of Statement No. 32 – *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* and requires that investments of all Section 457 plans be measured as of the end of the plan's reporting period. The requirements of this Statement related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. The remaining parts of this Statement are effective immediately. This Statement has no effect on the District's financial reporting.

GASB Statement No. 98 – *The Annual Comprehensive Financial Report*. The objective of this Statement is to replace the previous term and acronym for the Comprehensive Annual Financial Report (CAFR) with the Annual Comprehensive Financial Report (ACFR). This Statement is effective beginning FY 2021-22. The District has implemented this change in its current Annual Comprehensive Financial Report.

ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 99 – *Omnibus 2022*. The primary objective of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. These issues include clarifications of provisions and terminology updates in the following previous pronouncements: Statement No. 53 - *Accounting and Financial Reporting for Derivative Instruments*; Statement No. 87 - *Leases*; Statement No. 94 - *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; Statement No. 96 - *Subscription-Based Information Technology Arrangements*; Statement No. 34 - *Basic Financial Statements and Management’s Discussion and Analysis—for State and Local Governments*; Statement No. 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement has various effective dates for each provision and has no effect on the District's financial reporting.

GASB Statement No. 100 – *Accounting Changes and Error Corrections—An Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. “Accounting changes” are defined in GASB Statement No. 100 as changes in accounting principles, changes in estimates, and changes to or within the financial reporting entity. Changes in accounting principles and estimates are only warranted when a new principle or methodology is determined to be preferable to that which was in use prior to the change, based on the qualitative characteristics of financial reporting. The Statement specifies whether prospective or retrospective implementation is required for accounting changes and error corrections. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023. It has minimal or no effect on the District’s financial reporting.

GASB Statement No. 101 – *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement applies to recognition of the following types of compensated absences (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. Recognition of a liability should occur for leave that has not been used if all of the following are met (1) the leave is attributable to services already rendered by an employee, (2) the leave accumulates and is carried forward over multiple reporting periods whereby it may be used, paid or settled, and (3) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The disclosure requirements for compensated absences have been amended to require only the net change in the liability for compensated absences be disclosed rather than the gross increases and decreases as previously required. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. It has minimal or no effect on the District’s financial reporting.

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The District had \$16,130,010 in cash, cash equivalents and investments, which are reported at fair value as of June 30, 2022. GASB Statement No. 72, *Fair Value Measurement and Application*, established a hierarchy of inputs to the valuation techniques. Below is the distribution of inputs used to measure the fair value of the District's cash equivalents and investments.

- Level 1 inputs – Unadjusted, quoted prices from an active market.

U.S. Government Bonds	7,859,431
Certificates of Deposit	<u>971,498</u>
	<u>\$ 8,830,929</u>

The following table provides details on the District's cash, cash equivalents and investments at June 30, 2022, as reported in the Statement of Net Position of the basic financial statements:

Cash and cash equivalents	\$ 7,299,081
Investments	<u>8,830,929</u>
Total cash, cash equivalents and investments	<u>\$ 16,130,010</u>

Cash, cash equivalents and investments as of June 30, 2022 consist of:

Petty cash	\$ 1,500
Deposits with financial institutions	
Checking account – U.S. Bank	2,554,238
Money market account – UMB Bank	11,489
Cash with Bond Trustee – U.S. Bank Trust	23
California Local Agency Investment Fund – LAIF	<u>4,731,831</u>
Subtotal cash and cash equivalents	<u>\$ 7,299,081</u>
Investments	
U.S. Government Bonds – UMB Bank	\$7,859,431
Certificates of Deposit – UMB Bank	<u>971,498</u>
Subtotal investments	<u>\$8,830,929</u>
Total cash, cash equivalents and investments	<u>\$ 16,130,010</u>

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Policies, Practices and General Authorizations

Under the constraints prescribed by the Government Code of the State of California for permissible investments, the District's investment policy allows the following investment instruments:

- Local Agency Investment Fund
- Certificates of Deposit (FDIC insured)
- U.S. Treasury instruments
- Federal Agency mortgage-backed securities and debentures
- Federal instrumentality debentures, discount notes, callable and step-up securities
- Money market mutual funds
- Bankers' acceptances
- Other deposits with banks, savings and loan associations, credit unions, federal investment funds
- Commercial papers
- Medium-term corporate notes

State code prohibits the District from investing in investments with a rating of less than A or equivalent. The District's investment policy follows State code, except that investments in money market mutual funds may be made only if the fund has a rating of Aaa. Limitations to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedule below:

Authorized Investment Type with Minimum Rating Requirements where applicable	State of California Limits			District Policy
	Maximum Remaining Maturity	Maximum of Portfolio	Maximum in Single Issuer	Maximum of Portfolio / Maximum in Single Issuer
U.S. Treasury obligations	5 years	None	None	None
U.S. Government ¹ and GNMA securities	5 years	None	None	None / 30%
Banker's acceptance [A-1; A for senior debt]	180 days	40%	30%	20% / 5%
Commercial papers ["Prime"]	270 days	25%	10%	25% / 5%
Negotiable certificates of deposit ²	5 years	30%	None	30%
Repurchase agreements	1 year	None	None	Not permitted
Reverse repurchase agreements	92 days	20% of base	None	Not permitted
Money market mutual funds [Aaa]	N/A	20%	10%	20% / 10%
Local Agency Investment Fund	N/A	\$50 million	None	\$50 million
Bank deposits	N/A	None	None	20%
Corporate notes, medium term [A]	5 years	30%	None	30% / 5%

¹ U.S. Government Securities – securities issued by agencies sponsored by the federal government such as the Federal Farm Credit Bank (FFCB), the Federal Home Loan Bank (FHLB), the Federal National Mortgage Association (FNMA), and the Federal Home Loan Mortgage Corporation (FHLMC).

² All certificates of deposit must be insured by the Federal Deposit Insurance Corporation (FDIC).

The District investment policy is that investment maturities do not exceed 5 years.

ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Interest Rate Risk and Credit Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity is its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by purchasing a combination of short-term and long-term investments, and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time, as necessary to provide the cash flow and liquidity needed for operations.

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.

The following schedule provides information about the sensitivity of the fair values of the District's investments to market interest rate fluctuation by showing the distribution by maturity. The actual ratings as of the June 30, 2022 for each investment type are shown.

(Source: Moody's)

Investment Type	Maturities of Instruments			Rating as of June 30, 2022	Total	% of Portfolio
	12 months or less	12 – 24 months	25 months or longer			
U.S. Government Bonds (FHLB/FFCB)	\$ -	\$ 966,080	\$ 6,893,351	Aaa	\$ 7,859,431	49%
Certificates of deposit	<u>496,905</u>	<u>236,556</u>	<u>238,037</u>	FDIC insured	<u>971,498</u>	<u>6%</u>
Total investments	<u>496,905</u>	<u>1,202,636</u>	<u>7,131,388</u>		<u>8,830,929</u>	<u>55%</u>
Cash and money market	2,567,250	-	-	Not required	2,567,250	16%
LAIF State investment pool	<u>4,731,831</u>	-	-	Not required	<u>4,731,831</u>	<u>29%</u>
Total cash and equivalents	<u>7,299,081</u>	-	-		<u>7,299,081</u>	<u>45%</u>
Total cash & investments	\$ <u>7,795,986</u>	\$ <u>1,202,636</u>	\$ <u>7,131,388</u>		<u>\$16,130,010</u>	<u>100%</u>

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer. The District's investment policy limits the amount that can be invested in any one issuer. As of June 30, 2022, all concentrations are within the amounts permitted.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, deposits may not be returnable. California Government Code Sections 53651.6 and 53651(p) require that a financial institution secure deposits by pledging securities in an undivided collateral pool held by a depository regulated under State law. The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. The collateral and deposit pool balance is monitored by the Administrator of Local Security Program of the State of California. State law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits, and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits. As of June 30, 2022, the ending balance in U.S. Bank was covered by the Federal Depositary Insurance Corporation (FDIC) up to \$250,000. The remaining amount was secured by collateral held in an undivided collateral pool, as described above.

Custodial Credit Risk - Investments

This is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk. A list of approved broker-dealers is named in the District's investment policy and updated each year. Of those firms, the District frequently works with Mutual Securities, Inc. to carry out investment transactions in compliance with the requirements of the investment policy. The securities are held with UMB Bank in the District's name under a custody agreement dated November 17, 2016.

Investment in the State's Investment Pool

The District participates in the Local Agency Investment Fund (LAIF) that is regulated by California government code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of investments in the pool is reported in the accompanying financial statements at amounts based on the District's pro-rata share of the fair value provided by LAIF for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which is recorded on the amortized cost basis. The LAIF balance at June 30, 2022 was \$4,731,831.

ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 is summarized as follows:

	Useful Life	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022
Non-depreciable capital assets					
Land		\$ 873,234	\$ -	\$ -	\$ 873,234
Construction in progress		1,951,659	13,150,002	(361,150)	14,740,511
Total non-depreciable capital assets		2,824,893	13,150,002	(361,150)	15,613,745
Depreciable capital assets					
<u>Sewer Service</u>					
Subsurface lines	20-80 yrs	80,800,751	1,852,292	-	82,653,043
Engineering	5-20 yrs	55,450	-	-	55,450
Collections	5-20 yrs	8,597,464	320,686	-	8,918,150
Operations	2-20 yrs	81,131,611	691,631	-	81,823,242
Maintenance	2-20 yrs	4,082,426	21,375	-	4,103,801
Administration	5-20 yrs	2,112,721	-	-	2,112,721
District vehicles	5-10 yrs	2,811,768	37,375	-	2,849,143
Subtotal - Sewer Service		179,592,191	2,923,359	-	182,515,550
<u>Solid Waste</u>					
Subtotal - Solid Waste		-	-	-	-
<u>Recycling</u>					
Subtotal - Recycling	10 yrs	26,045	6,458,110	-	6,484,155
Total depreciable capital assets		179,618,236	9,381,469	-	188,999,705
Total capital assets		\$ 182,443,129	\$ 22,531,471	\$ (361,150)	\$ 204,613,450

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 4 – CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2021	Increases	Decreases	Balance June 30, 2022
Less: accumulated depreciation				
<u>Sewer Service</u>				
Subsurface lines	\$ (32,206,197)	\$ (1,074,365)	\$ -	\$ (33,280,562)
Engineering	(47,080)	(2,925)	-	(50,005)
Collections	(5,281,082)	(219,983)	-	(5,501,065)
Operations	(36,299,374)	(2,045,189)	-	(38,344,563)
Maintenance	(3,303,075)	(158,904)	-	(3,461,979)
Administration	(1,924,357)	(32,680)	-	(1,957,037)
District vehicles	(1,883,072)	(138,766)	-	(2,021,838)
Subtotal - Sewer Service	<u>(80,944,237)</u>	<u>(3,672,812)</u>	<u>-</u>	<u>(84,617,049)</u>
<u>Solid Waste</u>				
Subtotal – Solid Waste	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Recycling</u>				
Subtotal – Recycling	<u>(26,045)</u>	<u>-</u>	<u>-</u>	<u>(26,045)</u>
Total accumulated depreciation	<u>(80,970,282)</u>	<u>(3,672,812)</u>	<u>-</u>	<u>(84,643,094)</u>
Net depreciable capital assets	<u>98,647,954</u>	<u>5,708,657</u>	<u>-</u>	<u>104,356,611</u>
Net capital assets	\$ <u>101,472,847</u>	\$ <u>18,858,659</u>	\$ <u>(361,150)</u>	\$ <u>119,970,356</u>

Construction commitments

The District has active construction projects as of June 30, 2022. Significant work in progress include various sewer line repairs and replacements, installation of backup generator at Canyon Ridge Lift Station, construction of the Consolidated Operations Building, washer compactor installation, cogeneration engine overhaul and engine controls module upgrade, plant energy neutrality project, grease system rehabilitation, SCADA network upgrades, and treatment plant battery storage system. As of June 30, 2022, the total outstanding construction commitments was \$15,104,192.

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 – LEASES

The District has lease agreements with AT&T and Verizon Wireless for the rental of the District's property at 2536 Grant Avenue, San Lorenzo, CA 94580. Both lessees utilize the property as communication sites on which their cellular reception towers are installed. AT&T's lease term ends on August 16, 2025 with annual rent adjustments based on CPI (estimated at 5% per year). Verizon Wireless' lease term ends on October 31, 2025 with annual rent adjustments set at 3% per year. Lease receivable and deferred inflow of resources from leases were measured to be \$265,435 at July 1, 2021. Lease payments received during FY 2021-22 were \$58,913. The ending lease receivable and deferred inflow of resources from leases were \$206,522 at June 30, 2022.

Payments to the end of the lease terms are as follows and represent principal only. Interests are not reported as the amounts are determined to be immaterial by management.

<u>For the Year Ending June 30,</u>	<u>Future Payments</u>
2023	\$ 60,788
2024	63,110
2025	65,567
2026	17,057

NOTE 6 – INVESTMENT IN EAST BAY DISCHARGERS AUTHORITY (EBDA)

East Bay Dischargers Authority (EBDA) was established in 1974 by the Cities of Hayward and San Leandro, and by the Oro Loma, Castro Valley, and Union Sanitary Districts under the Joint Exercise of Powers Act of the State of California. The purpose for creating the Authority was to plan, acquire, construct, manage and operate common use areas for effluent disposal facilities for its member agencies. The governing body of EBDA consists of five members, one appointed by each of its member agencies, all with equal vote. As a separate legal entity, EBDA exercises full power and authorities within the scope of the Joint Powers Agreement. Its obligations and liabilities are not those of its member agencies.

EBDA holds a National Pollutant Discharge Elimination System Permit No. CA 0037869 issued by the California Regional Water Quality Control Board to discharge up to 189.1 MGD of secondary treated wastewater (effluent) into the San Francisco Bay. It is EBDA's responsibility to ensure that the treatment of wastewater by each member agency is in compliance with the Federal Water Pollution Control Act (P.L. 92-500), as amended by the Clean Water Act of 1986.

The EBDA Joint Powers Agreement expired on December 31, 2019. The five member agencies of the JPA unanimously extended the current terms of the agreement until June 30, 2020, and reached an amended and restated agreement which took effect on July 1, 2020. The amendment contains changes in maximum flow rate capacity among member agencies, specifies the transport system's segment allocations, and establishes the basis for the allocation of operating and capital costs, as well as costs for planning and special studies. The District's new ownership share in EBDA is 19.140% as a result of the amendment.

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 6 – INVESTMENT IN EAST BAY DISCHARGERS AUTHORITY (EBDA) (CONTINUED)

The financial activities for EBDA are not included in the accompanying financial statements as it is administered by a Commission separate from and independent of the District. Current fiscal year transactions with, and the investment in, the Joint Powers Authority are accounted for as follows:

- The District's long-term investment in EBDA is reported as Investment in Effluent Discharge Facilities - EBDA under capital assets in the amount of \$5,406,842 for 2022 and \$5,961,404 for 2021. The \$554,562 decrease in equity in 2022 was reported under Decrease in Carrying Value of EBDA, as operating expenses, and the 2021 increase of \$17,923 was reported as investment revenue under non-operating revenues.
- The District's share of payments to EBDA is reported as Effluent Disposal - EBDA, an operating expense on the financial statements. Payments were \$688,256 and \$910,294 respectively during the fiscal years ended 2022 and 2021.

The assets of EBDA are the costs of the property, plant, and equipment used to discharge treated effluent into the San Francisco Bay. Over \$40 million of the construction costs and planning related thereto were primarily funded by federal and state sources as follows: 75% by the U.S. Environmental Protection Agency (EPA), and 12.5% by the State Water Resources Control Board (SWRCB). The remaining 12.5% was funded by EBDA's member agencies. Legal title and pertinent grant documents, and, conditions for joint-use facilities remain with EBDA. Each agency's ownership share is defined by the renewed Joint Exercise of Powers Agreement.

The financial statements of EBDA are available upon request from: East Bay Dischargers Authority, 2651 Grant Avenue, San Lorenzo, California 94580. Summary financial data taken from EBDA's audited financial statements for its fiscal years ended June 30, 2021 and 2020 (latest available) is as follows:

	Fiscal Year Ended June 30	
	<u>2021</u>	<u>2020</u>
Net position at beginning of year	\$ 31,146,310	\$ 30,787,261
Net income before depreciation	(2,070,415)	1,314,720
Depreciation	<u>(941,258)</u>	<u>(955,671)</u>
Changes in net position	(3,011,673)	359,049
Prior period adjustment	<u>114,277</u>	<u>-</u>
Net position at end of year	<u>\$ 28,248,914</u>	<u>\$ 31,146,310</u>
Comprised of		
Total assets	\$ 29,755,771	\$ 32,625,918
Deferred outflow of resources	559,164	1,443,088
Total liabilities	(1,564,429)	(2,740,851)
Deferred inflow of resources	<u>(501,592)</u>	<u>(181,845)</u>
Total net position	<u>\$ 28,248,914</u>	<u>\$ 31,146,310</u>

The District's investment in effluent discharge facilities (EBDA) is as follows:

Investment in effluent discharge facilities (EBDA) - beginning of year	5,961,404	5,943,481
Change in carrying value of effluent discharge facilities of EBDA	<u>(554,562)</u>	<u>17,923</u>
Investment in effluent discharge facilities (EBDA) - end of year (listed as a non-current asset on the Statement of Net Position)	<u>\$ 5,406,842</u>	<u>\$ 5,961,404</u>

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – DEFINED BENEFIT PENSION PLANS – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CALPERS)

Plan Description

Qualified employees are eligible to participate in one of the District’s three pension rate plans (Plans) administered by the California Public Employees’ Retirement System (CalPERS). Each Plan has a unique pension formula: 2.5% at 55 (Tier 1), 2.0% at 60 (Tier 2), and 2.0% at 62 (Tier 3, commonly known as the PEPR Tier, as a result of the Public Employees’ Pension Reform Act of 2013). These Plans were established by Board resolutions and fall within CalPERS’ Miscellaneous Risk Pool, a cost-sharing multiple employer defined benefit pension plan for employers with less than 100 active members. Reports providing further information on the Risk Pool can be found on CalPERS’ website at www.calpers.ca.gov.

Benefits Provided

CalPERS administers service and disability retirement benefits, annual cost of living adjustments, and death benefits to the Plans’ members and beneficiaries, based on the pension formula of the Plans, the member’s years of service, age, and final compensation. Benefit levels are established by State statute and based on the contract between CalPERS and the District. Members may elect to retire at an earlier age with statutorily reduced benefits. Cost of living adjustments are applied as specified by the Public Employees’ Retirement Law. Eligibility for disability retirement applies after five years of service with the District. The Plans’ provisions and benefits for FY 2021-22 are summarized as follows:

Plan Information	Tier 1	Tier 2	Tier 3
Date of employment	Before 11/14/2011	Between 11/15/2011 & 12/31/2012	On or After 1/1/2013
Benefit formula	2.5% @55	2.0% @60	2.0% @62
Benefits vesting schedule	5 Years	5 Years	5 Years
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	55	60	62
Eligible age for early retirement	50	50	52
Benefits as a % of eligible compensation (applied to each year of service)	2.0% (age 50) to 2.5% (age 55)	1.092% (age 50) to 2.0% (age 60)	1.0% (age 52) to 2.0% (age 62)
Required employee contributions	8%	7%	7.25%
Required employer contributions	12.990% and \$714,727	9.300% and \$2,681	7.730% and \$6,198

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – DEFINED BENEFIT PLANS – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CALPERS) (CONTINUED)

Employees Covered

Participant Status	Number of Participants
Inactive employees receiving benefits	83
Inactive employees entitled to but not receiving benefits	20
Active members	45
Total	148

Employer Contribution History

Section 20814(c) of the California Public Employees’ Retirement Law requires that employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the 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 pay for a portion of unfunded accrued liability. The amounts of employer contributions during the last three years are as follows:

Employer Contributions	Tier 1	Tier 2	Tier 3	Total
FY 2019-20	\$ 806,169	\$ 36,850	\$ 130,872	\$ 973,891
FY 2020-21	2,891,475	56,560	149,077	3,097,112
FY 2021-22	1,117,176	74,619	177,335	1,369,130

Total and Net Pension Liabilities

The District’s net pension liability is measured as a proportionate share of the Risk Pool’s net pension liability (NPL), measured as of June 30, 2021. The total pension liability of the Plan used to calculate the net pension liability was determined by CalPERS’ actuarial valuation as of June 30, 2020, rolled forward to June 30, 2021, using standard actuarial roll forward methods. The proportionate share of the Risk Pool’s net pension liability was based on a projection of the District’s long-term share of contributions relative to the projected contributions of all participating employers (actuarially determined). The net pension liability has decreased by \$9.6 million from last year due to the favorable investment return and the additional contribution of \$1.9 million for the year ended June 30, 2021. As of June 30, 2020 and June 30, 2021, the proportionate shares of the Risk Pool’s net pension liability and changes during the measurement period were as follows:

Net Pension Liability as of Measurement Date	Proportionate Share of Risk Pool’s NPL (\$)	Proportionate Share of Risk Pool’s NPL (%)
June 30, 2020	\$10,346,242	0.09509%
June 30, 2021	\$778,860	0.01440%
Change	\$(9,567,382)	-0.08069%

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

**NOTE 7 – DEFINED BENEFIT PLANS – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CALPERS)
(CONTINUED)**

The District’s proportionate shares of the Risk Pool’s beginning and ending total pension liability, fiduciary net position and net pension liability were as follows:

	Proportionate Share of Risk Pool’s		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balance at Valuation Date June 30, 2020	\$63,462,932	\$53,116,690	\$10,346,242
Balance at Measurement Date June 30, 2021	\$64,813,058	\$64,034,198	\$778,860
Net Changes	\$1,350,126	\$10,917,508	\$(9,567,382)

Pension Expenses and Deferred Outflows/Inflows of Resources

For the fiscal year ended June 30, 2022, the District recognized a pension expense of \$(5,434,573), a net decrease in deferred outflows of resources of \$2,844,103, and a net decrease in deferred inflows of resources of \$80,424. The detailed balances of various deferred outflows and inflows at the measurement date of June 30, 2021 are as follows.

