



ORO LOMA SANITARY DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2018



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ORO LOMA SANITARY DISTRICT

Comprehensive Annual Financial Report Year Ended June 30, 2019 with Comparative Financial Statements for Year Ended June 30, 2018

Presented by:



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ORO LOMA SANITARY DISTRICT
Comprehensive Annual Financial Report
for Fiscal Year Ended June 30, 2019
With Comparative Financial Statements for Year Ended June 30, 2018

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INTRODUCTORY SECTION

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ORO LOMA SANITARY DISTRICT

December 15, 2019

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, 2019.

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.

Chavan & Associates, LLP has issued an unmodified opinion on the District's financial statements for the year ended June 30, 2019. 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 47,262 customers, comprised of: residential 46,107 units (97.56%), commercial and light industrial 1,151 units (2.44%), and, 4 significant industrial customers (0.01%). The population served within the District's boundaries is approximately 139,243.

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 Best Possible Service at the Lowest Possible Cost.

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 13 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 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, 11 dry tons of biosolids are produced from the treatment process. These biosolids are disposed of annually, and used as alternative daily cover at the Altamont landfill.

Reuse of Treated Wastewater (Water Reclamation)

An annual total of 60 million gallons (1.3%) 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.

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 47,262 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 2013-2017 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, \$89,961 with 3.31 persons per household; for the City of San Leandro, \$66,178 with 2.77 persons per household; and, for the City of Hayward, \$74,927 with 3.27 persons per household. The region has shown significant recovery from the economic downturn which began in late 2008. The average unemployment rate in 2018-19 was 3.5%, as compared to the record high at 9.1% in 2011. Median housing sale price in 2018-2019 was \$644,000, surpassing its peak in June 2007 (\$537,000), and reflected a promising growth from its lowest level in June 2012 (\$277,000). Based on economic forecasts by the California Department of Transportation, it is anticipated that the County's population growth will be 0.6% per year; inflation adjusted average salaries are expected to remain at the existing level; and, inflation adjusted per capita income is forecasted to increase by 1.0% 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 \$17.3 million annually for the next 5 years in renewal and replacement and capital improvements. Of this total, an average of \$9.0 million per year is allocated to renewing the existing collection system and facilities. Other major long-range plans include rehabilitation of digesters No. 6 & 7 and primary clarifiers; replacement of digesters No. 1, 2, 4 & 5; development of a storm flow prediction model and an operator training program; construction of a consolidated operations building; painting and coating of plant structures; roof replacements and plant repaving.

The operating budget is expected to increase in line with inflation and regulatory compliance requirements without any significant staffing changes. FY 2018-19 was the third year of a planned 5-year 7.5% annual rate increase to provide for necessary spending and to maintain sufficient reserves. The District will closely examine its long-term financial need in preparation for the next 5-year rate plan proposal in early 2021.

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. In the past, the District has been funding capital improvements by using accumulated reserves. The current 5-year outlook on capital improvements shows that \$71.3 million is required for the long-range plan, making external financing a necessity. In October 2019, the District issued \$14.2 million in bonds to partially fund the construction of the Nutrient Optimization Project and is in the process of seeking State Revolving Funds to accelerate its sewer line replacement efforts. A strategic goal was established to incorporate a capital component into its sewer rate structure when it adopts new rates in FY 2021-22 to ensure long term financial health.

- **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, certificates of deposits and treasury notes.

- **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 \$6.34 million, which represents half of the District's projected sewer service revenues collected through Alameda County for the current 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, including its computer information system. The District's organizational structure anchors on a system of accountability, ascending from employees to management, to the General Manager, and to the elected Board of Directors. The Board maintains internal control through committees overseeing 5 key areas – Construction; Finance & Insurance; Operations; Personnel, Safety & 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, allowable only between District accounts. 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 accelerate funding by paying an additional \$8.35 million above its required contributions between 2015 and 2017, resulting in reduction of the unfunded accrued liability (UAL) to \$4.4 million. Despite these efforts, the UAL has been gradually increasing due to fluctuations in investment returns and changes in actuarial assumptions. As of the last valuation date of June 30, 2018, the UAL stands at \$9.7 million. The District is examining various alternatives to progressively pay down this obligation and will consider options in FY 2019-20.

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 Board has approved an accelerated pipe rehabilitation effort which increases the annual cost from \$5 million per year to \$8 million year for the next 3 years. The plan is contingent upon approval of \$25 million in State Revolving Funds.

The District is currently upgrading the treatment facility to enhance its nutrient treatment process. The new process is scheduled to go on line in May 2020, and will provide nitrogen removal (nitrification and denitrification) that meets permit limits until at least 2040. The upgrade was completed both to proactively respond to concerns about nutrient loading to the San Francisco Bay and to position the District to reduce its capacity rights and corresponding liabilities in the EBDA system. A renewal agreement of the EBDA Joint Powers Authority has been reached among its 5 member agencies, and will take effect on July 1, 2020.

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, 2019, the annual single family residential sewer rate of \$275 is 57% below the average of \$643 within the County.
- As of September 1, 2019, the monthly garbage and recycling rate for a 35-gallon container in unincorporated Alameda is \$23.39, 41% less than the average of \$39.34 within the County.
- The District achieved 540 days between May 2015 and November 2016 without a sanitary sewer overflow, the longest periods in its history.
- The District maintains a high safety culture and continuously seeks to improve job safety. The District holds a record of 2716 days (more than 7 years) without a lost-time injury, from February 2008 to July 2015.
- In December 2014, the District completed a 3-year, \$8.7 million construction project for 2 new digesters, thereby increasing operational reliability of its digestion complex for the next 50 years.
- The District won the 2014 CWEA Plant Safety Award (26-75 employees) at both the San Francisco Bay Section and State levels.
- The District won the 2014 CWEA Research Achievement Award for its Zeolite-Anammox Pilot Project.
- The District won the 2015 Water Environment Federation (WEF) George W. Burke Facility Safety Award.

- Between March 2015 and July 2016, the District contributed a total of \$8.35 million towards its unfunded pension liability. Despite market fluctuations, the June 30, 2018 CalPERS valuation shows that the District still maintains an 83% funded ratio on its Classic Tier 1 plan, and 92% on its Tier 2 and Public Employee Pension Reform Act (PEPRA) plans.
- The District won the 2015-16 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 2015-2017, 2017-2019 and 2019-21.
- 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.

CAFR 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 comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. This was the 24th consecutive year that the District has received this prestigious award. The long history reflects the District's longstanding history and culture of transparency. To be awarded a Certificate of Achievement, the governmental entity has to publish an informative, well organized, and easily readable CAFR 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 CAFR 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 Bob Glaze and Dan Walters, and to the audit team of Chavan & Associates, LLP, for their support in submitting this Comprehensive Annual 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,



Jason J. Warner
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 Comprehensive Annual
Financial Report
for the Fiscal Year Ended

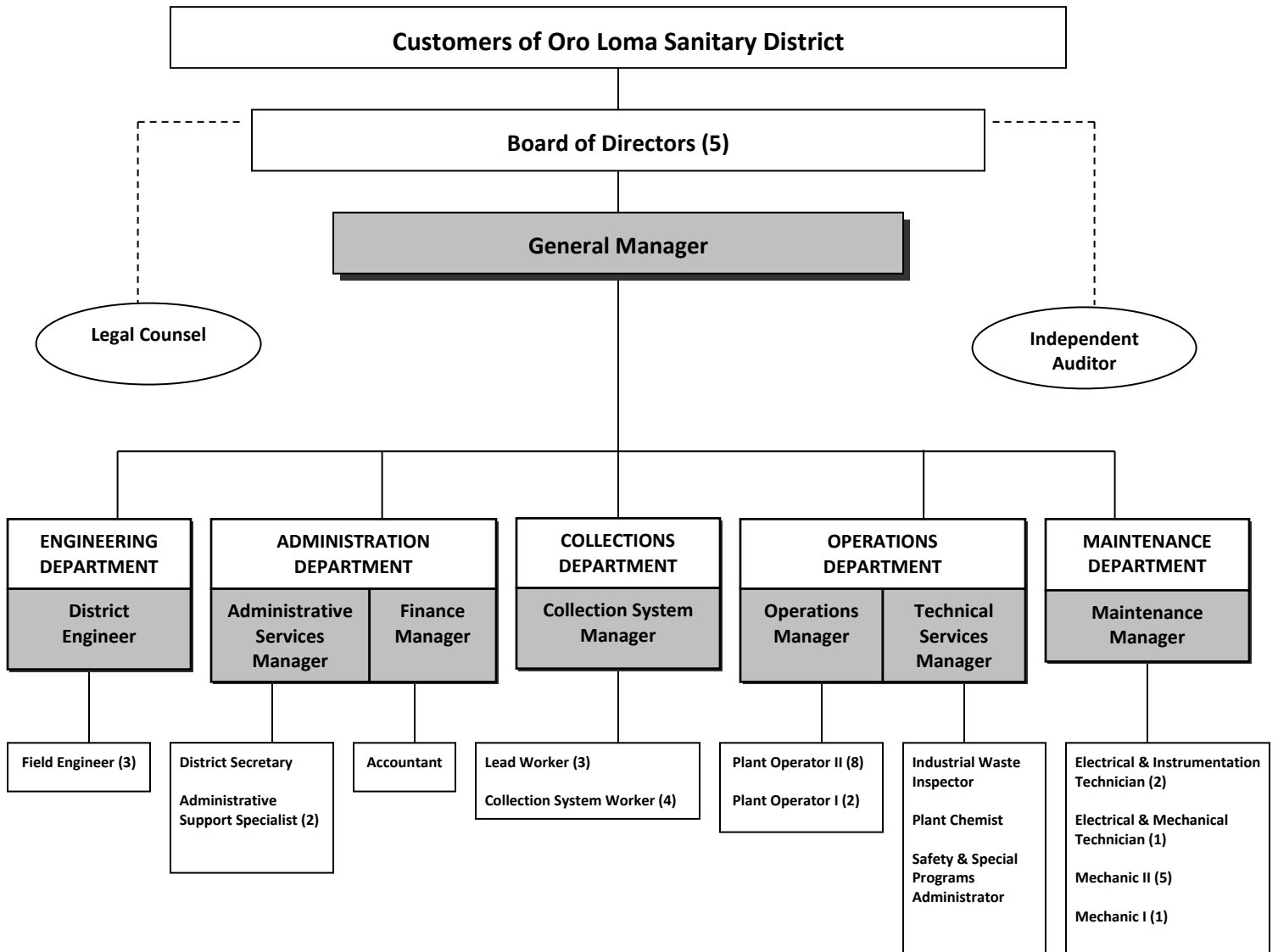
June 30, 2018

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 5-member Board of Directors, elected in the County's general election, for alternating 4-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 the 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.

BOARD OF DIRECTORS 2019



Dan Walters, President

Term Expires 2020

Chairperson of Construction Committee, member of Finance & Insurance Committee, representative to EBDA Commission, and representative to EBEDA.

Mr. Walters is a local business owner who has been actively serving the community for decades. He has over 30 years of experience in chemical engineering, innovation and business management. Mr. Walters was appointed to the Board of Directors in 2015, and was elected in 2016.



Rita Duncan, Vice President

Term Expires 2022

Chairperson of Personnel/Safety/Public Information Committee, member of Operations Committee, representative to ACSDA, and member 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 appointed to the Board in January 2016 and elected in November 2018.



Bob Glaze, Secretary

Term Expires 2020

Chairperson of Finance & Insurance Committee, member of Personnel/Safety/Public Information Committee, and alternate representative to EBDA Commission.

Mr. Glaze is a long-time San Leandro resident and has been active in local politics for many years. An electrical contractor for over 35 years, he has experience in finance, information technology and Board governance. Mr. Glaze was appointed to the Board of Directors in October 2018.



Fred Simon, Director

Term Expires 2022

Chairperson of Operations Committee, member of Solid Waste Committee, and alternate representative to ACWMA.

Mr. Simon is a professional civil engineer with over 20 years of experience, having worked at Contra Costa Water District and East Bay Municipal Utility District. He is a resident of the Heron Bay community in San Leandro. Mr. Simon was elected to the Board in November 2018.



Shelia Young, Director

Term Expires 2022

Chairperson of Solid Waste Committee, member of Construction Committee, representative to ACWMA, alternate representative to ACSDA, and member of ACDSA Executive Board.

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 elected to the Board of Directors in 2014 and was re-elected in 2018.

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

EBEDA – East Bay Economic Development Alliance

ORO LOMA SANITARY DISTRICT

MANAGEMENT TEAM

OFFICIALS



Jason Warner, General Manager/Treasurer (from 2008)

Directs, manages, and coordinates District activities in accordance with Board policies. Manages the daily activities of the District 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 (from 2003)

Manages human resources functions, administrative support services, and public information programs. Oversees the preparation of agendas and minutes for the Board and various committee meetings, and coordinates the solid waste, recycling, safety, and training programs.



Arlene Wong, Finance Manager (from 2013)

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. Assists other managers in budget monitoring and project costing.

COLLECTIONS



Christopher Brown, Collection System Manager (from 2018)

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 (from 2009)

Manages the Engineering Department. Administers the Capital and Renewal & Replacement programs for the collections system and remote site lift stations. Oversees the Geographic Information System (GIS) and Asset Management programs, issuance of permits for construction, repairs and annexations, reviews plans and specifications.



Jimmy Dang, Technical Services Manager - Plant (from 2017)

Manages the laboratory, pretreatment compliance, and Capital and Renewal & Replacement programs related to the treatment facility. Oversees the long-term planning for the treatment plant, prepares design documents, manages construction, and all other aspects of project management related to the treatment facility.

TREATMENT PLANT



Manuel Talledo-Garcia, Operations Manager (from 2012)

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.



Scott von der Lieth, Maintenance Manager (from 2011, retired October 2019)

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, and commitment to safely completing our work. Our vision is to send a generation of employees into retirement without impairment.



Our staff remains our key asset.

Despite anticipated attrition, 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.

Shaping and responding 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.

Implement only new technologies that are worth our investment.

We will scrutinize available technologies and implement only those that 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 in mind.

We will maintain a comprehensive understanding of our service and infrastructure needs and provide proper funding to manage their ongoing renewal.

Proactive communication is essential to providing the best service.

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 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.



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 |
|--|------|

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 |

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* |
| 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) | FYs 2015-17, FYs 2017-19, FY 2019-21 |

Water Environment Federation (WEF)

| | |
|---------------------------------------|------|
| George W. Burke Facility Safety Award | 2015 |
|---------------------------------------|------|

Others

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

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Oro Loma Sanitary District (the "District"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Oro Loma Sanitary District, as of June 30, 2019, 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.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The introductory, combining schedules, statistical, budgetary comparison information, and any other supplemental information as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



The introductory, descriptions of funds, stewardship, budget to actual and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Prior-Year Comparative Information

We have previously audited the District's 2018 financial statements, and we expressed unmodified audit opinions on the respective financial statements in our report dated October 9, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2019 on our consideration of the 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 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 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 the District's internal control over financial reporting and compliance.

C & A LLP

October 7, 2019
San Jose, California

MANAGEMENT DISCUSSION & ANALYSIS

SERVICE RECOGNITIONS

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

20 Years



Scott Beckman
Plant Operator II

10 Years



Sara Burke
Plant Chemist

5 Years



Glen Grimsley
Lead Worker



Robert Fletcher
Mechanic II



Jeff Hansen
Mechanic II



Chad McCarthy
Plant Operator II



Ronnie McClure
Mechanic II

**ORO LOMA SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

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 auditor's report, management's discussion and analysis, basic financial statements, notes to the financial statements, required supplementary information, other supplementary information, and other independent auditor's 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, 2019. 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, 2019

- The ending net position as of June 30, 2019 was \$98,202,353, reflecting an increase of \$3,812,218 (4.0%) from the prior year net position of \$94,390,135.
- Total assets were \$122,595,939, reflecting an increase of \$18,849,686 (18.2%) from \$103,746,253 in the prior year. The increase was attributed to several factors. Capital assets net of depreciation increased by \$9,269,289 (12.0%). Newly capitalized assets totaled \$5.0 million this year, of which \$4.5 million (89.8% of total) belonged to the collection system. Construction in progress increased by \$7.5 million, primarily from sewer line replacements and the Nutrient Optimization Project. Cash and investments increased by a total of \$9.7 million (53.1%) as a result of \$14.2 million in bond financing in October 2018. The above was offset by a \$176,110 (2.8%) decrease in investment in sewage discharge facilities – EBDA.
- Total liabilities were \$25,469,227, reflecting an increase of \$14,588,843 (134.1%) from \$10,880,384 in the prior year. The most significant change was the \$14.2 million increase in bonds payable (\$395,000 current and \$13.8 million non-current), along with a \$116,497 in accrued interest payable. In addition, accounts payable increased by \$746,341 (37.6%), while customer deposits payable decreased by \$107,786 (31%), and, net pension liability decreased by \$291,280 (3.7%) due to favorable investment returns during the measurement period of FY 2017-18.
- Deferred outflows of resources decreased by \$1,379,599 (28.7%) from \$4,806,608 to \$3,427,009, while deferred inflows of resources decreased by \$930,974 (28.4%) from \$3,282,342 to \$2,351,368. These items represent the different components required by GASB Statements No. 68 and No. 75. 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.

**ORO LOMA SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

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 \$3,812,218 (4.0%) during FY 2018-19. 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 2019 | | | | Change in 2018 | | |
|----------------------------------|----------------------|----------------------|---------------------|---------------|----------------------|-------------------|--------------|
| | 2019 | 2018 | \$ | % | 2017 | \$ | % |
| Current and other assets | \$ 36,244,207 | \$ 26,663,810 | \$ 9,580,397 | 35.9% | \$ 29,874,971 | \$ (3,211,161) | -10.7% |
| Capital assets | 86,351,732 | 77,082,443 | 9,269,289 | 12.0% | 71,921,745 | 5,160,698 | 7.2% |
| Total assets | <u>122,595,939</u> | <u>103,746,253</u> | <u>18,849,686</u> | <u>18.2%</u> | <u>101,796,716</u> | <u>1,949,537</u> | <u>1.9%</u> |
| Deferred outflows of resources | <u>3,427,009</u> | <u>4,806,608</u> | <u>(1,379,599)</u> | <u>-28.7%</u> | <u>5,115,616</u> | <u>(309,008)</u> | <u>-6.0%</u> |
| Current liabilities | 3,738,534 | 2,600,026 | 1,138,508 | 43.8% | 2,088,229 | 511,797 | 24.5% |
| Non-current liabilities | 21,730,693 | 8,280,358 | 13,450,335 | 162.4% | 7,466,883 | 813,475 | 10.9% |
| Total liabilities | <u>25,469,227</u> | <u>10,880,384</u> | <u>14,588,843</u> | <u>134.1%</u> | <u>9,555,112</u> | <u>1,325,272</u> | <u>13.9%</u> |
| Deferred inflows of resources | <u>2,351,368</u> | <u>3,282,342</u> | <u>(930,974)</u> | <u>-28.4%</u> | <u>3,315,499</u> | <u>(33,157)</u> | <u>-1.0%</u> |
| Net position | | | | | | | |
| Net investment in capital assets | 86,351,732 | 77,082,443 | 9,269,289 | 12.0% | 71,921,745 | 5,160,698 | 7.2% |
| Unrestricted | 11,850,621 | 17,307,692 | (5,457,071) | -31.5% | 22,119,976 | (4,812,284) | -21.8% |
| Total net position | <u>\$ 98,202,353</u> | <u>\$ 94,390,135</u> | <u>\$ 3,812,218</u> | <u>4.0%</u> | <u>\$ 94,041,721</u> | <u>\$ 348,414</u> | <u>0.4%</u> |

**ORO LOMA SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

This ending net position of \$98,202,353 is made up of the following components:

- \$86,351,732 – Net investment in capital assets. This amount represents investment in capital assets net of accumulated depreciation. 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 (CVSD) (25%). Under a long-term agreement, CVSD 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.
- \$11,850,621 – Unrestricted category. This amount is comprised of:
 - \$6,007,986 Investment in effluent discharge facilities – EBDA
 - \$5,842,635 Unrestricted net position

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ORO LOMA SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

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

| Period Ended June 30 | 2019 | 2018 | Change (\$) | Change (%) | 2017 | Change (\$) | Change (%) |
|--|--------------|--------------|-------------|------------|--------------|-------------|------------|
| Operating revenues | | | | | | | |
| District service charges | \$14,991,385 | \$13,974,088 | \$1,017,297 | 7.3% | \$12,961,082 | \$1,013,006 | 7.8% |
| Agency treatment charges | 3,575,995 | 3,094,690 | 481,305 | 15.6% | 2,933,967 | 160,723 | 5.5% |
| Permits and inspection fees | 209,602 | 280,541 | (70,939) | -25.3% | 169,390 | 111,151 | 65.6% |
| Sanitary truck waste charges | 22,385 | 68,214 | (45,829) | -67.2% | 129,725 | (61,511) | -47.4% |
| Grease receiving charges | 121,363 | 102,208 | 19,155 | 18.7% | 117,403 | (15,195) | -12.9% |
| Contract fees | 1,139,812 | 1,062,218 | 77,594 | 7.3% | 1,010,999 | 51,219 | 5.1% |
| Recycling charges-residential/green waste | 2,321,406 | 2,321,208 | 198 | 0.0% | 2,309,444 | 11,764 | 0.5% |
| Recycling charges-commercial/industrial | 149,230 | 132,934 | 16,296 | 12.3% | 118,694 | 14,240 | 12.0% |
| Landfills fees-Measure D | 406,137 | 385,751 | 20,386 | 5.3% | 346,349 | 39,402 | 11.4% |
| Other | 740,607 | 646,413 | 94,194 | 14.6% | 599,721 | 46,692 | 7.8% |
| Total operating revenues | 23,677,922 | 22,068,265 | 1,609,657 | 7.3% | 20,696,774 | 1,371,491 | 6.6% |
| Operating expenses | | | | | | | |
| Engineering | 757,699 | 752,469 | 5,230 | 0.7% | 562,048 | 190,421 | 33.9% |
| Sewage collections | 3,101,658 | 3,471,954 | (370,296) | -10.7% | 3,100,122 | 371,832 | 12.0% |
| Sewage treatment operations | 5,249,511 | 4,657,149 | 592,362 | 12.7% | 4,447,483 | 209,666 | 4.7% |
| Sewage treatment maintenance | 2,371,879 | 2,387,698 | (15,819) | -0.7% | 2,204,710 | 182,988 | 8.3% |
| Effluent disposal - EBDA | 894,676 | 1,011,446 | (116,770) | -11.5% | 836,969 | 174,477 | 20.8% |
| Administration and general | 1,721,349 | 1,481,993 | 239,356 | 16.2% | 1,549,379 | (67,386) | -4.3% |
| Pension expense | 976,624 | 1,553,814 | (577,190) | -37.1% | 2,976,128 | (1,422,314) | -47.8% |
| OPEB expense | 88,206 | 129,848 | (41,642) | -32.1% | (258,069) | 387,917 | 150.3% |
| Depreciation | 2,869,793 | 2,825,630 | 44,163 | 1.6% | 3,326,930 | (501,300) | -15.1% |
| Decrease in carrying value of EBDA | 176,110 | 93,247 | 82,863 | 88.9% | 54,155 | 39,092 | 72.2% |
| Solid waste | 401,896 | 353,546 | 48,350 | 13.7% | 304,471 | 49,075 | 16.1% |
| Recycling-residential and commercial | 2,715,545 | 2,690,932 | 24,613 | 0.9% | 2,591,833 | 99,099 | 3.8% |
| Total operating expenses | 21,324,946 | 21,409,726 | (84,780) | -0.4% | 21,696,159 | (286,433) | -1.3% |
| Operating income (loss) | 2,352,976 | 658,539 | 1,694,437 | 257.3% | (999,385) | 1,657,924 | 165.9% |
| Non-operating revenues | | | | | | | |
| Investment income | 464,539 | 344,043 | 120,496 | 35.0% | 231,096 | 112,947 | 48.9% |
| Increase in the fair value of investments | 306,494 | - | 306,494 | 100.0% | - | - | 0.0% |
| Rents and leases | 105,588 | 92,795 | 12,793 | 13.8% | 83,465 | 9,330 | 11.2% |
| Gain on disposal of capital assets | - | 6,140 | (6,140) | -100.0% | - | 6,140 | 100.0% |
| Recovery of uncollectible accounts | 21,113 | 11,902 | 9,211 | 77.4% | 16,276 | (4,374) | -26.9% |
| Recycled water grant | - | - | - | 0.0% | 56,250 | (56,250) | -100.0% |
| Other miscellaneous revenues | 139,858 | 124,671 | 15,187 | 12.2% | 326,580 | (201,909) | -61.8% |
| EBDA and other agreement refunds | 882,598 | 79,371 | 803,227 | 1012.0% | 79,371 | - | 0.0% |
| Total non-operating revenues | 1,920,190 | 658,922 | 1,261,268 | 191.4% | 793,038 | (134,116) | -16.9% |
| Non-operating expenses | | | | | | | |
| Decrease in the fair value of investments | - | 223,552 | (223,552) | -100.0% | 137,921 | 85,631 | 62.1% |
| Loss on disposal of capital assets | 412,470 | - | 412,470 | 100.0% | - | - | 0.0% |
| Write-offs of uncollectible accounts | 1,055 | 1,284 | (229) | -17.8% | 810 | 474 | 58.5% |
| Debt issuance cost | 271,552 | - | 271,552 | 100.0% | - | - | 0.0% |
| Bond interest expense | 335,886 | - | 335,886 | 100.0% | - | - | 0.0% |
| Total non-operating expenses | 1,020,963 | 224,836 | 796,127 | 354.1% | 138,731 | 86,105 | 62.1% |
| Income before contributions and transfers | 3,252,203 | 1,092,625 | 2,159,578 | 197.7% | (345,078) | 1,437,703 | 416.6% |
| Connection fees | 560,015 | 399,277 | 160,738 | 40.3% | 609,335 | (210,058) | -34.5% |
| Change in net position | 3,812,218 | 1,491,902 | 2,320,316 | 155.5% | 264,257 | 1,227,645 | 464.6% |
| Net position – beginning, as reported | 94,390,135 | 94,041,721 | 348,414 | 0.4% | 93,777,464 | 264,257 | 0.3% |
| Prior period adjustment-GASB 75 OPEB | - | (1,143,488) | 1,143,488 | 100.0% | - | (1,143,488) | -100.0% |
| Net position – beginning, as adjusted | \$94,390,135 | \$92,898,233 | \$1,491,902 | 1.6% | \$93,777,464 | (\$879,231) | -0.9% |
| Net position – ending | \$98,202,353 | \$94,390,135 | \$3,812,218 | 4.0% | \$94,041,721 | \$348,414 | 0.4% |