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 87,341	\$ -
Changes in assumptions	-	-
Net differences between projected and actual earnings on plan investments	-	679,904
Change in employer's proportion	550,072	289,662
Differences between the employer's contributions and the employer's proportionate share of contributions	422,182	936,886
Pension contributions subsequent to measurement date	1,369,130	-
Financial statement balances at June 30, 2022	<u>\$ 2,428,725</u>	<u>\$ 1,906,452</u>

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

**NOTE 7 – DEFINED BENEFIT PLANS – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CALPERS)
(CONTINUED)**

Other deferred outflows and inflows or resources related to pensions are recognized as pension expense in the future years as follows:

Fiscal Year Ending June 30,	Deferred Outflows (Inflows) of Resources to be Recognized as Pension Expense
2023	\$(340,748)
2024	(202,456)
2025	(115,763)
2026	(187,890)

Applicable Dates and Periods

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

Actuarial Assumptions

Discount Rate	7.15%
Inflation	2.50%
Salary increases	Varies by entry age and service
Mortality	Derived using CalPERS’ Membership Date for all Funds. The mortality rates include 15 years of projected on-going mortality improvement using the 90% Scale MP 2016 published by the Society of Actuaries.
Post-retirement benefit increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

**NOTE 7 – DEFINED BENEFIT PLANS – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CALPERS)
(CONTINUED)**

Sensitivity of the Proportionate Share of Net Pension Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the Risk Pool’s net pension liability, calculated using the discount rate of 7.15%, as well as what it would be if the discount rate is 1% lower (6.15%) or 1% higher (8.15%). The 7.15% discount rate was from CalPERS’ GASB 68 Accounting Valuation Report for June 30, 2020.

Changes in Discount Rate	Discount Rate	Proportionate Share of Risk Pool’s NPL
1% decrease	6.15%	\$ 9,336,187
Current discount rate	7.15%	778,860
1% increase	8.15%	(6,295,359)

Discount Rate

The discount rate used to measure the total pension liability for PERF C 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 Plans’ 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 of plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Long-term Expected Rate of Return

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

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

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

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 7 – DEFINED BENEFIT PLANS – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CALPERS) (CONTINUED)

Allocation by Asset Class	New Strategic Allocation	Real Return Years 1 – 10	Real Return Years 11+
Public Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real assets	13.0%	3.75%	4.93%
Liquidity	1.0%	-	-0.92%
Total	100.0%		

Projected Employer Contributions

		Required Contributions		Projected Future Employer Contributions			
		2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Tier 1	Normal cost %	13.020%	14.920%	14.900%	14.900%	14.900%	14.900%
	UAL Payment	\$714,727	\$723,722	\$668,000	\$575,000	\$478,000	\$352,000
Tier 2	Normal cost %	9.300%	10.870%	10.900%	10.900%	10.900%	10.900%
	UAL Payment	\$2,681	\$0	\$0	\$0	\$0	\$0
Tier 3	Normal cost %	7.760%	8.000%	8.000%	8.000%	8.000%	8.000%
	UAL Payment	\$6,198	\$0	\$0	\$0	\$0	\$0

NOTE 8 – OTHER POST-EMPLOYMENT MEDICAL BENEFITS (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District’s plan (OPEB Plan) and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 – OTHER POST-EMPLOYMENT MEDICAL BENEFITS (OPEB) (CONTINUED)

Plan Description

The Oro Loma Sanitary District Retiree Healthcare Plan provides benefits as approved by the Board and subject to the requirements of California Government Code Section 22892. In January 2008, the District established an account with CalPERS' California Employees' Retiree Benefit Trust (CERBT) with an initial deposit of \$5 million to prefund its OPEB costs. For purposes of reporting under GASB Statements 74 and 75, the plan is an agent multiple-employer plan. The objective of this trust is to seek favorable returns through a diverse asset allocation and market exposure. Participating employers own units of the portfolio that invests in accordance with the approved strategic asset allocation. The unit value changes with market condition. The CERBT is a self-funded program. The program cost is currently 10 basis points charged to each participating employers based on average daily balance of assets. The OPEB plan reports under GASB Statement 74 as part of CalPERS' ACFR which is available here: <https://www.calpers.ca.gov/docs/forms-publications/acfr-2022.pdf>.

The District provides other post-employment benefits (OPEB) to eligible employees and Board members in accordance with various labor contracts. Employees hired before July 1, 2006 are eligible to receive 50% to 100% of Kaiser's 2-party premium, at age 55 or older and with at least 15 years of service. Employees hired between July 1, 2006 and June 26, 2011 need to be at least age 60 to be eligible for the same benefit. Coverage for those with hire dates after June 26, 2011 is further adjusted to Kaiser's 1-party premium.

Employees Covered

As of the measurement date June 30, 2021, the following current and retired employees were covered by the benefit terms under the OPEB plan:

Current employees	45
Retired employees or survivors currently receiving benefits	49
Retired employees or survivors entitled to, but not receiving benefits	<u>3</u>
Total	<u><u>97</u></u>

Contributions

The District intends to continue reimbursing pay-as-you-go benefits from the Trust. For the fiscal year ended June 30, 2022, the District's cash contributions were \$310,205 in premium payments made on behalf of retirees and implied subsidy payments of \$68,453. The District requested reimbursement of \$310,205 from the Trust, resulting in contributions of \$68,453 for the year.

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 – OTHER POST-EMPLOYMENT MEDICAL BENEFITS (OPEB) (CONTINUED)

Actuarial Assumptions

The District's net OPEB liability was measured as of June 30, 2020. It was determined in the actuarial valuation dated June 30, 2020 based on the following actuarial methods and assumptions:

Discount rate	7.00%
Inflation	2.75%
Salary Increases	3% per year
Long term rate of return on investments	7.00%
Mortality rate	From CalPERS 2017 actuarial valuation. The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90% of Society of Actuaries Scale MP 2016.
Pre-Retirement turnover and retirement	Retirement and termination rates from CalPERS 2017 actuarial valuation for Public Agency Miscellaneous 2% at 55, based on the 1997-2005 experience study. No disablement assumed.
Healthcare trend rate	CalPERS medical premium amounts are assumed to increase 5% per year
Participation	99% of eligible employees are assumed to elect coverage upon retirement, and to remain covered under District plans for life

Discount Rate

The assumed discount rate was set to be equal to the long-term expected rate of return (7%). The cash flows of the OPEB plan were projected to future years, assuming that the District will seek reimbursement from CERBT for retiree benefits each year. Under that projection, the plan assets are projected to be adequate to pay all benefits to retirees in all future years.

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 – OTHER POST-EMPLOYMENT MEDICAL BENEFITS (OPEB) (CONTINUED)

Net OPEB Liability

The changes in the net OPEB liability for the Retiree Healthcare Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2021 (Measurement Date 6/30/20)	\$8,001,957	\$8,369,709	\$(367,752)
Changes recognized for measurement period:			
Service cost	150,905	-	150,905
Interest	545,967	-	545,967
Differences between actual and expected experience	(1,015,749)	-	(1,015,749)
Assumption changes	-	-	-
Contributions - employer	-	77,813	(77,813)
Net investment income	-	2,324,566	(2,324,566)
Benefit payments	(404,858)	(404,858)	-
Administrative expense	-	(3,184)	3,184
Net changes	(723,735)	1,994,337	(2,718,072)
Balance at June 30, 2022 (Measurement Date 6/30/21)	\$7,278,222	\$10,364,046	\$(3,085,824)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the District's net OPEB liability if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021.

	1% Decrease 6.0 %	Discount Rate 7.0 %	1% Increase 8.0 %
Net OPEB Liability (Asset)	\$ (2,127,489)	\$ (3,085,824)	\$ (3,877,265)

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents District's the net OPEB liability if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021.

	1% Decrease 4.0 %	Current Healthcare Cost Trend Rates 5.0 %	1% Increase 6.0 %
Net OPEB Liability (Asset)	\$ (3,912,220)	\$ (3,085,824)	\$ (2,080,520)

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 8 – OTHER POST-EMPLOYMENT MEDICAL BENEFITS (OPEB) (CONTINUED)

Pension Expense, Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2022, the District recognized OPEB expense of \$(447,068). At fiscal year end June 30, 2022, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,270,235
Changes of assumptions	-	188,672
Net difference between projected and actual earnings on OPEB plan investments	-	1,204,631
District contributions subsequent to the measurement date	68,453	-
Total	\$ 68,453	\$ 2,663,538

The \$68,453 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2021 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2023	\$ (509,590)
2024	(494,367)
2025	(507,660)
2026	(566,006)
2027	(218,248)
Thereafter	(367,667)

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 – OTHER DEFERRED COMPENSATION & DEFINED CONTRIBUTION PLANS

Section 457(b) Deferred Compensation Plan

The District maintains a deferred compensation plan, qualified under section 457(b) of the Internal Revenue Code, in which all full-time employees may participate. Employees and the District each contributes 0.32% of gross salary into the plan. In addition, \$0.50 for each \$1.00 of employee voluntary contributions is matched, up to a maximum of \$750 per employee per calendar year. Employees may defer additional amounts up to the Internal Revenue Code limits (from all sources). Generally, deferred compensation is available for withdrawal upon retirement, termination of employment, disability, or death. Contributions are made to, and accumulated in, a trust maintained by the administrator for the benefit of individual participants. Neither the assets nor the liabilities of this plan are those of the District. The District switched administrators from Lincoln Financial Group to T. Rowe Price in May 2019, although a portion of assets remained with Lincoln to be transferred during the subsequent four years due to fund restrictions. Changes in total plan assets for fiscal years ended June 30, 2022 and 2021 are summarized as follows:

Lincoln – 457(b)	2022	2021
Plan assets – beginning of year	\$ 1,771,386	\$ 2,541,689
Contributions by:		
Employer	-	-
Employee pre-tax deductions	-	-
Investment earnings	58,312	88,792
Withdrawals and fees	(303,552)	(250,321)
Plan assets transferred out to T. Rowe Price	(501,963)	(608,774)
Plan assets – end of year	<u>\$ 1,024,183</u>	<u>\$ 1,771,386</u>
T. Rowe Price – 457(b)	2022	2021
Plan assets – beginning of year	\$ 7,407,886	\$ 5,209,274
Contributions by:		
Employer	63,815	60,253
Employee pre-tax deductions	446,012	392,037
Employee Roth post-tax deductions	20,155	1,650
Investment earnings and dividends	(759,320)	1,395,198
Withdrawals and fees	(709,710)	(320,575)
Rollovers by employees from other plans	37,279	61,275
Plan assets transferred in from Lincoln	501,963	608,774
Plan assets – end of year	<u>\$ 7,008,080</u>	<u>\$ 7,407,886</u>

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 9 – OTHER DEFERRED COMPENSATION & DEFINED CONTRIBUTION PLANS (CONTINUED)

Section 457(b) Public Agency Retirement System-Alternate Retirement System (PARS-ARS)

The PARS-ARS plan was put into effect on July 1, 2008. It is an alternative to Social Security, a qualified defined contribution plan under Section 457(b), and tax-exempt under Section 501(a) of the Internal Revenue Code, and is available to part-time employees and Board members who are not eligible for CalPERS. It is administered by Public Agency Retirement System (PARS). Enrollment in the PARS-ARS plan is mandatory for all qualified employees upon employment. The selection of investment choices for the plan resides with the District. Participating employees contribute 6.20% of salary, the District contributes 2.20%. Contributions are pre-tax. Combined annual contributions to the plan and to any other qualified 457(b) deferred compensation plans shall not exceed the limits established by the Internal Revenue Service. Neither the assets nor the liabilities of this plan are those of the District. Changes in the plan's assets for the fiscal years ended June 30, 2022 and 2021 are summarized as follows:

PARS-ARS – 457(b)	2022	2021
Plan assets – beginning of year	\$ 36,682	\$ 29,104
Contributions by:		
Employer	2,002	1,802
Employee (pre-tax)	5,642	5,078
Investment earnings	(5,331)	4,271
Withdrawals and fees	(9)	(3,573)
Plan assets – end of year	<u>\$ 38,986</u>	<u>\$ 36,682</u>

Section 401(a) Defined Contribution Plan

The defined contribution plan (IRS Section 401(a)) was established in 1997. Eligible participants include the General Manager, management and confidential employees, and Board members. The plan was amended in 2007 in accordance with current Internal Revenue Service regulations. The administrator of the plan is Mission Square Retirement Corporation, formerly known as ICMA. Neither the assets nor the liabilities of this plan are those of the District. Changes in the plan assets for fiscal years ended June 30, 2022 and 2021 are summarized as follows:

Mission Square Retirement/ICMA – 401(a)	2022	2021
Plan assets – beginning of year	\$ 2,959,855	\$ 2,238,590
Contributions by:		
Employer	126,636	114,051
Employee (pre-tax)	44,519	41,603
Employee loan repayments	50,585	8,475
Investment earnings	(376,842)	681,401
Withdrawals and fees	(218,231)	(124,265)
Plan assets – end of year	<u>\$ 2,586,522</u>	<u>\$ 2,959,855</u>

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 10 – RISK MANAGEMENT AND INSURANCE

The District is exposed to various risks of loss related to torts, theft and damage of assets, errors and omissions, injuries to employees and natural disasters. It is a member of the California Sanitation Risk Management Authority (CSRMA), a joint powers authority (JPA) and a public entity risk pool currently operating as a common risk management and insurance program for its member entities. The purpose of CSRMA is to spread the adverse effects of losses among its member entities and to purchase excess insurance as a group, thereby reducing costs. The layers of coverage within the general and automobile liability program in 2022 are as follows:

Coverage Limits	Coverage Provided By
\$ 0 to \$ 500,000	CSRMA Risk Pool, with a \$250,000 Deductible.
\$ 500,001 to \$ 10,500,000	Munich Reinsurance America
\$ 10,500,001 to \$ 15,500,000	Berkley Public Entity
\$ 15,500,001 to \$ 25,500,000	Allied World Assurance Co.
\$ 25,500,001 and up	Oro Loma Self-Insurance

The District also obtains coverage for property, errors & omissions, workers' compensation insurance, public entity pollution liability, and cyber liability.

The District paid \$267, \$11,592 and \$5,633 in insurance claims during fiscal years ended June 30, 2022, 2021 and 2020 respectively, and has no outstanding claims, or carried no liabilities related thereto in its financial statements. The amount of claims paid were within the \$250,000 deductible limit.

Insurance related expenses for fiscal years ended June 30 are summarized as follows:

	2022	2021	2020
Administration	\$ 233,163	\$ 379,866	\$ 363,952
Insurance premiums	372,365	309,677	310,322
Losses and settlements	267	11,592	5,633
	<u>\$605,795</u>	<u>\$ 701,135</u>	<u>\$ 679,907</u>

Since no liabilities for claims has been provided in the financial statements as of June 30, 2022, 2021, and 2020, the indicated claims paid above represent the claims experience for the last three fiscal years.

As of June 30, 2022, the District has no current or anticipated litigation.

Insurance related expenses are distributed to the following departments:

	2022	2021	2020
Engineering	\$ 32,239	\$ 39,914	\$ 36,272
Collections	170,523	190,532	160,405
Operations	253,274	265,928	288,918
Maintenance	106,009	137,870	134,434
Administration	43,750	66,891	59,878
	<u>\$ 605,795</u>	<u>\$ 701,135</u>	<u>\$ 679,907</u>

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 11 – CONTRACT FOR COLLECTION OF SOLID WASTE AND LANDFILL CLOSURE/POST-CLOSURE COSTS

On September 1, 1997, under a 10-year franchise agreement, the District contracted with Waste Management of Alameda (WMAC) to provide solid waste, residential and green waste recycling services. On March 1, 2004, the original agreement was extended. On January 1, 2012, a new agreement was signed with an expiration date of August 31, 2024.

Highlights of the provisions included in the current agreement are as follows:

Customer-related:

- Residential recycling and green waste rates will remain unchanged for the term of the Agreement.
- All other solid waste fees and charges will be adjusted every September 1 by a combination factor as follows: $[0.5 \times (\text{April CPI-U for all urban consumer items in San Francisco, Oakland, and San Jose, as published by the US Department of Labor, Bureau of Statistics – Series CUURA422SA0})] + [0.5 \times (\text{Weighted average of Teamsters Wage, benefits and pension contract increases for the following year})]$.

District-related:

- WMAC purchased new collection vehicles and placed them into service within the District's service area.
- WMAC assumes full responsibility for expenses related to closure/post-closure of its landfill (Altamont Landfill).
- WMAC shall furnish a performance bond in the amount of \$6,000,000, adjusted every September 1 by a combination factor as follows: $[0.5 \times (\text{April CPI-U for all urban consumer items in San Francisco, Oakland, and San Jose, as published by the US Department of Labor, Bureau of Statistics – Series CUURA422SA0})] + [0.5 \times (\text{Weighted average of Teamsters wage, benefits and pension contract increases for the following year})]$.
- As part of the agreement, WMAC maintains a Public Education Account on behalf of the District. These funds are used to support public outreach, information and education campaigns – newsletters, bill inserts, Earth Day poster contests, and other events. The balance in this account as of June 30, 2022 was \$232,603.

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 12 – LONG-TERM DEBT

The long-term debt obligations for the year ended June 30, 2022 are as follows:

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Due Within One Year
2018 Bond Principal	\$ 13,370,000	\$ -	\$ 405,000	\$ 12,965,000	\$ 420,000
2018 Bond Premium (Unamortized)	43,017	-	1,955	41,062	-
2018 Sewer Revenue Bonds	13,413,017	-	406,955	13,006,062	420,000
2022 WIFIA Bond Principal	-	4,914,555	-	4,914,555	-
2022 SRF Loan Principal	-	381,270	-	381,270	-
Total Long-Term Debt	\$ 13,413,017	\$ 5,295,825	\$ 406,955	\$ 18,301,887	\$ 420,000

2018 Sewer Revenue Bonds

In October 2018, the District issued the 2018 Sewer Revenue Bonds through the California Public Finance Authority. The Bonds are AA+ rated and have an aggregate principal of \$14,160,000, payable over a 25-year term with a true interest cost of 3.482%. There was an associated bond premium of \$48,883, amortized over the life of the bonds. U.S. Bank National Association is the Trustee and Dissemination Agent. Installment payments are pledged with the District's Net Revenues. Bond interest expense for FY 2021-22 was \$431,220, of which \$130,598 was accrued at June 30, 2022. A principal payment of \$405,000 was paid on October 1, 2021. Annual debt service including principal and interest is approximately \$850,000.

Debt service requirements for the 2018 Sewer Revenue Bonds for remaining years are as follows:

Fiscal Year Ending June 30,	Bond Principal Payments	Bond Interest Payments
2023	\$ 420,000	\$ 423,837
2024	430,000	411,088
2025	445,000	397,961
2026 -2030	2,430,000	1,778,387
2031 -2035	2,820,000	1,382,084
2036 -2040	3,315,000	877,938
2041 -2044	3,105,000	237,759
	<u>\$ 12,965,000</u>	<u>\$ 5,509,054</u>

2021 New Debt Obligations

In summer 2021, the District entered into two separate financial obligations to provide funding for the Sewer Collection System Pipeline Rehabilitation & Replacement Project. Borrowing from both sources are on a quarterly reimbursement basis. The State Water Resources Control Board's State Revolving Fund (SRF) authorized up to \$25 million in project cost reimbursements with an annual rate of 0.9%; and, through the Federal Water Infrastructure Finance & Innovation Act (WIFIA), a maximum principal of \$24.5 million was approved at an annual rate of 1.91%. Both obligations are payable over 30 years. Payments are expected to commence in 2025 for SRF and 2029 for WIFIA. As of June 30, 2022, principal amounts for SRF and WIFIA financing were \$381,270 and \$4,914,555 respectively.

REQUIRED SUPPLEMENTARY INFORMATION

**ORO LOMA SANITARY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022**

Pension Benefits

Historical information is required only for measurement periods for which GASB Statement No. 68 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

The CalPERS discount rate was increased from 7.50% to 7.65% in FY 2015-16, and then decreased from 7.65% to 7.15% in FY 2017-18. The CalPERS mortality assumptions were adjusted in FY 2018-19.