**ORO LOMA SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

As presented in Table 2:

Total Operating Revenues \$23.7 million (FY 2018-19) and \$22.1 million (FY 2017-18) – Operating revenues increased by \$1.6 million (7.3%) in FY 2018-19 and \$1.4 million (6.6%) in FY 2017-18. This was mainly due to changes in revenues in the following categories:

- **District sewer service charges** increased by \$1.0 million (7.3%) in FY 2018-19 and \$1.0 million (7.8%) in FY 2017-18, primarily attributed to sewer rate increases. The District was in its third year within a 5-year, 7.5% annual rate plan, which began July 1, 2016. Residential sewer revenues increased by \$805,757 (7.3%). The adopted fee hike, along with 4.2% higher water consumption, were also reflected in commercial sewer revenues, which increased by \$186,012 (9.4%). Revenues from significant industrial customers grew by \$28,797 (3.0%), a combined result of the rate increase and 1.6% higher water consumption, offset by changes in the levels of biochemical oxygen demand (BOD – 7.3% reduction) and suspended solids (SS – 7.9% increase).
- **Agency treatment charges** increased by \$481,305 (15.6%) in FY 2018-19 and \$160,723 (5.5%) in FY 2017-18. Of the current year increase, \$369,663 was from operations and maintenance (O&M) and renewal & replacement (R&R) charges to CVSD. Primary factors included increases in O&M cost and robust R&R activities in the treatment plant. Major projects in which CVSD shared costs included Equalization Basin Expansion study, Treatment Unit Influent Channel Coating, Secondary Clarifier Coating of East Wall, Ecotone Research & Monitoring, Secondary Clarifier Demolition, and Digester No. 3 Decommissioning. Aside from agency charges from CVSD, revenues from the Cities of Hayward and San Leandro increased by 22%, due partly to the Cities' rate increases and retroactive revenues received from San Leandro for FY 2017-18. EBDA revenues increased by 9.7% due to special services provided such as pavement assessment, bird control, and cybersecurity review.
- **Permits and inspection fees** decreased by \$70,939 (25.3%) in FY 2018-19 and increased by \$111,151 (65.6%) in FY 2017-18. The surge in the number of engineering permits (a total of 378 permits) in FY 2017-18 due to vigorous construction activity has dampened in FY 2018-19 to 351 permits as the economy began to show signs of slow down. Revenues from industrial permits remained stable.
- **Sanitary truck waste** decreased by \$45,829 (67.2%) in FY 2018-19 and \$61,511 (47.4%) in FY 2017-18. The downward trend began last fiscal year when United Site Services discontinued discharging at the District in January 2018. Revenues are expected to remain at the current level with last remaining truck waste customer.
- **Grease receiving charges** increased by \$19,155 (18.7%) in FY 2018-19 and decreased by \$15,195 (12.9%) in FY 2017-18. The District has contracted with two new grease haulers to offset the previous year's volume decline from Sequential Services.
- **Contract fees** increased by \$77,594 (7.3%) in FY 2018-19 and \$51,219 (5.1%) in FY 2017-18. The District provides solid waste services to its customers under an agreement with Waste Management of Alameda County (WMAC). Garbage rates go up each September based on the weighted average of the CPI and WMAC's teamsters wage and benefit increases. The garbage rate increases were 2.91% this year and 3.54% last year. The levels of services subscribed by customers also contributed to the changes in revenues.
- **All remaining operating revenue categories** showed various growth trends. Residential recycling revenues remained unchanged as rates stayed at the same level for both years under WMAC's contract agreement. Commercial and industrial recycling charges continued to rise from the business community's participation in recycling efforts, by \$16,296 (12.3%). Landfill fees – Measure D reflected an increase of \$20,386 (5.3%). Overhead revenues increased by \$94,194 (14.6%) due to higher labor costs and more direct labor being charged to renewal & replacement and capital improvement projects.

ORO LOMA SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

Total Operating Expenses \$21.3 million (FY 2018-19) and \$21.4 million (FY 2017-18) – Operating expenses decreased by \$84,780 (0.4%) in FY 2018-19 and \$286,433 (1.3%) in FY 2017-18. Despite a \$523,796 (3.3%) increase in departmental expenses, many factors interacted to keep operating expenses at almost the same level. Transactions related to GASB Statements No. 68 (pension) and No. 75 (OPEB) played the greatest role. Pension expense decreased by \$577,190 (37.1%) from \$1.6 million last year to \$976,624 this year based on CalPERS' GASB 68 valuation report measured at June 30, 2018. This decrease was a result of favorable investment returns (8.4%) for the measurement period and the deferral of \$834,403 in current employer contributions to next year, offset by the recognition of \$640,826 deferred in the prior year. OPEB expense decreased by \$41,642 (32.1%) from \$129,848 last year to \$88,206 this year based on GASB 75 actuarial calculations. Depreciation increased \$44,163 (1.6%) and the decrease in the carrying value of EBDA was \$82,863 (88.9%) more than last year. These were offset by the \$116,770 (11.5%) decrease in effluent disposal – EBDA.

For year-to-year operational comparison in which the effects of pension and OPEB adjustments were excluded, net operating expenses were \$21.2 million in FY 2018-19 and \$20.5 million in FY 2017-18, reflecting an actual increase of \$721,890 (3.5%) between the years. Salaries and wages increased by \$84,192 (1.6%), resulting from a cost-of-living adjustment of 3.4%, offset by delayed replacement of several employment vacancies. Employee benefits increased by \$216,658 (10.3%), a combined result of the 2.3% hike in health premiums between fiscal years and nearly doubling of the unfunded accrued liability (UAL) pension contributions caused by changes in actuarial assumptions – the 3-year phase-in of CalPERS' discount rate reduction (from 7.5% to 7.0%) first took effect this year. Expenses for public outreach went up by \$34,580 (14.8%) as outreach efforts continued, focusing on communication channels such as website and social media, school outreach, and an open house attended by over 700 guests from the community. In addition, repairs and maintenance increased by \$94,304 (19.7%) for routine cogeneration maintenance and heavy equipment repairs, election expenses increased by \$233,122 due to the elections this year, and contractual services related to the sludge pond increased by \$63,202 (22.5%) primarily from pond road rehabilitation work.

Total Non-operating Revenues \$1,920,190 (FY 2018-19) and \$658,922 (FY 2017-18) – Non-operating revenues increased by \$1.3 million (192.0%) in FY 2018-19 and decreased by \$134,116 (16.9%) in FY 2017-18. Investment income increased by \$120,496 (35.0%) and fair value of investments experienced a gain of \$306,494 as the market remained strong. EBDA and other agreement refunds increased by \$803,227 as a result of the early termination payoff of the capacity lease agreement with Livermore and Amador Valley Water Management Agency (LAVWMA). Revenues from rents and leases increased by \$12,793 (13.8%) from the land lease with KJ Woods Construction that began in January 2018. Recovery of uncollectible accounts were \$9,211 (77.4%) higher than last year, and other miscellaneous revenues consisting of sewer and recycling late penalties, liability insurance dividends and other revenue sources increased by \$15,187 (12.2%).

Total Non-operating Expenses \$1,020,963 (FY 2018-19) and \$224,836 (FY 2017-18) – Non-operating expenses increased by \$799,877 (355.8%) in 2019. Due to construction of the Nutrient Optimization Project in which the existing aeration process was redesigned, the District realized a \$412,470 loss on disposal of capital assets that have not yet been fully depreciated. In addition, with the issuance of the 2018 Revenue Bonds in October 2018, the District incurred debt issuance cost of \$271,552 and bond interest expense of \$335,886 this year. These expenses were partially offset by the absence of the decrease in fair value of investments, which was \$223,552 in FY 2017-18.

Capital Assets

On June 30, 2019, the District had \$86.4 million (net of accumulated depreciation) invested in a broad range of capital assets, as compared to \$77.1 million on June 30, 2018. 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 2018-19, \$5.0 million was added to the capital asset inventory from completed projects. The majority of finished work (\$4.5 million, 89.8% of total) belonged to the District's collection system. A total sewer line replacement of 4.13 miles was completed for \$4.2 million. Other capitalized items included rehabilitation of the Shawn Court and Deer

**ORO LOMA SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019**

Trail lift stations for \$263,578, cogeneration engine #1 overhaul for \$171,293, purchase and upfitting of a new collections TV Van for \$102,212, thickener building roof and gravity belt thickener building cover for \$44,243, west switchgear programmable logic controller (PLC) upgrades for \$34,036, grit pump and discharge piping for \$32,475, a lift station swing pump for \$26,210, influent grinder rebuild for \$25,044, a Collection televising camera for \$22,499, two chlorine analyzers for \$21,109, a flygt head tank mixer for \$19,108, and various treatment plant improvements for \$32,579.

The annual comparison of capital assets is shown in Table 3, reflecting a \$11.5 million (7.7%) increase in FY 2018-19 and an \$8.0 million (5.6%) increase in FY 2017-18. 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 | 2019 | 2018 | 2017 |
|-------------------------------------|----------------|----------------|----------------|
| Land | \$ 873,234 | \$ 846,034 | \$ 846,034 |
| Construction in progress | 11,893,206 | 4,347,377 | 2,129,851 |
| Subsurface lines | 71,228,461 | 67,040,575 | 62,587,087 |
| Engineering | 46,373 | 46,373 | 46,373 |
| Collections | 8,167,076 | 7,859,128 | 7,286,630 |
| Operations | 61,045,808 | 61,872,482 | 61,532,247 |
| Maintenance | 3,857,376 | 3,569,842 | 3,477,727 |
| Administration | 2,119,201 | 2,122,706 | 1,881,385 |
| District vehicles | 2,253,278 | 2,250,998 | 2,212,321 |
| Subtotal – Sewer Services | 148,717,573 | 144,762,104 | 139,023,770 |
| Subtotal – Solid Waste | - | - | 2,177 |
| Subtotal – Recycling | 26,045 | 26,045 | 26,045 |
| Total capital assets | \$ 161,510,058 | \$ 149,981,560 | \$ 142,027,877 |
| Increase (decrease) over prior year | \$ 11,528,498 | \$ 7,953,683 | \$ 5,022,063 |

Table 4 summarizes the changes in capital assets, net of accumulated depreciation. The net increase in capital assets was \$9.3 million (12%) increase in FY 2018-19 and \$5.2 million (7.2%) in FY 2017-18. 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 | 2019 | 2018 | 2017 |
|--|----------------|----------------|----------------|
| Balance at beginning of year | \$ 149,981,560 | \$ 142,027,877 | \$ 137,005,814 |
| Additions | 16,067,425 | 10,115,004 | 11,285,957 |
| Retirements, write-offs and transfers | (4,538,927) | (2,161,321) | (6,263,894) |
| Total capital assets | 161,510,058 | 149,981,560 | 142,027,877 |
| Accumulated depreciation at beginning of year | (72,899,117) | (70,106,132) | (66,829,052) |
| Depreciation - retired assets | 610,584 | 32,645 | 49,850 |
| Annual depreciation | (2,869,793) | (2,825,630) | (3,326,930) |
| Accumulated depreciation at end of year | (75,158,326) | (72,899,117) | (70,106,132) |
| Capital assets at end of year, net of depreciation | \$ 86,351,732 | \$ 77,082,443 | \$ 71,921,745 |
| Increase (decrease) over prior year | \$ 9,269,289 | \$ 5,160,698 | \$ 1,744,983 |

ORO LOMA SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2019

Debt Administration

In October 2018, the District issued new debt – \$14.2 million of sewer revenue bonds to be paid over 25 years. The bonds have a AA+ rating and 3.482% interest rate. Proceeds will partially fund the Nutrient Optimization Project which will take two years to complete and is expected to cost \$24.7 million. The project is jointly funded by the District (75%) and CVSD (25%), and will include a new aeration basin, replacement and upgrade of the existing aeration system, and construction of a new effluent pump station. Annual debt service (principal and interest) is \$850,000 beginning April 2019.

Economic Factors & Outlook for the Future

With the mission to provide customers with the best possible service at the lowest possible cost, the Board and staff take pride in efficiency, accountability, customer service, entrepreneurial spirit, and an attitude of stewardship. These values have enabled the District to maintain the lowest known sewer rate in the State of California. The single family residential sewer service charge for FY 2018-19 was \$256, or 59% less than the average rate of \$620 in Alameda County.

In the last 5 years, the District took proactive steps to reduce its unfunded accrued liability (UAL) for pensions, and has contributed a total of \$8.35 million in additional funding between March 2015 and July 2016 which reduced the UAL from \$11.6 million (72.0% funded) to \$6.0 million (87.9% funded). Despite the pay downs, the volatility of the investment market and other experience factors have caused the UAL to have huge fluctuations. The lowering of the assumed rate of return by CalPERS from 7.5% to 7% over 3 years also poses new constraints on pension funding starting this year. In the June 30, 2018 valuation issued August 2019, the UAL has increased to \$9.7 million (83.4% funded). It is projected that the employer normal cost rate will continue to increase between 0.8% and 1.0% (approximately \$50,000) per year.

With the goal of maintaining reliable infrastructure in mind, the Board recognizes the critical need to replace the District's aging sewer pipes (50-70 years old), and has adopted an accelerated pipeline replacement plan. The District has been spending \$5 million per year on pipeline replacement and recently applied for \$25 million in State Revolving Fund to further accelerate the pace in the next several years.

The District also considered alternative means of discharging its peak effluent instead of utilizing the outfalls of EBDA, of which the joint powers agreement is coming up for renewal in 2020. The undertaking of \$14.2 million sewer revenue bonds to fund the Nutrient Optimization Project will enhance effluent quality and reduce the amount of nitrogen remaining in the final effluent. The project will allow for the nitrification and denitrification of flows up to 30 mgd. The District has obtained a National Pollutant Discharge Elimination System (NPDES) permit for the discharge of peak flows in an existing local outfall pipe which is contingent upon upgrading the treatment process. The local discharge of effluent flows will allow decreased dependence and costs for the District's partnership with EBDA. With these upgrades, the District's effluent quality is expected to meet or exceed all projected effluent limits for at least twenty years.

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, 2019 AND 2018**

ASSETS

| | 2019 | 2018 |
|--|-----------------------|-----------------------|
| Current assets | | |
| Cash and cash equivalents | \$ 9,412,420 | \$ 5,968,792 |
| Investments at fair value | 18,594,945 | 12,326,110 |
| Interest receivable | 132,268 | 98,931 |
| Accounts receivable | 1,979,230 | 1,998,485 |
| Prepaid and other items | 117,358 | 87,396 |
| Total current assets | 30,236,221 | 20,479,714 |
| Non-current assets | | |
| Investment in effluent discharge facilities - EBDA | 6,007,986 | 6,184,096 |
| Capital assets | | |
| Land | 873,234 | 846,034 |
| Sewer service assets | 148,717,573 | 144,762,104 |
| Recycling assets | 26,045 | 26,045 |
| Construction in progress | 11,893,206 | 4,347,377 |
| Less: accumulated depreciation | (75,158,326) | (72,899,117) |
| Total capital assets (net of accumulated depreciation) | 86,351,732 | 77,082,443 |
| Total non-current assets | 92,359,718 | 83,266,539 |
| Total assets | \$ 122,595,939 | \$ 103,746,253 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Pension & other post-retirement benefits related | \$ 3,427,009 | \$ 4,806,608 |

The accompanying notes are an integral part of these financial statements

**ORO LOMA SANITARY DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019 AND 2018**

(CONTINUED)

LIABILITIES

| | 2019 | 2018 |
|--|----------------------|----------------------|
| Current liabilities | | |
| Accounts payable | \$ 2,731,223 | \$ 1,984,882 |
| Accrued salaries and wages | 194,045 | 198,689 |
| Customer deposits payable | 239,569 | 347,355 |
| Accrued compensated absences (current) | 62,200 | 69,100 |
| Accrued interest payable | 116,497 | - |
| Bonds payable (current) | 395,000 | - |
| Total current liabilities | 3,738,534 | 2,600,026 |
| Non-current liabilities | | |
| Accrued compensated absences (non-current) | 352,416 | 391,550 |
| Bonds payable (non-current) | 13,765,000 | - |
| Premium on bonds payable | 46,927 | - |
| Net pension liability | 7,563,209 | 7,854,489 |
| Net other post-retirement benefit liability | 3,141 | 34,319 |
| Total non-current liabilities | 21,730,693 | 8,280,358 |
| Total liabilities | \$ 25,469,227 | \$ 10,880,384 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Pension & other post-retirement benefits related | \$ 2,351,368 | \$ 3,282,342 |
| NET POSITION | | |
| Net investment in capital assets | 86,351,732 | 77,082,443 |
| Unrestricted | 11,850,621 | 17,307,692 |
| Total net position | \$ 98,202,353 | \$ 94,390,135 |

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 YEARS ENDED JUNE 30, 2019 AND 2018**

| | 2019 | 2018 |
|--|---------------------|-------------------|
| Operating revenues | | |
| District service charges | \$ 14,991,385 | \$ 13,974,088 |
| Agency treatment charges | 3,575,995 | 3,094,690 |
| Permits and inspection fees | 209,602 | 280,541 |
| Sanitary truck waste charges | 22,385 | 68,214 |
| Grease receiving charges | 121,363 | 102,208 |
| Contract fees | 1,139,812 | 1,062,218 |
| Recycling charges - residential and green waste | 2,321,406 | 2,321,208 |
| Recycling charges - commercial and industrial | 149,230 | 132,934 |
| Landfills fees - Measure D | 406,137 | 385,751 |
| Other | 740,607 | 646,413 |
| Total operating revenues | 23,677,922 | 22,068,265 |
| Operating expenses | | |
| Engineering | 757,699 | 752,469 |
| Sewage collections | 3,101,658 | 3,471,954 |
| Sewage treatment operations | 5,249,511 | 4,657,149 |
| Sewage treatment maintenance | 2,371,879 | 2,387,698 |
| Effluent disposal - EBDA | 894,676 | 1,011,446 |
| Administration and general | 1,721,349 | 1,481,993 |
| Pension expense | 976,624 | 1,553,814 |
| OPEB expense | 88,206 | 129,848 |
| Depreciation | 2,869,793 | 2,825,630 |
| Decrease in carrying value of EBDA | 176,110 | 93,247 |
| Solid waste | 401,896 | 353,546 |
| Recycling - residential, green waste, commercial, industrial | 2,715,545 | 2,690,932 |
| Total operating expenses | 21,324,946 | 21,409,726 |
| Operating income | \$ 2,352,976 | \$ 658,539 |

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 YEARS ENDED JUNE 30, 2019 AND 2018**

(CONTINUED)

| | <u>2019</u> | <u>2018</u> |
|--|----------------------|----------------------|
| Non-operating revenues | | |
| Investment income | \$ 464,539 | \$ 344,043 |
| Increase in the fair value of investments | 306,494 | - |
| Rents and leases | 105,588 | 92,795 |
| Gain on disposal of capital assets | - | 6,140 |
| Recovery of uncollectible accounts | 21,113 | 11,902 |
| Other miscellaneous revenues | 139,858 | 124,671 |
| EBDA and other agreement refund | 882,598 | 79,371 |
| Total non-operating revenues | <u>1,920,190</u> | <u>658,922</u> |
| Non-operating expenses | | |
| Decrease in the fair value of investments | - | 223,552 |
| Loss on disposal of capital assets | 412,470 | - |
| Write-off of uncollectible accounts | 1,055 | 1,284 |
| Debt issuance cost | 271,552 | - |
| Bond interest expense | 335,886 | - |
| Total non-operating expenses | <u>1,020,963</u> | <u>224,836</u> |
| Income before contributions and other items | 3,252,203 | 1,092,625 |
| Connection fees | 560,015 | 399,277 |
| Change in net position | <u>3,812,218</u> | <u>1,491,902</u> |
| Net position - beginning (as reported) | 94,390,135 | 94,041,721 |
| Prior period adjustment - OPEB adjustments | - | (1,143,488) |
| Net position - beginning (as adjusted) | 94,390,135 | 92,898,233 |
| Net position - ending | <u>\$ 98,202,353</u> | <u>\$ 94,390,135</u> |

The accompanying notes are an integral part of the financial statements

ORO LOMA SANITARY DISTRICT
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS JUNE 30, 2019 AND 2018

| | 2019 | 2018 |
|--|---------------------|---------------------|
| Cash flows from operating activities | | |
| Receipts from customers and users | \$ 23,696,122 | \$ 21,470,839 |
| Payments to suppliers | (13,191,017) | (11,419,933) |
| Payments to employees and employee benefit plans | (6,607,437) | (5,580,726) |
| Net cash provided by operating activities | 3,897,668 | 4,470,180 |
| Cash flows from non-capital financing activities | | |
| EBDA agreement refund | 882,598 | 79,371 |
| Agency reimbursements | 139,858 | 124,671 |
| Rents and leases | 105,588 | 92,795 |
| Recovery of uncollectible accounts | 21,113 | 11,902 |
| Net cash provided by non-capital and related financing activities | 1,149,157 | 308,739 |
| Cash flows from capital and related financing activities | | |
| Connection and other developers' fees | 560,015 | 399,277 |
| Additions to property, plant and equipment | (10,351,809) | (7,986,328) |
| Proceeds from sale of capital assets | 3,750 | 6,140 |
| Proceeds from revenue bonds | 14,206,927 | - |
| Payments for issuance of revenue bonds | (271,552) | |
| Interest payments on long-term debt | (219,389) | |
| Net cash used by capital and related financing activities | 3,927,942 | (7,580,911) |
| Cash flows from investing activities | | |
| Interest on investments | 431,202 | 312,447 |
| Sale or Purchases of investments | (5,962,341) | (1,021,577) |
| Net cash provided by investing activities | (5,531,139) | (709,130) |
| Net decrease in cash and cash equivalents | 3,443,628 | (3,511,122) |
| Cash and cash equivalents, beginning of year | 5,968,792 | 9,479,914 |
| Cash and cash equivalents, end of year | \$ 9,412,420 | \$ 5,968,792 |

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

**ORO LOMA SANITARY DISTRICT
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018**

(CONTINUED)

| | <u>2019</u> | <u>2018</u> |
|--|---------------------|---------------------|
| Reconciliation of operating income to net cash provided by (used for) operating activities | | |
| Operating income | \$ 2,352,976 | \$ 658,539 |
| Adjustments to reconcile operating income to net cash provided by (used for) operating activities | | |
| Depreciation expense | 2,869,793 | 2,825,630 |
| Other post-employment benefit adjustments | - | (1,143,488) |
| Write off of uncollectible accounts | (1,055) | (1,284) |
| (Increase) decrease in accounts receivables | 19,255 | (597,426) |
| (Increase) decrease in other current assets | (29,962) | 1,888 |
| Decrease in EBDA discharge facilities | 176,110 | 93,247 |
| (Increase) decrease in deferred outflows of resources | 1,379,599 | 309,008 |
| (Increase) decrease in deferred inflows of resources | (930,974) | (33,157) |
| Increase (decrease) in accounts payable | (1,457,152) | 453,369 |
| Increase (decrease) in deposits payable | (107,786) | 32,038 |
| Increase (decrease) in accrued salaries and compensated absences | (50,678) | 71,344 |
| Increase (decrease) in net pension liabilities | (291,280) | 734,202 |
| Increase (decrease) in OPEB liabilities (assets) | (31,178) | 1,066,270 |
| Net cash provided by (used for) operating activities | <u>3,897,668</u> | <u>4,470,180</u> |
| End of period | | |
| Unrestricted cash and equivalents | 9,412,420 | 5,968,792 |
| Total cash and cash equivalents | <u>\$ 9,412,420</u> | <u>\$ 5,968,792</u> |
| Schedule of non-cash investing and financing activities | | |
| Change in fair value of investments not held as cash equivalents | \$ 306,494 | \$ (223,552) |

The accompanying notes are integral part of these financial statements

BOARD OF DIRECTORS / PUBLIC OUTREACH



The Oro Loma Sanitary District Board of Directors, December 2019.
(From left to right) Shelia Young (Director), Bob Glaze (Secretary), Dan Walters (President), Rita Duncan (Vice President), Fred Simon (Director).