Schedule of the District's Proportionate Share of the Plan's (PERF C) Net Pension Liability

	Fiscal Year Ended June 30							
	2022	2021	2020	2019	2018	2017	2016	2015
Measurement date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
District's proportion of net pension liability	0.01440%	0.09509%	0.08700%	0.07849%	0.07920%	0.08229%	0.06990%	0.13265%
District's proportionate share of net pension liability	\$ 778,860	\$ 10,346,242	\$ 8,914,943	\$ 7,563,209	\$ 7,854,489	\$ 7,120,287	\$ 4,797,739	\$ 8,254,184
District's covered payroll	\$ 5,370,984	\$ 5,243,641	\$ 5,340,309	\$ 4,928,629	\$ 4,590,299	\$ 4,373,734	\$ 4,332,992	\$ 3,885,932
District's proportionate share of net pension liability as a % of covered payroll	14.50%	197.31%	166.94%	153.45%	171.11%	162.80%	110.73%	212.41%
Plan's fiduciary net position as a % of Plan's total pension liability	88.29%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

Schedule of the District's Contributions

	Fiscal Year Ended June 30							
	2022	2021	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 1,369,130	\$ 1,163,112	\$ 973,891	\$ 834,403	\$ 640,827	\$ 561,577	\$ 496,315	\$ 727,291
Contributions in relation to actuarially determined contribution	\$ 1,369,130	\$ 3,097,112	\$ 973,891	\$ 834,403	\$ 640,827	\$ 1,561,577	\$ 1,496,315	\$ 7,075,186
Contribution deficiency (excess)	\$ -	\$ (1,934,000)	\$ -	\$ -	\$ -	\$ (1,000,000)	\$ (1,000,000)	\$ (6,347,895)
District's covered payroll for the fiscal year	\$ 5,997,809	\$ 5,370,984	\$ 5,243,641	\$ 5,340,309	\$ 4,928,629	\$ 4,590,299	\$ 4,373,734	\$ 4,332,992
Contributions as a % of covered payroll	22.83%	57.66%	18.57%	15.62%	13.00%	34.02%	34.21%	163.29%

ORO LOMA SANITARY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

Other Post-Employment Benefits (OPEB)

Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

Schedule of Changes in Net OPEB Liability & Related Ratios

	Fiscal Year Ended June 30				
	2022	2021	2020	2019	2018
Measurement period ended	6/30/21	6/30/20	6/30/19	6/30/18	6/30/17
Total OPEB liability					
Service cost	\$ 150,905	\$ 146,510	\$ 168,413	\$ 163,508	\$ 158,746
Interest on total OPEB liability	545,967	528,039	561,608	542,444	526,742
Actual and expected experience difference	(1,015,749)	-	(533,373)	-	-
Changes in assumptions	-	-	(242,069)	-	-
Changes in benefits terms	-	-	-	-	-
Benefits payments	(404,858)	(432,008)	(436,273)	(428,076)	(494,273)
Net change in total OPEB liability	\$ (723,735)	\$ 242,541	\$ (481,694)	\$ 277,876	\$ 191,215
Total OPEB liability - beginning	8,001,957	7,759,416	8,241,110	7,963,234	7,772,019
Total OPEB liability - ending	\$ 7,278,222	\$ 8,001,957	\$ 7,759,416	\$ 8,241,110	\$ 7,963,234
Plan Fiduciary Net Position					
Contribution - employer	\$ 77,813	\$ 94,680	\$ 104,008	\$ 110,252	\$ 407,206
Net investment income	2,324,566	297,096	510,132	631,004	766,432
Benefit payments	(404,858)	(432,008)	(436,273)	(428,076)	(494,273)
Administrative expenses	(3,184)	(4,124)	(1,771)	(4,126)	(3,726)
Net change in plan fiduciary net position	\$ 1,994,337	\$ (44,356)	\$ 176,096	\$ 309,054	\$ 675,639
Plan fiduciary net position - beginning	8,369,709	8,414,065	8,237,969	7,928,915	7,253,276
Plan fiduciary net position - ending	\$ 10,364,046	\$ 8,369,709	\$ 8,414,065	\$ 8,237,969	\$ 7,928,915
Net OPEB Liability - Ending	\$ (3,085,824)	\$ (367,752)	\$ (654,649)	\$ 3,141	\$ 34,319

Plan fiduciary net position as % of total OPEB liability	142.40%	104.60%	108.44%	99.96%	99.57%
Covered-employee payroll	\$ 5,640,912	\$ 5,464,743	\$ 5,138,980	\$ 4,900,932	\$ 4,729,479
Net OPEB liability as % of covered-employee payroll	-54.70%	-6.73%	-12.74%	0.06%	0.73%

Schedule of the District's Contributions

	Fiscal Year Ended June 30				
	2022	2021	2020	2019	2018
Actuarially determined contribution (ADC)	\$ -	\$ -	\$ -	\$ -	\$ 104,829
Contributions in relation to the ADC	68,453	77,813	94,680	104,008	110,000
Contribution deficiency (excess)	\$ (68,453)	\$ (77,813)	\$ (94,680)	\$ (104,008)	\$ (5,171)
Covered-employee payroll	\$ 5,640,912	\$ 5,436,476	\$ 5,464,743	\$ 5,138,980	\$ 4,900,932
Contributions as % of covered-employee payroll	1.21%	1.43%	1.73%	2.02%	2.24%

OTHER SUPPLEMENTARY INFORMATION

**ORO LOMA SANITARY DISTRICT
DESCRIPTION OF FUNDS UTILIZED
JUNE 30, 2022**

The District utilizes an enterprise fund structure. To facilitate management and budgetary control, component funds are established to account for activities in different services provided by the District. These component funds are combined to account for the financial position and results of operations reflected in the District's financial statements.

Following is a brief description of the funds by type of service:

Sewer Services

Operations and Maintenance – accounts for both general sewage activities performed by the District in the collection, treatment, and disposal of sewage, as well as for accumulation of resources for the payment of long-term sewer revenue bonds, if applicable.

Renewal and Replacement – accounts for scheduled major repairs and maintenance of existing collection system and water pollution control plant and equipment.

Capital Improvement Program – accounts for sewer system construction projects involving pipelines, building improvements, new operational facilities, and new equipment.

Solid Waste / Garbage Services

Solid Waste / Garbage – accounts for the collection and proper handling of solid waste from homes and businesses located in the District.

Recycling Services

Recycling – accounts for the collection and proper handling of recyclable materials and green waste collected from residences, and commercial recycling programs in the District's jurisdiction. Recycling programs are required by California Assembly Bill 939 (AB939) and Alameda County Measure D mandates.

ORO LOMA SANITARY DISTRICT

COMBINING SCHEDULE OF NET POSITION

ALL DISTRICT SERVICES

AS OF JUNE 30, 2022

WITH COMPARATIVE TOTALS AS OF JUNE 30, 2021

SCHEDULE 1

	Sewer Services		
	Operations and Maintenance	Renewal and Replacement	Capital Improvement
ASSETS			
Current assets			
Cash and cash equivalents	\$ 11,923,782	\$ 1,283,278	\$ (8,289,201)
Investments at fair value	-	971,499	7,859,430
Interest receivable	21,825	5,397	8,862
Accounts receivable	2,863,453	149,767	841,661
Lease receivable (current)	60,788	-	-
Prepaid and other items	128,450	-	-
Total current assets	14,998,298	2,409,941	420,752
Non-current assets			
Investment in effluent discharge facilities - EBDA	5,406,842	-	-
Lease receivable (non-current)	145,734	-	-
Net other post-employment benefits (OPEB) asset	3,085,824	-	-
Capital assets			
Land	873,234	-	-
Sewer service assets	182,515,550	-	-
Recycling assets	-	-	-
Construction in progress	-	-	14,740,511
Less: accumulated depreciation	(84,617,049)	-	-
Total capital assets	98,771,735	-	14,740,511
Total non-current assets	107,410,135	-	14,740,511
Total assets	\$ 122,408,433	\$ 2,409,941	\$ 15,161,263
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	2,428,725	-	-
Other post-employment benefits related	68,453	-	-
Total deferred inflows of resources	\$ 2,497,178	\$ -	\$ -

COMBINING SCHEDULE OF NET POSITION
ALL DISTRICT SERVICES
AS OF JUNE 30, 2022
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2021
SCHEDULE 1 (continued)

Solid Waste Services		Recycling Services		Combined June 30,		\$	%
Garbage Collection & Disposal	Residential, Green Waste, Commercial & Industrial Recycling	2022	2021	Change	Change		
\$ 807,521	\$ 1,573,701	\$ 7,299,081	\$ 16,675,495	\$ (9,376,414)	-56.2%		
-	-	8,830,929	5,274,790	3,556,139	67.4%		
6,670	1,473	44,227	21,943	22,284	101.6%		
35,184	61,027	3,951,092	2,301,655	1,649,437	71.7%		
-	-	60,788	-	60,788	100.0%		
-	-	128,450	282,552	(154,102)	-54.5%		
849,375	1,636,201	20,314,567	24,556,435	(4,241,868)	-17.3%		
-	-	5,406,842	5,961,404	(554,562)	-9.3%		
-	-	145,734	-	145,734	100.0%		
-	-	3,085,824	367,752	2,718,072	739.1%		
-	-	873,234	873,234	-	0.0%		
-	-	182,515,550	179,592,191	2,923,359	1.6%		
-	6,484,155	6,484,155	26,045	6,458,110	24796.0%		
-	-	14,740,511	1,951,659	12,788,852	655.3%		
-	(26,045)	(84,643,094)	(80,970,282)	(3,672,812)	4.5%		
-	6,458,110	119,970,356	101,472,847	18,497,509	18.2%		
-	6,458,110	128,608,756	107,802,003	20,806,753	19.3%		
\$ 849,375	\$ 8,094,311	\$ 148,923,323	\$ 132,358,438	\$ 16,564,885	12.5%		
-	-	2,428,725	5,272,828	(2,844,103)	-53.9%		
-	-	68,453	268,872	(200,419)	-74.5%		
\$ -	\$ -	\$ 2,497,178	\$ 5,541,700	\$ (3,044,522)	-54.9%		

To be continued on the following pages

ORO LOMA SANITARY DISTRICT

COMBINING SCHEDULE OF NET POSITION

ALL DISTRICT SERVICES

AS OF JUNE 30, 2022

WITH COMPARATIVE TOTALS AS OF JUNE 30, 2021

SCHEDULE 1 (continued)

	Sewer Services		
	Operations and Maintenance	Renewal and Replacement	Capital Improvement
LIABILITIES			
Current liabilities			
Accounts payable	\$ 340,679	\$ 120,156	\$ 1,861,571
Accrued salaries and wages	104,292	-	-
Customer deposits payable	78,470	-	551,248
Accrued compensated absences (current)	501,668	-	-
Accrued interest payable	130,598	-	-
Bonds payable - 2018 Sewer Revenue Bonds (current)	420,000	-	-
Total current liabilities	1,575,707	120,156	2,412,819
Non-current liabilities			
Accrued compensated absences (non-current)	206,611	-	-
Bonds payable - 2018 Sewer Revenue Bonds (non-current), net of premium	12,586,062	-	-
Bonds payable - 2021 WIFIA Bonds (non-current)	4,914,555	-	-
Loan payable - SRF (non-current)	381,270	-	-
Net pension liability	778,860	-	-
Total non-current liabilities	18,867,358	-	-
Total liabilities	\$ 20,443,065	\$ 120,156	\$ 2,412,819
DEFERRED INFLOWS OF RESOURCES			
Pension related	1,906,452	-	-
Other post-employment benefits related	2,663,538	-	-
Lease related	206,522	-	-
Total deferred inflows of resources	\$ 4,776,512	\$ -	\$ -
NET POSITION			
Net investment in capital assets (net of related debt)	80,469,848	-	14,740,511
Unrestricted	19,216,186	2,289,785	(1,992,067)
Total net position	\$ 99,686,034	\$ 2,289,785	\$ 12,748,444

ORO LOMA SANITARY DISTRICT

COMBINING SCHEDULE OF NET POSITION

ALL DISTRICT SERVICES

AS OF JUNE 30, 2022

WITH COMPARATIVE TOTALS AS OF JUNE 30, 2021

SCHEDULE 1 (continued)

Solid Waste Services		Recycling Services		Combined June 30,		\$	%
Garbage Collection & Disposal	Residential, Green Waste, Commercial & Industrial Recycling	2022	2021	Change	Change		
\$ 2,364	\$ 212,627	\$ 2,537,397	\$ 778,034	\$ 1,759,363	226.1%		
-	-	104,292	64,955	39,337	60.6%		
-	-	629,718	115,070	514,648	447.2%		
-	-	501,668	431,144	70,524	16.4%		
-	-	130,598	110,572	20,026	18.1%		
-	-	420,000	405,000	15,000	3.7%		
2,364	212,627	4,323,673	1,904,775	2,418,898	127.0%		
-	-	206,611	192,116	14,495	7.5%		
-	-	12,586,062	13,008,017	(421,955)	-3.2%		
-	-	4,914,555	-	4,914,555	100.0%		
-	-	381,270	-	381,270	100.0%		
-	-	778,860	10,346,242	(9,567,382)	-92.5%		
-	-	18,867,358	23,546,375	(4,679,017)	-19.9%		
\$ 2,364	\$ 212,627	\$ 23,191,031	\$ 25,451,150	\$ (2,260,119)	-8.9%		
-	-	1,906,452	1,986,876	(80,424)	-4.0%		
-	-	2,663,538	661,406	2,002,132	302.7%		
-	-	206,522	-	206,522	100.0%		
\$ -	\$ -	\$ 4,776,512	\$ 2,648,282	\$ 2,128,230	80.4%		
-	6,458,110	101,668,469	88,059,830	13,608,639	15.5%		
847,011	1,423,574	21,784,489	21,740,876	43,613	0.2%		
\$ 847,011	\$ 7,881,684	\$ 123,452,958	\$ 109,800,706	\$ 13,652,252	12.4%		

ORO LOMA SANITARY DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ALL DISTRICT SERVICES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2021
SCHEDULE 2

	Sewer Services		
	Operations and Maintenance	Renewal and Replacement	Capital Improvement
Operating revenues			
District service charges	\$ 14,453,724	\$ 5,000,000	\$ -
Agency treatment charges	3,941,809	325,131	-
Permits and inspection fees	172,991	-	-
Sanitary truck waste charges	23,375	-	-
Grease receiving charges	176,544	-	-
Biosolid charges	171,173	-	-
Annexation revenues	-	-	-
Contract fees	-	-	-
Recycling charges - residential and green waste	-	-	-
Recycling charges - commercial and industrial	-	-	-
Landfills fees - Measure D	-	-	-
Other	952,546	-	-
Total operating revenues	19,892,162	5,325,131	-
Operating expenses			
Engineering	641,114	-	-
Sewage collections	1,821,650	993,267	-
Sewage treatment operations	5,444,003	722,391	-
Sewage treatment maintenance	2,667,217	291,029	-
Effluent disposal - EBDA	521,756	166,500	-
Administration and general	1,850,425	50,660	-
Pension expense	(5,434,573)	-	-
OPEB expense	(447,068)	-	-
Depreciation	3,672,812	-	-
Decrease in carrying value of EBDA	554,562	-	-
Solid waste	-	-	-
Recycling - residential, green waste, commercial and industrial	-	-	-
Total operating expenses	11,291,898	2,223,847	-
Operating income (loss)	8,600,264	3,101,284	-
Non-operating revenues			
Investment income	41,358	45,073	13,709
Rents and leases	114,245	-	-
Recovery of uncollectible accounts	-	-	-
Project Grants	-	11,629	-
Other miscellaneous revenues	104,446	45	267
Total non-operating revenues	260,049	56,747	13,976
Non-operating expenses			
Decrease in the fair value of investments	-	67,552	437,060
Write-off of uncollectible accounts	-	-	-
Debt issuance cost	377,686	-	-
Bond interest expense - 2018 Sewer Revenue Bonds	431,220	-	-
Bond interest expense - 2021 WIFIA Bonds	23,064	-	-
Total non-operating expenses	831,970	67,552	437,060
Income (loss) before contributions, transfers and other items	8,028,343	3,090,479	(423,084)
Connection fees	-	-	473,450
Transfers in (out) of capital assets	2,923,359	-	(9,381,469)
Equity transfers in (out) for WIFIA & SRF proceeds	(5,295,826)	-	5,295,826
Equity transfers in (out)	(1,786,000)	(2,000,000)	7,200,000
Change in net position	3,869,876	1,090,479	3,164,723
Net position - beginning	95,816,158	1,199,306	9,583,721
Net position - ending	\$ 99,686,034	\$ 2,289,785	\$ 12,748,444

ORO LOMA SANITARY DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ALL DISTRICT SERVICES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2021
SCHEDULE 2 (continued)

Solid Waste Services		Recycling Services		Combined June 30,		Change	Change
Garbage Collection & Disposal	Residential, Green Waste, Commercial & Industrial Recycling			2022	2021	\$	%
\$ -	\$ -	\$	\$	19,453,724	17,740,859	\$ 1,712,865	9.7%
-	-			4,266,940	4,142,939	124,001	3.0%
-	-			172,991	190,363	(17,372)	-9.1%
-	-			23,375	24,530	(1,155)	-4.7%
-	-			176,544	128,142	48,402	37.8%
-	-			171,173	242,501	(71,328)	-29.4%
-	-			-	39,000	(39,000)	-100.0%
2,166,182	-			2,166,182	1,805,310	360,872	20.0%
-	2,845,587			2,845,587	2,327,273	518,314	22.3%
-	190,287			190,287	183,120	7,167	3.9%
-	368,971			368,971	356,453	12,518	3.5%
-	-			952,546	917,962	34,584	3.8%
2,166,182	3,404,845			30,788,320	28,098,452	2,689,868	9.6%
-	-			641,114	687,340	(46,226)	-6.7%
-	-			2,814,917	3,956,977	(1,142,060)	-28.9%
-	-			6,166,394	5,713,335	453,059	7.9%
-	-			2,958,246	2,628,968	329,278	12.5%
-	-			688,256	910,294	(222,038)	-24.4%
-	-			1,901,085	1,980,341	(79,256)	-4.0%
-	-			(5,434,573)	2,392,988	(7,827,561)	-327.1%
-	-			(447,068)	37,465	(484,533)	-1293.3%
-	-			3,672,812	2,949,988	722,824	24.5%
-	-			554,562	-	554,562	100.0%
501,808	-			501,808	402,049	99,759	24.8%
-	2,845,495			2,845,495	2,843,550	1,945	0.1%
501,808	2,845,495			16,863,048	24,503,295	(7,640,247)	-31.2%
1,664,374	559,350			13,925,272	3,595,157	10,330,115	287.3%
14,890	4,085			119,115	144,629	(25,514)	-17.6%
-	-			114,245	111,917	2,328	2.1%
37,038	-			37,038	36,217	821	2.3%
-	191,284			202,913	530,684	(327,771)	-61.8%
-	12,987			117,745	218,482	(100,737)	-46.1%
51,928	208,356			591,056	1,041,929	(450,873)	-43.3%
-	-			504,612	67,900	436,712	643.2%
944	-			944	2,834	(1,890)	-66.7%
-	-			377,686	-	377,686	100.0%
-	-			431,220	443,295	(12,075)	-2.7%
-	-			23,064	-	23,064	100.0%
944	-			1,337,526	514,029	823,497	160.2%
1,715,358	767,706			13,178,802	4,123,057	9,055,745	219.6%
-	-			473,450	3,562,303	(3,088,853)	-86.7%
-	6,458,110			-	-	-	0.0%
-	-			-	-	-	0.0%
(3,414,000)	-			-	-	-	0.0%
(1,698,642)	7,225,816			13,652,252	7,685,360	5,966,892	77.6%
2,545,653	655,868			109,800,706	102,115,346	7,685,360	7.5%
\$ 847,011	\$ 7,881,684	\$	\$	123,452,958	109,800,706	\$ 13,652,252	12.4%

**ORO LOMA SANITARY DISTRICT
STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY
JUNE 30, 2022**

Budgetary Information

The District is not required by statute to adopt a budget. However, in its commitment to maintain fiscal responsibility, the District adopts a biennial budget as follows:

- Prior to June 30 of a budget year, the General Manager submits a proposed budget to the Board of Directors.
- The Board conducts public budget work sessions and adopts the budget through resolution.
- The budget is used as a management tool during the year. A transfer of funds, not to exceed \$50,000, may be approved by the General Manager. However, the General Manager may not over-expend a departmental or fund budget without obtaining Board approval. Any revision that increases the total budget must be approved by the Board of Directors by resolution.

The Two-Year Budget for Fiscal Years 2021-22 and 2022-23 was approved by Resolution No. 3716, dated June 15, 2021. The Budget for the audit year of FY 2021-22 was amended by the following Board actions:

- Resolution No. 3725 – Amendment No. 1, dated September 21, 2021, with a net increase to Renewal & Replacement and Capital Improvement Program of \$7,724,900.
- Resolution No. 3728 – Amendment No. 2, dated March 15, 2022, with a net increase to Renewal & Replacement and Capital Improvement Program of \$10,627,800.
- Various funding allocations by Board motions during FY 2021-22, authorizing a total net increase to Renewal & Replacement and Capital Improvement Program of \$4,435,000.

These adjustments were necessary due to newly identified needs and reprioritization of projects in the Renewal and Replacement and Capital Improvement Program, as well as for the reclassification of the SB 1383 cart purchase from the operating budget to the capital budget.

Budget Accounting

- The budget provides annual provisions of revenue and expenses for the District's sewer, solid waste, and recycling services.
- The budget includes operating costs to repair and maintain District's facilities through Renewal & Replacement, as well as capital expenditures in the Capital Improvement Program. Capital expenditures have an effect on the District's net position but does not affect net income.

Budgetary Comparisons

The following schedules present the District's budgetary comparison with actual revenues, expenses, and changes in net position for the year ended June 30, 2022 for each service type.

ORO LOMA SANITARY DISTRICT

**SCHEDULE OF BUDGETARY COMPARISON WITH ACTUAL
REVENUES, EXPENSES AND CHANGES IN NET POSITION
SEWER SERVICES - OPERATIONS AND MAINTENANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

SCHEDULE 3

	Budgeted Amounts	Actual Amounts	Variance with Final Budget- Favorable (Unfavorable)
Operating revenues			
District service charges	\$ 11,801,600	\$ 14,453,724	\$ 2,652,124
Agency treatment charges	2,777,000	3,941,809	1,164,809
Permits and inspection fees	140,000	172,991	32,991
Sanitary truck waste charges	20,000	23,375	3,375
Grease receiving charges	130,000	176,544	46,544
Biosolids charges	-	171,173	171,173
Other	700,000	952,546	252,546
Total operating revenues	15,568,600	19,892,162	4,323,562
Operating expenses			
Engineering	1,002,700	641,114	361,586
Sewage collections	2,415,100	1,821,650	593,450
Sewage treatment operations	5,931,200	5,444,003	487,197
Sewage treatment maintenance	3,276,100	2,667,217	608,883
Effluent disposal - EBDA	930,000	521,756	408,244
Administration and general	2,563,100	1,850,425	712,675
Pension expense	-	(5,434,573)	5,434,573
OPEB expense	-	(447,068)	447,068
Depreciation	3,836,800	3,672,812	163,988
Decrease in carrying value of EBDA	200,000	554,562	(354,562)
Total operating expenses	20,155,000	11,291,898	8,863,102
Operating income (loss)		8,600,264	
Non-operating revenues			
Investment income	80,000	41,358	(38,642)
Rents and leases	100,000	114,245	14,245
Other miscellaneous revenues	103,000	104,446	1,446
Total non-operating revenues	283,000	260,049	(22,951)
Non-operating expenses			
Write-off of uncollectible accounts	10,000	-	10,000
Debt issuance cost	-	377,686	(377,686)
Bond interest expense - 2018 Sewer Revenue Bonds	433,200	431,220	1,980
Bond interest expense - 2021 WIFIA Bonds	-	23,064	(23,064)
Other miscellaneous expenses	300,000	-	300,000
Total non-operating expenses	743,200	831,970	(88,770)
Income (loss) before contributions and transfers	\$ (5,046,600)	\$ 8,028,343	\$ 13,074,943
Transfers of plant and equipment from Capital Improvement Program		2,923,359	
Equity transfers for WIFIA and SRF proceeds		(5,295,826)	
Equity transfers in (out)		(1,786,000)	
Change in net position		3,869,876	
Net position - beginning		95,816,158	
Net position - ending		\$ 99,686,034	

ORO LOMA SANITARY DISTRICT

**SCHEDULE OF BUDGETARY COMPARISON WITH ACTUAL EXPENSES
SEWER SERVICES - OPERATIONS AND MAINTENANCE
BY ACCOUNT CATEGORIES AND DEPARTMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
SCHEDULE 4**

	Budgeted Amounts	Actual Amounts by Account Category	Variance with Final Budget Favorable (Unfavorable)
Operating expenses			
Salaries	\$ 5,544,400	\$ 5,285,148	\$ 259,252
Employee benefits	4,336,000	1,515,021	2,820,979
Directors' benefits and fees	244,400	193,381	51,019
Election expenses	-	-	-
Gasoline, oil and fuel	95,400	88,514	6,886
Insurance	775,800	605,795	170,005
Office and laboratory expenses	72,100	87,594	(15,494)
Operating supplies	780,100	998,895	(218,795)
Safety supplies	34,800	38,144	(3,344)
Contractual services	1,373,100	1,433,661	(60,561)
Professional services	221,300	178,340	42,960
Memberships and publications	70,800	70,410	390
Public outreach	105,000	136,892	(31,892)
Rents and leases	30,500	22,243	8,257
Repairs and maintenance	537,100	605,602	(68,502)
Research and monitoring	158,500	172,634	(14,134)
Travel, meetings and training	121,000	93,317	27,683
Recognition program	32,700	22,923	9,777
Utilities	655,200	875,895	(220,695)
Departmental expenses	15,188,200	12,424,409	2,763,791
Effluent disposal - EBDA	930,000	521,756	408,244
Pension expense	-	(5,434,573)	5,434,573
OPEB expense	-	(447,068)	447,068
Depreciation	3,836,800	3,672,812	163,988
Decrease in carrying value of EBDA	200,000	554,562	(354,562)
Non-departmental expenses	4,966,800	(1,132,511)	6,099,311
Total operating expenses	20,155,000	11,291,898	8,863,102
Non-operating expenses			
Write-off of uncollectible accounts	10,000	-	10,000
Debt issuance cost	-	377,686	(377,686)
Bond interest expense - 2018 Sewer Revenue Bonds	433,200	431,220	1,980
Bond interest expense - 2021 WIFIA Bonds	-	23,064	(23,064)
Other miscellaneous expenses	300,000	-	300,000
Total non-operating expenses	743,200	831,970	(88,770)
Total expenses	\$ 20,898,200	\$ 12,123,868	\$ 8,774,332

**SCHEDULE OF BUDGETARY COMPARISON WITH ACTUAL EXPENSES
SEWER SERVICES - OPERATIONS AND MAINTENANCE
BY ACCOUNT CATEGORIES AND DEPARTMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
SCHEDULE 4 (continued)**

	Annual Departmental Expenses vs. Budget				
	Engineering Department	Sewage Collections Department	Sewage Treatment Operations Department	Sewage Treatment Maintenance Department	Administration and General Department
Operating expenses					
Salaries	\$ 292,170	\$ 954,847	\$ 2,057,100	\$ 1,262,945	\$ 718,086
Employee benefits	166,959	256,443	454,645	\$ 304,782	\$ 332,192
Directors' benefits and fees	-	-	-	\$ -	\$ 193,381
Election expenses	-	-	-	\$ -	\$ -
Gasoline and oil	1,897	49,785	29,069	\$ 7,613	\$ 150
Insurance	32,239	170,523	253,274	\$ 106,009	\$ 43,750
Office and laboratory expenses	6,595	5,735	24,170	\$ 5,237	\$ 45,857
Operating supplies	910	55,414	867,187	\$ 75,384	\$ -
Safety supplies	197	8,583	10,467	\$ 18,531	\$ 366
Contractual services	106,013	57,851	802,924	\$ 304,338	\$ 162,535
Professional services	4,780	3,211	39,324	\$ 9,769	\$ 121,256
Memberships and publications	3,724	3,200	10,703	\$ 7,159	\$ 45,624
Public Outreach	-	-	-	\$ -	\$ 136,892
Rents and leases	-	-	-	\$ 20,847	\$ 1,396
Repairs and maintenance	1,230	104,194	2,115	\$ 496,678	\$ 1,385
Research and monitoring	-	21,091	148,024	\$ 3,519	\$ -
Travel, meetings and training	7,878	18,652	19,348	\$ 25,542	\$ 21,897
Recognition program	1,312	950	4,740	\$ 1,550	\$ 14,371
Utilities	15,210	111,171	720,913	\$ 17,314	\$ 11,287
Departmental expenses	\$ 641,114	\$ 1,821,650	\$ 5,444,003	\$ 2,667,217	\$ 1,850,425
Departmental budget	\$ 1,002,700	\$ 2,415,100	\$ 5,931,200	\$ 3,276,100	\$ 2,563,100
% of budget used	64%	75%	92%	81%	72%
Departmental expenses Prior Year	\$ 867,700	\$ 2,122,200	\$ 5,180,300	\$ 2,956,800	\$ 2,317,300
Change from prior year (\$)	\$ (226,586)	\$ (300,550)	\$ 263,703	\$ (289,583)	\$ (466,875)
Change from prior year (%)	-26.1%	-14.2%	5.1%	-9.8%	-20.1%

ORO LOMA SANITARY DISTRICT

SCHEDULE OF BUDGETARY COMPARISON WITH ACTUAL
REVENUES, EXPENSES AND CHANGES IN NET POSITION
SEWER SERVICES - RENEWAL AND REPLACEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
SCHEDULE 5

		Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
		Original	Final		
Operating revenues					
	District service charges	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ -
	Agency treatment charges	176,000	620,700	325,131	(295,569)
	Total operating revenues	5,176,000	5,620,700	5,325,131	(295,569)
Project #	Project costs				
	<u>Collections system</u>				
100.00/01	Lift Stations - General/Trojan	100,000	100,000	69,858	30,142
104.00	Lift Stations - Asset Management	70,000	70,000	24,670	45,330
126.00	Maintenance Hole Adjustments	100,000	397,000	93,946	303,054
141.00	Collections Asset Repair and Maintenance	1,250,000	1,000,000	579,651	420,349
144.00	Collections Source Detection/Hydraulic Model Update	10,000	39,400	16,463	22,937
144.10	Collections System GIS & Asset Management	25,000	35,700	35,676	24
146.00	Collections System Pipeline Replacement (SRF) Application	-	23,000	21,488	1,512
151.10	Easement Clearing & Road Maintenance	50,000	50,000	46,430	3,570
155.00	Collection System Equipment Repair & Maintenance	65,000	72,200	72,110	90
156.00	Collection System Standard Operating Procedures	25,000	32,500	28,340	4,160
900.91	Critical Renewal & Replacements	15,000	5,600	4,635	965
		1,710,000	1,825,400	993,267	832,133
	<u>Treatment plant</u>				
204.00	Treatment Plant GIS Updates & Asset Management Plan	10,000	10,000	6,097	3,903
213.00	Pre-Design Studies	50,000	70,000	57,031	12,969
213.05	San Francisco Bay Water Quality Improvement (Microvi Grant Funded)	-	154,000	98,412	55,588
213.13	Interim Flood Protection Levee Grant Application	-	20,000	18,050	1,950
213.14	Continuous Discharge Test Plan Development & Testing	-	49,000	29,694	19,306
213.19	Tire Removal Pilot Program	-	20,000	18,732	1,268
223.00	78" Plant Influent Pipeline Inspection	25,000	25,000	22,092	2,908
224.00	Influent Pump Volute Replacement & Critical Parts	40,000	40,000	39,711	289
226.05	Belt Filter Press Bearing Replacements	70,000	70,000	67,550	2,450
239.00	Safety Improvements	30,000	30,000	6,221	23,779
242.00	Process Instrumentation Replacement	50,000	50,000	6,626	43,374
281.05	Digester Facilities FEMA Grant Support	-	75,000	30,890	44,110
287.01	Truck Pad Stabilization at Pond #5	-	100,000	99,565	435
289.00	Concrete Assessment & Rehabilitation	-	130,000	120,949	9,051
293.02	Ecotone Research & Monitoring	-	35,000	2,204	32,796
293.05	Shoreline Adaptation Demonstration Laboratory	-	871,000	98,566	772,434
301.00	Plant Security Upgrades	25,000	25,000	21,135	3,865
305.00	Gate & Valve Replacements	25,000	35,000	26,085	8,915
313.00	Grease System Rehabilitation	40,000	13,000	9,235	3,765
395.01	Painting & Coating	-	51,500	51,470	30
395.06	Landscaping and Grounds	25,000	35,000	34,298	702
395.07	Roadway & Berm Maintenance	70,000	49,900	48,748	1,152
900.93	Critical Renewal and Replacements	70,000	100,100	100,059	41
	Postponed or Cancelled projects	60,000	-	-	-
		590,000	2,058,500	1,013,420	1,045,080
	<u>Administration & Engineering</u>				
595.45	IT & Network Upgrades	40,000	40,000	39,059	941
524.00	Fiscal Agent Fees	4,500	8,500	5,925	2,575
535.00	Open House	80,000	-	-	-
900.90/95	Critical Renewal and Replacements	40,000	5,700	5,676	24
626.00	EBDA replacement assessment	166,500	166,500	166,500	-
		331,000	220,700	217,160	3,540
	Total project costs	2,631,000	4,104,600	2,223,847	1,880,753
	Operating expenses				
	Engineering			-	
	Sewage collections			993,267	
	Sewage treatment operations			722,391	
	Sewage treatment maintenance			291,029	
	Sewage disposal - EBDA			166,500	
	Administration			50,660	
	Total operating expenses			2,223,847	
	Operating income (loss)			3,101,284	
	Non-operating revenues (expenses)				
	Investment income	18,000	18,000	45,073	27,073
	Increase (decrease) in the fair value of investments	-	-	(67,552)	(67,552)
	Grant Revenues	-	-	11,629	11,629
	Other miscellaneous revenues	-	-	45	45
	Total non-operating revenues (expenses)	18,000	18,000	(10,805)	(28,805)
	Income before contributions and transfers	\$ 2,563,000	\$ 1,534,100	\$ 3,090,479	\$ 1,556,379
	Equity transfers in (out)			(2,000,000)	
	Change in net position			1,090,479	
	Net position - beginning			1,199,306	
	Net position - ending			\$ 2,289,785	

**SCHEDULE OF BUDGETARY COMPARISON WITH ACTUAL
REVENUES, EXPENSES AND CHANGES IN NET POSITION
SEWER SERVICES - CAPITAL IMPROVEMENT PROGRAM
FOR THE FISCAL YEAR ENDED JUNE 30 , 2022
SCHEDULE 6**

Project #	Project costs	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
		Original	Final		
	<u>Collections system</u>				
100.00	Lift Stations - General	\$ 50,000	\$ 50,000	\$ 20,294	\$ 29,706
100.05	Lift Stations - Wickman	25,000	81,600	81,540	60
100.15	Lift Stations - Canyon Ridge	180,000	230,000	113,210	116,790
107.00	Lift Stations Rehabilitation	150,000	150,000	110,385	39,615
143.13	Pipeline Replacements (FY 2020-21-1)	-	1,320,000	1,235,872	84,128
143.15	Pipeline Replacements (FY 2020-21-2)	-	1,880,000	1,809,172	70,828
146.00	Sewer Collection System Pipeline Replacement (General)	10,000,000	170,000	117,171	52,829
146.01	Sewer Collection System Pipeline Replacement (Phase 1)	-	4,000,000	1,065,617	2,934,383
146.02	Sewer Collection System Pipeline Replacement (Phase 2)	-	4,500,000	2,403,158	2,096,842
146.03	Sewer Collection System Pipeline Replacement (Phase 3)	-	4,600,000	50,911	4,549,089
146.04	Sewer Collection System Pipeline Replacement (Phase 4)	-	30,000	25,144	4,856
146.06	Sewer Collection System Pipeline Replacement (Phase 6)	-	4,300,000	3,864,363	435,637
161.00	Collections CCTV Camera	40,000	40,000	35,373	4,627
900.91	Critical Equipment - Collections	15,000	15,000	-	15,000
	Postponed or Cancelled projects	241,000	21,000	-	21,000
		10,701,000	21,387,600	10,932,210	10,455,390
	<u>Treatment plant</u>				
201.00	Operator Training Program	-	60,000	8,584	51,416
213.08	Consolidated Operations Building	7,400,000	7,400,000	3,700,668	3,699,332
213.20	Plant Energy Neutrality		1,027,200	93,959	933,241
222.04	Old Secondary Clarifier Inlet Gate Actuator Modifications	40,000	50,000	47,277	2,723
225.00	Anoxic Mixers Retrofit	60,000	81,000	80,183	817
245.00	Hypochlorite PVC Piping Replacement		73,200	73,190	10
247.00	Influent Pump Station VFD Replacement	75,000	72,500	72,413	87
249.02	Belt Press Building #4 Water Line Replacement	90,000	87,600	87,543	57
284.00	Influent Grinder Rebuild/Washer Compactor		268,900	178,845	90,055
285.03	RAS Pump Electrical Rehabilitation	40,000	26,000	25,550	450
285.04	RAS Pump VFD Installation	48,000	16,000	15,313	687
297.00	Cogeneration Gen3 Controls Module Upgrade	50,000	249,800	173,239	76,561
299.00	Cogeneration Engine Overhaul	235,000	308,800	146,310	162,490
311.00	Plant Battery Energy Storage System		2,012,300	804,288	1,208,012
313.00	Grease System Rehabilitation & Pump Replacement		32,000	31,600	400
316.00	Vehicle Replacements	50,000	50,000	49,833	167
319.00	SCADA Network Upgrades	50,000	167,000	21,686	145,314
319.01/.02, 270.00	SCADA Server Hardware, Software, Network Cabling	272,000	155,000	154,284	716
330.00	Front Gate Actuators Replacement	60,000	60,000	32,151	27,849
331.00	MCC Circuit Breakers Replacement	60,000	60,000	53,341	6,659
332.00	Rotork Actuator Replacement	45,000	45,000	44,224	776
333.00	Treatment Unit Gate Replacement	150,000	300,000	9,585	290,415
334.00	UPS Replacement at West Switchgear / TR6 Lighting Panel	20,000	28,500	28,500	-
900.93	Critical Equipment - Treatment Plant	85,000	346,500	109,165	237,335
	Postponed or Cancelled projects	380,000	324,000		324,000
		9,210,000	13,301,300	6,041,731	7,259,569
	<u>Administration & Engineering</u>				
595.85	SB 1383 Cart Replacements	-	6,458,200	6,458,110	90
900.90/.95	Critical Equipment -Administration & Engineering	20,000	98,000	32,515	65,485
	Postponed or Cancelled projects	20,000	20,000	-	20,000
		40,000	6,576,200	6,490,625	85,575
	Total project costs	19,951,000	41,265,100	23,464,566	17,800,534
	Less:				
	Additions to plant and equipment			(9,020,319)	
	Additions to construction in progress			(13,150,002)	
	Castro Valley Sanitary District capital assets			(1,294,245)	
	Operating income (loss)			-	
	Non-operating revenues (expenses)				
	Investment income	50,000	50,000	13,709	(36,291)
	Increase (decrease) in the fair value of investments	-	-	(437,060)	(437,060)
	Other miscellaneous revenues	-	-	267	267
	Loss on disposal of capital assets (write off prior year WIP)	-	-	-	-
	Total non-operating revenues (expenses)	50,000	50,000	(423,084)	(473,084)
	Income before contributions, transfers and other items	\$ 50,000	\$ 50,000	\$ (423,084)	\$ (473,084)
	Connection fees			473,450	
	Transfer of plant and equipment to Operations & Maintenance and Recycling			(9,381,469)	
	Capital Grants			-	
	Equity transfers for WIFIA and SRF proceeds			5,295,826	
	Equity transfers in (out)			7,200,000	
	Change in net position			3,164,723	
	Net position - beginning			9,583,721	
	Net position - ending			\$ 12,748,444	

ORO LOMA SANITARY DISTRICT

**SCHEDULE OF BUDGETARY COMPARISON WITH ACTUAL
REVENUES, EXPENSES AND CHANGES IN NET POSITION
SOLID WASTE SERVICES - GARBAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
SCHEDULE 7**

	Budgeted Amounts	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Operating revenues			
Contract fees	\$ 1,794,000	\$ 2,166,182	\$ 372,182
Total operating revenues	<u>1,794,000</u>	<u>2,166,182</u>	<u>372,182</u>
Operating expenses			
Salaries	198,200	210,066	(11,866)
Directors' fees	8,900	6,240	2,660
Overhead	238,200	248,752	(10,552)
Office expenses	3,000	136	2,864
Safety supplies	500	-	500
Contractual services	3,000	1,392	1,608
Professional services	10,000	5,082	4,918
Memberships, printing and publications	1,000	2,341	(1,341)
Public outreach	80,000	26,063	53,937
Repairs and maintenance	500	-	500
Recognition program	600	159	441
Utilities	800	1,577	(777)
Contingency and other reserves	50,000	-	50,000
Total operating expenses	<u>594,700</u>	<u>501,808</u>	<u>92,892</u>
Operating income (loss)		<u>1,664,374</u>	
Non-operating revenues (expenses)			
Investment income	3,000	14,890	11,890
Recovery of uncollectible accounts	20,000	37,038	17,038
Other miscellaneous revenues	-	-	-
Write-off of uncollectible accounts	(3,000)	(944)	2,056
Total non-operating revenues (expenses)	<u>20,000</u>	<u>50,984</u>	<u>30,984</u>
Income before contributions and transfers	<u>\$ 1,219,300</u>	<u>\$ 1,715,358</u>	<u>\$ 496,058</u>
Equity transfers in (out)		<u>(3,414,000)</u>	
Change in net position		<u>(1,698,642)</u>	
Net position - beginning		<u>2,545,653</u>	
Net position - ending		<u>\$ 847,011</u>	

**SCHEDULE OF BUDGETARY COMPARISON WITH ACTUAL
REVENUES, EXPENSES AND CHANGES IN NET POSITION
RECYCLING SERVICES
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
SCHEDULE 8**