Over 700 customers and guests attended the District's Open House in May 2019. Through guided plant tours and activity booths, the community got an inside look at the wastewater treatment process and received useful information on how to properly recycle.

NOTES TO FINANCIAL STATEMENTS

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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, 2019, 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, 2019**

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 (garbage) 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, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 within the sewage treatment plant are owned jointly by the District (75%) and Castro Valley Sanitary District (25%). Assets that do not pertain to the treatment plant are fully owned by the District. Note 4 presents 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. Payments for debt service are secured through the District's sewer revenues. There was no restricted net position associated with this debt on June 30, 2019.

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, 2018 | \$ 460,650 |
| Addition for employees with accrued compensated absences earned | 63,650 |
| Deduction for employees with accrued compensated absences used | (109,684) |
| Net change in accrued compensated absences | <u>(46,034)</u> |
| Balance at June 30, 2019 | <u><u>\$ 414,616</u></u> |

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The current portion of the compensated absences liability to be used within the next year is estimated by management to be \$62,200 or approximately 15%.

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, including restricted capital assets, net of accumulated depreciation.
- Restricted – consists of constraints placed on net asset use by creditors or by law and constitutional provisions. The District has no restrictions on June 30, 2019.
- 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, garbage 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, EBDA/LAVWMA agreement refunds 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, garbage 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.

Pensions

The amounts reported for the District's net pension liability, pension expense and deferred outflows/inflows of resources were determined based on CalPERS' GASB 68 Miscellaneous Risk Pool Accounting Valuation Report for the measurement dates June 30, 2018 and 2017, and the corresponding Schedules of Employer Allocations. Note 6 and the Required Supplementary Information section provide further details on pension liability and other related information.

Other Post-Employment Benefits (OPEB)

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 on and after June 30, 2017 follow standards established by GASB Statement No. 75 which superseded GASB Statement No. 45. See Note 7 and the Required Supplementary Information section for detailed disclosures.

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. The financial statements include all events and transactions required to be recognized in accordance with generally accepted accounting principles.

New Accounting Pronouncements

GASB Statement No. 83 – Certain Asset Retirement Obligations. This Statement establishes criteria for recognizing a liability and its corresponding deferred outflow of resources for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset, e.g. costs of decommissioning an asset that has environmental impact, such as a nuclear reactor, or a sewer treatment facility. A government agency that has legal obligations to perform future asset retirement activities is required to recognize a liability when it is both incurred and reasonably estimable. A liability is commonly incurred when law and regulations require a government agency to take specific actions to retire an asset at the end of its useful life, using the best estimate of the current value of outlays expected to be incurred. The Statement also requires disclosure on how the required funding for these activities are being met, and the assumptions used to arrive at the estimate. This Statement is effective beginning FY 2018-19. Due to the nature of the District's operations, the requirements of this Statement may apply to the District when retiring certain assets. In FY 2018-19, there was no such liability.

GASB Statement No. 84 – Fiduciary Activities. This Statement establishes criteria for identifying fiduciary activities that should be reported in the financial statements, in the form of a Statement of Fiduciary Net Position, and a Statement of Changes in Fiduciary Net Position. There are 4 types of funds that are subject to the above reporting, should fiduciary activity exist: Pension and OPEB trust, Investment trust, Private-purpose trust, Custodial funds. Fiduciary activity occurs when the government agency controls plan assets and has a fiduciary relationship with plan beneficiaries. Control is defined as having the ability to direct the use, exchange, or employment of the assets that provides benefits to the recipients. This Statement is effective beginning FY 2019-20 and has no effect on the District's financial reporting.

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 effective beginning FY 2020-21 and has no effect on the District's financial reporting.

ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* The objective of this Statement is to improve disclosure by requiring that additional essential information related to debt be included in notes to financial statements. Examples of required information includes: unused lines of credit; assets pledged as collateral for the debt; terms related to significant events of default, termination, or acceleration with finance-related consequences. Information about resources to liquidate debt and the risks associated with changes in terms will also be disclosed. This Statement is effective beginning FY 2018-19 and has been implemented in this year's financial statements. Refer to Note 11 for the disclosure required by this GASB Statement.

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 effective beginning FY 2020-21 and has no effect on the District's financial reporting. Bond interest cost incurred during the construction of the Nutrient Optimization Project is already reported as an expense in the corresponding period.

GASB Statement No. 90 – *Majority Equity Interests, an Amendment of GASB Statements No.14 and No. 61.* The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. This Statement is effective beginning FY 2019-20 and has no effect on the District's financial reporting.

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 effective beginning FY 2021-22 and has no effect on the District's financial reporting.

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The District had \$9,412,420 in cash, cash equivalents and investments, which are reported at fair value as of June 30, 2019. 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 – Quoted market prices

| | |
|-------------------------|-------------|
| U.S. Government Bonds | \$4,263,208 |
| U.S. Treasury Notes | \$8,613,817 |
| Certificates of Deposit | \$5,717,920 |

- Level 2 inputs – Observable inputs other than quoted market prices, based on statements provided.

| | |
|--|-------------|
| California Local Agency Investment Fund (LAIF) | \$5,770,358 |
| UMB Bank Money Market Account | \$1,169,639 |
| U.S. Bank Checking Account | \$2,470,908 |
| U.S. Bank Trust | \$15 |

The following table provides details on the District's cash, cash equivalents and investments at June 30, 2019, as reported in the Statement of Net Position of the basic financial statements:

| | |
|--|----------------------|
| Cash and cash equivalents | \$ 9,412,420 |
| Investments | <u>18,594,945</u> |
| Total cash, cash equivalents and investments | <u>\$ 28,007,365</u> |

Cash, cash equivalents and investments as of June 30, 2019 consist of:

| | |
|--|----------------------|
| Petty cash | \$ 1,500 |
| Deposits with financial institutions | |
| Checking account – U.S. Bank | 2,470,908 |
| Money market account – UMB Bank | 1,169,639 |
| Cash with Bond Trustee – U.S. Bank Trust | 15 |
| California Local Agency Investment Fund – LAIF | <u>5,770,358</u> |
| Subtotal cash and cash equivalents | <u>\$ 9,412,420</u> |
| Investments | |
| U.S. Government Bonds – UMB Bank | \$ 4,263,208 |
| U.S. Treasury Notes – UMB Bank | 8,613,817 |
| Certificates of Deposit – UMB Bank | <u>5,717,920</u> |
| Subtotal investments | <u>\$ 18,594,945</u> |
| Total cash, cash equivalents and investments | <u>\$ 28,007,365</u> |

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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 <u>Maturity</u> | Maximum of <u>Portfolio</u> | Maximum in <u>Single Issuer</u> | Maximum of Portfolio / Maximum in <u>Single Issuer</u> |
| 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, 2019**

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, 2019 for each investment type are shown.

(Source: Moody's)

| Investment Type | Maturities of Instruments | | | Rating as of June 30, 2019 | Total | Percentage of Portfolio |
|----------------------------|---------------------------|---------------------|------------------------|----------------------------------|---------------------|-------------------------------|
| | 12 months or less | 12 – 24 months | 25 months or longer | | | |
| U.S. government bonds | | | | | | |
| FFCB | \$ 747,915 | \$ - | \$ 501,660 | Aaa | \$ 1,249,575 | 4% |
| FHLB | 1,267,863 | - | - | Aaa | 1,267,863 | 5% |
| FHLMC | - | - | 497,595 | Aaa | 497,595 | 2% |
| FNMA | 1,248,175 | - | - | Aaa | 1,248,175 | 4% |
| U.S. Treasury Notes | 8,020,013 | 593,804 | - | Aaa | 8,613,817 | 31% |
| Certificates of deposit | <u>1,747,043</u> | <u>2,228,767</u> | <u>1,742,110</u> | FDIC insured | <u>5,717,920</u> | <u>20%</u> |
| Total investments | 13,031,009 | 2,822,571 | 2,741,365 | | 18,594,945 | 66% |
| Cash and money market | 3,642,062 | - | - | Not required | 3,642,062 | 13% |
| LAIF State investment pool | <u>5,770,358</u> | - | - | Not required | <u>5,770,358</u> | <u>21%</u> |
| Total cash & investments | \$ <u>22,443,429</u> | \$ <u>2,822,571</u> | \$ <u>2,741,365</u> | | <u>\$28,007,365</u> | <u>100%</u> |

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

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, 2019, 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, 2019, the amount of deposits in U.S. Bank (\$2,470,908, before reduction for outstanding checks and addition of deposits in transit) was covered by the Federal Depository 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 are named in the District's investment policy and updated each year. Of those firms, the District frequently works with Wells Fargo Securities and 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, 2019 was \$5,770,358.

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 is summarized as follows:

| | Useful Life | Balance June 30, 2018 | Increases | Decreases | Balance June 30, 2019 |
|---|----------------|--------------------------|----------------------|-----------------------|--------------------------|
| Non-depreciable capital assets | | | | | |
| Land | | \$ 846,034 | \$ 27,200 | \$ - | \$ 873,234 |
| Construction in progress | | 4,347,377 | 11,057,952 | (3,512,123) | 11,893,206 |
| Total non-depreciable capital assets | | 5,193,411 | 11,085,152 | (3,512,123) | 12,766,440 |
| Depreciable capital assets | | | | | |
| <u>Sewer Service</u> | | | | | |
| Subsurface lines | 20-80yrs | 67,040,575 | 4,187,886 | - | 71,228,461 |
| Engineering | 5-20 yrs | 46,373 | - | - | 46,373 |
| Collections | 5-20 yrs | 7,859,128 | 312,288 | (4,340) | 8,167,076 |
| Operations | 2-20 yrs | 61,872,482 | 87,334 | (914,008) | 61,045,808 |
| Maintenance | 5-20 yrs | 3,569,842 | 292,553 | (5,019) | 3,857,376 |
| Administration | 5-20 yrs | 2,122,706 | - | (3,505) | 2,119,201 |
| District vehicles | 5-10 yrs | 2,250,998 | 102,212 | (99,932) | 2,253,278 |
| Subtotal - Sewer Service | | 144,762,104 | 4,982,273 | (1,026,804) | 148,717,573 |
| <u>Solid Waste</u> | | | | | |
| Subtotal - Solid Waste | | - | - | - | - |
| <u>Recycling</u> | | | | | |
| Subtotal - Recycling | 10 yrs | 26,045 | - | - | 26,045 |
| Total depreciable capital assets | | 144,788,149 | 4,982,273 | (1,026,804) | 148,743,618 |
| Total capital assets | | \$ 149,981,560 | \$ 16,067,425 | \$ (4,538,927) | \$ 161,510,058 |

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 4 – CAPITAL ASSETS (CONTINUED)

| | Balance June 30, 2018 | Increases | Decreases | Balance June 30, 2019 |
|---------------------------------------|--------------------------|----------------------|-----------------------|--------------------------|
| Less: accumulated depreciation | | | | |
| <u>Sewer Service</u> | | | | |
| Subsurface lines | \$ (29,391,044) | \$ (902,363) | \$ - | \$ (30,293,407) |
| Engineering | (41,935) | (1,110) | - | (43,045) |
| Collections | (4,523,158) | (261,034) | 4,340 | (4,779,852) |
| Operations | (32,647,523) | (1,466,939) | 497,788 | (33,616,674) |
| Maintenance | (2,778,614) | (105,609) | 5,019 | (2,879,204) |
| Administration | (1,830,730) | (35,466) | 3,505 | (1,862,691) |
| District vehicles | (1,660,068) | (97,272) | 99,932 | (1,657,408) |
| Subtotal - Sewer Service | (72,873,072) | (2,869,793) | 610,584 | (75,132,281) |
| <u>Solid Waste</u> | | | | |
| Subtotal – Solid Waste | - | - | - | - |
| <u>Recycling</u> | | | | |
| Subtotal – Recycling | (26,045) | - | - | (26,045) |
| Total accumulated depreciation | (72,899,117) | (2,869,793) | 610,584 | (75,158,326) |
| Net depreciable capital assets | 71,889,032 | 2,112,480 | (416,220) | 73,585,292 |
| Net capital assets | \$ 77,082,443 | \$ 13,197,632 | \$ (3,928,343) | \$ 86,351,732 |

Construction commitments

The District has active construction projects as of June 30, 2019. Significant work in progress include various sewer line replacements, operator training program, nutrient optimization, returned activated sludge (RAS) & secondary effluent real time analyzer, and thickener building improvements. As of June 30, 2019, the total outstanding construction commitments was \$14,012,621.

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 – 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 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 \$6,007,986 for 2019 and \$6,184,096 for 2018. The respective changes of \$176,110 and \$93,247 are reported under Decrease in Carrying Value of EBDA, as operating expenses.
- The District's share of payments to EBDA is reported as Effluent Disposal - EBDA, an operating expense on the financial statements. Payments were \$894,676 and \$1,011,446 respectively during the fiscal years ended 2019 and 2018.
- The District received from EBDA \$79,371 per year up till 2018 for its share of revenues from the long-term capacity lease agreement between EBDA and Livermore-Amador Valley Water Management Agency (LAVWMA). The balance of the agreement (\$882,598) was paid off in 2019. These amounts are reported as EBDA and Other Agreement Refunds under non-operating revenues.

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 5 – INVESTMENT IN EAST BAY DISCHARGERS AUTHORITY (EBDA) (CONTINUED)

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 owns an undivided portion of the joint facilities, including the portions funded by federal and state grants, based on its contributed percentage of project costs, as defined by the 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, 2018 and 2017 (latest available) is as follows:

| | Fiscal Year Ended June 30 | |
|-----------------------------------|----------------------------------|-----------------------------|
| | <u>2018</u> | <u>2017</u> |
| Net position at beginning of year | \$ 32,033,650 | \$ 32,516,670 |
| Net income before depreciation | 761,407 | 440,174 |
| Depreciation | <u>(947,548)</u> | <u>(923,194)</u> |
| Changes in net position | (186,141) | (483,020) |
| Prior period adjustment | <u>(726,111)</u> | <u>-</u> |
| Net position at end of year | <u>\$ 31,121,398</u> | <u>\$ 32,033,650</u> |
| Comprised of | | |
| Total assets | \$ 33,615,794 | \$ 33,156,735 |
| Deferred outflow of resources | 500,658 | 160,624 |
| Total liabilities | (2,841,504) | (1,180,433) |
| Deferred inflow of resources | <u>(153,550)</u> | <u>(103,276)</u> |
| Total net position | <u>\$ 31,121,398</u> | <u>\$ 32,033,650</u> |

The District's investment in effluent discharge facilities (EBDA) at 19.305% is as follows*:

| | | |
|--|----------------------------|----------------------------|
| Investment in effluent discharge facilities (EBDA) - beginning of year | 6,184,096 | 6,277,343 |
| Decrease in carrying value of effluent discharge facilities of EBDA | <u>(176,110)</u> | <u>(93,247)</u> |
| Investment in effluent discharge facilities (EBDA) - end of year (listed as a non-current asset on the Statement of Net Position) | <u>\$ 6,007,986</u> | <u>\$ 6,184,096</u> |

* 19.305% is derived from the District's share (65%) of the 29.7% of EBDA's facilities jointly owned by the District and Castro Valley Sanitary District.

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6 – 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 2018-19 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% | 6.5% |
| Required employer contributions | 11.419% and \$292,513 | 8.346% and \$1,085 | 7.266% and \$2,090 |

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 6 – DEFINED BENEFIT PLANS – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CALPERS) (CONTINUED)

Employees Covered

| Participant Status | Number of Participants |
|---|-------------------------------|
| Inactive employees receiving benefits | 76 |
| Inactive employees entitled to but not receiving benefits | 22 |
| Active members | 43 |
| Total | 141 |

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 finance any unfunded accrued liability. The amounts of employer contributions during the last three years are as follows. The District contributed an additional \$1 million towards its unfunded pension liability in FY 2016-17.

| Employer Contributions | Tier 1 | Tier 2 | Tier 3 | Total |
|-------------------------------|---------------|---------------|---------------|--------------|
| FY 2016-17 | 1,477,930 | 20,710 | 62,937 | 1,561,577 |
| FY 2017-18 | 537,664 | 24,270 | 78,892 | 640,826 |
| FY 2018-19 | 695,614 | 31,159 | 107,630 | 834,403 |

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

**NOTE 6 – DEFINED BENEFIT PLANS – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CALPERS)
(CONTINUED)**

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, 2018. The total pension liability of the Plan used to calculate the net pension liability was determined by CalPERS’ actuarial valuation as of June 30, 2017, rolled forward to June 30, 2018, 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). As of June 30, 2017 and June 30, 2018, 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, 2017 | \$7,854,489 | 0.07920% |
| June 30, 2018 | \$7,563,209 | 0.07849% |
| Change | (\$291,280) | (0.00071%) |

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, 2017 | \$56,137,999 | \$48,283,510 | \$7,854,489 |
| Balance at Measurement Date June 30, 2018 | \$57,482,283 | \$49,919,074 | \$7,563,209 |
| Net Changes | \$1,344,284 | \$1,635,564 | (\$291,280) |

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

**NOTE 6 – DEFINED BENEFIT PLANS – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CALPERS)
(CONTINUED)**

Pension Expenses and Deferred Outflows/Inflows of Resources

For the fiscal year ended June 30, 2019, the District recognized a pension expense of \$976,624, a net decrease in deferred outflows of resources of \$1,373,607, and a net decrease in deferred inflows of resources of \$940,106. The detailed balances of various deferred outflows and inflows at the measurement date of June 30, 2018 are as follows.

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual experience | \$ 290,187 | \$ 98,749 |
| Changes in assumptions | 862,228 | 211,316 |
| Net differences between projected and actual earnings on plan investments | 37,391 | - |
| Change in employer's proportion | 1,298,792 | 738,615 |
| Differences between the employer's contributions and the employer's proportionate share of contributions | - | 1,086,490 |
| Pension contributions subsequent to measurement date | 834,403 | - |
| Financial statement balances at June 30, 2019 | <u>\$ 3,323,001</u> | <u>\$ 2,135,170</u> |

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 |
|------------------------------------|---|
| 2020 | \$317,352 |
| 2021 | 224,005 |
| 2022 | (119,902) |
| 2023 | (68,027) |
| Total | <u>\$353,428</u> |

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

**NOTE 6 – 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, 2018.

| Changes in Discount Rate | Discount Rate | Proportionate Share of Risk Pool’s NPL |
|---------------------------------|----------------------|---|
| 1% decrease | 6.15% | \$15,338,906 |
| Current discount rate | 7.15% | \$7,563,209 |
| 1% increase | 8.15% | 1,144,500 |

Actuarial Methods, Assumptions, Changes in Discount Rate, & Asset Allocation

The actuarial cost method used is the Entry Age Normal Cost Method, in which projected benefits are determined and liabilities are spread in a manner that produces level annual cost as a percentage of pay in each year from the member's age of hire (entry age) to their assumed retirement age on the valuation date.

The unfunded actuarial accrued liability (UAL) is amortized as a "level percent of pay". Gains and losses are amortized over 30 years with a 5-year ramp-up/ramp-down at the beginning and the end of the amortization period. Changes in actuarial assumptions are amortized over 20 years with 5-year ramp up/ramp down. Effective with the June 30, 2019 actuarial valuation, CalPERS will implement a new amortization policy. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up/ ramp-down on UAL bases attributable to assumption changes and non-investment gains and losses. It also removes the 5-year ramp-down on investment gains and losses. These changes will apply only to new UAL bases established on or after June 30, 2019.

CalPERS lowered the discount rate from 7.50% to 7.00% using a three-year phase-in beginning with the June 30, 2016 valuation. The decision was primarily based on capital market assumptions, and provides a more realistic long-term rate of return. For funding purposes, required contributions through FY 2017-18 were based on a discount rate of 7.50%. Beginning FY 2018-19, contributions were based on a 7.375% discount rate, reflecting the first step in the three-year phase-in. This rate will be further lowered to 7.25% and 7.00% in following years.

The Risk Pool's assets are allocated among public equity (50%), private equity (8%), global fixed income (28%), liquidity (1%), and real assets (13%). Total market value of assets as of the June 30, 2017 valuation date (last available) was \$323.7 billion.

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

Projected Employer Contributions

| | | Required Contributions | | Projected Future Employer Contributions | | | |
|--------|---------------|------------------------|-----------|---|-----------|-----------|-----------|
| | | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 |
| Tier 1 | Normal cost % | 12.142% | 13.146% | 13.100% | 13.100% | 13.100% | 13.100% |
| | UAL Payment | \$431,468 | \$560,387 | \$732,000 | \$852,000 | \$910,000 | \$977,000 |
| Tier 2 | Normal cost % | 8.668% | 9.442% | 9.400% | 9.400% | 9.400% | 9.400% |
| | UAL Payment | \$1,374 | \$1,918 | \$2,600 | \$2,200 | \$2,600 | \$3,000 |
| Tier 3 | Normal cost % | 7.072% | 7.874% | 7.900% | 7.900% | 7.900% | 7.900% |
| | UAL Payment | \$2,756 | \$4,199 | \$5,900 | \$5,700 | \$6,900 | \$8,000 |

NOTE 7 – 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, 2017 |
| Measurement Date | June 30, 2018 |
| Measurement Period | July 1, 2017 to June 30, 2018 |

Update procedures were used to roll forward the total OPEB liability from the valuation date (June 30, 2017) to the measurement date (June 30, 2018).

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' CAFR which is available here: <https://www.calpers.ca.gov/docs/forms-publications/cafr-2018.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.

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 – OTHER POST-EMPLOYMENT MEDICAL BENEFITS (OPEB) (CONTINUED)

Employees Covered

As of June 30, 2018, 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 | 46 |
| Retired employees or survivors entitled to, but not receiving benefits | 5 |
| Total | <u>96</u> |

Contributions

The District intends to continue reimbursing pay-as-you-go benefits from the Trust. For the fiscal year ended June 30, 2019, the District's cash contributions were \$332,265 in premium payments made on behalf of retirees and implied subsidy payments of \$104,008. The District requested reimbursement of \$332,265 from the Trust, resulting in contributions of \$104,008 for the year.

Actuarial Assumptions

The District's net OPEB liability was measured as of June 30, 2018. It was determined based on the actuarial valuation dated June 30, 2017 rolled forward to June 30, 2018 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 | 2014 CalPERS OPEB Assumptions Model for "public agency miscellaneous" based on the 1997-2011 experience study |
| Pre-Retirement turnover and retirement | 2014 CalPERS OPEB Assumptions Model for "public agency miscellaneous 2.5% at 55" based on the 1997-2011 experience study |
| Healthcare trend rate | CalPERS medical premium amounts are assumed to increase 5% per year after 2018 |
| 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%) which was applied to all periods of projected benefit payments to determine the total OPEB liability.