	Budgeted Amounts	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Operating revenues			
Recycling charges - residential and green waste	\$ 2,809,000	\$ 2,845,587	\$ 36,587
Recycling charges - commercial and industrial	150,000	190,287	40,287
Landfill fees - Measure D	350,000	368,971	18,971
Total operating revenues	3,309,000	3,404,845	95,845
Operating expenses			
Salaries	198,200	175,855	22,345
Overhead	227,900	202,234	25,666
Office expenses	2,000	-	2,000
Contractual services	2,320,000	2,233,409	86,591
Professional services	2,000	-	2,000
Public outreach	180,000	193,410	(13,410)
San Leandro Measure D	46,000	40,587	5,413
Contingency reserve	10,000	-	10,000
Total operating expenses	2,986,100	2,845,495	140,605
Operating income (loss)		559,350	
Non-operating revenues (expenses)			
Investment income	500	4,085	3,585
Other miscellaneous revenues	5,000	12,987	7,987
Grant revenues	-	191,284	191,284
Write-off of uncollectible accounts	(200)	-	200
Total non-operating revenues (expenses)	5,300	208,356	203,056
Income (loss) before contributions and transfers	\$ 328,200	\$ 767,706	\$ 439,506
Equity transfers in (out)		-	
Transfers in of capital assets		6,458,110	
Change in net position		7,225,816	
Net position - beginning		655,868	
Net position - ending		\$ 7,881,684	

OTHER INDEPENDENT AUDITORS' REPORT

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

To the Board of Directors
Oro Loma Sanitary District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Oro Loma Sanitary District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Oro Loma Sanitary District's basic financial statements, and have issued our report thereon dated November 8, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Oro Loma Sanitary District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oro Loma Sanitary District's internal control. Accordingly, we do not express an opinion on the effectiveness of Oro Loma Sanitary District's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



CROPPER ACCOUNTANCY CORPORATION

Walnut Creek, California

November 8, 2022

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Oro Loma Sanitary District
2655 Grant Avenue
San Lorenzo, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Oro Loma Sanitary District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Oro Loma Sanitary District's major federal programs for the year ended June 30, 2022. Oro Loma Sanitary District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Oro Loma Sanitary District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Oro Loma Sanitary District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Oro Loma Sanitary District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Oro Loma Sanitary District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Oro Loma Sanitary District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would

influence the judgment made by a reasonable user of the report on compliance about Oro Loma Sanitary District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Oro Loma Sanitary District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Oro Loma Sanitary District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Oro Loma Sanitary District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


CROPPER ACCOUNTANCY CORPORATION
Walnut Creek, California

December 20, 2022

**ORO LOMA SANITARY DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures(\$)</i>
<i>Other Programs</i>		
United States Environmental Protection Agency		
Water Infrastructure Finance and Innovation (WIFIA)	66.958	3,864,363
Total Water Infrastructure Finance and Innovation (WIFIA)		3,864,363
Capitalization Grants for Clean Water State Revolving Funds	66.458	3,544,830
Total Capitalization Grants for Clean Water State Revolving Funds		3,544,830
<i>Total United States Environmental Protection Agency</i>		7,409,193
<i>Total Other Programs</i>		7,409,193
<i>Total Expenditures of Federal Awards</i>		<u><u>\$ 7,409,193</u></u>

The accompanying notes are an integral part of this schedule

ORO LOMA SANITARY DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2022

1. The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the Oro Loma Sanitary District (the "District"). The District's reporting entity is defined in Note 1 to the financial statements.
2. The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.
3. The Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting. This is the same method of accounting as was used in the preparation of the District's basic financial statements.
4. The District did not pass-through any federal awards to subrecipients during the fiscal year ended June 30, 2022.
5. The total amount expended for this project through June 30, 2022 was \$7,409,193. Total federal funds expended on this project were \$7,409,193.

**ORO LOMA SANITARY DISTRICT
STATUS OF PRIOR AUDIT FINDINGS
JUNE 30, 2022**

The previous audit report for the year ended June 30, 2021 contained no audit findings.

**ORO LOMA SANITARY DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022**

Financial Statements

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>No</u>
Reportable conditions identified not considered material weaknesses?	<u>None reported</u>
Noncompliance material to financial statements?	<u>No</u>

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Reportable conditions identified not considered material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reporting in accordance with 2 CFR Section 200.516?	<u>No</u>
Identification of major programs:	
Environmental Protection Agency	
Water Infrastructure Finance and Innovation (WIFIA)	\$ 3,864,363
Capitalization Grants for Clean Water State Revolving Funds	\$ 3,544,830
Total Environmental Protection Agency	<u>\$ 7,409,193</u>
Dollar threshold to distinguish between Type A and Type B programs	\$ 750,000
Auditee qualified as low risk auditee?	<u>No</u>

Section II - Financial Statement Findings	<u>N/A</u>
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Section III - Federal Award Findings	<u>N/A</u>
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STATISTICAL SECTION

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STATISTICAL SECTION OVERVIEW

This section of the Oro Loma Sanitary District's Comprehensive Annual Financial Report provides a context for interpreting the contents in the financial statements, note disclosures, and required supplementary information. It gives readers an understanding of the District's business activities and economic condition. Information presented herein aims to achieve the following objectives.

- To provide **Financial Trends** on how the District's financial performance have changed over time.
- To provide information on **Revenue Capacity** and **Expenses**.
 - **Revenue Capacity** schedules demonstrate the District's ability to generate revenues from various sources. In addition, revenue rates and principal payers are also presented.
 - **Expense** schedules are presented by category and service type.
- To provide **Debt Capacity Information** on the District's historical debt limitations, debt per customer, and debt coverage ratios.
- To provide **Demographic and Economic Information**, by service area, on population, per capita income, unemployment statistics, and ethnic distribution. In addition, major employers within the District are listed.
- To provide **Operating Information**, such as staffing trends, service indicators, and an overview of the District's capital assets.

The contents presented in this section are based on the audited financial statements, general information available from the Alameda County, water consumption reports from East Bay Municipal Utility District, statistics from the United States Census Bureau, the State of California, and East Bay Economic Development Alliance.

ORO LOMA SANITARY DISTRICT

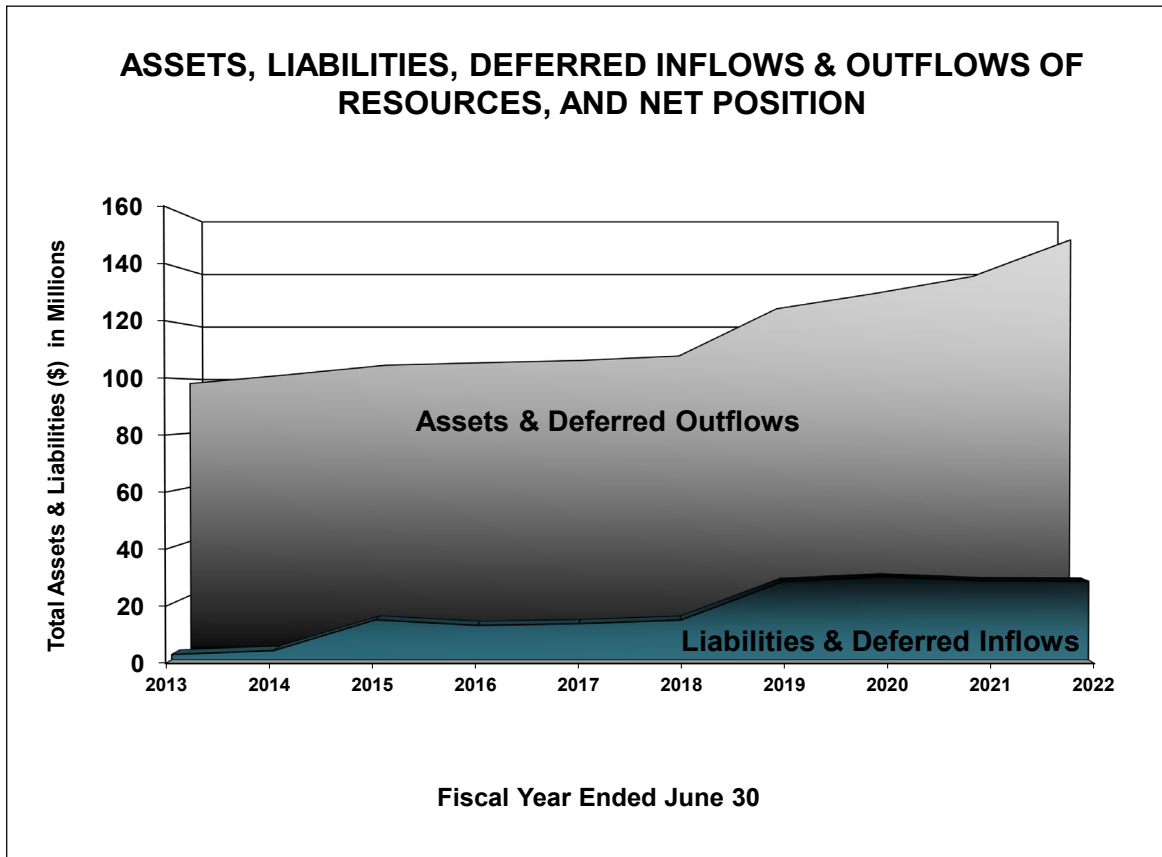
FINANCIAL TRENDS

TABLE 1

Assets, Liabilities, Deferred Inflows & Outflows of Resources, and Net Position

Fiscal Year Ended June 30	Assets	Deferred Outflows of Resources	Liabilities	Deferred Inflows of Resources	Net Position		
					Net Investment in Capital Assets	Unrestricted	Total Net Position
2022	\$ 148,923,323	\$ 2,497,178	\$ 23,191,031	\$ 4,776,512	\$ 101,668,469	\$21,784,489	\$ 123,452,958
2021	132,358,438	5,541,700	25,451,150	2,648,282	88,059,830	21,740,876	109,800,706
2020	128,134,320	3,494,342	26,449,724	3,063,592	84,883,862	17,231,484	102,115,346
2019	122,595,939	3,427,009	25,469,227	2,351,368	72,144,805	26,057,548	98,202,353
2018	103,746,253	4,806,608	10,880,384	3,282,342	77,082,443	17,307,692	94,390,135
2017	101,796,716	5,115,616	9,555,112	3,315,499	71,921,745	22,119,976	94,041,721
2016	100,346,093	5,714,923	7,460,749	4,822,803	70,176,762	23,600,702	93,777,464
2015	98,004,700	7,131,734	10,940,123	3,285,136	68,724,573	22,186,602	90,911,175
2014	101,575,687	-	3,306,407	-	66,742,699	31,526,581	98,269,280
2013	98,330,104	-	1,946,779	-	61,334,894	35,048,431	96,383,325

GRAPH A



ORO LOMA SANITARY DISTRICT

FINANCIAL TRENDS

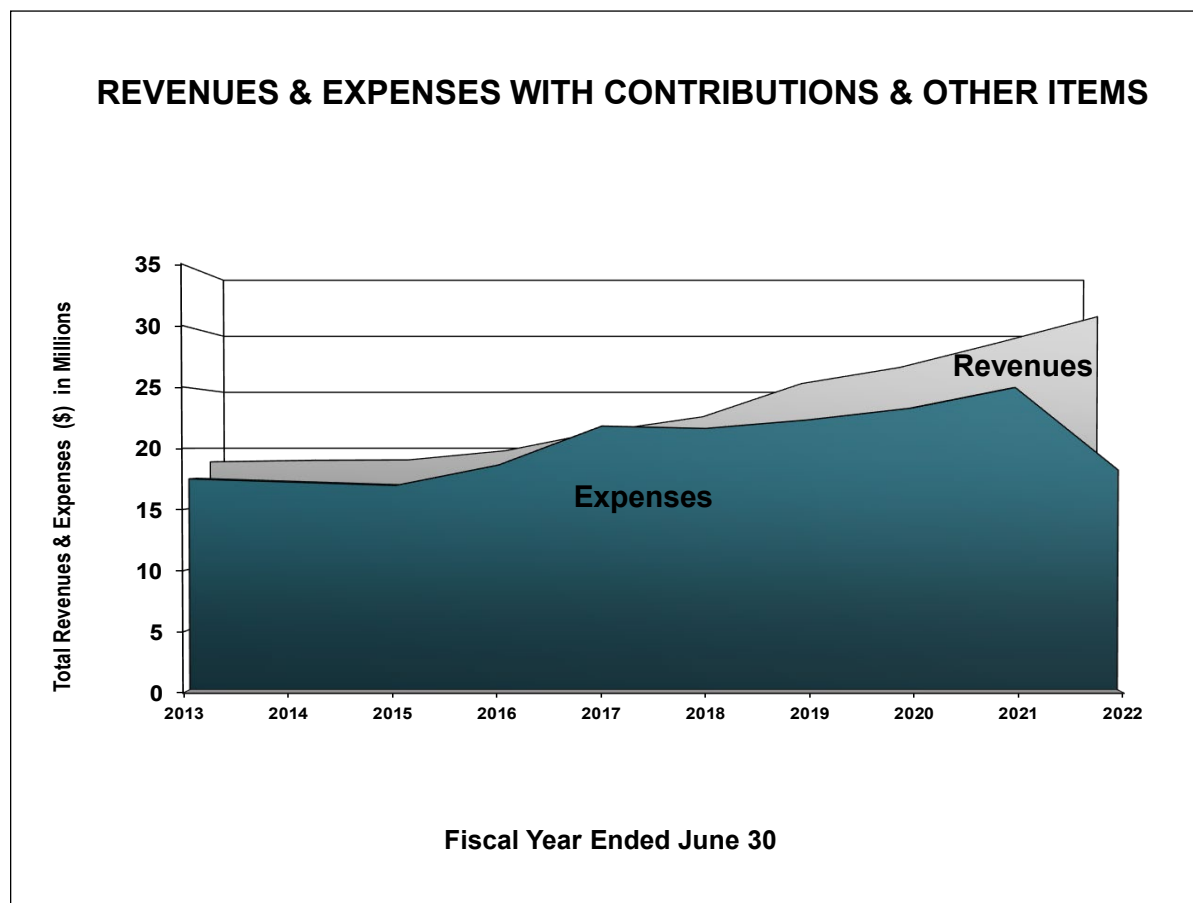
TABLE 2

Revenues, Expenses & Changes in Net Position

Fiscal Year Ended June 30	Revenues	Expenses	Income before Contributions	Contributions & Other Items		Change in Net Position
				Connection & Upsizing Fees	Other Items	
2022	\$ 31,379,376	\$ 18,200,574	\$ 13,178,802	\$ 473,450	\$ -	\$ 13,652,252
2021	29,140,381	25,017,324	4,123,057	3,562,303	-	7,685,360
2020	26,998,753	23,320,922	3,677,831	171,738	63,424	3,912,993
2019	25,598,112	22,345,909	3,252,203	560,015	-	3,812,218
2018	22,727,187	21,634,562	1,092,625	399,277	-	1,491,902
2017	21,489,812	21,834,890	(345,078)	609,335	-	264,257
2016	19,788,984	18,616,756	1,172,228	298,612	1,202,580	2,673,420
2015	18,979,747	16,921,335	2,058,412	1,076,699	-	3,135,111
2014	18,944,945	17,195,227	1,749,718	135,600	637	1,885,955
2013	18,814,211	17,467,989	1,346,222	69,759	-	1,415,981

* In 2016, the District received \$1,202,580 in capital grants from State Water Resources Control Board to partially fund the Wetweather Equalization / Horizontal Levee Demonstration project.

GRAPH B



ORO LOMA SANITARY DISTRICT

FINANCIAL TRENDS

TABLE 3

Statement of Revenues and Expenses & Changes in Net Position (2022 - 2018)

	2022	2021	2020	2019	2018
OPERATING REVENUES:					
District service charges	\$19,453,724	\$17,740,859	\$16,668,779	\$14,991,385	\$13,974,088
Agency treatment charges	4,266,940	4,142,939	3,674,605	3,575,995	3,094,690
Permits & inspection fees	172,991	190,363	296,034	209,602	280,541
Sanitary truck waste charges	23,375	24,530	22,275	22,385	68,214
Grease receiving charges	176,544	128,142	125,388	121,363	102,208
Biosolid charges	171,173	242,501	103,022	-	-
Annexation revenues	-	39,000	-	-	-
Contract fees	2,166,182	1,805,310	1,196,785	1,139,812	1,062,218
Recycling charges-residential & green waste	2,845,587	2,327,273	2,337,684	2,321,406	2,321,208
Recycling charges-commercial & industrial	190,287	183,120	180,804	149,230	132,934
Landfill fees-Measure D	368,971	356,453	406,663	406,137	385,751
Other	952,546	917,962	963,658	740,607	646,413
Total operating revenues	30,788,320	28,098,452	25,975,697	23,677,922	22,068,265
OPERATING EXPENSES:					
Engineering	641,114	687,340	687,567	757,699	752,469
Sewage collections	2,814,917	3,956,977	2,422,749	3,101,658	3,471,954
Sewage treatment operations	6,166,394	5,713,335	5,766,944	5,249,511	4,657,149
Sewage treatment maintenance	2,958,246	2,628,968	2,577,149	2,371,879	2,387,698
Effluent disposal-EBDA	688,256	910,294	1,013,998	894,676	1,011,446
Administration and general	1,901,085	1,980,341	1,603,194	1,721,349	1,481,993
Pension expense	(5,434,573)	2,392,988	2,362,927	976,624	1,553,814
OPEB expense	(447,068)	37,465	44,479	88,206	129,848
Depreciation	3,672,812	2,949,988	2,875,500	2,869,793	2,825,630
Decrease in carrying value of EBDA	554,562	-	64,505	176,110	93,247
Solid waste	501,808	402,049	531,647	401,896	353,546
Recycling-all services	2,845,495	2,843,550	2,856,088	2,715,545	2,690,932
Total operating expenses	16,863,048	24,503,295	22,806,747	21,324,946	21,409,726
OPERATING INCOME (LOSS)	13,925,272	3,595,157	3,168,950	2,352,976	658,539
NON-OPERATING REVENUES:					
Investment income	119,115	144,629	427,791	464,539	344,043
Increase in the fair value of investments	-	-	59,729	306,494	-
Rents & leases	114,245	111,917	109,152	105,588	92,795
Gain on disposal of capital assets	-	-	3,340	-	6,140
Recovery of uncollectible accounts	37,038	36,217	18,432	21,113	11,902
Other miscellaneous revenues	117,745	218,482	110,615	139,858	124,671
EBDA agreement and other refunds	-	-	-	882,598	79,371
Grant revenues	202,913	530,684	293,997	-	-
Total non-operating revenues	591,056	1,041,929	1,023,056	1,920,190	658,922
NON-OPERATING EXPENSES:					
Decrease in the fair value of investments	504,612	67,900	-	-	223,552
Write-off of capital assets	-	-	57,284	412,470	-
Write-off uncollectible accounts	944	2,834	1,762	1,055	1,284
Debt issuance cost	377,686	-	-	271,552	-
Bond interest - 2018 Sewer Revenue Bonds	431,220	443,295	455,129	335,886	-
Bond interest - 2021 WIFIA Bonds	23,064	-	-	-	-
CalPERS side fund contribution	-	-	-	-	-
Other miscellaneous expenses	-	-	-	-	-
Grant expenses	-	-	-	-	-
Total non-operating expenses	1,337,526	514,029	514,175	1,020,963	224,836
INCOME BEFORE CONTRIBUTIONS	13,178,802	4,123,057	3,677,831	3,252,203	1,092,625
Connection fees	473,450	3,562,303	171,738	560,015	399,277
CVSD contribution for transferred vehicle	-	-	-	-	-
Capital grants	-	-	63,424	-	-
CHANGES IN NET POSITION	13,652,252	7,685,360	3,912,993	3,812,218	1,491,902
NET POSITION-BEGINNING	109,800,706	102,115,346	98,202,353	94,390,135	94,041,721
Prior period adjustment - GASB 68 pension	-	-	-	-	-
Prior period adjustment - OPEB	-	-	-	-	(1,143,488)
NET POSITION-ENDING	123,452,958	109,800,706	102,115,346	98,202,353	94,390,135

ORO LOMA SANITARY DISTRICT

FINANCIAL TRENDS

TABLE 3 (continued)

Statement of Revenues and Expenses & Changes in Net Position (2017 - 2013)

	2017	2016	2015	2014	2013
OPERATING REVENUES:					
District service charges	\$12,961,082	\$11,949,883	\$11,678,040	\$11,583,176	\$11,368,931
Agency treatment charges	2,933,967	2,430,769	2,190,362	2,206,459	2,341,562
Permits & inspection fees	169,390	162,898	170,994	126,143	105,122
Sanitary truck waste charges	129,725	90,621	56,454	48,815	44,614
Grease receiving charges	117,403	163,827	142,005	120,927	113,397
Biosolid charges	-	-	-	-	-
Annexation revenues	-	-	-	-	-
Contract fees	1,010,999	937,750	791,397	755,676	728,946
Recycling charges-residential & green waste	2,309,444	2,306,542	2,295,385	2,286,977	2,285,768
Recycling charges-commercial & industrial	118,694	110,721	102,060	87,783	71,686
Landfill fees-Measure D	346,349	319,719	329,606	327,570	342,132
Other	599,721	586,197	682,873	763,138	719,682
Total operating revenues	20,696,774	19,058,927	18,439,176	18,306,664	18,121,840
OPERATING EXPENSES:					
Engineering	562,048	684,704	698,221	712,859	694,142
Sewage collections	3,100,122	2,637,991	2,897,622	2,727,099	2,375,275
Sewage treatment operations	4,447,483	3,483,009	3,507,420	3,768,468	3,961,746
Sewage treatment maintenance	2,204,710	2,498,881	2,155,643	1,951,508	2,100,408
Effluent disposal-EBDA	836,969	779,476	684,638	645,786	682,807
Administration and general	1,549,379	1,256,629	1,332,934	1,206,450	1,405,494
Pension expense	2,976,128	1,192,396	(547,141)	-	-
OPEB expense	(258,069)	(315,916)	(182,991)	-	-
Depreciation	3,326,930	3,351,201	3,329,414	3,179,437	3,133,447
Decrease in carrying value of EBDA	54,155	165,735	89,455	95,162	92,055
Solid waste	304,471	306,213	305,189	296,535	330,769
Recycling-all services	2,591,833	2,574,922	2,591,742	2,599,618	2,682,645
Total operating expenses	21,696,159	18,615,241	16,862,146	17,182,922	17,458,788
OPERATING INCOME (LOSS)	(999,385)	443,686	1,577,030	1,123,742	663,052
NON-OPERATING REVENUES:					
Investment income	231,096	128,479	216,318	217,367	194,227
Increase in the fair value of investments	-	86,020	-	53,279	19,345
Rents & leases	83,465	79,956	92,741	84,856	132,159
Gain on disposal of capital assets	-	-	-	14,643	-
Recovery of uncollectible accounts	16,276	17,203	11,343	11,702	9,821
Other miscellaneous revenues	326,580	339,028	140,798	177,063	220,500
EBDA agreement and other refunds	79,371	79,371	79,371	79,371	79,371
Grant revenues	56,250	-	-	-	36,948
Total non-operating revenues	793,038	730,057	540,571	638,281	692,371
NON-OPERATING EXPENSES:					
Decrease in the fair value of investments	137,921	-	58,326	-	-
Write-off of capital assets	-	-	-	78	-
Write-off uncollectible accounts	810	1,515	863	1,502	8,757
Debt issuance cost	-	-	-	-	-
Bond interest - 2018 Sewer Revenue Bonds	-	-	-	-	-
Bond interest - 2021 WIFIA Bonds	-	-	-	-	-
CalPERS side fund contribution	-	-	-	-	-
Other miscellaneous expenses	-	-	-	-	-
Grant expenses	-	-	-	10,725	444
Total non-operating expenses	138,731	1,515	59,189	12,305	9,201
INCOME BEFORE CONTRIBUTIONS	(345,078)	1,172,228	2,058,412	1,749,718	1,346,222
Connection fees	609,335	298,612	1,076,699	135,600	69,759
CVSD contribution for transferred vehicle	-	-	-	637	-
Capital grants	-	1,202,580	-	-	-
CHANGES IN NET POSITION	264,257	2,673,420	3,135,111	1,885,955	1,415,981
NET POSITION-BEGINNING	93,777,464	90,911,175	98,269,280	96,383,325	94,967,344
Prior period adjustment - GASB 68 pension	-	192,869	(10,768,191)	-	-
Prior period adjustment - OPEB	-	-	274,975	-	-
NET POSITION-ENDING	94,041,721	93,777,464	90,911,175	98,269,280	96,383,325

ORO LOMA SANITARY DISTRICT

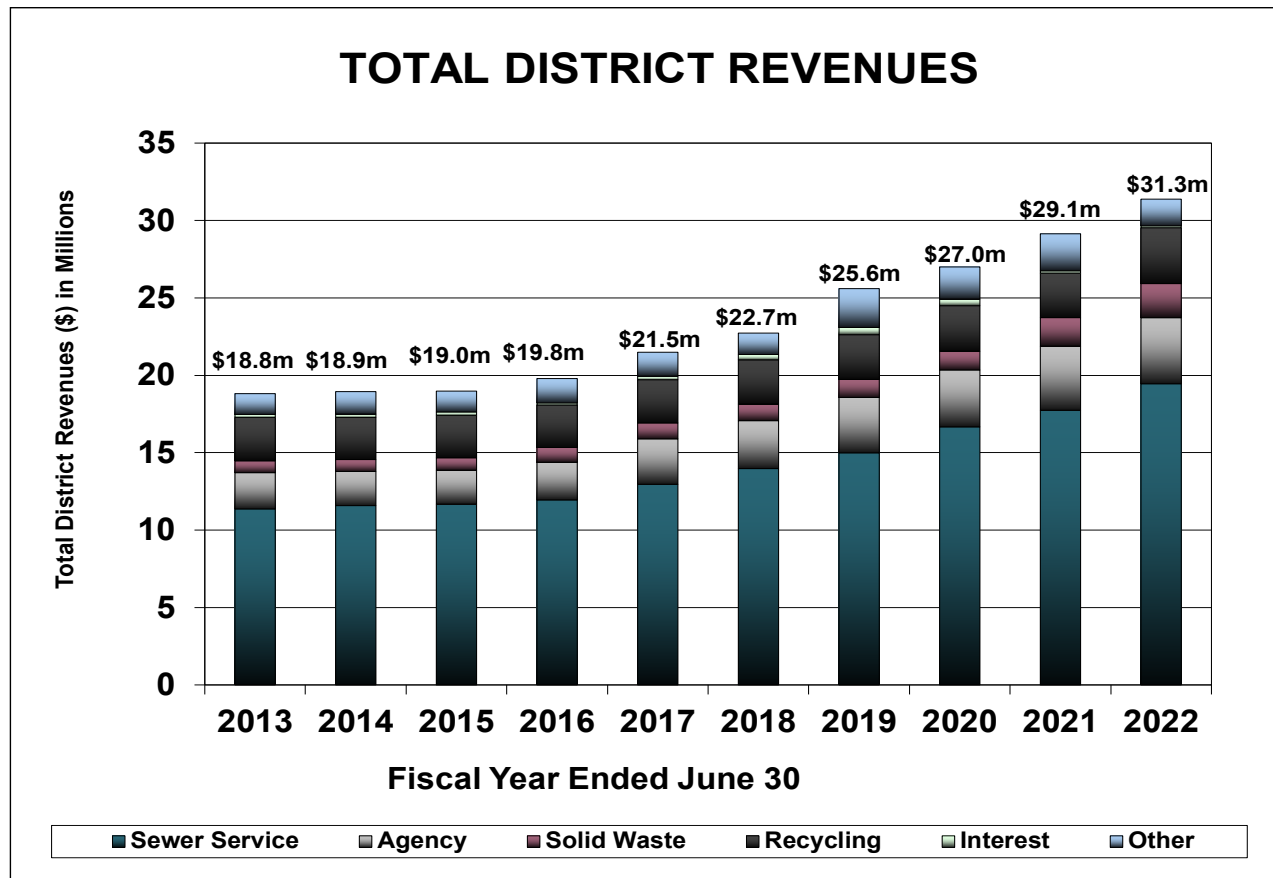
REVENUE CAPACITY

TABLE 4

Major Revenue Components

Fiscal Year Ended June 30	Sewer Service Revenues	Agency Service Revenues	Solid Waste Service Revenues	Recycling Service Revenues	Interest Income	Other Revenues	Total Revenues
% of 2022 Total	62.0%	13.6%	7.0%	11.5%	0.4%	5.5%	100.0%
2022	\$ 19,453,724	\$ 4,266,940	\$ 2,203,220	\$ 3,609,116	\$ 119,115	\$ 1,727,261	\$ 31,379,376
2021	17,740,859	4,142,939	1,841,527	2,876,080	144,629	2,394,347	29,140,381
2020	16,668,779	3,674,605	1,215,248	2,937,319	427,791	2,075,011	26,998,753
2019	14,991,385	3,575,995	1,167,315	2,887,472	464,539	2,511,406	25,598,112
2018	13,974,088	3,094,690	1,074,311	2,855,507	344,043	1,384,548	22,727,187
2017	12,961,082	2,933,967	1,027,485	2,792,774	231,096	1,543,408	21,489,812
2016	11,949,883	2,430,769	955,173	2,748,570	128,479	1,576,110	19,788,984
2015	11,678,040	2,190,362	803,007	2,743,838	216,318	1,348,182	18,979,747
2014	11,583,176	2,206,459	767,501	2,721,425	217,367	1,449,017	18,944,945
2013	11,368,931	2,341,562	765,379	2,805,924	194,227	1,338,188	18,814,211

GRAPH C



ORO LOMA SANITARY DISTRICT

REVENUE CAPACITY

~ SIGNIFICANT SINGLE SOURCE REVENUES ~

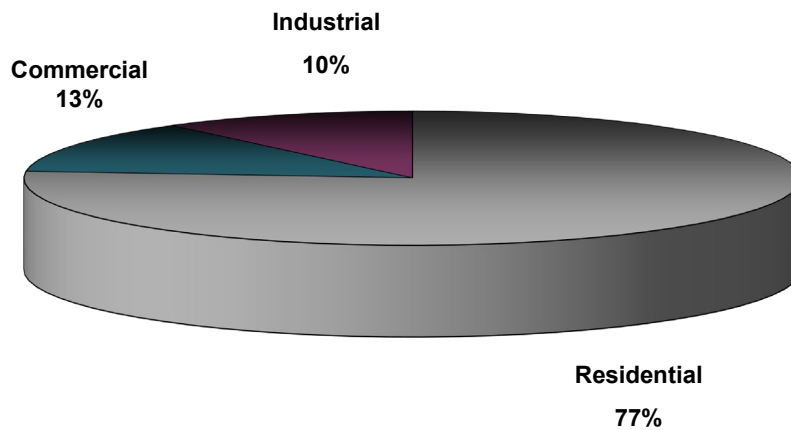
TABLE 5

Sewer Service Revenues by Customer Type

Fiscal Year Ended June 30	Customer Type						Total Sewer Service Revenues
	Residential	% of Total	Commercial	% of Total	Industrial	% of Total	
2022	\$ 14,897,979	77%	\$ 2,484,853	13%	\$ 2,070,892	10%	\$ 19,453,724
2021	13,843,931	78%	2,208,030	12%	1,688,898	10%	17,740,859
2020	12,757,951	77%	2,151,083	13%	1,759,745	10%	16,668,779
2019	11,844,190	79%	2,154,833	14%	992,362	7%	14,991,385
2018	11,025,892	79%	1,968,822	14%	979,374	7%	13,974,088
2017	10,175,503	79%	1,711,673	13%	1,073,906	8%	12,961,082
2016	9,479,050	79%	1,576,268	13%	894,565	8%	11,949,883
2015	9,223,995	79%	1,693,427	16%	760,618	7%	11,678,040
2014	8,959,561	77%	1,782,630	15%	840,985	7%	11,583,176
2013	8,677,340	76%	1,771,964	16%	919,627	7%	11,368,931

GRAPH D

SEWER SERVICE REVENUES BY CUSTOMER TYPE FY 2021-22



The District's customer base is predominantly residential customers.

ORO LOMA SANITARY DISTRICT

REVENUE CAPACITY

~ REVENUE RATES ~

TABLE 6

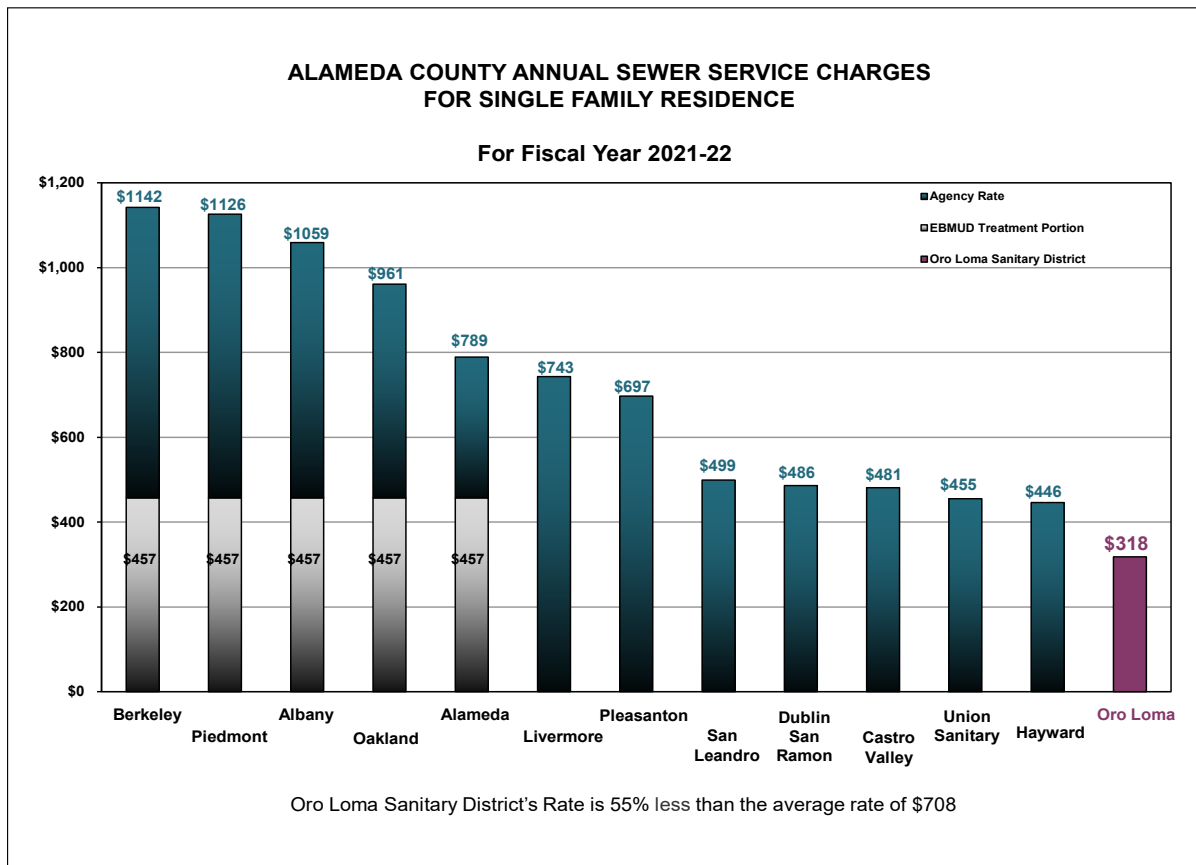
Annual Sewer Service Rates & Customer Base Ordinance 37 with Resolution #3713

Fiscal Year Ended June 30	Ord. #	Residential						Commercial & Significant Industrial Users		Total Customer Base
		Single Family Dwellings		Apartment Units		Mobile Homes		# of customers	per 100 cf of water used	
		# of units	Annual Rate	# of units	Annual Rate	# of units	Annual Rate			
2022	R#3713	30,663	\$318.00	14,895	\$318.00	1,223	\$259.00	1,164	\$4.699	47,945
2021	R#3627	30,117	296.00	14,911	296.00	1,223	241.00	1,141	4.371	47,392
2020	R#3627	30,025	275.00	14,921	275.00	1,439	224.00	1,151	4.066	47,536
2019	R#3627	29,944	256.00	14,927	256.00	1,236	209.00	1,155	3.782	47,262
2018	R#3627	29,896	238.00	14,937	238.00	1,229	194.00	1,167	3.518	47,229
2017	R#3627	29,861	221.00	14,820	221.00	1,229	181.00	1,194	3.273	47,104
2016	R#3536	29,779	206.00	14,849	206.00	1,229	168.00	1,247	3.045	47,104
2015	R#3536	29,762	200.00	14,845	200.00	1,229	163.00	1,259	2.956	47,095
2014	R#3536	29,739	195.00	14,848	195.00	1,245	158.00	1,274	2.870	47,106
2013	R#3536	29,742	189.00	14,849	189.00	1,261	153.00	1,237	2.786	47,089

Residential sewer services charges are collected annually through the County of Alameda property tax roll.

Commercial and light industrial customers are charged bi-monthly on their water bills through East Bay Municipal Utility District.

GRAPH E



ORO LOMA SANITARY DISTRICT

REVENUE CAPACITY ~ PRINCIPAL REVENUE PAYERS ~

Commercial and Industrial Sewer Service Customers

- Residential sewer customers are billed on the Alameda County tax roll, using flat rates per residential category.
 - Commercial sewer customers are billed through East Bay Municipal Utility District, based on water consumption.
 - Significant industrial users are billed by the District, based on water consumption, suspended solids and biochemical oxygen demand.
- Below are some vital statistics on revenues derived from commercial and industrial customers in Fiscal Year 2021-22.

23.4% ← **\$4,555,745** out of **\$19,453,724** total sewer service revenues were derived from commercial (\$2,484,853) and industrial (\$2,070,892) customers

14.7% ← **\$2,859,354** out of **\$19,453,724** total sewer service revenues were derived from the twenty largest commercial and industrial customers

62.8% ← **\$2,859,354** out of **\$4,555,745** total commercial and industrial sewer service revenues were derived from the twenty largest commercial and industrial customers.

TABLE 7 **Twenty Largest Commercial Customers**

Source: 2021 East Bay Municipal Utility District water consumption and billing report and significant industrial users invoices.

Customer	Type of Business	Sewer Charges	% of Sewer Revenues
Santini Foods	Food manufacturing	\$ 1,709,919	8.8%
The Hillshire Brands	Food manufacturing	177,436	0.9%
Ghirardelli Chocolate	Food manufacturing	175,498	0.9%
Fairmont Hospital Complex	Hospital, medical clinics and correctional facilities	142,360	0.7%
Hayward Area Recreation & Park District	Recreation and parks	91,297	0.5%
San Lorenzo Unified School District	School District	78,156	0.4%
Madison Bayfair	Shopping mall	78,010	0.4%
County of Alameda General Services	Government services	56,934	0.3%
Hayward Unified School District	School District	56,771	0.3%
San Leandro Hospital (SLCO)	Hospital	37,383	0.2%
Save Mart Supermarket	Grocery store	32,468	0.2%
Launderworld	Laundry mat	29,402	0.2%
San Leandro Unified School District	School District	27,365	0.1%
Driftwood Healthcare Center	Nursing home & Rehabilitation Services	27,293	0.1%
Lorenzo Manor Shopping Center	Retail businesses	26,233	0.1%
Washington Center	Rehabilitation Services	24,327	0.1%
Heritage Inn Express	Hotel	23,926	0.1%
Greenhouse Marketplace	Retail businesses	22,209	0.1%
Fusion Delight	Restaurant	21,518	0.1%
Hilltop Care Center	Nursing home	20,849	0.1%
Total		\$ 2,859,354	14.7%

Note: Due to a very stable customer/revenue base, there were no significant changes in the information provided for the Twenty Largest Commercial Customers. Therefore, data from the previous nine years are not presented.

ORO LOMA SANITARY DISTRICT

REVENUE CAPACITY

~ SIGNIFICANT SINGLE SOURCE REVENUES ~

TABLE 8

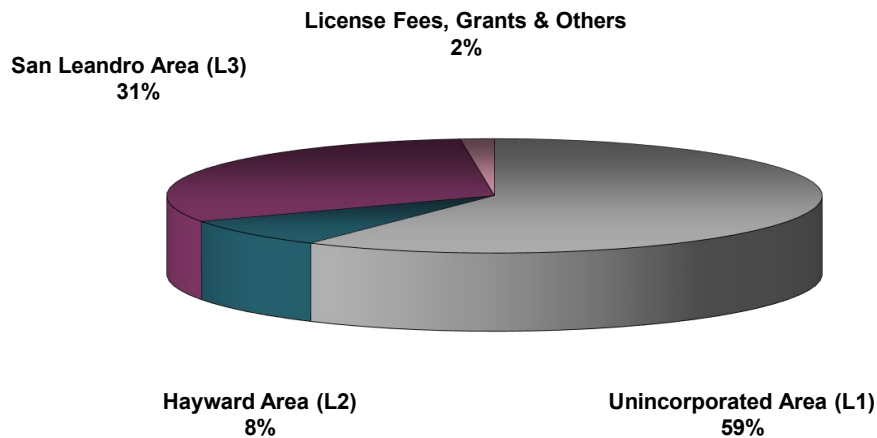
Solid Waste Revenues by Service Area & Source

Fiscal Year Ended June 30	Unincorporated Area (L1)	Hayward Area (L2)	San Leandro Area (L3)	License Fees, Grants & Others	Total
2022	\$ 1,309,527	\$ 178,814	\$ 677,841	\$ 37,038	\$ 2,203,220
2021	1,081,105	136,486	587,719	36,217	1,841,527
2020	709,538	88,866	398,380	18,464	1,215,248
2019	674,382	83,351	382,079	27,503	1,167,315
2018	628,058	79,063	355,097	12,093	1,074,311
2017	600,390	76,177	334,432	16,486	1,027,485
2016	549,788	71,216	316,746	17,423	955,173
2015	467,799	52,194	270,764	12,250	803,007
2014	442,829	49,122	263,393	12,157	767,501
2013	437,719	38,856	252,371	36,433	765,379

Note: Solid Waste contract fees for all areas were reduced from 10% to 5% in 2013 and subsequently increased to 6% in 2016.