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 – 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, 2018 (Measurement Date 6/30/17) | \$7,963,234 | \$7,928,915 | \$34,319 |
| Changes recognized for measurement period: | | | |
| Service cost | 163,508 | - | 163,508 |
| Interest | 542,444 | - | 542,444 |
| Contributions - employer | - | 110,252 | (110,252) |
| Net investment income | - | 631,004 | (631,004) |
| Benefit payments | (428,076) | (428,076) | - |
| Administrative expense | - | (4,126) | 4,126 |
| Net changes | 277,876 | 309,054 | (31,178) |
| Balance at June 30, 2019 (Measurement Date 6/30/18) | 8,241,110 | 8,237,969 | 3,141 |

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, 2018.

| | 1% Decrease 6.0 % | Discount Rate 7.0 % | 1% Increase 8.0 % |
|----------------------------|------------------------------|--------------------------------|------------------------------|
| Net OPEB Liability (Asset) | \$ 1,098,039 | \$ 3,141 | \$ (899,621) |

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, 2018.

| | 1% Decrease 4.0 % | Current Healthcare Cost Trend Rates 5.0 % | 1% Increase 6.0 % |
|----------------------------|------------------------------|--|------------------------------|
| Net OPEB Liability (Asset) | \$ (984,240) | \$ 3,141 | \$ 1,209,059 |

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 7 – OTHER POST-EMPLOYMENT MEDICAL BENEFITS (OPEB) (CONTINUED)

OPEB Expense

The following summarizes the OPEB expense recognized in FY 2018-19, for the measurement date of June 30, 2018:

| | |
|--|------------------|
| Service Cost | \$163,508 |
| Interest | 542,444 |
| Expected investment return | (554,880) |
| Administrative expense | 4,126 |
| Recognition of net difference between projected and actual earnings on investments | (66,992) |
| Total | <u>\$ 88,206</u> |

Deferred Outflows and Deferred Inflows of Resources

At fiscal year end June 30, 2019, 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 | \$ - | \$ - |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on OPEB plan investments | - | 216,198 |
| District contributions subsequent to the measurement date | 104,008 | - |
| Total | <u>\$ 104,008</u> | <u>\$ 216,198</u> |

The \$104,008 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2020. 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 |
|----------------------------------|---|
| 2020 | \$ (66,992) |
| 2021 | (66,992) |
| 2022 | (66,990) |
| 2023 | (15,224) |
| 2024 | - |
| Thereafter | - |
| Total | <u>\$(216,198)</u> |

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 – 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 next 4 years. due to fund restrictions. Changes in total plan assets for fiscal years ended June 30, 2019 and 2018 are summarized as follows:

| Lincoln – 457(b) | 2019 | 2018 |
|--|---------------------|---------------------|
| Plan assets – beginning of year | \$ 8,165,193 | \$ 7,581,277 |
| Contributions by: | | |
| Employer | 48,812 | 52,354 |
| Employee pre-tax deductions | 321,886 | 374,637 |
| Investment earnings | 269,941 | 509,823 |
| Withdrawals and fees | (1,014,879) | (352,898) |
| Plan assets transferred out to T. Rowe Price | (4,432,564) | - |
| Plan assets – end of year | <u>\$ 3,358,389</u> | <u>\$ 8,165,193</u> |

| T. Rowe Price – 457(b) | 2019 | 2018 |
|---|---------------------|-------------|
| Plan assets – beginning of year | \$ - | \$ - |
| Contributions by: | | |
| Employer | 4,538 | - |
| Employee pre-tax deductions | 39,572 | - |
| Investment earnings and dividends | 114,486 | - |
| Plan assets transferred in from Lincoln | 4,432,564 | - |
| Plan assets – end of year | <u>\$ 4,591,160</u> | <u>\$ -</u> |

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 – 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, 2019 and 2018 are summarized as follows:

| PARS-ARS – 457(b) | 2019 | 2018 |
|---------------------------------|------------------|-------------------|
| Plan assets – beginning of year | \$ 129,725 | \$ 111,957 |
| Contributions by: | | |
| Employer | 2,245 | 3,665 |
| Employee (pre-tax) | 6,327 | 10,327 |
| Investment earnings | 2,187 | 3,793 |
| Withdrawals and fees | (119,587) | (17) |
| Plan assets – end of year | <u>\$ 20,897</u> | <u>\$ 129,725</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 ICMA Retirement Corporation. 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, 2019 and 2018 are summarized as follows:

| ICMA – 401(a) | 2019 | 2018 |
|------------------------------------|---------------------|---------------------|
| Plan assets – beginning of year | \$ 2,008,161 | \$ 1,694,102 |
| Contributions by: | | |
| Employer | 111,908 | 105,646 |
| Employee (pre-tax) | 47,078 | 45,969 |
| Employee loan repayments (pre-tax) | 8,594 | 8,593 |
| Investment earnings | 108,002 | 158,886 |
| Withdrawals and fees | (147,885) | (5,035) |
| Plan assets – end of year | <u>\$ 2,135,858</u> | <u>\$ 2,008,161</u> |

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 9 – 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 are as follows:

| Coverage Limits | Coverage Provided By |
|--------------------------------|---|
| \$ 0 to \$ 500,000 | CSRMA Risk Pool, with a \$250,000 Deductible. |
| \$ 500,001 to \$ 15,500,000 | Munich Reinsurance America |
| \$ 15,500,001 to \$ 25,500,000 | Ironshore Specialty Insurance 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 \$2,753, \$9,010 and \$18,213 in insurance claims during fiscal years ended June 30, 2019, 2018 and 2017 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:

| | 2019 | 2018 | 2017 |
|------------------------|-------------------|-------------------|-------------------|
| Administration | \$ 174,072 | \$ 167,176 | \$ 153,275 |
| Insurance premiums | 252,103 | 213,498 | 230,005 |
| Losses and settlements | 2,753 | 9,010 | 18,213 |
| | <u>\$ 428,928</u> | <u>\$ 389,684</u> | <u>\$ 401,493</u> |

Since no liabilities for claims has been provided in the financial statements as of June 30, 2019, 2018, and 2017, the indicated claims paid above represent the claims experience for the last three fiscal years.

As of June 30, 2019, the District has no current or anticipated litigation.

Insurance related expenses are distributed to the following departments.

| | 2019 | 2018 | 2017 |
|----------------|-------------------|-------------------|-------------------|
| Engineering | \$ 32,044 | \$ 30,371 | \$ 30,212 |
| Collections | 115,953 | 113,224 | 108,990 |
| Operations | 155,873 | 133,945 | 148,754 |
| Maintenance | 88,426 | 77,678 | 80,032 |
| Administration | 36,632 | 34,466 | 33,505 |
| | <u>\$ 428,928</u> | <u>\$ 389,684</u> | <u>\$ 401,493</u> |

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 10 – 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:

- Under the new agreement, 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).
- Throughout the current contract period and extension(s), WMAC shall accept the District's biosolids at the Altamont Landfill for use as alternative daily cover (ADC). To qualify as ADC, the biosolids must comply with certain criteria for metals, pathogens and water content in accordance with local, state and federal regulations. Once WMAC accepts delivery of the biosolids, the District ceases to have any responsibility or liability for their content or for their compliance with any regulations for use as ADC.
- 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, 2019 was \$157,187.

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 11 – LONG-TERM DEBT

In October 2018, the District issued the 2018 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%. 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 2018-19 was \$335,886, of which \$116,497 was accrued at June 30, 2019. The first principal payment of \$395,000 is due on October 1, 2019. Annual debt service including principal and interest will be approximately \$850,000.

Changes in long-term debt obligations for the year ended June 30, 2019 are as follows:

| | Balance July 1, 2018 | Increases | Decreases | Balance June 30, 2019 | Due Within One Year |
|--------------------|---------------------------------|------------------|------------------|----------------------------------|--------------------------------|
| 2018 Revenue Bonds | \$ - | \$ 14,160,000 | \$ - | \$14,160,000 | \$395,000 |

The Bond covenant contains a provision that in an event of default, the Trustee has the right to declare all principal components of the unpaid installment payments and accrued interest to be immediately due and payable. The Trustee may also take any necessary action at law to collect the amounts due and retrieve from the District such fees and expenses incurred in the process.

Debt service requirements on long-term debt for remaining years are as follows:

| Fiscal Year Ending June 30, | Bond Principal | Bond Interest |
|------------------------------------|---------------------------|--------------------------|
| 2020 | \$ 395,000 | \$ 460,063 |
| 2021 | 395,000 | 448,212 |
| 2022 | 405,000 | 436,213 |
| 2023 | 420,000 | 423,837 |
| 2024 | 430,000 | 411,088 |
| 2025 -2029 | 2,360,000 | 1,850,237 |
| 2030 -2034 | 2,735,000 | 1,467,591 |
| 2035 -2039 | 3,205,000 | 990,156 |
| 2040 -2044 | 3,815,000 | 366,147 |
| | <u>\$ 14,160,000</u> | <u>\$ 6,853,544</u> |

PIPELINE REPLACEMENT PROGRAM

The Pipeline Replacement Program focuses on fixing chronic maintenance and structural issues identified within the existing collection system through closed circuit television (CCTV) inspection. This project is the major focus of the Capital Improvement Program (CIP) budget. The proposed budget was established to align with the District's 10-Year Strategic Plan of replacing 40 miles of pipe between 2019 and 2029.



REQUIRED SUPPLEMENTARY INFORMATION

**ORO LOMA SANITARY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

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 | | | | |
|---|---------------------------|--------------|--------------|--------------|--------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| Measurement date | 6/30/2018 | 6/30/2017 | 6/30/2016 | 6/30/2015 | 6/30/2014 |
| District's proportion of net pension liability | 0.078490% | 0.079200% | 0.082286% | 0.069898% | 0.132651% |
| District's proportionate share of net pension liability | \$ 7,563,209 | \$ 7,854,489 | \$ 7,120,287 | \$ 4,797,739 | \$ 8,254,184 |
| District's covered payroll | \$ 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 | 153.45% | 171.11% | 162.80% | 110.73% | 212.41% |
| Plan's fiduciary net position as a % of Plan's total pension liability | 75.26% | 73.31% | 74.06% | 78.40% | 79.82% |

Schedule of the District's Contributions

| | Fiscal Year Ended June 30 | | | | |
|--|---------------------------|--------------|----------------|----------------|----------------|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| Actuarially determined contribution | \$ 834,403 | \$ 640,827 | \$ 561,577 | \$ 496,315 | \$ 727,291 |
| Contributions in relation to actuarially determined contribution | \$ 834,403 | \$ 640,827 | \$ 1,561,577 | \$ 1,496,315 | \$ 7,075,186 |
| Contribution deficiency (excess) | \$ - | \$ - | \$ (1,000,000) | \$ (1,000,000) | \$ (6,347,895) |
| District's covered payroll for the fiscal year | \$ 5,340,309 | \$ 4,928,629 | \$ 4,590,299 | \$ 4,373,734 | \$ 4,332,992 |
| Contributions as a % of covered payroll | 15.62% | 13.00% | 34.02% | 34.21% | 163.29% |

**ORO LOMA SANITARY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2019**

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 | |
|--|---------------------------|---------------------|
| | 2019 | 2018 |
| Measurement period ended | 6/30/18 | 6/30/17 |
| Total OPEB liability | | |
| Service cost | \$ 163,508 | \$ 158,746 |
| Interest on total OPEB liability | 542,444 | 526,742 |
| Actual and expected experience difference | - | - |
| Changes in assumptions | - | - |
| Changes in benefits terms | - | - |
| Benefits payments | (428,076) | (494,273) |
| Net change in total OPEB liability | \$ 277,876 | \$ 191,215 |
| Total OPEB liability - beginning | 7,963,234 | 7,772,019 |
| Total OPEB liability - ending | <u>\$ 8,241,110</u> | <u>\$ 7,963,234</u> |
| Plan Fiduciary Net Position | | |
| Contribution - employer | \$ 110,252 | \$ 407,206 |
| Net investment income | 631,004 | 766,432 |
| Benefit payments | (428,076) | (494,273) |
| Administrative expenses | (4,126) | (3,726) |
| Net change in plan fiduciary net position | \$ 309,054 | \$ 675,639 |
| Plan fiduciary net position - beginning | 7,928,915 | 7,253,276 |
| Plan fiduciary net position - ending | <u>\$ 8,237,969</u> | <u>\$ 7,928,915</u> |
| Net OPEB Liability - Ending | <u>\$ 3,141</u> | <u>\$ 34,319</u> |
| Plan fiduciary net position as a % of total OPEB liability | 99.96% | 99.57% |
| Covered-employee payroll | \$ 4,900,932 | \$ 4,729,479 |
| Net OPEB liability as a % of covered-employee payroll | 0.06% | 0.73% |

Schedule of the District's Contributions

| | Fiscal Year Ended June 30 | |
|--|---------------------------|--------------|
| | 2019 | 2018 |
| Actuarially determined contribution (ADC) | \$ - | \$ 104,829 |
| Contributions in relation to the ADC | 104,008 | 110,000 |
| Contribution deficiency (excess) | \$ (104,008) | \$ (5,171) |
| Covered-employee payroll | \$ 5,138,980 | \$ 4,900,932 |
| Contributions as a % of covered-employee payroll | 2.02% | 2.24% |

OTHER SUPPLEMENTARY INFORMATION

**ORO LOMA SANITARY DISTRICT
DESCRIPTION OF FUNDS UTILIZED
JUNE 30, 2019**

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 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, 2019

WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018

SCHEDULE 1

| | Sewer Services | | |
|--|-------------------------------|----------------------------|------------------------|
| | Operations and Maintenance | Renewal and Replacement | Capital Improvement |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 7,661,994 | \$ (3,216,818) | \$ 3,557,965 |
| Investments at fair value | 8,613,817 | 5,717,920 | 4,263,208 |
| Interest receivable | 109,024 | (740) | 2,628 |
| Accounts receivable | 1,583,222 | 104,461 | 204,531 |
| Prepaid and other items | 115,464 | - | - |
| Total current assets | 18,083,521 | 2,604,823 | 8,028,332 |
| Non-current assets | | | |
| Investment in effluent discharge facilities - EBDA | 6,007,986 | - | - |
| Capital assets | | | |
| Land | 873,234 | - | - |
| Sewer service assets | 148,717,573 | - | - |
| Recycling assets | - | - | - |
| Construction in progress | - | - | 11,893,206 |
| Less: accumulated depreciation | (75,132,281) | - | - |
| Total capital assets | 74,458,526 | - | 11,893,206 |
| Total non-current assets | 80,466,512 | - | 11,893,206 |
| Total assets | \$ 98,550,033 | \$ 2,604,823 | \$ 19,921,538 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Pension & other post-retirement benefits related | \$ 3,427,009 | \$ - | \$ - |

COMBINING SCHEDULE OF NET POSITION
ALL DISTRICT SERVICES
AS OF JUNE 30, 2019
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018
SCHEDULE 1 (continued)

| Solid Waste Services | | Recycling Services | | | | | |
|----------------------|--|--------------------|----------------|----------------|--------|--------|--------|
| Garbage | Residential, Green Waste, Commercial & Industrial Recycling | Combined June 30, | | \$ | % | | |
| | | 2019 | 2018 | | | Change | Change |
| \$ 743,595 | \$ 665,684 | \$ 9,412,420 | \$ 5,968,792 | \$ 3,443,628 | 57.7% | | |
| - | - | 18,594,945 | 12,326,110 | 6,268,835 | 50.9% | | |
| 12,945 | 8,411 | 132,268 | 98,931 | 33,337 | 33.7% | | |
| 40,991 | 46,025 | 1,979,230 | 1,998,485 | (19,255) | -1.0% | | |
| - | 1,894 | 117,358 | 87,396 | 29,962 | 34.3% | | |
| 797,531 | 722,014 | 30,236,221 | 20,479,714 | 9,756,507 | 47.6% | | |
| - | - | 6,007,986 | 6,184,096 | (176,110) | -2.8% | | |
| - | - | 873,234 | 846,034 | 27,200 | 3.2% | | |
| - | - | 148,717,573 | 144,762,104 | 3,955,469 | 2.7% | | |
| - | 26,045 | 26,045 | 26,045 | - | 0.0% | | |
| - | - | 11,893,206 | 4,347,377 | 7,545,829 | 173.6% | | |
| - | (26,045) | (75,158,326) | (72,899,117) | (2,259,209) | 3.1% | | |
| - | - | 86,351,732 | 77,082,443 | 9,269,289 | 12.0% | | |
| - | - | 92,359,718 | 83,266,539 | 9,093,179 | 10.9% | | |
| \$ 797,531 | \$ 722,014 | \$ 122,595,939 | \$ 103,746,253 | \$ 18,849,686 | 18.2% | | |
| \$ - | \$ - | \$ 3,427,009 | \$ 4,806,608 | \$ (1,379,599) | -28.7% | | |

To be continued on the following pages

ORO LOMA SANITARY DISTRICT

COMBINING SCHEDULE OF NET POSITION

ALL DISTRICT SERVICES

AS OF JUNE 30, 2019

WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018

SCHEDULE 1 (continued)

| | Sewer Services | | |
|--|-------------------------------|----------------------------|------------------------|
| | Operations and Maintenance | Renewal and Replacement | Capital Improvement |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accounts payable | \$ 224,410 | \$ 329,431 | \$ 1,986,473 |
| Accrued salaries and wages | 194,045 | - | - |
| Customer deposits payable | 52,967 | 5,737 | 180,865 |
| Accrued compensated absences (current) | 62,200 | - | - |
| Accrued interest payable | 116,497 | | |
| Bonds payable (current) | 395,000 | - | - |
| Total current liabilities | 1,045,119 | 335,168 | 2,167,338 |
| Non-current liabilities | | | |
| Accrued compensated absences (non-current) | 352,416 | - | - |
| Bonds payable (non-current) | 13,765,000 | | |
| Premium on bonds payable | 46,927 | | |
| Net pension liability | 7,563,209 | - | - |
| Net other post-retirement benefit liability | 3,141 | - | - |
| Total non-current liabilities | 21,730,693 | - | - |
| Total liabilities | \$ 22,775,812 | \$ 335,168 | \$ 2,167,338 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Pension & other post-retirement benefits related | \$ 2,351,368 | \$ - | \$ - |
| NET POSITION | | | |
| Net investment in capital assets | \$ 74,458,526 | \$ - | \$ 11,893,206 |
| Unrestricted | 2,391,336 | 2,269,655 | 5,860,994 |
| Total net position | \$ 76,849,862 | \$ 2,269,655 | \$ 17,754,200 |

ORO LOMA SANITARY DISTRICT

COMBINING SCHEDULE OF NET POSITION

ALL DISTRICT SERVICES

AS OF JUNE 30, 2019

WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018

SCHEDULE 1 (continued)

| Solid Waste Services | | Recycling Services | | Combined June 30, | | \$ Change | % Change |
|----------------------|--|--------------------|---------------|-------------------|--------|--------------|-------------|
| Garbage | Residential, Green Waste, Commercial & Industrial Recycling | 2019 | 2018 | | | | |
| \$ 1,483 | \$ 189,426 | \$ 2,731,223 | \$ 1,984,882 | \$ 746,341 | 37.6% | | |
| - | - | 194,045 | 198,689 | (4,644) | -2.3% | | |
| - | - | 239,569 | 347,355 | (107,786) | -31.0% | | |
| - | - | 62,200 | 69,100 | (6,900) | -10.0% | | |
| - | - | 116,497 | - | 116,497 | 100.0% | | |
| - | - | 395,000 | - | 395,000 | 100.0% | | |
| 1,483 | 189,426 | 3,738,534 | 2,600,026 | 1,138,508 | 43.8% | | |
| - | - | 352,416 | 391,550 | (39,134) | -10.0% | | |
| - | - | 13,765,000 | - | 13,765,000 | 100.0% | | |
| - | - | 46,927 | - | 46,927 | 100.0% | | |
| - | - | 7,563,209 | 7,854,489 | (291,280) | -3.7% | | |
| - | - | 3,141 | 34,319 | (31,178) | -90.8% | | |
| - | - | 21,730,693 | 8,280,358 | 13,450,335 | 162.4% | | |
| \$ 1,483 | \$ 189,426 | \$ 25,469,227 | \$ 10,880,384 | \$ 14,588,843 | 134.1% | | |
| \$ - | \$ - | \$ 2,351,368 | \$ 3,282,342 | \$ (930,974) | -28.4% | | |
| \$ - | \$ - | \$ 86,351,732 | \$ 77,082,443 | \$ 9,269,289 | 12.0% | | |
| 796,048 | 532,588 | 11,850,621 | 17,307,692 | (5,457,071) | -31.5% | | |
| \$ 796,048 | \$ 532,588 | \$ 98,202,353 | \$ 94,390,135 | \$ 3,812,218 | 4.0% | | |

ORO LOMA SANITARY DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ALL DISTRICT SERVICES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2018
SCHEDULE 2

| | Sewer Services | | |
|--|-------------------------------|----------------------------|------------------------|
| | Operations and Maintenance | Renewal and Replacement | Capital Improvement |
| Operating revenues | | | |
| District service charges | \$ 10,491,385 | \$ 4,500,000 | \$ - |
| Agency treatment charges | 3,121,515 | 454,480 | - |
| Permits and inspection fees | 209,602 | - | - |
| Sanitary truck waste charges | 22,385 | - | - |
| Grease receiving charges | 121,363 | - | - |
| Contract fees | - | - | - |
| Recycling charges - residential and green waste | - | - | - |
| Recycling charges - commercial and industrial | - | - | - |
| Landfills fees - Measure D | - | - | - |
| Other | 740,607 | - | - |
| Total operating revenues | 14,706,857 | 4,954,480 | - |
| Operating expenses | | | |
| Engineering | 757,699 | - | - |
| Sewage collections | 1,507,149 | 1,594,509 | - |
| Sewage treatment operations | 3,846,965 | 1,402,546 | - |
| Sewage treatment maintenance | 2,293,540 | 78,339 | - |
| Effluent disposal - EBDA | 775,426 | 119,250 | - |
| Administration and general | 1,595,498 | 125,851 | - |
| Pension expense | 976,624 | - | - |
| OPEB expense | 88,206 | - | - |
| Depreciation | 2,869,793 | - | - |
| Decrease in carrying value of EBDA | 176,110 | - | - |
| Solid waste | - | - | - |
| Recycling - residential, green waste, commercial and industrial | - | - | - |
| Total operating expenses | 14,887,010 | 3,320,495 | - |
| Operating income (loss) | (180,153) | 1,633,985 | - |
| Non-operating revenues | | | |
| Investment income | 227,894 | 9,342 | 131,912 |
| Increase in the fair value of investments | 70,335 | 141,150 | 95,009 |
| Rents and leases | 105,588 | - | - |
| Gain on disposal of capital assets | - | - | - |
| Recovery of uncollectible accounts | - | - | - |
| Other miscellaneous revenues | 122,677 | 46 | 46 |
| EBDA and other agreement refunds | - | - | 882,598 |
| Total non-operating revenues | 526,494 | 150,538 | 1,109,565 |
| Non-operating expenses | | | |
| Decrease in the fair value of investments | - | - | - |
| Loss on disposal of capital assets | 412,470 | - | - |
| Write-off of uncollectible accounts | - | - | - |
| Debt issuance cost | 271,552 | - | - |
| Bond interest expense | 335,886 | - | - |
| Total non-operating expenses | 1,019,908 | - | - |
| Income (loss) before contributions, transfers and other items | (673,567) | 1,784,523 | 1,109,565 |
| Connection fees | - | - | 560,015 |
| Transfers in (out) of capital assets | 5,009,473 | - | (5,009,473) |
| Equity transfers in (out) | (9,167,405) | (1,000,000) | 13,356,405 |
| Change in net position | (4,831,499) | 784,523 | 10,016,512 |
| Net position - beginning (as reported) | 81,681,361 | 1,485,132 | 7,737,688 |
| Prior period adjustment - OPEB adjustments | - | - | - |
| Net position - beginning (as adjusted) | 81,681,361 | 1,485,132 | 7,737,688 |
| Net position - ending | \$ 76,849,862 | \$ 2,269,655 | \$ 17,754,200 |

ORO LOMA SANITARY DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ALL DISTRICT SERVICES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2018
SCHEDULE 2 (continued)

| Solid Waste Services | | Recycling Services | | | |
|----------------------|--|--------------------|---------------|--------------|---------|
| Garbage | Residential, Green Waste, Commercial & Industrial Recycling | Combined June 30, | | Change | Change |
| | | 2019 | 2018 | \$ | % |
| \$ - | \$ - | \$ 14,991,385 | \$ 13,974,088 | \$ 1,017,297 | 7.3% |
| - | - | 3,575,995 | 3,094,690 | 481,305 | 15.6% |
| - | - | 209,602 | 280,541 | (70,939) | -25.3% |
| - | - | 22,385 | 68,214 | (45,829) | -67.2% |
| - | - | 121,363 | 102,208 | 19,155 | 18.7% |
| 1,139,812 | - | 1,139,812 | 1,062,218 | 77,594 | 7.3% |
| - | 2,321,406 | 2,321,406 | 2,321,208 | 198 | 0.0% |
| - | 149,230 | 149,230 | 132,934 | 16,296 | 12.3% |
| - | 406,137 | 406,137 | 385,751 | 20,386 | 5.3% |
| - | - | 740,607 | 646,413 | 94,194 | 14.6% |
| 1,139,812 | 2,876,773 | 23,677,922 | 22,068,265 | 1,609,657 | 7.3% |
| - | - | 757,699 | 752,469 | 5,230 | 0.7% |
| - | - | 3,101,658 | 3,471,954 | (370,296) | -10.7% |
| - | - | 5,249,511 | 4,657,149 | 592,362 | 12.7% |
| - | - | 2,371,879 | 2,387,698 | (15,819) | -0.7% |
| - | - | 894,676 | 1,011,446 | (116,770) | -11.5% |
| - | - | 1,721,349 | 1,481,993 | 239,356 | 16.2% |
| - | - | 976,624 | 1,553,814 | (577,190) | -37.1% |
| - | - | 88,206 | 129,848 | (41,642) | -32.1% |
| - | - | 2,869,793 | 2,825,630 | 44,163 | 1.6% |
| - | - | 176,110 | 93,247 | 82,863 | 88.9% |
| 401,896 | - | 401,896 | 353,546 | 48,350 | 13.7% |
| - | 2,715,545 | 2,715,545 | 2,690,932 | 24,613 | 0.9% |
| 401,896 | 2,715,545 | 21,324,946 | 21,409,726 | (84,780) | -0.4% |
| 737,916 | 161,228 | 2,352,976 | 658,539 | 1,694,437 | 257.3% |
| 62,605 | 32,786 | 464,539 | 344,043 | 120,496 | 35.0% |
| - | - | 306,494 | - | 306,494 | 100.0% |
| - | - | 105,588 | 92,795 | 12,793 | 13.8% |
| - | - | - | 6,140 | (6,140) | -100.0% |
| 21,113 | - | 21,113 | 11,902 | 9,211 | 77.4% |
| 6,390 | 10,699 | 139,858 | 124,671 | 15,187 | 12.2% |
| - | - | 882,598 | 79,371 | 803,227 | 1012.0% |
| 90,108 | 43,485 | 1,920,190 | 658,922 | 1,261,268 | 191.4% |
| - | - | - | 223,552 | (223,552) | -100.0% |
| - | - | 412,470 | - | 412,470 | 100.0% |
| 1,055 | - | 1,055 | 1,284 | (229) | -17.8% |
| - | - | 271,552 | - | 271,552 | 100.0% |
| - | - | 335,886 | - | 335,886 | 100.0% |
| 1,055 | - | 1,020,963 | 224,836 | 796,127 | 354.1% |
| 826,969 | 204,713 | 3,252,203 | 1,092,625 | 2,159,578 | 197.7% |
| - | - | 560,015 | 399,277 | 160,738 | 40.3% |
| - | - | - | - | - | 0.0% |
| (2,189,000) | (1,000,000) | - | - | - | 0.0% |
| (1,362,031) | (795,287) | 3,812,218 | 1,491,902 | 2,320,316 | 155.5% |
| 2,158,079 | 1,327,875 | 94,390,135 | 94,041,721 | 348,414 | 0.4% |
| - | - | - | (1,143,488) | 1,143,488 | 100.0% |
| 2,158,079 | 1,327,875 | 94,390,135 | 92,898,233 | 1,491,902 | 1.6% |
| \$ 796,048 | \$ 532,588 | \$ 98,202,353 | \$ 94,390,135 | \$ 3,812,218 | 4.0% |

**ORO LOMA SANITARY DISTRICT
STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY
JUNE 30, 2019**

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 2017-18 and 2018-19 was approved by Resolution No. 3637, dated May 16, 2017. The Budget for the audit year of FY 2018-19 was amended by the following Board actions:

- Resolution No. 3659 – Amendment No. 1, dated September 18, 2018, with a net increase to Renewal & Replacement and Capital Improvement Program of \$13,741,942.
- Resolution No. 3761 – Amendment No. 2, dated February 19, 2019, with a net increase to Renewal & Replacement and Capital Improvement Program of \$258,000.
- Various funding allocations by Board motions during FY 2018-19, authorizing a total net increase to Renewal & Replacement and Capital Improvement Program of \$1,413,000.

These adjustments were necessary due to newly identified needs and reprioritization of projects in the Renewal and Replacement and Capital Improvement Program.

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, 2019 for each service.

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, 2019**

SCHEDULE 3

| | Budgeted Amounts | Actual Amounts | Variance with Final Budget- Favorable (Unfavorable) |
|--|-----------------------------|---------------------------|--|
| Operating revenues | | | |
| District service charges | \$ 10,048,400 | \$ 10,491,385 | \$ 442,985 |
| Agency treatment charges | 2,462,000 | 3,121,515 | 659,515 |
| Permits and inspection fees | 128,000 | 209,602 | 81,602 |
| Sanitary truck waste charges | 90,000 | 22,385 | (67,615) |
| Grease receiving charges | 128,000 | 121,363 | (6,637) |
| Other | 650,000 | 740,607 | 90,607 |
| Total operating revenues | 13,506,400 | 14,706,857 | 1,200,457 |
| Operating expenses | | | |
| Engineering | 898,900 | 757,699 | 141,201 |
| Sewage collections | 1,765,400 | 1,507,149 | 258,251 |
| Sewage treatment operations | 4,398,500 | 3,846,965 | 551,535 |
| Sewage treatment maintenance | 2,540,000 | 2,293,540 | 246,460 |
| Effluent disposal - EBDA | 758,200 | 775,426 | (17,226) |
| Administration and general | 1,877,700 | 1,595,498 | 282,202 |
| Pension expense | - | 976,624 | (976,624) |
| OPEB expense | - | 88,206 | (88,206) |
| Depreciation | 2,750,000 | 2,869,793 | (119,793) |
| Decrease in carrying value of EBDA | 100,000 | 176,110 | (76,110) |
| Total operating expenses | 15,088,700 | 14,887,010 | 201,690 |
| Operating income (loss) | | (180,153) | |
| Non-operating revenues | | | |
| Investment income | 30,000 | 227,894 | 197,894 |
| Increase in the fair value of investments | - | 70,335 | 70,335 |
| Rents and leases | 96,500 | 105,588 | 9,088 |
| Other miscellaneous revenues | 80,000 | 122,677 | 42,677 |
| Total non-operating revenues | 206,500 | 526,494 | 319,994 |
| Non-operating expenses | | | |
| Loss on disposal of capital assets | - | 412,470 | (412,470) |
| Write-off of uncollectible accounts | 10,000 | - | 10,000 |
| Debt issuance cost | - | 271,552 | (271,552) |
| Bond interest expense | - | 335,886 | (335,886) |
| Other miscellaneous expenses | - | - | - |
| Total non-operating expenses | 10,000 | 1,019,908 | (1,009,908) |
| Income (loss) before contributions and transfers | \$ (1,385,800) | \$ (673,567) | \$ 712,233 |
| Transfers of plant and equipment from Capital Improvement Program | | 5,009,473 | |
| Equity transfers in (out) | | (9,167,405) | |
| Change in net position | | (4,831,499) | |
| Net position - beginning (as reported) | | 81,681,361 | |
| Prior period adjustment - OPEB adjustments | | - | |
| Net position - beginning | | 81,681,361 | |
| Net position - ending | | \$ 76,849,862 | |

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, 2019
SCHEDULE 4**

| | Budgeted Amounts | Actual Amounts by Account Category | Variance with Final Budget Favorable (Unfavorable) |
|-------------------------------------|-----------------------------|---|---|
| Operating expenses | | | |
| Salaries | \$ 4,536,300 | \$ 4,387,852 | \$ 148,448 |
| Employee benefits | 2,615,500 | 1,374,179 | 1,241,321 |
| Directors' benefits and fees | 188,800 | 176,787 | 12,013 |
| Election expenses | 150,000 | 233,122 | (83,122) |
| Gasoline, oil and fuel | 89,600 | 65,240 | 24,360 |
| Insurance | 522,400 | 428,928 | 93,472 |
| Office expenses | 52,200 | 75,304 | (23,104) |
| Operating supplies | 700,500 | 659,202 | 41,298 |
| Safety supplies | 30,800 | 23,984 | 6,816 |
| Contractual services | 1,106,000 | 1,095,376 | 10,624 |
| Professional services | 201,000 | 146,675 | 54,325 |
| Memberships and publications | 63,100 | 49,949 | 13,151 |
| Public outreach | 105,000 | 92,893 | 12,107 |
| Rents and leases | 23,300 | 42,736 | (19,436) |
| Repairs and maintenance | 496,500 | 573,341 | (76,841) |
| Research and monitoring | 101,000 | 141,262 | (40,262) |
| Travel, meetings and training | 113,000 | 87,496 | 25,504 |
| Recognition program | 35,400 | 17,487 | 17,913 |
| Utilities | 350,100 | 329,038 | 21,062 |
| Departmental expenses | 11,480,500 | 10,000,851 | 1,479,649 |
| Effluent disposal - EBDA | 758,200 | 775,426 | (17,226) |
| Pension expense | - | 976,624 | (976,624) |
| OPEB expense | - | 88,206 | (88,206) |
| Depreciation | 2,750,000 | 2,869,793 | (119,793) |
| Decrease in carrying value of EBDA | 100,000 | 176,110 | (76,110) |
| Non-departmental expenses | 3,608,200 | 4,886,159 | (1,277,959) |
| Total operating expenses | 15,088,700 | 14,887,010 | 201,690 |
| Non-operating expenses: | | | |
| Loss on disposal of capital assets | - | 412,470 | (412,470) |
| Write-off of uncollectible accounts | 10,000 | - | 10,000 |
| Debt issuance cost | - | 271,552 | (271,552) |
| Bond interest expense | - | 335,886 | (335,886) |
| Total non-operating expenses | 10,000 | 1,019,908 | (1,009,908) |
| Total expenses | \$ 15,098,700 | \$ 15,906,918 | \$ (808,218) |

**SCHEDULE OF BUDGETARY COMPARISON WITH ACTUAL EXPENSES
SEWER SERVICES - OPERATIONS AND MAINTENANCE
BY ACCOUNT CATEGORIES AND DEPARTMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
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 | \$ 358,248 | \$ 839,645 | \$ 1,724,440 | \$ 1,052,679 | \$ 412,840 |
| Employee benefits | 168,428 | 247,104 | 423,328 | \$ 274,357 | \$ 260,962 |
| Directors' benefits and fees | - | - | - | \$ - | \$ 176,787 |
| Election expenses | - | - | - | \$ - | \$ 233,122 |
| Gasoline and oil | 2,919 | 36,261 | 11,921 | \$ 13,805 | \$ 334 |
| Insurance | 32,044 | 115,953 | 155,873 | \$ 88,426 | \$ 36,632 |
| Office expenses | 7,691 | 4,621 | 10,235 | \$ 6,614 | \$ 46,143 |
| Operating supplies | 1,057 | 43,421 | 590,447 | \$ 24,277 | \$ - |
| Safety supplies | 809 | 9,411 | 6,759 | \$ 6,469 | \$ 536 |
| Contractual services | 136,956 | 38,779 | 499,553 | \$ 276,709 | \$ 143,379 |
| Professional services | 14,775 | 3,115 | 19,056 | \$ 4,651 | \$ 105,078 |
| Memberships and publications | 7,148 | 2,371 | 11,362 | \$ 2,529 | \$ 26,539 |
| Public Outreach | - | - | - | \$ - | \$ 92,893 |
| Rents and leases | - | - | 30,070 | \$ 10,286 | \$ 2,380 |
| Repairs and maintenance | 2,004 | 60,688 | 928 | \$ 505,973 | \$ 3,748 |
| Research and monitoring | - | - | 140,542 | \$ 720 | \$ - |
| Travel, meetings and training | 10,250 | 9,502 | 13,878 | \$ 15,279 | \$ 38,587 |
| Recognition program | 1,464 | 3,815 | 3,634 | \$ 1,916 | \$ 6,658 |
| Utilities | 13,906 | 92,463 | 204,939 | \$ 8,850 | \$ 8,880 |
| Departmental expenses FY 2017-18 | \$ 757,699 | \$ 1,507,149 | \$ 3,846,965 | \$ 2,293,540 | \$ 1,595,498 |
| Departmental budget | \$ 898,900 | \$ 1,765,400 | \$ 4,398,500 | \$ 2,540,000 | \$ 1,877,700 |
| % of budget used | 84% | 85% | 87% | 90% | 85% |
| Departmental expenses FY 2017-18 | \$ 742,499 | \$ 1,486,794 | \$ 3,530,338 | \$ 2,254,842 | \$ 1,456,938 |
| Change in FY 2018-19 (\$) | \$ 15,200 | \$ 20,355 | \$ 316,627 | \$ 38,698 | \$ 138,560 |
| Change in FY 2018-19 (%) | 2.0% | 1.4% | 9.0% | 1.7% | 9.5% |

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, 2019
SCHEDULE 5**

| | | Budgeted Amounts | | Actual | Variance with Final Budget |
|---------------------------|---|---------------------|---------------------|---------------------|-------------------------------|
| | | Original | Final | Amounts | Favorable (Unfavorable) |
| Operating revenues | | | | | |
| | District service charges | \$ 4,500,000 | \$ 4,500,000 | \$ 4,500,000 | \$ - |
| | Agency treatment charges | 225,550 | 434,000 | 454,480 | 20,480 |
| | Total operating revenues | 4,725,550 | 4,934,000 | 4,954,480 | 20,480 |
| Project # | Project costs | | | | |
| | <u>Collections system</u> | | | | |
| 100.00/04/06/16 | Lift Stations - General/Bockman/Railroad/Canyon/Ralston | 80,000 | 59,330 | 59,310 | 20 |
| 104.00 | Lift Stations - Asset Management | 90,000 | 90,000 | 22,994 | 67,006 |
| 140.00 | Collections System Proposition 1 Grant Funding | - | 24,000 | 19,923 | 4,077 |
| 141.00 | Collections Asset Repair and Maintenance | 1,250,000 | 1,516,054 | 1,364,469 | 151,585 |
| 144.00 | Collections Source Detection/Hydraulic Model Update | 10,000 | 10,000 | - | 10,000 |
| 144.10 | Collections System GIS & Asset Management | 25,000 | 53,388 | 47,979 | 5,409 |
| 146.00 | Collections System Pipeline Replacement Application | - | 20,000 | 20,000 | - |
| 151.10 | Easement Clearing & Road Maintenance | 50,000 | 44,400 | 44,365 | 35 |
| 900.91 | Critical Renewal & Replacements | 15,000 | 15,470 | 15,469 | 1 |
| | | 1,520,000 | 1,832,642 | 1,594,509 | 238,133 |
| | <u>Treatment plant</u> | | | | |
| 213.08 | Consolidated Operations Building Planning Study | - | 11,000 | 8,524 | 2,476 |
| 281.02 | Digester No. 3 Decommissioning | 100,000 | 103,000 | 102,562 | 438 |
| 213.09 | Digester Study | - | 76,300 | 50,476 | 25,824 |
| 293.02 | Ecotone Research & Monitoring | 60,000 | 170,000 | 169,835 | 165 |
| 213.07 | Effluent Local Limits Reporting & Testing | - | 2,000 | 1,449 | 551 |
| 213.10 | Equalization Basin Expansion | - | 205,000 | 176,917 | 28,083 |
| 305.00 | Gate & Valve Replacements | 25,000 | 25,000 | 23,481 | 1,519 |
| 395.06 | Landscaping and Grounds | 25,000 | 9,990 | 9,990 | - |
| 213.05 | Microvi Pilot Study | - | 6,200 | 6,171 | 29 |
| 202.00 | O&M Manual Updates | - | 10,000 | 3,923 | 6,077 |
| 213.06 | Outfall NPDES Permitting | - | 36,500 | 36,500 | - |
| 213.00 | Pre-Design Studies | 30,000 | 15,000 | 13,600 | 1,400 |
| 239.00 | Safety Improvements | 30,000 | 6,400 | 468 | 5,932 |
| 222.02 | Secondary Clarifier (Old) Demolition | 250,000 | 182,100 | 182,092 | 8 |
| 222.03 | Secondary Clarifier Coating on East Wall | 150,000 | 150,000 | 123,967 | 26,033 |
| 219.00 | Treatment Unit Influent Channel Coating | - | 527,000 | 526,062 | 938 |
| 900.93 | Critical Renewal and Replacements | 70,000 | 45,000 | 44,868 | 132 |
| | Postponed or Cancelled Projects | 85,000 | 10,000 | - | 10,000 |
| | | 825,000 | 1,590,490 | 1,480,885 | 109,605 |
| | <u>Administration & Engineering</u> | | | | |
| 595.40/45 | Computers and Network Maintenance | 35,000 | 22,000 | 21,525 | 475 |
| 524.00/525.00 | Fiscal Agent & Debt Financing Fees | 2,500 | 31,500 | 30,824 | 676 |
| 535.00 | Open House | - | 80,000 | 73,502 | 6,498 |
| 900.9X | Critical Renewal and Replacements | 40,000 | - | - | - |
| 626.00 | EBDA replacement assessment | 125,000 | 119,300 | 119,250 | 50 |
| | | 202,500 | 252,800 | 245,101 | 7,699 |
| | Total project costs | 2,547,500 | 3,675,932 | 3,320,495 | 355,437 |
| | Operating expenses | | | | |
| | Engineering | | | - | |
| | Sewage collections | | | 1,594,509 | |
| | Sewage treatment operations | | | 1,402,546 | |
| | Sewage treatment maintenance | | | 78,339 | |
| | Sewage disposal - EBDA | | | 119,250 | |
| | Administration | | | 125,851 | |
| | Total operating expenses | | | 3,320,495 | |
| | Operating income (loss) | | | 1,633,985 | |
| | Non-operating revenues (expenses) | | | | |
| | Investment income | 40,000 | 40,000 | 9,342 | (30,658) |
| | Increase (decrease) in the fair value of investments | - | - | 141,150 | 141,150 |
| | Other miscellaneous revenues | - | - | 46 | 46 |
| | Total non-operating revenues (expenses) | 40,000 | 40,000 | 150,538 | 110,538 |
| | Income before contributions and transfers | \$ 2,218,050 | \$ 1,298,068 | \$ 1,784,523 | \$ 486,455 |
| | Equity transfers in (out) | | | (1,000,000) | |
| | Change in net position | | | 784,523 | |
| | Net position - beginning | | | 1,485,132 | |
| | Net position - ending | | | \$ 2,269,655 | |

ORO LOMA SANITARY DISTRICT

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, 2019
SCHEDULE 6

| | | Budgeted Amounts | | Actual | Variance with Final Budget Favorable |
|--|---|-------------------|-------------------|---------------------|--|
| Project # | Project costs | Original | Final | Amounts | (Unfavorable) |
| <u>Collections system</u> | | | | | |
| 100.00/04 | Lift Stations - General/Railroad | \$ 50,000 | \$ 26,500 | \$ 26,210 | \$ 290 |
| 107.00 | Lift Stations Rehabilitation | 150,000 | 284,300 | 284,265 | 35 |
| 105.00 | Lift Stations Remote Site PLC Upgrades | - | 23,600 | 23,520 | 80 |
| 142.00 | Altamont Road Easement Line Replacement | - | 252,100 | 249,432 | 2,668 |
| 162.00 | Collections CCTV Van No. 2 | 80,000 | 107,000 | 102,212 | 4,788 |
| 146.00 | Collections System Pipeline Renewal Design | - | 60,000 | 15,253 | 44,747 |
| 143.08 | Pipeline Replacements (FY 2017-18) | 657,000 | 657,000 | 656,926 | 74 |
| 143.10 | Pipeline Replacements (FY 2018-19) | 3,232,200 | 4,855,200 | 3,606,661 | 1,248,539 |
| 143.11 | Pipeline Replacements (FY 2019-20) | 50,000 | 50,000 | 46,416 | 3,584 |
| 143.12 | Pipeline Replacements (President Drive) | 60,800 | 60,800 | 60,757 | 43 |
| 900.91 | Critical Equipment | 15,000 | 23,000 | 22,499 | 501 |
| | Postponed or Cancelled projects | | | - | - |
| | | 4,295,000 | 6,399,500 | 5,094,151 | 1,305,349 |
| <u>Treatment plant</u> | | | | | |
| 299.00 | Cogeneration Engine Overhaul | 175,000 | 182,000 | 181,181 | 819 |
| 228.00 | Gravity Belt Thickener Polymer System Rehabilitation | 35,000 | 85,000 | 5,400 | 79,600 |
| 228.01 | Gravity Belt Thickener Building Cover Replacement | - | 21,600 | 21,557 | 43 |
| 267.00 | Grit Pump Replacement and Piping Rehabilitation | - | 43,300 | 43,300 | - |
| 284.00 | Influent Grinder Rebuild | 30,000 | 33,400 | 33,392 | 8 |
| 395.06 | Landscaping & Grounds | - | 14,040 | 14,040 | - |
| 213.06 | Nutrient Optimization | - | 11,850,000 | 9,220,857 | 2,629,143 |
| 201.00 | Operator Training Program | - | 215,000 | 168,196 | 46,804 |
| 285.01 | RAS and Secondary Effluent Real Time Analyzer | - | 118,400 | 94,442 | 23,958 |
| 319.00 | SCADA Network Upgrades | 50,000 | 45,400 | 45,381 | 19 |
| 395.02 | Thickener Roof Rehabilitation | - | 37,500 | 37,434 | 66 |
| 900.93 | Critical Equipment | 70,000 | 66,170 | 64,825 | 1,345 |
| | Postponed or Cancelled projects | 140,000 | - | - | - |
| | | 500,000 | 12,711,810 | 9,930,005 | 2,781,805 |
| <u>Administration & Engineering</u> | | | | | |
| 595.45 | IT and Network Upgrade (Safety and Lab Office Remodeling) | 30,000 | 18,200 | 18,197 | 3 |
| 900.9X | Critical Equipment | 20,000 | - | - | - |
| | | 50,000 | 18,200 | 18,197 | 3 |
| Total project costs | | 4,845,000 | 19,129,510 | 15,042,353 | 4,087,157 |
| Less: | | | | | |
| Additions to plant and equipment | | | | (1,497,350) | |
| Additions to construction in progress | | | | (11,057,953) | |
| Castro Valley Sanitary District capital assets | | | | (2,487,050) | |
| Operating income (loss) | | | | - | |
| Non-operating revenues (expenses) | | | | | |
| | Investment income | 40,000 | 40,000 | 131,912 | 91,912 |
| | Increase (decrease) in the fair value of investments | - | - | 95,009 | 95,009 |
| | EBDA agreement refund | 80,000 | 80,000 | 882,598 | 802,598 |
| | Other miscellaneous revenues | - | - | 46 | 46 |
| Total non-operating revenues (expenses) | | 120,000 | 120,000 | 1,109,565 | 989,565 |
| Income before contributions, transfers and other items | | \$ 120,000 | \$ 120,000 | \$ 1,109,565 | \$ 989,565 |
| Connection fees | | | | 560,015 | |
| Transfer of plant and equipment to Operations and Maintenance | | | | (5,009,473) | |
| Equity transfers in (out) | | | | 13,356,405 | |
| Change in net position | | | | 10,016,512 | |
| Net position - beginning | | | | 7,737,688 | |
| Net position - ending | | | | \$ 17,754,200 | |