GRAPH F

SOLID WASTE REVENUES BY SERVICE AREA & SOURCE FY 2021-22



ORO LOMA SANITARY DISTRICT

REVENUE CAPACITY

~ SIGNIFICANT SINGLE SOURCE REVENUES ~

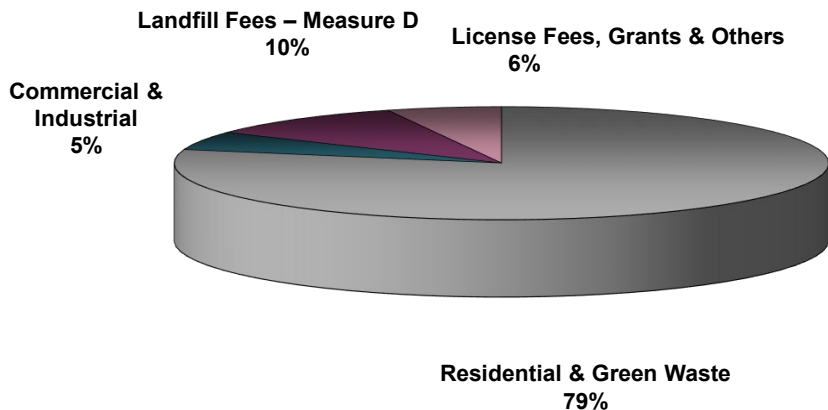
TABLE 9

Recycling Revenues by Source

Fiscal Year Ended June 30	Recycling Charges		Landfill Fees Measure D	License Fees, Grants & Others	Total
	Residential & Green Waste	Commercial & Industrial			
2022	\$ 2,845,587	\$ 190,286	\$ 368,971	\$ 204,272	\$ 3,609,116
2021	2,327,273	183,120	356,453	9,234	2,876,080
2020	2,337,684	180,804	406,663	12,168	2,937,319
2019	2,321,406	149,230	406,137	10,699	2,887,472
2018	2,321,208	132,934	385,751	15,614	2,855,507
2017	2,309,444	118,694	346,349	18,287	2,792,774
2016	2,306,542	110,721	319,719	11,588	2,748,570
2015	2,295,385	102,060	329,606	16,787	2,743,838
2014	2,286,977	87,783	327,570	19,095	2,721,425
2013	2,285,768	71,686	342,132	106,337	2,805,924

GRAPH G

RECYCLING REVENUES BY SOURCE FY 2021-22



ORO LOMA SANITARY DISTRICT

REVENUE CAPACITY

~ REVENUE RATES ~

TABLE 10

Solid Waste (Garbage) & Recycling Rates

Ordinance 34

Rate Change Effective *	Ord. #	Garbage Rates								Recycling Rates			
		Residential (Monthly)						Commercial ** (Monthly)		Residential (Monthly)		Commercial *** (Monthly)	
		20-gallon can		35-gallon can		64-gallon can		1-cubic yard bin		Single Family	Multi-Family / Mobile Home	1-cubic yard bin	
		L1 & L2	L3	L1 & L2	L3	L1 & L2	L3	L1 & L2	L3			L1 & L2	L3
2022	34-47	\$10.86	\$11.91	\$21.67	\$25.14	\$43.38	\$50.18	\$141.71	\$164.01	\$ 6.10	\$ 5.82	\$ 60.84	\$ 63.95
2021	34-46	10.32	11.91	20.59	23.89	41.22	47.68	134.67	155.83	5.60	5.32	57.81	60.75
2020	34-45	10.01	11.55	19.97	23.17	39.98	46.25	130.61	151.12	4.60	4.32	56.07	58.93
2019	34-44	9.42	10.87	18.79	21.80	37.62	43.52	122.92	142.19	4.60	4.32	52.78	55.47
2018	34-43	9.10	10.50	18.15	21.06	36.35	42.05	118.76	137.37	4.60	4.32	51.01	53.61
2017	34-42	8.84	10.20	17.64	20.46	35.32	40.86	115.40	133.47	4.60	4.32	49.58	52.09
2016	34-41	8.54	9.85	17.04	19.76	34.11	39.46	111.45	128.93	4.60	4.32	47.89	50.31
2015	34-40	8.32	9.60	16.60	19.25	33.24	38.45	108.59	125.63	4.60	4.32	46.68	49.02
2014	34-39	8.02	9.25	15.99	18.55	32.02	37.04	104.63	121.01	4.60	4.32	44.98	47.23
2013	34-38	7.75	8.94	15.44	17.91	30.93	35.78	101.05	116.87	4.60	4.32	43.44	45.62

L1 is the unincorporated area within the District's boundaries, and receives both garbage and recycling services from the District.

L2 is the area in the City of Hayward within the District's boundaries. This area receives only garbage services from the District.

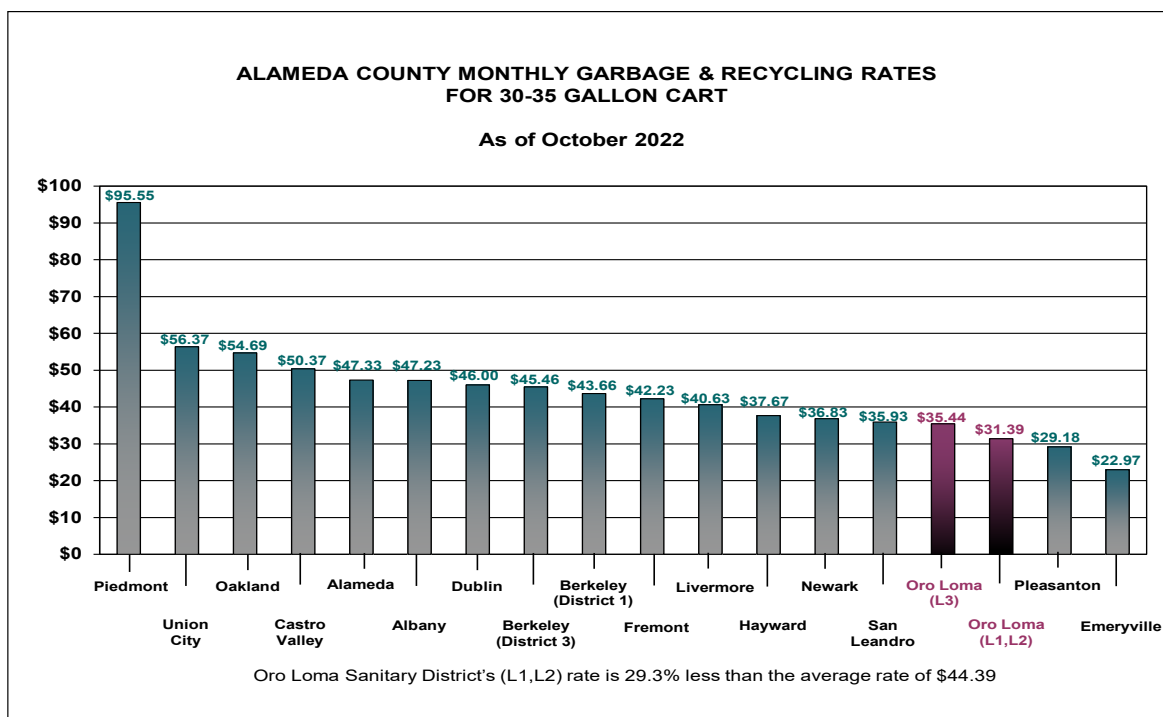
L3 is the area in the City of San Leandro within the District's boundaries, and receives both garbage and recycling services from the District.

* All rate changes are effective September 1 of each year, except where noted otherwise.

** Commercial garbage rates shown are based on a 1-cubic yard bin with 1 weekly pickup. Charges for other volume levels and pickup frequencies are listed in full in Ordinance 34, Exhibits A and B, which may be viewed on the District's website on www.oroloma.org.

*** Commercial recycling rates shown are based on a 1-cubic yard bin with 1 weekly pickup. Charges for other volume levels and pickup frequencies are listed in full in Ordinance 34, Exhibit D, which may be viewed on the District's website on www.oroloma.org.

GRAPH H



ORO LOMA SANITARY DISTRICT

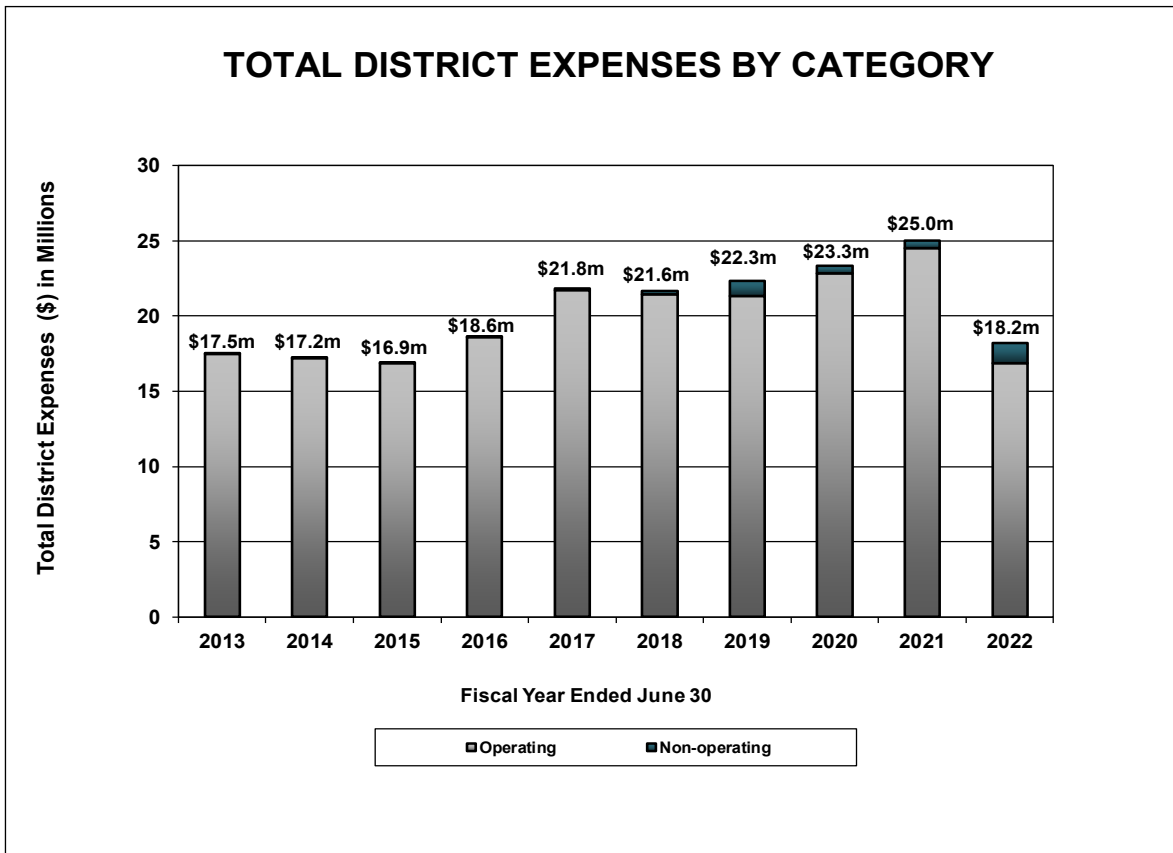
EXPENSES

TABLE 11

Total Expenses by Category

Fiscal Year Ended June 30	Operating Expenses	Non-operating Expenses	Total Expenses
2022	\$ 16,863,048	\$ 1,337,526	\$ 18,200,574
2021	24,503,295	514,029	25,017,324
2020	22,806,747	514,175	23,320,922
2019	21,324,946	1,020,963	22,345,909
2018	21,409,726	224,836	21,634,562
2017	21,696,159	138,731	21,834,890
2016	18,615,241	1,515	18,616,756
2015	16,862,146	59,189	16,921,335
2014	17,182,922	12,305	17,195,227
2013	17,458,788	9,201	17,467,989

GRAPH I



ORO LOMA SANITARY DISTRICT

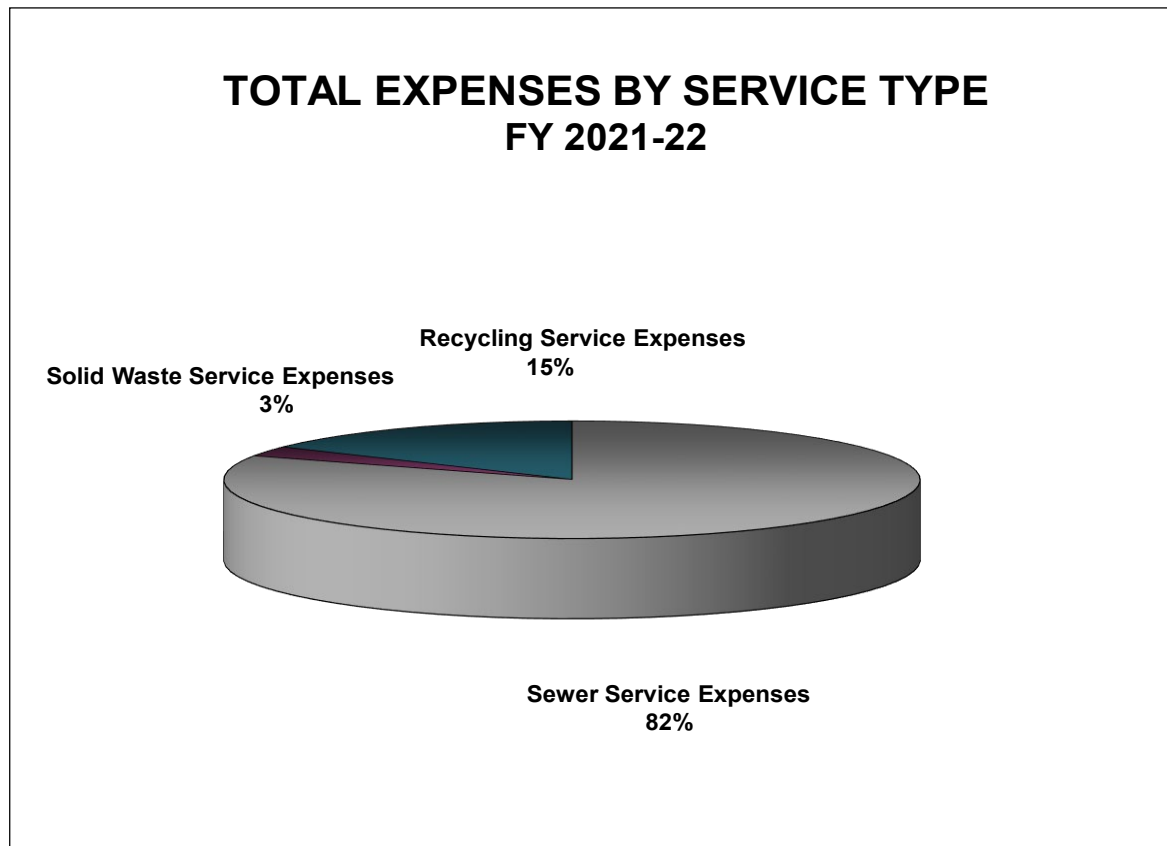
EXPENSES

TABLE 12

Total Expenses by Service Type

Fiscal Year Ended June 30	Sewer Service Expenses	Solid Waste Service Expenses	Recycling Service Expenses	Total Expenses
2022	\$ 14,852,327	\$ 502,752	\$ 2,845,495	\$ 18,200,574
2021	21,770,570	403,204	2,843,550	25,017,324
2020	19,931,425	533,409	2,856,088	23,320,922
2019	19,227,413	402,951	2,715,545	22,345,909
2018	18,588,800	354,830	2,690,932	21,634,562
2017	18,937,776	305,281	2,591,833	21,834,890
2016	15,734,106	307,728	2,574,922	18,616,756
2015	14,023,541	306,052	2,591,742	16,921,335
2014	14,284,243	298,037	2,612,947	17,195,227
2013	14,450,627	331,429	2,685,933	17,467,989

GRAPH J



ORO LOMA SANITARY DISTRICT

DEBT CAPACITY

Sewer Revenue Bonds for \$12 million were issued in 1991, and subsequently refinanced by the Sewer Revenue Refunding Bonds in 2003 for \$7.665 million. These Bonds were redeemed by the District in September 2009. In October 2018, the District issued new bonds with a face value of \$14.2 million for the Nutrient Optimization Project. The bonds have a 25-year term and true interest cost of 3.482%.

In summer 2021, the District entered into two separate financial obligations with WIFIA and SRF to provide \$49.5 million in funding for the Sewer Collection System Pipeline Rehabilitation & Replacement Project. Payments for debt service are secured through the District's sewer revenues. Both obligations are payable over 30 years. Payments are expected to commence in 2025 for SRF and 2029 for WIFIA.

The California Health and Safety Code, Section 6651 Bonded Indebtedness Limit, limits the District's maximum general obligation bonding capacity to 15% of the assessed value of the real and personal property of the District, established by the County of Alameda as follows.

TABLE 13

Debt Limitations

Fiscal Year Ended June 30	Total Asset Valuation at Full Value	Assessed Valuation at 25% of Full Value	Debt Limitations (15% thereof)	Less: General Obligation Bonds Authorized and		Remaining Bonding Capacity	Tax Rate for General Oblig. Bonds
				Outstanding	Unissued		
2022	\$ 16,531,466,780	\$ 4,132,866,695	\$ 619,930,004	none	(\$600,000)	\$ 619,330,004	N/A
2021	15,847,475,328	3,961,868,832	594,280,325	none	(600,000)	593,680,325	N/A
2020	14,965,166,298	3,741,291,575	561,193,736	none	(600,000)	560,593,736	N/A
2019	14,178,242,472	3,544,560,618	531,684,093	none	(600,000)	531,084,093	N/A
2018	13,367,683,794	3,341,920,949	501,288,142	none	(600,000)	500,688,142	N/A
2017	12,681,845,778	3,170,461,445	475,569,217	none	(600,000)	474,969,217	N/A
2016	12,128,474,619	3,032,118,655	454,817,798	none	(600,000)	454,217,798	N/A
2015	11,076,435,677	2,769,108,919	415,366,338	none	(600,000)	414,766,338	N/A
2014	10,370,178,948	2,592,544,737	388,881,711	none	(600,000)	388,281,711	N/A
2013	9,916,171,677	2,479,042,919	371,856,438	none	(600,000)	371,256,438	N/A

TABLE 14

Ratio of Outstanding Debt to Number of Sewer Service Customers

Fiscal Year Ended June 30	Outstanding Debt by Type			Total Outstanding Debt	Number of Sewer Service Customers	Debt Per Customer
	2018 Wastewater Revenue Bonds	2021 WIFIA Bonds	California State Revolving Funds			
2022	\$13,006,062	\$4,914,555	\$381,270	\$18,301,887	47,945	\$382
2021	13,413,017	-	-	13,413,017	47,392	283
2020	13,809,972	-	-	13,809,972	47,536	291
2019	14,206,927	-	-	14,206,927	47,262	301

TABLE 15

Debt Coverage Ratio

Fiscal Year Ended June 30	Gross Revenues	Operating & Maintenance Costs (excl. depreciation and debt service)	Net Revenues	Debt Service (All Types)			Debt Coverage Ratio
				Principal	Interest	Total	
2022	\$ 31,379,376	\$ 13,113,916	\$ 18,265,460	\$ 405,000	\$ 454,284	\$ 859,284	21.26
2021	29,140,381	21,624,041	7,516,340	395,000	443,295	838,295	8.97
2020	26,998,753	19,990,293	7,008,460	395,000	455,129	850,129	8.24
2019	25,598,112	19,140,230	6,457,882	-	335,886	335,886	19.23

ORO LOMA SANITARY DISTRICT

DEMOGRAPHIC & ECONOMIC INFORMATION

~ DEMOGRAPHIC & ECONOMIC INDICATORS ~

Oro Loma Sanitary District was formed in 1911. The District's enabling legislation is the Sanitary Act of 1923 of the State Health & Safety Code, which empowers the District to provide sewer solid waste, and recycling services as a special district of local government.

The District encompasses 13 square miles, serving the communities of unincorporated Alameda County such as San Lorenzo, Ashland, Cherryland, Fairview, and designated areas in the Cities of Hayward and San Leandro.

It is located about 13 miles south of Oakland, and 30 miles north of San Jose, on the east shore of the San Francisco Bay.