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, 2019
SCHEDULE 7**

| | Budgeted Amounts | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|--|-----------------------------|---------------------------|---|
| Operating revenues | | | |
| Contract fees | \$ 1,050,000 | \$ 1,139,812 | \$ 89,812 |
| Total operating revenues | <u>1,050,000</u> | <u>1,139,812</u> | <u>89,812</u> |
| Operating expenses | | | |
| Salaries | 181,100 | 184,043 | (2,943) |
| Directors' fees | 8,900 | 6,240 | 2,660 |
| Overhead | 190,000 | 190,283 | (283) |
| Office expenses | 3,000 | 1,850 | 1,150 |
| Safety supplies | 500 | - | 500 |
| Contractual services | 3,000 | 1,258 | 1,742 |
| Professional services | 10,000 | 666 | 9,334 |
| Memberships, printing and publications | 1,000 | 422 | 578 |
| Public outreach | 80,000 | 16,762 | 63,238 |
| Repairs and maintenance | 500 | - | 500 |
| Recognition program | 600 | - | 600 |
| Utilities | 500 | 372 | 128 |
| Contingency and other reserves | 30,000 | - | 30,000 |
| Total operating expenses | <u>509,100</u> | <u>401,896</u> | <u>107,204</u> |
| Operating income (loss) | | <u>737,916</u> | |
| Non-operating revenues (expenses) | | | |
| Investment income | 7,000 | 62,605 | 55,605 |
| Recovery of uncollectible accounts | 10,000 | 21,113 | 11,113 |
| Other miscellaneous revenues | - | 6,390 | 6,390 |
| Write-off of uncollectible accounts | (3,000) | (1,055) | 1,945 |
| Total non-operating revenues (expenses) | <u>14,000</u> | <u>89,053</u> | <u>75,053</u> |
| Income before contributions and transfers | <u>\$ 554,900</u> | <u>\$ 826,969</u> | <u>\$ 272,069</u> |
| Equity transfers in (out) | | <u>(2,189,000)</u> | |
| Change in net position | | <u>(1,362,031)</u> | |
| Net position - beginning | | <u>2,158,079</u> | |
| Net position - ending | | <u>\$ 796,048</u> | |

ORO LOMA SANITARY DISTRICT

SCHEDULE OF BUDGETARY COMPARISON WITH ACTUAL
REVENUES, EXPENSES AND CHANGES IN NET POSITION
RECYCLING SERVICES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
SCHEDULE 8

| | Budgeted Amounts | Actual Amounts | Variance with Final Budget Favorable (Unfavorable) |
|---|---------------------|--------------------|---|
| Operating revenues | | | |
| Recycling charges - residential and green waste | \$ 2,309,000 | \$ 2,321,406 | \$ 12,406 |
| Recycling charges - commercial and industrial | 100,000 | 149,230 | 49,230 |
| Landfill fees - Measure D | 320,000 | 406,137 | 86,137 |
| Total operating revenues | <u>2,729,000</u> | <u>2,876,773</u> | <u>147,773</u> |
| Operating expenses | | | |
| Salaries | 181,100 | 181,771 | (671) |
| Overhead | 181,100 | 181,771 | (671) |
| Office expenses | 2,000 | 463 | 1,537 |
| Contractual services | 2,320,000 | 2,222,094 | 97,906 |
| Professional services | 2,000 | - | 2,000 |
| Public outreach | 180,000 | 84,771 | 95,229 |
| San Leandro Measure D | 40,000 | 44,675 | (4,675) |
| Contingency reserve | 10,000 | - | 10,000 |
| Total operating expenses | <u>2,916,200</u> | <u>2,715,545</u> | <u>200,655</u> |
| Operating income (loss) | | <u>161,228</u> | |
| Non-operating revenues (expenses) | | | |
| Investment income | 4,000 | 32,786 | 28,786 |
| Other miscellaneous revenues | 12,000 | 10,699 | (1,301) |
| Write-off of uncollectible accounts | (200) | - | 200 |
| Total non-operating revenues (expenses) | <u>15,800</u> | <u>43,485</u> | <u>27,685</u> |
| Income (loss) before contributions and transfers | <u>\$ (171,400)</u> | <u>\$ 204,713</u> | <u>\$ 376,113</u> |
| Equity transfers in (out) | | <u>(1,000,000)</u> | |
| Change in net position | | <u>(795,287)</u> | |
| Net position - beginning | | <u>1,327,875</u> | |
| Net position - ending | | <u>\$ 532,588</u> | |

COLLECTION SYSTEM REPAIR/MAINTENANCE

Collection system asset repairs include: point repairs, line repairs, major structures repairs and manhole raising.



OTHER INDEPENDENT AUDITOR'S REPORT



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

To the Board of Directors
Oro Loma Sanitary District

We have audited, 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, the financial statements of the Oro Loma Sanitary District (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 7, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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



CHAVAN & ASSOCIATES, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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.

C & A UP

October 7, 2019
San Jose, California

CANYON DRIVE LIFT STATION MAINTENANCE

The District provides general repairs and recurring maintenance at the various lift stations. Services performed include: electrical rehabilitation, painting, paving and roof maintenance, and landscaping and grounds.



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

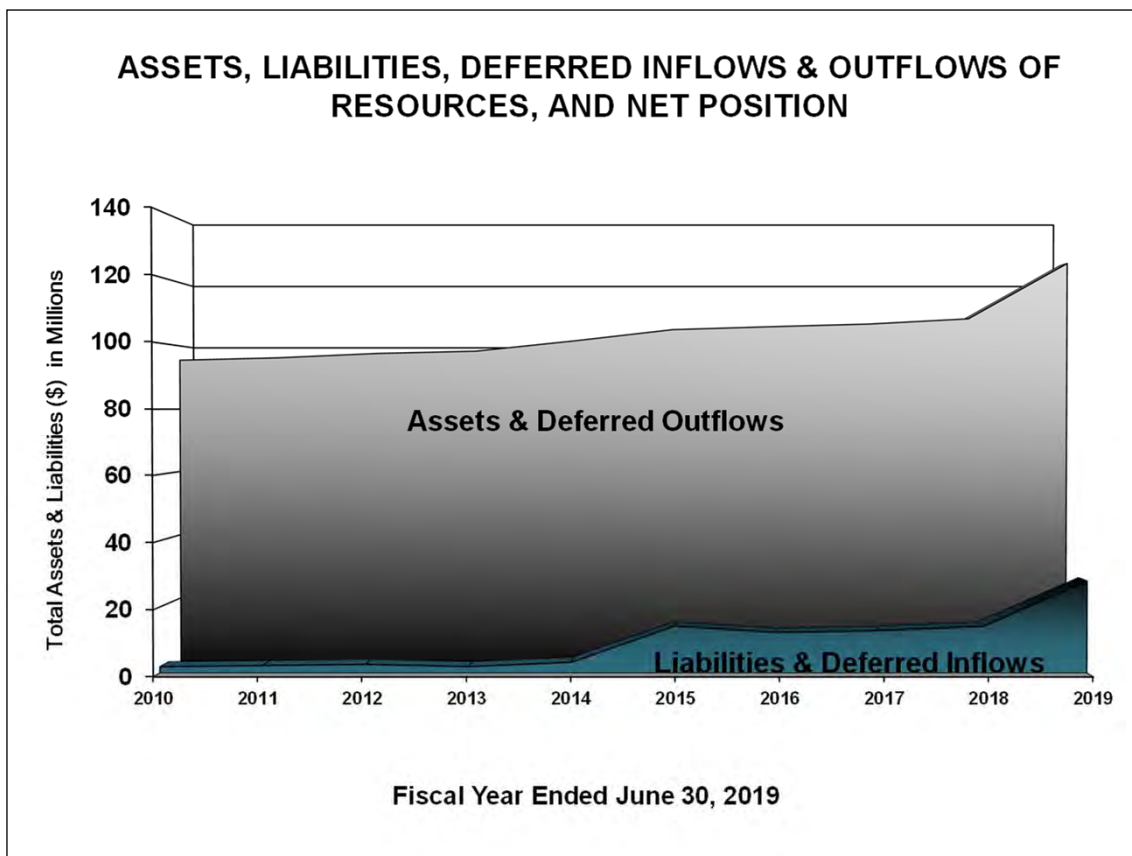
FINANCIAL TRENDS

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 |
| 2019 | \$ 122,595,939 | \$ 3,427,009 | \$ 25,469,227 | \$ 2,351,368 | \$ 86,351,732 | \$11,850,621 | \$ 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 |
| 2012 | 97,610,232 | - | 2,642,889 | - | 60,137,540 | 34,829,803 | 94,967,343 |
| 2011 | 96,239,189 | - | 2,279,945 | - | 66,538,774 | 27,420,470 | 93,959,244 |
| 2010 | 95,474,012 | - | 1,919,911 | - | 65,552,405 | 28,001,696 | 93,554,101 |

GRAPH A



ORO LOMA SANITARY DISTRICT

FINANCIAL TRENDS

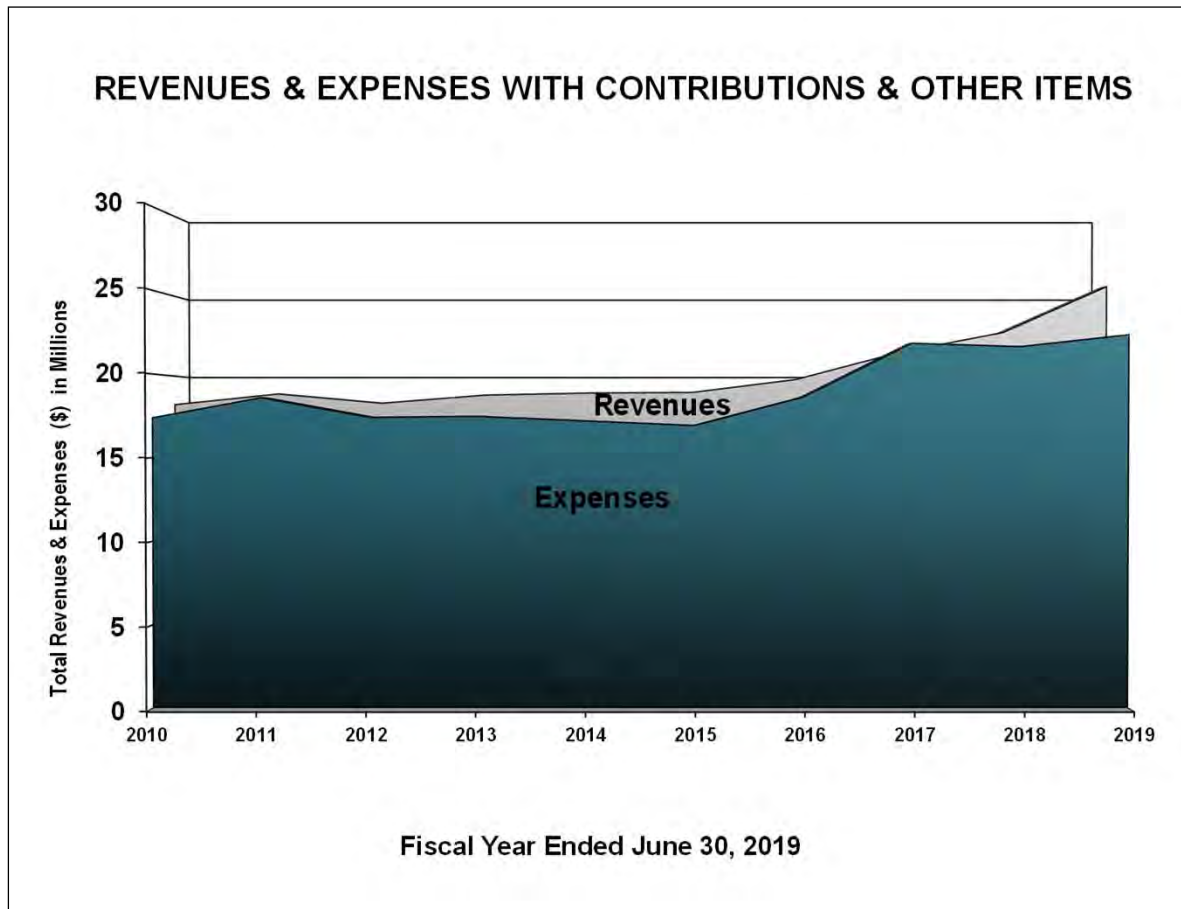
TABLE 2

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 | |
| 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 |
| 2012 | 18,463,108 | 17,567,136 | 895,972 | 112,127 | - | 1,008,099 |
| 2011 | 18,885,829 | 18,580,591 | 305,238 | 99,905 | - | 405,143 |
| 2010 | 18,214,645 | 17,379,995 | 834,650 | 49,953 | - | 884,603 |

* 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 (2019 - 2015)

| | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| OPERATING REVENUES: | | | | | |
| District service charges | \$14,991,385 | \$13,974,088 | \$12,961,082 | \$11,949,883 | \$11,678,040 |
| Agency treatment charges | 3,575,995 | 3,094,690 | 2,933,967 | 2,430,769 | 2,190,362 |
| Permits & inspection fees | 209,602 | 280,541 | 169,390 | 162,898 | 170,994 |
| Sanitary truck waste charges | 22,385 | 68,214 | 129,725 | 90,621 | 56,454 |
| Grease & grit receiving charges | 121,363 | 102,208 | 117,403 | 163,827 | 142,005 |
| Contract fees | 1,139,812 | 1,062,218 | 1,010,999 | 937,750 | 791,397 |
| Recycling charges-residential & green waste | 2,321,406 | 2,321,208 | 2,309,444 | 2,306,542 | 2,295,385 |
| Recycling charges-commercial & industrial | 149,230 | 132,934 | 118,694 | 110,721 | 102,060 |
| Landfill fees-Measure D | 406,137 | 385,751 | 346,349 | 319,719 | 329,606 |
| Other | 740,607 | 646,413 | 599,721 | 586,197 | 682,873 |
| Total operating revenues | 23,677,922 | 22,068,265 | 20,696,774 | 19,058,927 | 18,439,176 |
| OPERATING EXPENSES: | | | | | |
| Engineering | 757,699 | 752,469 | 562,048 | 684,704 | 698,221 |
| Sewage collections | 3,101,658 | 3,471,954 | 3,100,122 | 2,637,991 | 2,897,622 |
| Sewage treatment operations | 5,249,511 | 4,657,149 | 4,447,483 | 3,483,009 | 3,507,420 |
| Sewage treatment maintenance | 2,371,879 | 2,387,698 | 2,204,710 | 2,498,881 | 2,155,643 |
| Effluent disposal-EBDA | 894,676 | 1,011,446 | 836,969 | 779,476 | 684,638 |
| Administration and general | 1,721,349 | 1,481,993 | 1,549,379 | 1,256,629 | 1,332,934 |
| Pension expense | 976,624 | 1,553,814 | 2,976,128 | 1,192,396 | (547,141) |
| OPEB expense | 88,206 | 129,848 | (258,069) | (315,916) | (182,991) |
| Depreciation | 2,869,793 | 2,825,630 | 3,326,930 | 3,351,201 | 3,329,414 |
| Decrease in carrying value of EBDA | 176,110 | 93,247 | 54,155 | 165,735 | 89,455 |
| Solid waste | 401,896 | 353,546 | 304,471 | 306,213 | 305,189 |
| Recycling-all services | 2,715,545 | 2,690,932 | 2,591,833 | 2,574,922 | 2,591,742 |
| Total operating expenses | 21,324,946 | 21,409,726 | 21,696,159 | 18,615,241 | 16,862,146 |
| OPERATING INCOME (LOSS) | 2,352,976 | 658,539 | (999,385) | 443,686 | 1,577,030 |
| NON-OPERATING REVENUES: | | | | | |
| Investment income | 464,539 | 344,043 | 231,096 | 128,479 | 216,318 |
| Increase in the fair value of investments | 306,494 | - | - | 86,020 | - |
| Rents & leases | 105,588 | 92,795 | 83,465 | 79,956 | 92,741 |
| Castro Valley side fund reimbursement | - | - | - | - | - |
| Gain on disposal of capital assets | - | 6,140 | - | - | - |
| Recovery of uncollectible accounts | 21,113 | 11,902 | 16,276 | 17,203 | 11,343 |
| Other miscellaneous revenues | 139,858 | 124,671 | 326,580 | 339,028 | 140,798 |
| EBDA agreement and other refunds | 882,598 | 79,371 | 79,371 | 79,371 | 79,371 |
| Grant revenues | - | - | 56,250 | - | - |
| Total non-operating revenues | 1,920,190 | 658,922 | 793,038 | 730,057 | 540,571 |
| NON-OPERATING EXPENSES: | | | | | |
| Decrease in the fair value of investments | - | 223,552 | 137,921 | - | 58,326 |
| Loss on disposal of capital assets | 412,470 | - | - | - | - |
| Write-off uncollectible accounts | 1,055 | 1,284 | 810 | 1,515 | 863 |
| Debt issuance cost | 271,552 | - | - | - | - |
| Bond interest expense | 335,886 | - | - | - | - |
| CalPERS side fund contribution | - | - | - | - | - |
| Other miscellaneous expenses | - | - | - | - | - |
| Grant expenses | - | - | - | - | - |
| Total non-operating expenses | 1,020,963 | 224,836 | 138,731 | 1,515 | 59,189 |
| INCOME BEFORE CONTRIBUTIONS | 3,252,203 | 1,092,625 | (345,078) | 1,172,228 | 2,058,412 |
| Connection fees | 560,015 | 399,277 | 609,335 | 298,612 | 1,076,699 |
| CVSD contribution for transferred vehicle | - | - | - | - | - |
| Capital Grants | - | - | - | 1,202,580 | - |
| CHANGES IN NET POSITION | 3,812,218 | 1,491,902 | 264,257 | 2,673,420 | 3,135,111 |
| NET POSITION-BEGINNING | 94,390,135 | 94,041,721 | 93,777,464 | 90,911,175 | 98,269,280 |
| Prior period adjustment - GASB 68 pension | - | - | - | 192,869 | (10,768,191) |
| Prior period adjustment - OPEB | - | (1,143,488) | - | - | 274,975 |
| NET POSITION-ENDING | 98,202,353 | 94,390,135 | 94,041,721 | 93,777,464 | 90,911,175 |

ORO LOMA SANITARY DISTRICT

FINANCIAL TRENDS

TABLE 3 (continued)

Statement of Revenues and Expenses & Changes in Net Position (2014 - 2010)

| | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| OPERATING REVENUES: | | | | | |
| District service charges | \$11,583,176 | \$11,368,931 | \$10,539,022 | \$10,183,687 | \$10,120,561 |
| Agency treatment charges | 2,206,459 | 2,341,562 | 2,356,508 | 2,113,496 | 2,213,303 |
| Permits & inspection fees | 126,143 | 105,122 | 105,501 | 118,649 | 132,534 |
| Sanitary truck waste charges | 48,815 | 44,614 | 34,119 | 33,369 | 43,921 |
| Grease & grit receiving charges | 120,927 | 113,397 | 100,964 | 47,248 | 7,135 |
| Contract fees | 755,676 | 728,946 | 1,014,122 | 1,177,161 | 1,231,477 |
| Recycling charges-residential & green waste | 2,286,977 | 2,285,768 | 2,285,609 | 2,281,257 | 2,277,284 |
| Recycling charges-commercial & industrial | 87,783 | 71,686 | 96,011 | 99,721 | 80,824 |
| Landfill fees-Measure D | 327,570 | 342,132 | 322,360 | 337,996 | 358,386 |
| Other | 763,138 | 719,682 | 761,461 | 812,882 | 753,313 |
| Total operating revenues | 18,306,664 | 18,121,840 | 17,615,677 | 17,205,466 | 17,218,738 |
| OPERATING EXPENSES: | | | | | |
| Engineering | 712,859 | 694,142 | 585,037 | 756,806 | 637,505 |
| Sewage collections | 2,727,099 | 2,375,275 | 2,207,219 | 2,426,428 | 2,350,901 |
| Sewage treatment operations | 3,768,468 | 3,961,746 | 3,833,846 | 3,616,626 | 4,405,258 |
| Sewage treatment maintenance | 1,951,508 | 2,100,408 | 2,419,194 | 1,831,130 | 1,846,305 |
| Effluent disposal-EBDA | 645,786 | 682,807 | 696,967 | 638,715 | 478,693 |
| Administration and general | 1,206,450 | 1,405,494 | 1,215,432 | 1,320,909 | 1,168,674 |
| Pension expense | - | - | - | - | - |
| OPEB expense | - | - | - | - | - |
| Depreciation | 3,179,437 | 3,133,447 | 2,993,361 | 3,134,347 | 3,148,568 |
| Decrease in carrying value of EBDA | 95,162 | 92,055 | 104,088 | 98,084 | 78,973 |
| Solid waste | 296,535 | 330,769 | 395,554 | 397,390 | 435,618 |
| Recycling-all services | 2,599,618 | 2,682,645 | 2,662,165 | 2,688,271 | 2,657,699 |
| Total operating expenses | 17,182,922 | 17,458,788 | 17,112,863 | 16,908,706 | 17,208,194 |
| OPERATING INCOME (LOSS) | 1,123,742 | 663,052 | 502,814 | 296,760 | 10,544 |
| NON-OPERATING REVENUES: | | | | | |
| Investment income | 217,367 | 194,227 | 157,237 | 190,115 | 197,078 |
| Increase in the fair value of investments | 53,279 | 19,345 | - | - | - |
| Rents & leases | 84,856 | 132,159 | 394,141 | 375,087 | 382,120 |
| Castro Valley side fund reimbursement | - | - | - | 297,151 | - |
| Gain on disposal of capital assets | 14,643 | - | - | - | - |
| Recovery of uncollectible accounts | 11,702 | 9,821 | 16,172 | 69,587 | - |
| Other miscellaneous revenues | 177,063 | 220,500 | 200,510 | 171,846 | 203,125 |
| EBDA agreement and other refunds | 79,371 | 79,371 | 79,371 | 79,371 | 79,371 |
| Grant revenues | - | 36,948 | - | 497,206 | 134,213 |
| Total non-operating revenues | 638,281 | 692,371 | 847,431 | 1,680,363 | 995,907 |
| NON-OPERATING EXPENSES: | | | | | |
| Decrease in the fair value of investments | - | - | 157,399 | - | - |
| Loss on disposal of capital assets | 78 | - | 260,034 | 389 | - |
| Write-off uncollectible accounts | 1,502 | 8,757 | 2,217 | 466 | 8,824 |
| Debt issuance cost | - | - | - | - | - |
| Bond interest expense | - | - | - | - | 4,367 |
| CalPERS side fund contribution | - | - | - | 1,640,762 | - |
| Other miscellaneous expenses | - | - | - | - | 139,370 |
| Grant expenses | 10,725 | 444 | 34,623 | 30,268 | 19,240 |
| Total non-operating expenses | 12,305 | 9,201 | 454,273 | 1,671,885 | 171,801 |
| INCOME BEFORE CONTRIBUTIONS | 1,749,718 | 1,346,222 | 895,972 | 305,238 | 834,650 |
| Connection fees | 135,600 | 69,759 | 112,127 | 99,905 | 49,953 |
| CVSD contribution for transferred vehicle | 637 | - | - | - | - |
| Capital Grants | - | - | - | - | - |
| CHANGES IN NET POSITION | 1,885,955 | 1,415,981 | 1,008,099 | 405,143 | 884,603 |
| NET POSITION-BEGINNING | 96,383,325 | 94,967,344 | 93,959,245 | 93,554,102 | 92,669,499 |
| Prior period adjustment - GASB 68 pension | - | - | - | - | - |
| Prior period adjustment - OPEB | - | - | - | - | - |
| NET POSITION-ENDING | 98,269,280 | 96,383,325 | 94,967,344 | 93,959,245 | 93,554,102 |

ORO LOMA SANITARY DISTRICT

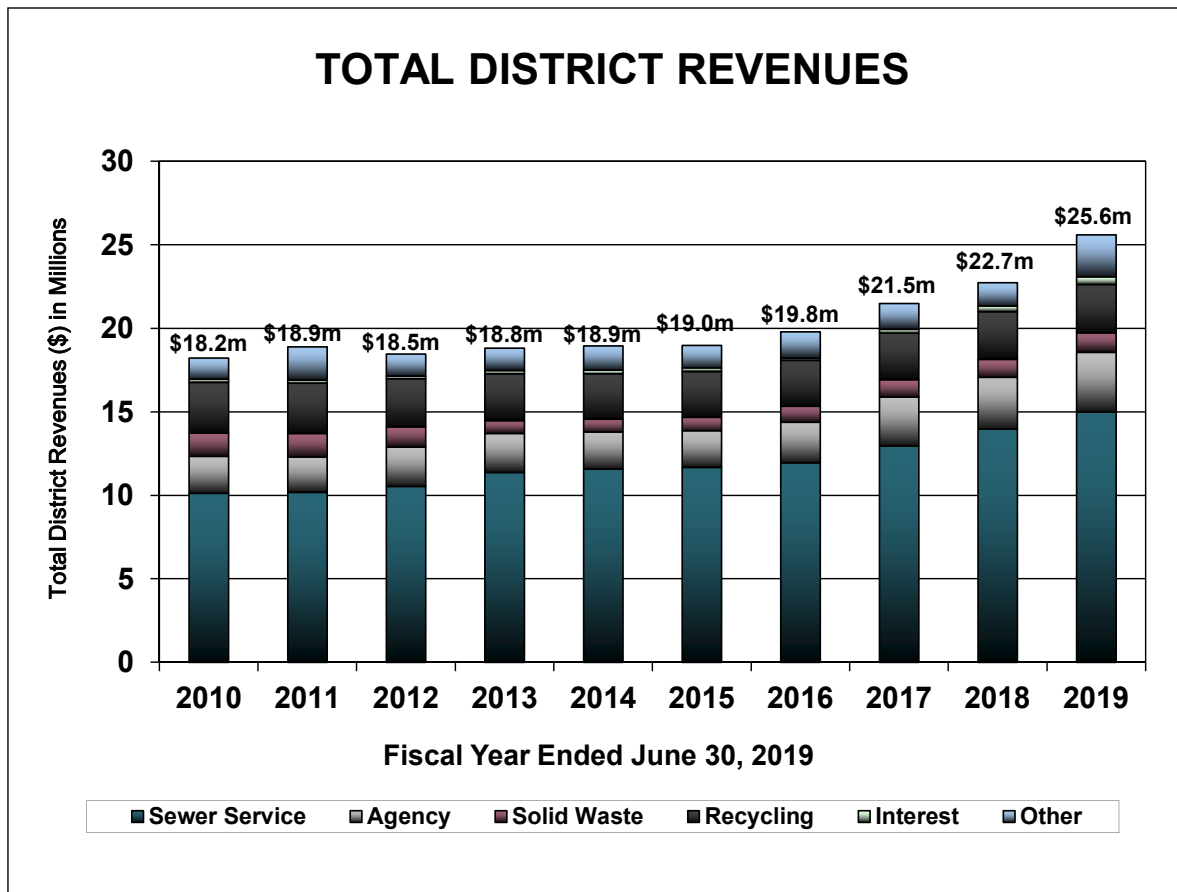
REVENUE CAPACITY

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 2019 Total | 58.6% | 14.0% | 4.6% | 11.3% | 1.8% | 9.7% | 100.0% |
| 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 |
| 2012 | 10,539,022 | 2,356,508 | 1,199,728 | 2,884,556 | 157,237 | 1,326,057 | 18,463,108 |
| 2011 | 10,183,687 | 2,113,496 | 1,405,010 | 3,009,099 | 190,115 | 1,984,422 | 18,885,829 |
| 2010 | 10,120,561 | 2,213,303 | 1,390,374 | 3,039,228 | 197,078 | 1,254,101 | 18,214,645 |

GRAPH C



ORO LOMA SANITARY DISTRICT

REVENUE CAPACITY

~ SIGNIFICANT SINGLE SOURCE REVENUES ~

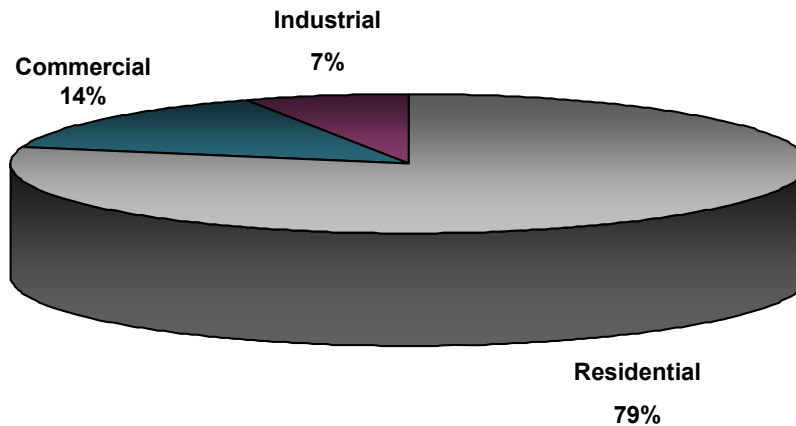
TABLE 5

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 | |
| 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 |
| 2012 | 8,394,231 | 80% | 1,541,786 | 15% | 603,005 | 6% | 10,539,022 |
| 2011 | 8,163,543 | 80% | 1,422,552 | 14% | 597,592 | 6% | 10,183,687 |
| 2010 | 8,148,938 | 81% | 1,432,635 | 14% | 538,988 | 4% | 10,120,561 |

GRAPH D

SEWER SERVICE REVENUES BY CUSTOMER TYPE FY 2018-19



The District's customer base is predominantly residential customers.

ORO LOMA SANITARY DISTRICT

REVENUE CAPACITY

~ REVENUE RATES ~

TABLE 6

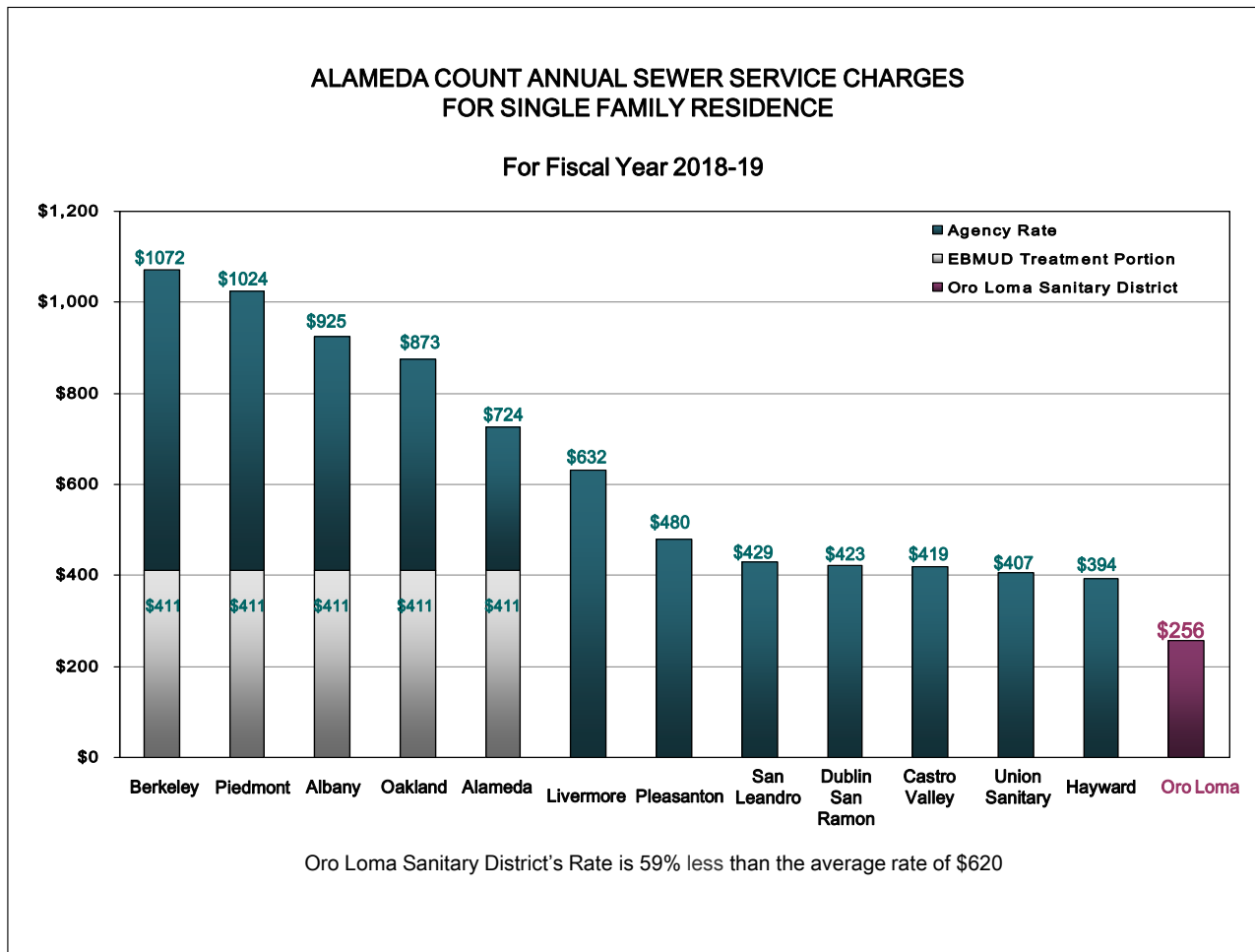
Annual Sewer Service Rates & Customer Base Ordinance 37 with Resolution #3627

| 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 | | | |
| 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 |
| 2012 | 37-27 | 29,696 | 183.00 | 14,773 | 183.00 | 1,311 | 149.00 | 1,162 | 2.705 | 46,942 |
| 2011 | 37-26 | 29,632 | 178.00 | 14,862 | 178.00 | 1,261 | 145.00 | 1,141 | 2.626 | 46,896 |
| 2010 | 37-26 | 29,632 | 178.00 | 14,785 | 178.00 | 1,264 | 145.00 | 1,156 | 2.626 | 46,837 |

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 2018-19.

21.0% ← **\$3,147,195** out of **\$14,991,385** total sewer service revenues were derived from commercial (\$2,154,833) and industrial (\$992,362) customers

12.1% ← **\$1,816,706** out of **\$14,991,385** total sewer service revenues were derived from the twenty largest commercial and industrial customers

57.7% ← **\$1,816,706** out of **\$3,147,195** total commercial and industrial sewer service revenues were derived from the twenty largest commercial and industrial customers.

TABLE 7 **Twenty Largest Commercial Customers**

Source: 2018 East Bay Municipal Utility District water consumption and billing report and 2018 significant industrial users invoices.

| Customer | Type of Business | Sewer Charges | % of Sewer Revenues |
|---|---|---------------------|---------------------|
| Santini Foods | Food manufacturing | \$ 607,420 | 4.1% |
| Ghirardelli Chocolate | Food manufacturing | 194,049 | 1.3% |
| The Hillshire Brands | Food manufacturing | 166,301 | 1.1% |
| Hayward Area Recreation & Park District | Recreation and parks | 135,067 | 0.9% |
| Madison Bayfair | Shopping mall | 120,590 | 0.8% |
| Fairmont Hospital Complex | Hospital, medical clinics and correctional facilities | 109,179 | 0.7% |
| San Lorenzo Unified School District | School District | 97,284 | 0.7% |
| County of Alameda General Services | Government services | 56,119 | 0.4% |
| Greenhouse Marketplace | Retail businesses | 37,526 | 0.3% |
| Hayward Unified School District | School District | 36,597 | 0.2% |
| San Leandro Unified School District | School District | 34,397 | 0.2% |
| San Leandro Hospital (SLCO) | Hospital | 32,607 | 0.2% |
| Fusion Delight | Restaurant | 30,188 | 0.2% |
| Guadalajara Enterprises | Retail businesses | 30,186 | 0.2% |
| Launderworld | Laundry mat | 27,709 | 0.2% |
| Lorenzo Manor Shopping Center | Retail businesses | 26,190 | 0.2% |
| Save Mart Supermarket | Grocery store | 19,568 | 0.1% |
| Kaiser Foundation Health Plan | Medical clinics | 19,514 | 0.1% |
| Washington Center | Rehabilitation Services | 18,594 | 0.1% |
| Allsafe Self Storage | Storage facility | 17,621 | 0.1% |
| Total | | \$ 1,816,706 | 12.1% |

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 ~

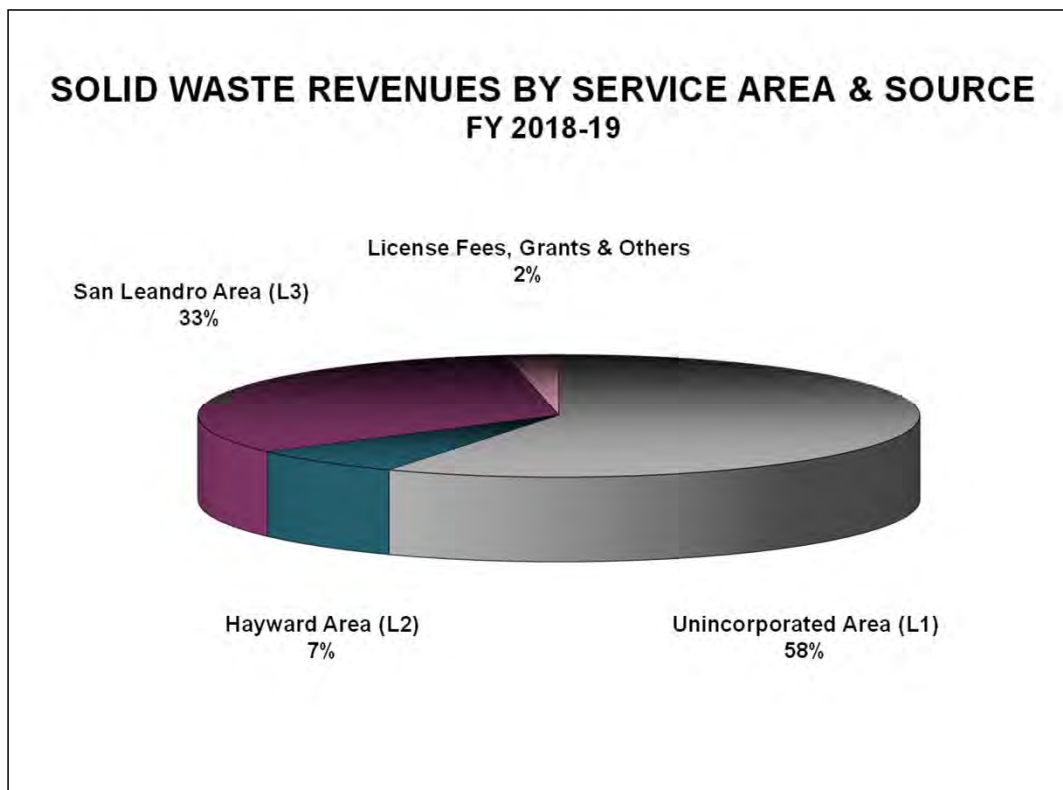
TABLE 8

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 |
|---------------------------|--------------------------|-------------------|-----------------------|-------------------------------|--------------|
| 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 |
| 2012 | 612,959 | 56,455 | 344,708 | 185,606 | 1,199,728 |
| 2011 | 726,120 | 68,902 | 408,818 | 201,170 | 1,405,010 |
| 2010 | 751,591 | 65,919 | 413,967 | 158,897 | 1,390,374 |

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



ORO LOMA SANITARY DISTRICT

REVENUE CAPACITY

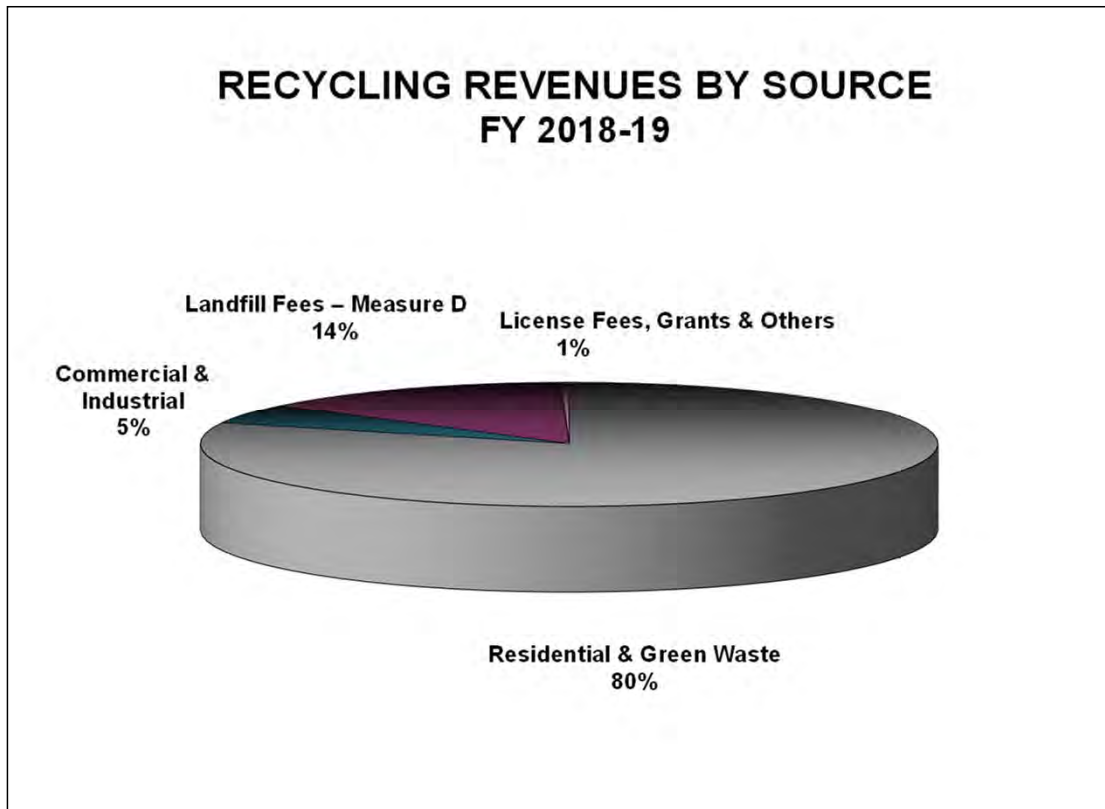
~ SIGNIFICANT SINGLE SOURCE REVENUES ~

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 | | | |
| 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 |
| 2012 | 2,285,609 | 96,011 | 322,360 | 180,576 | 2,884,556 |
| 2011 | 2,281,257 | 99,721 | 337,996 | 290,125 | 3,009,099 |
| 2010 | 2,277,284 | 80,824 | 358,386 | 322,734 | 3,039,228 |

GRAPH G



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 |
| 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 |
| Sep 1, 2012 | 34-37 | 7.56 | 8.72 | 15.07 | 17.48 | 30.18 | 34.91 | 98.59 | 114.04 | 4.60 | 4.32 | 42.39 | 44.51 |
| Jan 1, 2012 | 34-36 | 7.26 | 8.37 | 14.47 | 16.78 | 28.98 | 33.52 | 94.66 | 109.49 | 4.60 | 4.32 | 40.70 | 42.74 |
| 2011 | 34-35 | 6.31 | 7.17 | 12.58 | 14.38 | 25.20 | 28.72 | 81.93 | 93.41 | 4.60 | 4.32 | 35.25 | 36.46 |
| 2010 | 34-34 | 6.09 | 6.92 | 12.15 | 13.87 | 24.34 | 27.71 | 79.12 | 90.11 | 4.60 | 4.32 | 34.03 | 35.16 |

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.

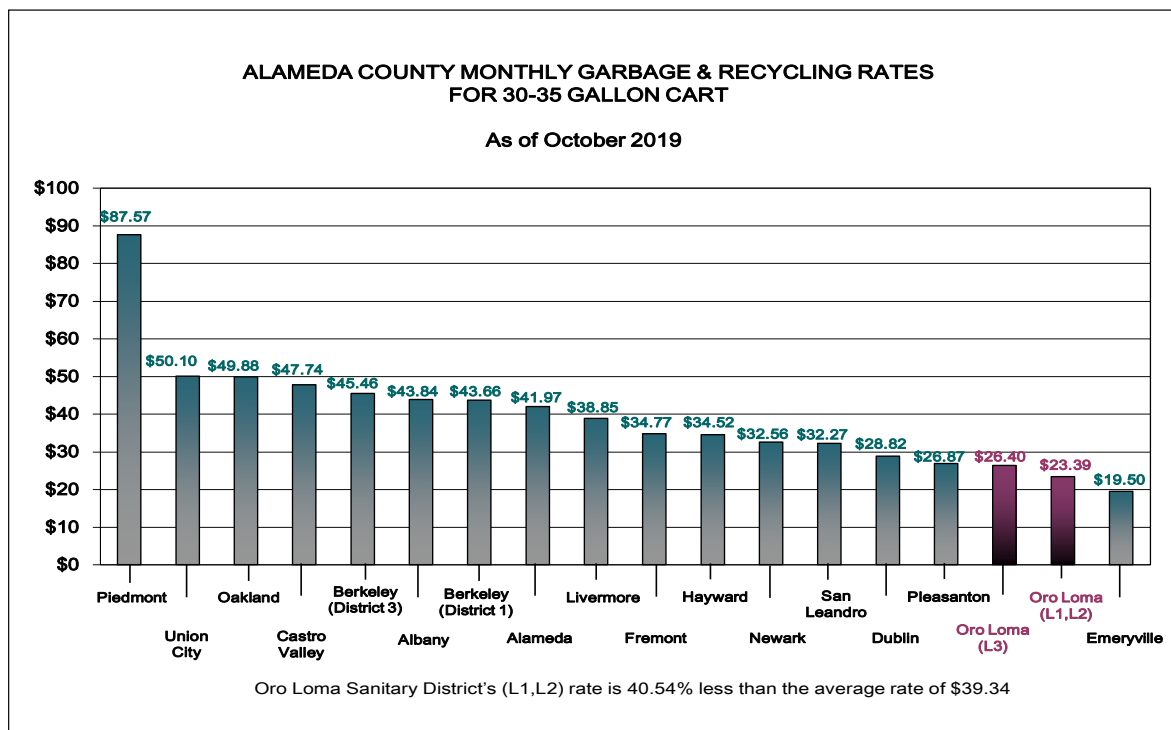
L3 is the area in the City of San Leandro within the District's boundaries, and receives both garbage and recycling services from the District.

* 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

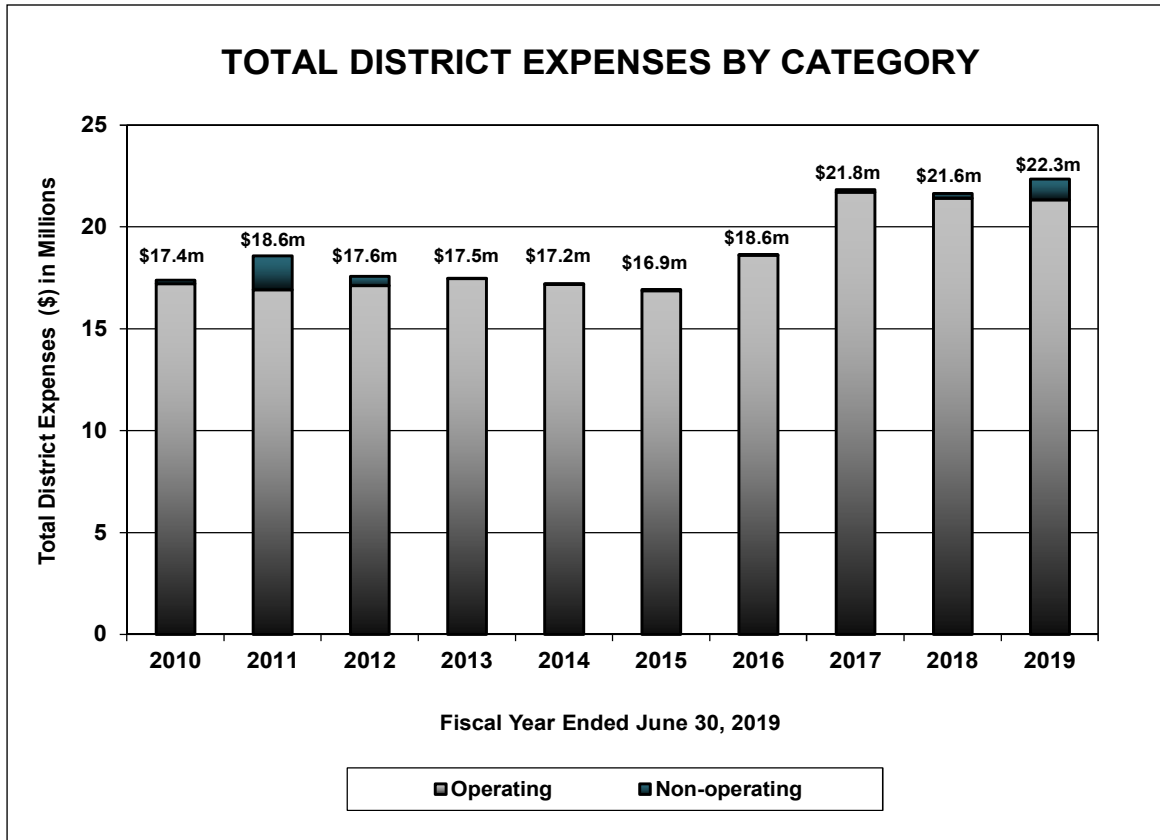
TABLE 11

Total Expenses by Category

| Fiscal Year Ended June 30 | Operating Expenses | Non-operating Expenses | Total Expenses |
|---------------------------|--------------------|------------------------|----------------|
| 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 |
| 2012 | 17,112,863 | 454,273 | 17,567,136 |
| 2011 | 16,908,706 | 1,671,885 | 18,580,591 |
| 2010 | 17,208,194 | 171,801 | 17,379,995 |

* 2011 non-operating expenses include \$1,640,762 one-time payoff to the CalPERS side fund.