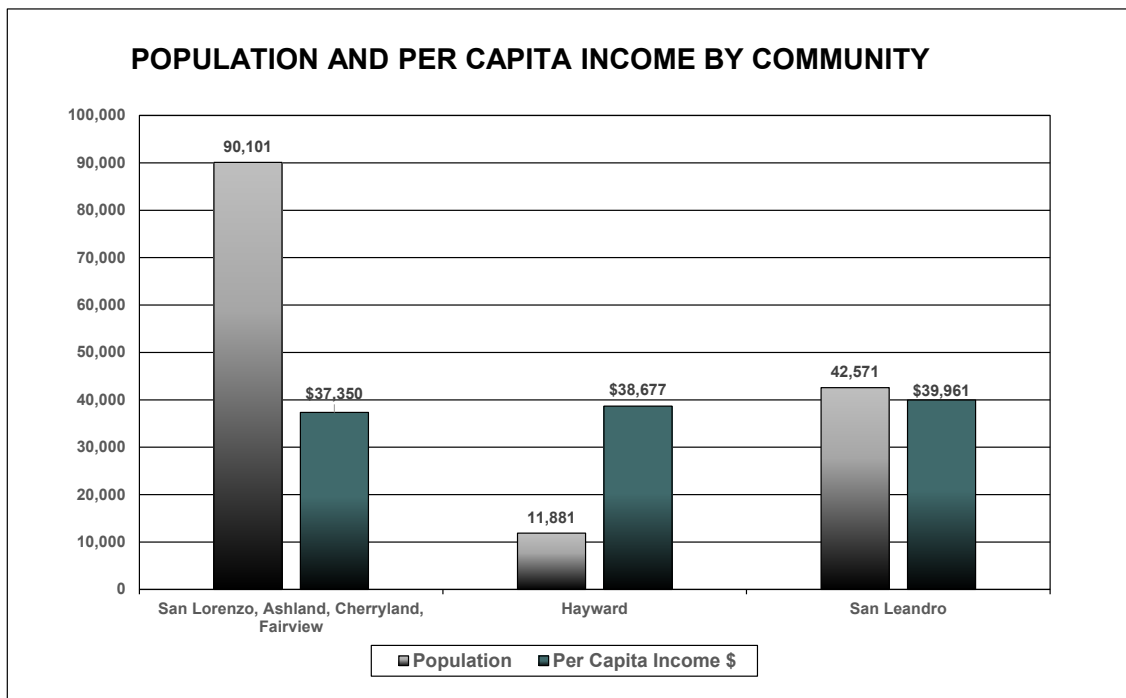
TABLE 16

Population, Per Capita Income & Unemployment Statistics

Source: U.S. Census Bureau 2017-2021; EDD Labor Market Information Division FY 2021-22

Indicator	Communities within the District's Boundaries Located in			All Areas
	San Lorenzo, Ashland, Cherryland, Fairview	Hayward	San Leandro	
Population	90,101	11,881	42,571	144,553
Per Capita Income	\$37,350	\$38,677	\$39,961	\$38,228
Unemployment rate	4.7%	5.0%	4.8%	4.8%

GRAPH K



Source: U.S. Census Bureau 2017-2021; EDD Labor Market Information Division FY 2020-21

ORO LOMA SANITARY DISTRICT

DEMOGRAPHIC & ECONOMIC INFORMATION ~ PRINCIPAL EMPLOYERS ~

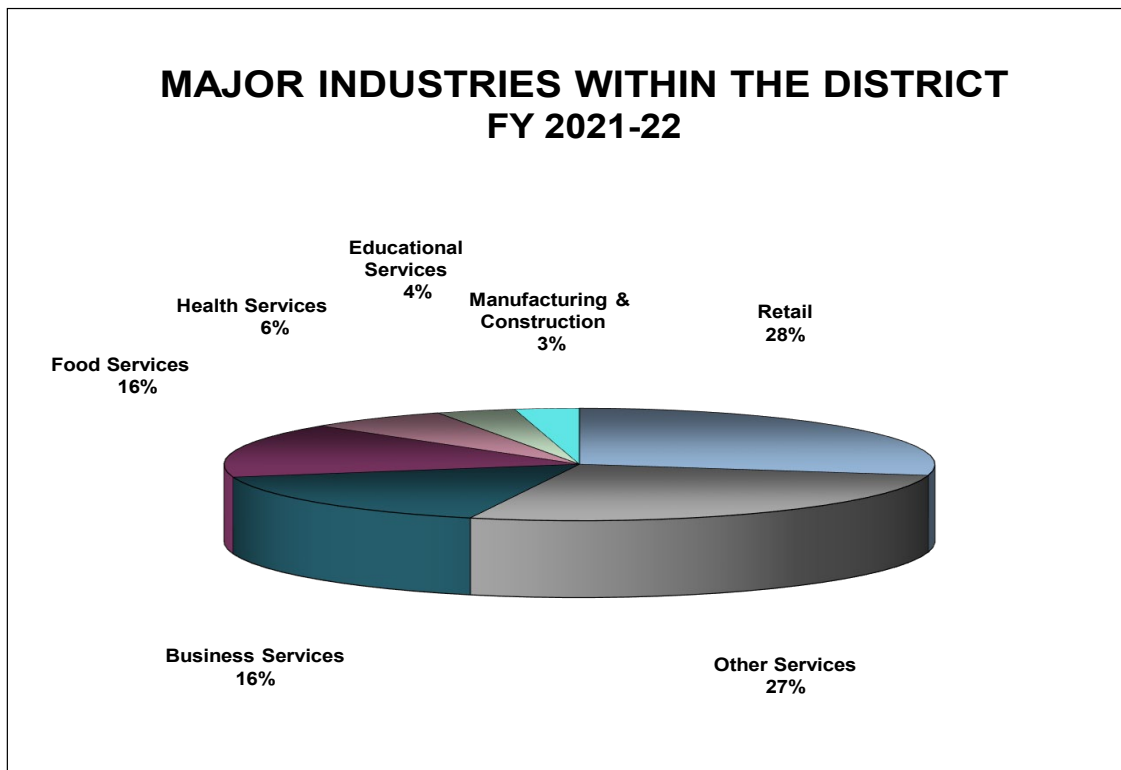
TABLE 17

Major Employers Within the District

Source: City of San Leandro CAFR 2020, and Buzzfile company information database.

Employer	Type of Business	Number of Employees
Alameda Health System	Hospital	1459
San Lorenzo Unified School District	School district	1120
Ghirardelli Chocolate	Food manufacturing	514
County of Alameda	Government services	502
The Hillshire Brands	Food manufacturing	400
San Leandro Unified School District	School district	302
Hayward Unified School District	School district	277
Save Mart	Grocery store	248
Target	Department store	200
Kaiser Foundation Health Plan	Medical clinic	167
Safeway	Grocery store	140
Santini	Food manufacturing	133
Oakland Pallet	Pallet manufacturing	130
Washington Center	Rehabilitation services	100

GRAPH L



Source: 2021 East Bay Municipal Utility District water consumption and billing report.

ORO LOMA SANITARY DISTRICT

OPERATING INFORMATION

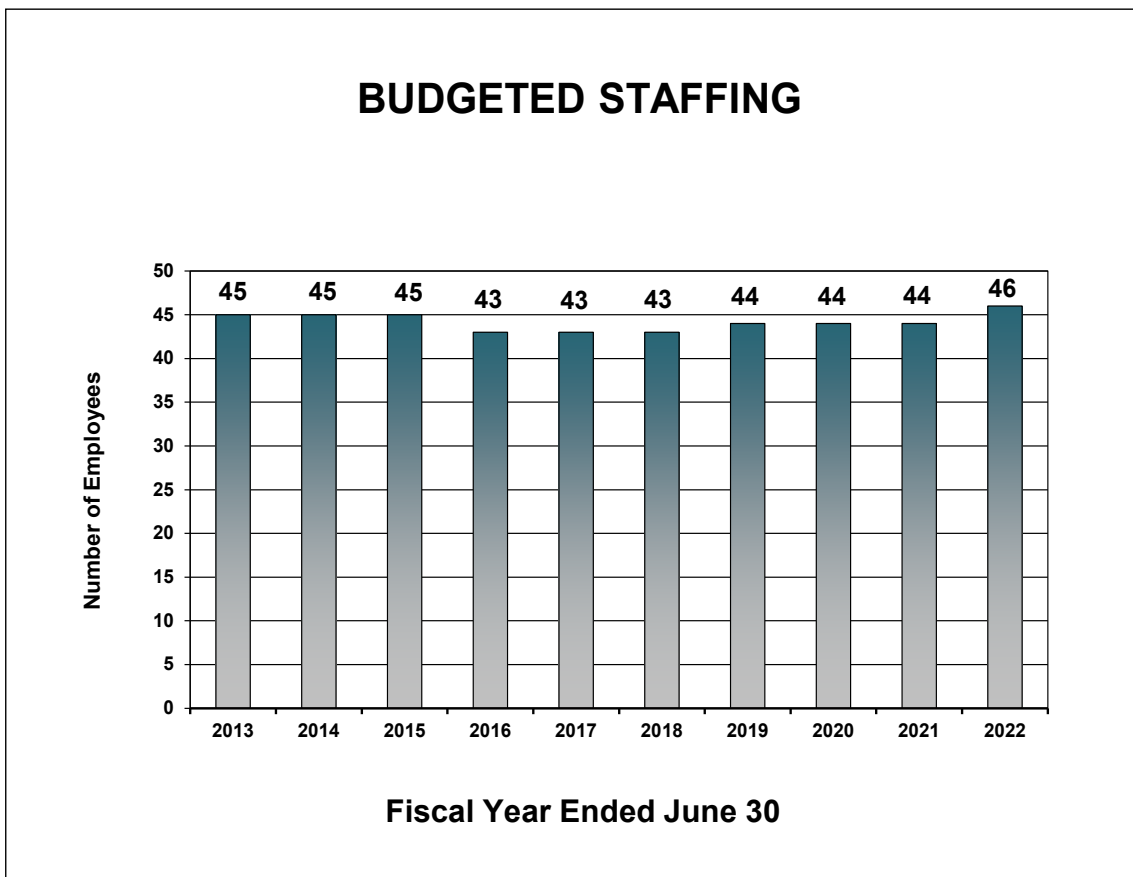
~ EMPLOYEE BASE ~

TABLE 18

Budgeted Staffing by Department

Fiscal Year Ended June 30	Engineering	Collections	Operations	Maintenance	Administration	Solid Waste	Total
2022	5.0	9.0	15.0	10.0	7.0	0.0	46.0
2021	4.0	8.0	15.0	10.0	7.0	0.0	44.0
2020	4.0	8.0	15.0	10.0	7.0	0.0	44.0
2019	4.0	8.0	15.0	10.0	7.0	0.0	44.0
2018	6.0	7.0	13.5	10.0	5.5	1.0	43.0
2017	6.0	7.0	13.5	10.0	5.5	1.0	43.0
2016	6.0	7.0	13.5	10.0	5.5	1.0	43.0
2015	5.0	8.0	15.5	10.0	5.5	1.0	45.0
2014	5.0	8.0	15.5	10.0	5.5	1.0	45.0
2013	5.0	8.0	15.5	10.0	5.5	1.0	45.0

GRAPH M



ORO LOMA SANITARY DISTRICT

OPERATING INFORMATION

~ SERVICE INDICATORS ~

TABLE 19

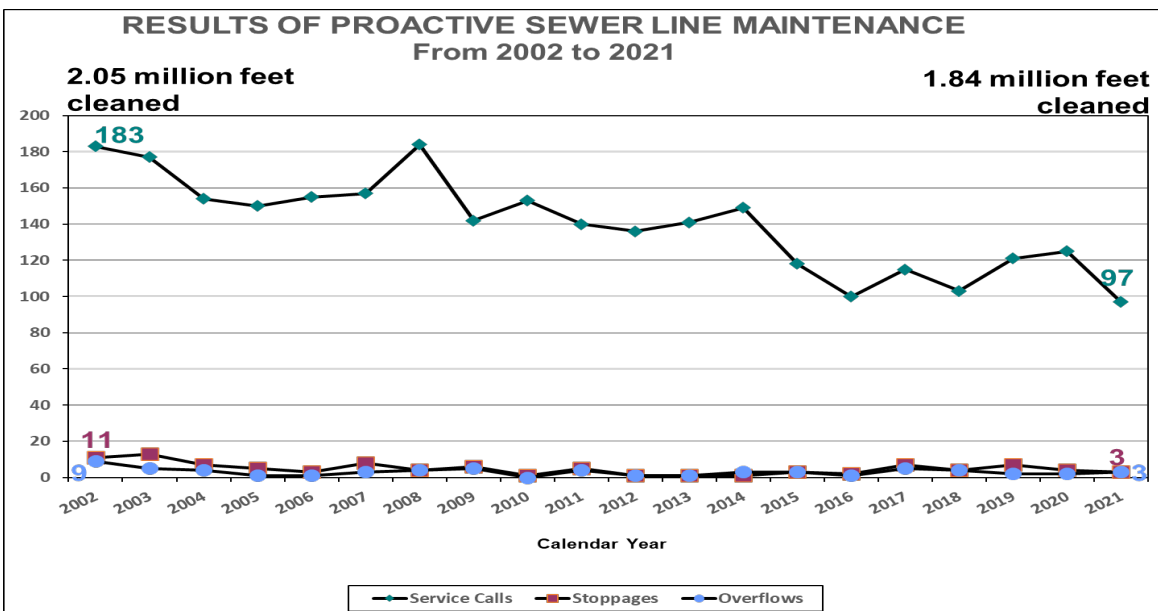
Proactive Sewer Line Maintenance and Results 2002-2021

Calendar Year	Total Cleaned & CCTV'd (ft)	Monthly Average (ft)	Service Calls	Stoppages	Overflows
2021	1,842,012	153,501	97	3	3
2020	1,339,938	111,666	125	4	2
2019	1,783,992	148,666	121	7	2
2018	1,578,653	131,554	103	4	4
2017	1,873,595	156,133	115	7	5
2016	2,092,466	174,372	100	2	1
2015	2,006,671	167,223	118	3	3
2014	2,017,473	168,123	149	*1	3
2013	2,217,645	184,804	141	1	1
2012	2,103,762	175,314	136	1	1
2011	2,105,110	175,426	140	5	4
2010	2,200,451	183,371	153	1	-
2009	2,157,948	179,829	142	6	5
2008	2,170,078	180,840	**184	4	4
2007	2,092,457	174,371	157	8	3
2006	2,171,583	180,965	155	3	1
2005	2,189,737	182,478	150	5	1
2004	2,000,385	166,699	154	7	4
2003	2,092,140	174,345	177	13	5
2002	2,048,939	170,745	183	11	9

* 2014 - 2 overflows occurred on Blackstone Ct. Forcemain (no stoppage).

** 2008 service calls showed a slight increase from 2007, as a result of the District's newsletter encouraging customers to report water leaks on the street to reduce sewer overflow response time and duration.

GRAPH N



ORO LOMA SANITARY DISTRICT

OPERATING INFORMATION

~ SERVICE INDICATORS ~

TABLE 20

Sewer Connections & Construction Inspection Permits

Ordinance 35

Fiscal Year Ended June 30	Ord.#	Number of Connections Made	Connection Base Fee	Connection Fee Revenues	Number of Construction Permits Issued*	Permit & Inspection Base Fee	Permit & Inspection Revenues*
2022	35-16	60	\$6,919	\$473,450	314	\$280	\$109,432
2021	35-16	500***	6,919	3,562,303	339	280	125,294
2020	35-16	24	6,919	171,739	310	280	228,816
2019	35-16	81	6,919	560,015	351	280	143,756
2018	35-16	39	6,919	399,277	378	280	220,686
2017	35-16	51	6,919	609,335	322	280	107,678
2016	35-16	43	6,919	298,612	289	280	105,735
2015	35-15	164**	6,555	1,076,699	286	280	120,624
2014	35-15	21	6,555	135,600	257	280	75,691
2013	35-14	11	6,555	69,759	220	280	57,798

* The information presented in this table excludes industrial waste permits.

** In 2015, two major housing developments contributed a total of \$900,944 in connection fees (140 connections).

*** In 2021, a mixed-use development contributed a total of \$3,321,120 in connection fees (6 commercial and 474 residential connections).

TABLE 21

Treatment Plant Flow

Calendar Year	Annual Rainfall (inches)	Average Daily (MGD)*				Maximum Daily (MGD)*			
		Total Plant Flow	Plant Flow From OLSD	Plant Flow From CVSD**	% of Total Plant Flow From CVSD	Total Plant Flow	Plant Flow From OLSD	Plant Flow From CVSD	% of Total Plant Flow From CVSD
2021	19.0	12.0	8.7	3.2	27.5%	40.1	24.7	15.4	38.3%
2020	17.8	11.0	7.9	3.1	28.2%	18.4	12.5	5.9	31.9%
2019	19.8	13.3	9.6	3.7	27.8%	35.9	23.7	12.2	34.1%
2018	11.1	12.1	8.6	3.5	28.9%	40.0	24.7	15.3	38.3%
2017	18.0	14.8	10.6	4.2	28.4%	56.1	37.2	18.9	33.7%
2016	14.4	12.9	9.6	3.3	25.6%	43.6	28.8	14.8	33.9%
2015	7.8	11.3	8.5	2.8	24.3%	28.6	19.5	9.1	31.7%
2014	14.5	12.5	9.3	3.2	25.6%	50.1	35.8	14.3	28.5%
2013	2.7	12.3	9.1	3.2	26.0%	16.9	12.0	4.9	29.0%
2012	12.2	13.9	10.1	3.8	27.3%	42.2	27.4	14.8	35.1%

* MGD stands for millions gallons per day

** Oro Loma Sanitary District (OLSD) provides treatment services for Castro Valley Sanitary District (CVSD) based on agreement. These flows are measured separately. CVSD is billed for Agency Treatment Charges quarterly, based on the share of total plant flow it contributes.

ORO LOMA SANITARY DISTRICT

OPERATING INFORMATION

~ SERVICE INDICATORS ~

TABLE 22

Sewage Treatment Plant Performance Reporting

Calendar Year	Effluent* Quality (Average Monthly)				Plant Electrical Demand (Average Monthly)		
	CBOD** (mg/l)	CBOD % of Removal	TSS** (mg/l)	TSS % of Removal	Generated*** (By OLSD)	Purchased (Other Sources)	% Produced
2021	5	98%	6	98%	564,468	145,092	74%
2020	5	98%	6	98%	571,236	90,114	86%
2019	6	98%	8	97%	545,338	72,928	88%
2018	4	98%	5	99%	494,200	71,022	89%
2017	5	98%	7	98%	487,085	60,391	88%
2016	4	99%	5	99%	516,044	38,565	93%
2015	5	98%	6	99%	497,971	53,102	87%
2014	4	98%	6	99%	496,260	35,634	94%
2013	5	98%	6	99%	541,967	36,158	94%
2012	4	98%	5	99%	520,182	Solar Powered	100%

* Effluent is the water discharged at the end of the treatment process. Standards are mandated by the EPA and Clean Water Act, to ensure that the contents of the effluent do not pose any environmental hazards.

** CBOD = Carbonaceous Biochemical Oxygen Demand; TSS = Total Suspended Solids

*** Generated value equals Co-Gen & Solar as of 2011.

Solid Waste, Recycling & Green Waste Services

The District contracts with Waste Management to provide trash, recycling and organics collection services to its customers. The District and Waste Management entered into a new agreement effective January 1, 2023, with an expiration date of December 31, 2037. Highlights of the agreement are included below.

TABLE 23

Highlights of Solid Waste, Recycling & Green Waste Services

Routes for Trash Pickups (per day, every week)	9
Routes for Residential Recycling (per day, every other week)	5
Routes for Residential Organics (per day, every week)	6
No cost Single-Family Residential Bulky Waste Collections (per year)	2
Other Services:	
<ul style="list-style-type: none"> Residential batteries and cell phone collection programs Residential motor oil and motor oil filters collection programs No cost recycling and organics services provided to all public schools in the District Full-time Recycling coordinator at Waste Management dedicated to the District's solid waste program No cost trash service provided to all Oro Loma public schools in San Leandro Public education funds budgeted to promote proper sorting education and environmental awareness Community clean-up collections of bagged litter up to five times per week, up to two cubic yards per collection 	

ORO LOMA SANITARY DISTRICT

OPERATING INFORMATION

~ CAPITAL ASSETS ~



TABLE 24

Sewage Treatment Facilities

Sewage treatment plant with 20 mgd permitted capacity, consisting of but not limited to the following structures and equipment.

- 2 Barscreens and 1 Grit Chamber
- 2 Influent Pump Units
- 3 Primary Clarifiers
- 24 Fine Bubble Diffuser Systems and 4 Aeration Basins
- 3 High Speed Blowers and 1 Hybrid Blower
- 3 Secondary Clarifiers
- 1 Gravity Belt Thickener
- 6 Sludge Digesters
- 2 Belt Filter Presses
- 1 Cogeneration System, consisting of:
 - 2 Digester Gas Engines - 360 kW each
 - 1 Siloxane Gas Filtration System
 - 1 Heat Recovery System
- 1 Boiler
- 1 RAS/WAS Pumping Station
- 1 Disinfection System
- 1 Waste Grease Receiving System
- Solar Sludge Drying Beds
- Equalization Basin
- Fleet of service vehicles and other equipment, including:
 - 1 Pretreatment Van
 - 10 Plant Service Vehicles
 - 3 Dump Trucks
 - 1 Dozer
 - 1 Water Truck
 - 7 Electric Carts
 - 1 Backhoe
 - 1 Tractor
 - 1 Wheel Loader
 - 1 Forklift

Sewage Collection Facilities

- 271.4 miles of sewer lines
- 12 remote lift stations
- 6104 manholes
- Fleet of service vehicles, consisting of:
 - 3 Hydrojetter Trucks
 - 1 Rodder
 - 1 Vacuum Truck
 - 2 CCTV Vans
 - 7 Collection/Engineering Service Trucks
 - 2 Lift Station Service Trucks