GRAPH I



ORO LOMA SANITARY DISTRICT

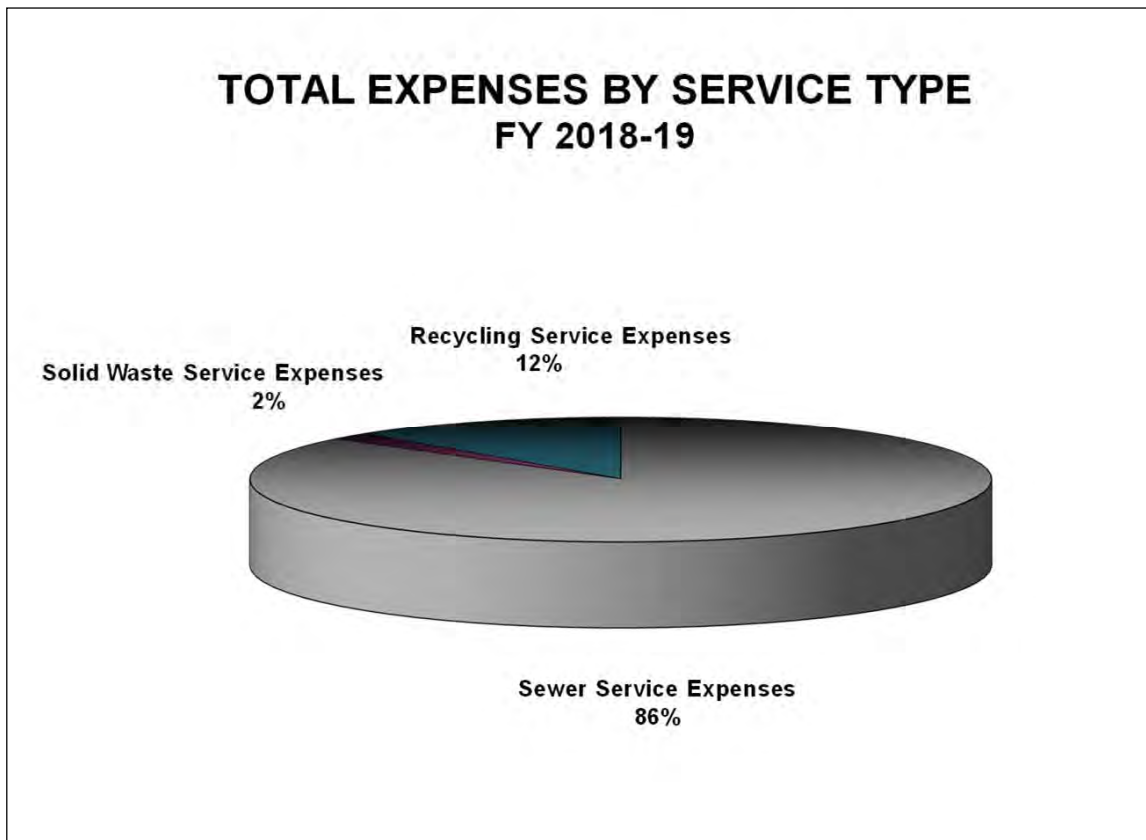
EXPENSES

TABLE 12

Total Expenses by Service Type

| Fiscal Year Ended June 30 | Sewer Service Expenses | Solid Waste Service Expenses | Recycling Service Expenses | Total Expenses |
|--|---------------------------------------|---|---|---------------------------|
| 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 |
| 2012 | 14,454,358 | 398,206 | 2,714,572 | 17,567,136 |
| 2011 | 15,461,512 | 397,825 | 2,721,254 | 18,580,591 |
| 2010 | 14,255,575 | 444,877 | 2,679,543 | 17,379,995 |

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 in the amount of \$14.2 million for the Nutrient Optimization Project. The bonds have a 25-year term and true interest cost of 3.482%.

The California Health and Safety Code, Section 6651 Bonded Indebtedness Limit, limits the District's maximum bonding capacity to 15% of the assessed value of the real and personal property of the District, which has been 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 | | |
| 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 |
| 2012 | 9,816,257,873 | 2,454,064,468 | 368,109,670 | none | (600,000) | 367,509,670 | N/A |
| 2011 | 9,911,332,229 | 2,477,833,057 | 371,674,959 | none | (600,000) | 371,074,959 | N/A |
| 2010 | 10,103,791,583 | 2,525,947,896 | 378,892,184 | none | (600,000) | 378,292,184 | N/A |

2018 Wastewater Revenue Bonds

From Issue Year (FY 2018-19)

TABLE 14

Ratio of Outstanding Debt to Number of Sewer Service Customers

| Fiscal Year Ended June 30 | Total Outstanding Debt | Number of Sewer Service Customers | Debt Per Customer |
|---------------------------|------------------------|-----------------------------------|-------------------|
| 2019 | \$14,160,000 | 47,262 | \$300 |

TABLE 15

Debt Coverage Ratio

| Fiscal Year Ended June 30 | Gross Revenues | Operating & Maintenance Costs (excl. depreciation and debt service) | Net Revenues | Debt Service | | | Debt Coverage Ratio |
|---------------------------|----------------|---|--------------|--------------|------------|------------|---------------------|
| | | | | Principal | Interest | Total | |
| 2019 | \$ 25,598,112 | \$ 17,671,605 | \$ 7,926,507 | \$ - | \$ 335,886 | \$ 335,886 | 23.60 |

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.

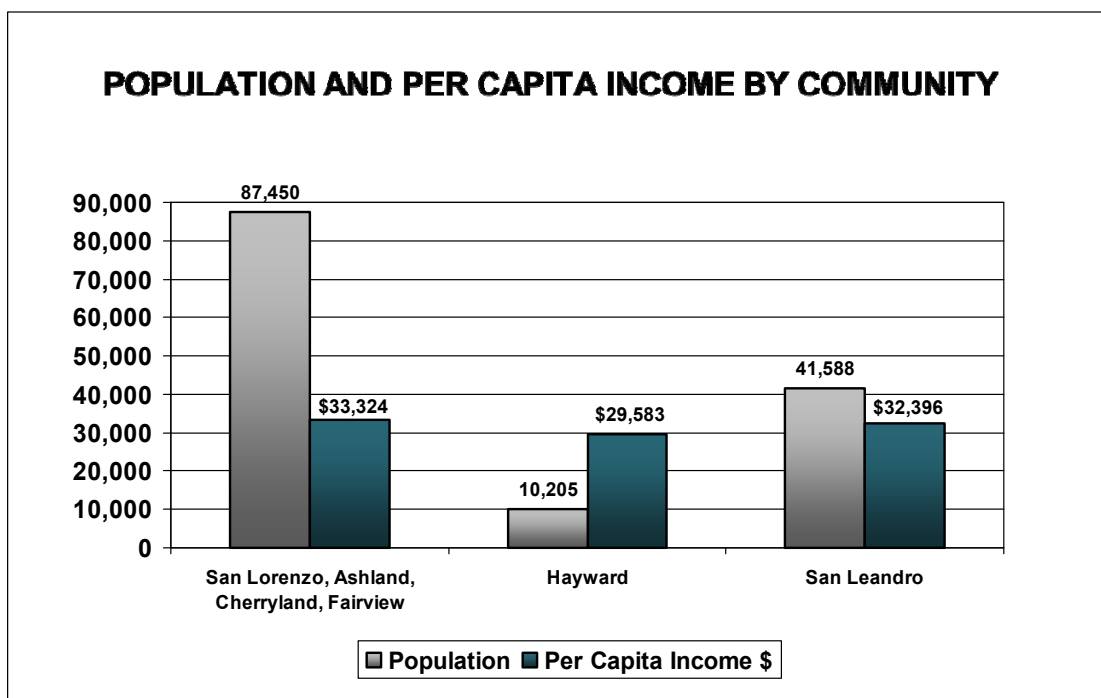
TABLE 16

Population, Per Capita Income & Unemployment Statistics

Source: U.S. Census Bureau 2013-2017; EDD Labor Market Information Division FY 2018-19

| Indicator | Communities within the District's Boundaries Located in | | | All Areas |
|-------------------|---|----------|-------------|-----------|
| | San Lorenzo, Ashland, Cherryland, Fairview | Hayward | San Leandro | |
| Population | 87,450 | 10,205 | 41,588 | 139,243 |
| Per Capita Income | \$33,324 | \$29,583 | \$32,396 | \$32,772 |
| Unemployment rate | 3.7% | 3.3% | 3.2% | 3.9% |

GRAPH K



Source: U.S. Census Bureau 2013-2017; EDD Labor Market Information Division FY 2018-19

ORO LOMA SANITARY DISTRICT

DEMOGRAPHIC & ECONOMIC INFORMATION ~ PRINCIPAL EMPLOYERS ~

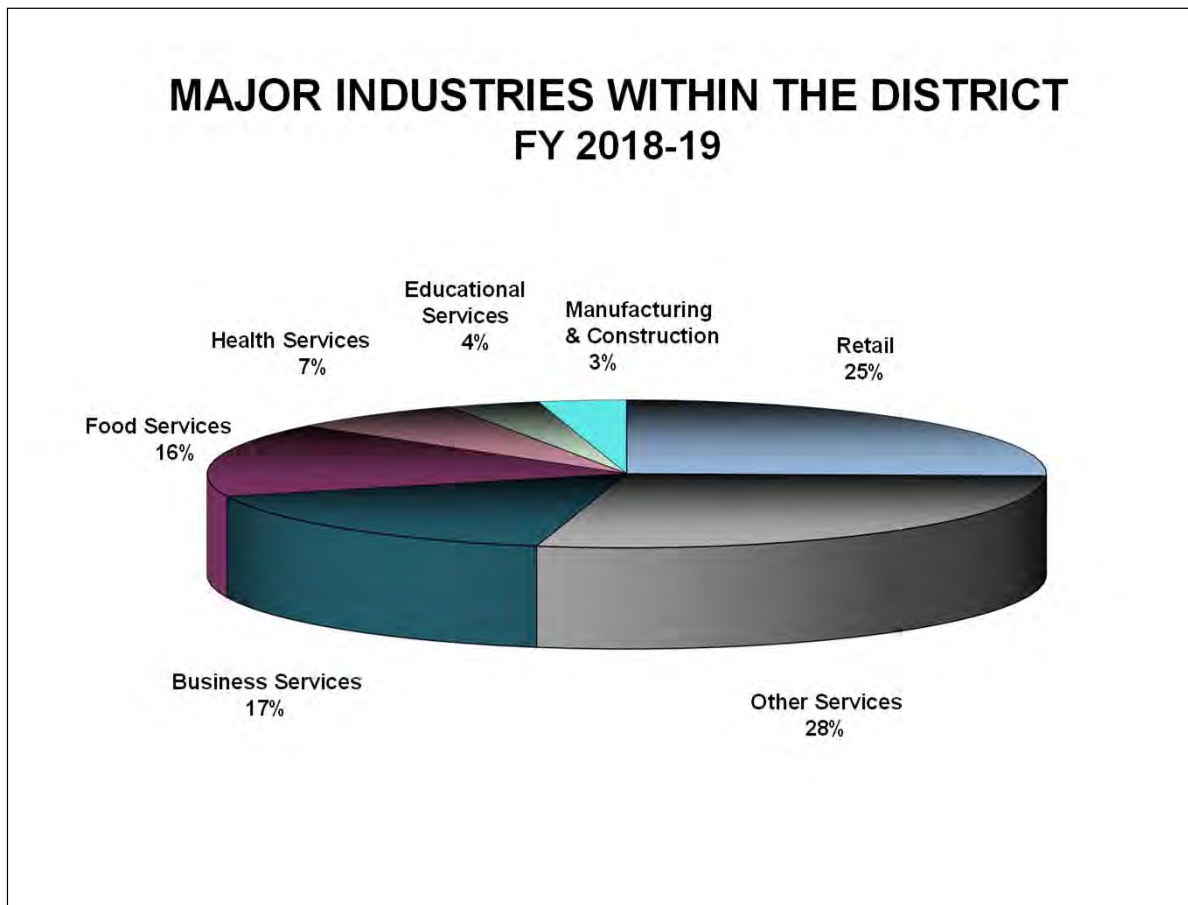
TABLE 17

Major Employers Within the District

Source: City of San Leandro Budget 19-20 and CAFR 2018, and Buzzfile company information database.

| Employer | Type of Business | Number of Employees |
|-------------------------------------|-----------------------------------|---------------------|
| Alameda Health System | Hospital | 1534 |
| San Lorenzo Unified School District | School district | 1160 |
| County of Alameda | Government services | 528 |
| Ghirardelli Chocolate | Food manufacturing | 517 |
| The Hillshire Brands | Food manufacturing | 400 |
| Hayward Unified School District | School district | 355 |
| San Leandro Unified School District | School district | 302 |
| Save Mart | Grocery store | 254 |
| Target | Department store | 200 |
| Tharco | Packaging materials manufacturing | 171 |
| Kaiser Foundation Health Plan | Medical clinic | 167 |
| Safeway | Grocery store | 140 |
| Santini | Food manufacturing | 133 |
| Oakland Pallet | Pallet manufacturing | 130 |

GRAPH L



Source: 2018 East Bay Municipal Utility District water consumption and billing report.

ORO LOMA SANITARY DISTRICT

OPERATING INFORMATION

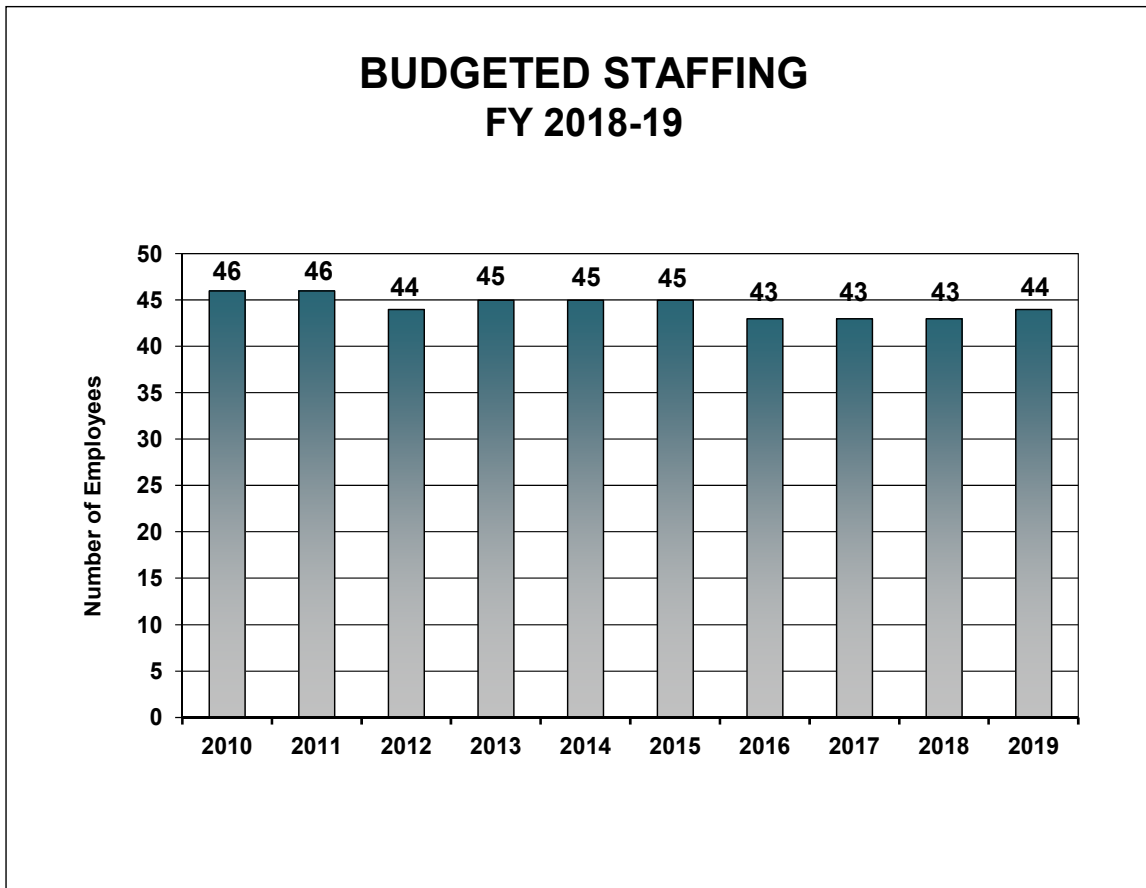
~ EMPLOYEE BASE ~

TABLE 18

Budgeted Staffing by Department

| Fiscal Year Ended June 30 | Engineering | Collections | Operations | Maintenance | Administration | Solid Waste | Total |
|---------------------------------|-------------|-------------|------------|-------------|----------------|-------------|-------|
| 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 |
| 2012 | 4.0 | 8.0 | 15.5 | 10.0 | 5.5 | 1.0 | 44.0 |
| 2011 | 6.0 | 8.0 | 15.5 | 10.0 | 5.5 | 1.0 | 46.0 |
| 2010 | 6.0 | 8.0 | 15.5 | 10.0 | 5.5 | 1.0 | 46.0 |

GRAPH M



ORO LOMA SANITARY DISTRICT

OPERATING INFORMATION

~ SERVICE INDICATORS ~

TABLE 19

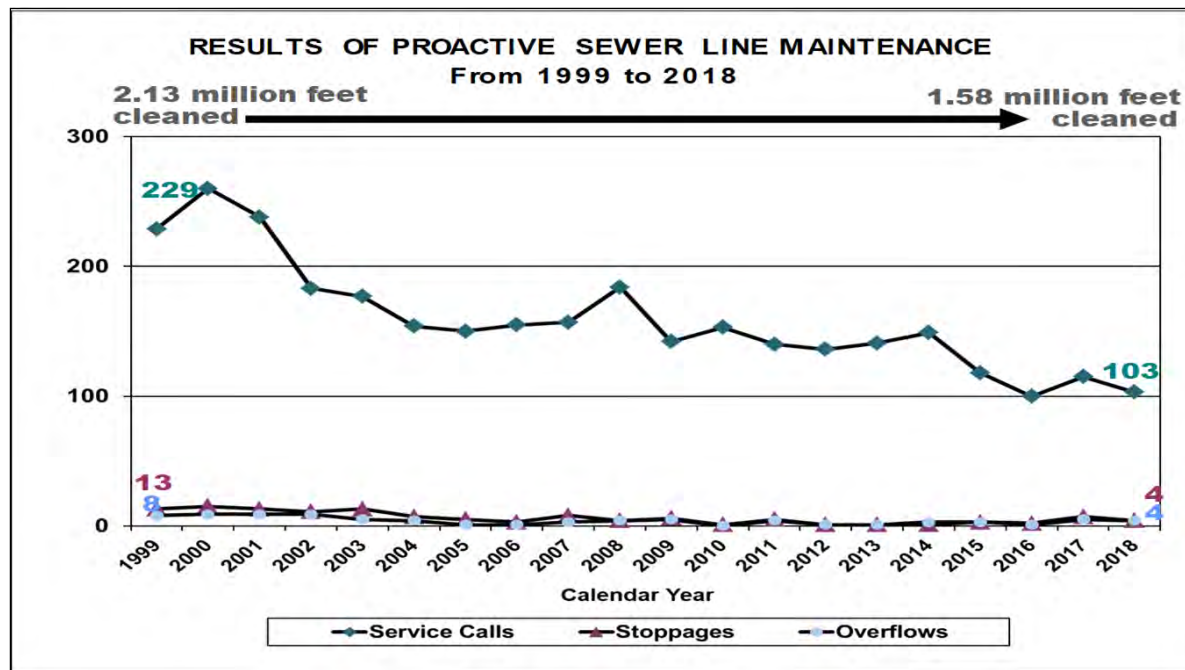
Proactive Sewer Line Maintenance and Results 1999-2018

| Calendar Year | Total Cleaned & CCTV'd (ft) | Monthly Average (ft) | Service Calls | Stoppages | Overflows |
|---------------|-----------------------------|----------------------|---------------|-----------|-----------|
| 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 |
| 2001 | 2,084,782 | 173,732 | 238 | 13 | 9 |
| 2000 | 1,844,583 | 153,715 | 260 | 15 | 9 |
| 1999 | 2,126,747 | 177,229 | 229 | 13 | 8 |

* 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* |
|---------------------------|-------|----------------------------|---------------------|-------------------------|--|------------------------------|-------------------------------|
| 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 |
| 2012 | 35-14 | 17 | 6,555 | 112,127 | 173 | 280 | 52,186 |
| 2011 | 35-14 | 15 | 6,555 | 99,905 | 194 | 280 | 56,261 |
| 2010 | 35-14 | 8 | 6,555 | 49,953 | 233 | 280 | 66,708 |

* 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).

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 |
| 2018 | 11.06 | 12.1 | 8.6 | 3.5 | 28.9% | 40.0 | 24.7 | 15.3 | 38.3% |
| 2017 | 17.99 | 14.8 | 10.6 | 4.2 | 28.4% | 56.1 | 37.2 | 18.9 | 33.7% |
| 2016 | 14.43 | 12.9 | 9.6 | 3.3 | 25.6% | 43.6 | 28.8 | 14.8 | 33.9% |
| 2015 | 7.76 | 11.2 | 8.5 | 2.8 | 24.5% | 28.6 | 19.5 | 9.1 | 31.7% |
| 2014 | 14.47 | 12.4 | 9.3 | 3.2 | 25.8% | 50.1 | 35.8 | 14.3 | 28.5% |
| 2013 | 2.71 | 12.3 | 9.1 | 3.2 | 26.0% | 16.9 | 12.0 | 4.9 | 29.0% |
| 2012 | 12.23 | 13.9 | 10.1 | 3.8 | 27.3% | 42.2 | 27.4 | 14.8 | 35.1% |
| 2011 | 13.08 | 14.2 | 10.4 | 3.8 | 26.8% | 43.3 | 28.3 | 15.2 | 35.1% |
| 2010 | 21.14 | 14.7 | 10.7 | 4.0 | 27.2% | 41.0 | 27.8 | 13.2 | 32.2% |
| 2009 | 19.62 | 12.6 | 9.3 | 3.4 | 27.0% | 31.4 | 20.4 | 11.0 | 35.0% |

* 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 |
| 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% |
| 2011 | 5 | 98% | 5 | 99% | 516,241 | Solar Powered | 100% |
| 2010 | 12 | 94% | 9 | 97% | 489,411 | 52,832 | 90% |
| 2009 | 9 | 96% | 9 | 96% | 497,001 | 42,437 | 92% |

* 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 of Alameda County to provide garbage, recycling and green waste services to its customers. The current contract went into effect on January 1, 2012, and will expire on August 31, 2024, with possible extensions. Highlights of the contract are included below.

TABLE 23

Highlights of Solid Waste, Recycling & Green Waste Services

| | |
|--|--------|
| Routes for Garbage Pickups (per day, every week) | 9 |
| Routes for Residential Recycling (per day, every other week) | 5 |
| Routes for Residential Green Waste (per day, every week) | 6 |
| Free Annual Bulky Waste Pickups in 2018 (maximum 2 per single family or multiple with 4 units or less) | 12,321 |
| Other Services: | |
| <ul style="list-style-type: none"> Residential batteries and cell phone collection programs Single stream recycling services provided to all public schools in the District at no additional cost Recycling bins for classrooms provided to all public schools at no additional cost Recycling coordinator at WMAC dedicated to commercial and industrial customers Garbage service provided to all public schools in San Leandro at no additional cost Public Education funds budgeted to promote recycling and environmental awareness | |

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 Aerators, 3 Aeration Basins and 1 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
 - 8 Plant Service Trucks
 - 3 Dump Trucks
 - 1 Water Truck
 - 3 Electric Carts
 - 1 Backhoe
 - 1 Wheel Loader
 - 1 Forklift

Sewage Collection Facilities

- 272 miles of sewer lines
- 13 remote lift stations
- 6010 manholes
- Fleet of service vehicles, consisting of:
 - 3 Hydrojetter Trucks
 - 1 Rodder
 - 1 Vacuum Truck
 - 2 CCTV Vans
 - 3 Collection Service Trucks
 - 2 Lift Station Service Trucks