



ORO LOMA SANITARY DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2020

WITH COMPARATIVE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2019



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ORO LOMA SANITARY DISTRICT

Comprehensive Annual Financial Report Year Ended June 30, 2020 with Comparative Financial Statements for Year Ended June 30, 2019

Presented by:



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Prepared by the Finance Department:



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ORO LOMA SANITARY DISTRICT
Comprehensive Annual Financial Report
for Fiscal Year Ended June 30, 2020
With Comparative Financial Statements for Year Ended June 30, 2019

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INTRODUCTORY SECTION



ORO LOMA SANITARY DISTRICT

December 15, 2020

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, 2020.

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

Cropper Accountancy Corporation has issued an unmodified opinion on the District's financial statements for the year ended June 30, 2020. 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 47,536 customers, comprised of: residential 46,385 units (97.58%), commercial and light industrial 1,147 units (2.41%), and, 4 significant industrial customers (0.01%). The population served within the District's boundaries is 140,546.

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 13 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, 13 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 57 million gallons (1.2%) of treated effluent is reused for irrigation at the Skywest Golf Course, saving fresh water for residents and businesses.

Other Inter-Governmental Agency Services

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

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

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 47,536 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 2015-2019 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, \$97,286 with 3.03 persons per household; for the City of San Leandro, \$78,003 with 2.85 persons per household; and, for the City of Hayward, \$86,744 with 3.27 persons per household. The region has shown significant recovery from the economic downturn in 2008, but was adversely impacted by events related to the COVID-19 pandemic. The average unemployment rate in 2019-2020 was 6.9%. In June 2020, the unemployment rate surpassed 14%, a drastic outcome compared to 3.6% before the pandemic began. Nevertheless, median housing sale price remained strong at \$692,000 as a result of historically low mortgage rates. Based on economic forecasts by the California Department of Transportation, it is anticipated that the County's population growth will be 0.7% per year. As COVID-19 continues its spread and before vaccines are made available to all population, future trends in the local economy, salaries and per capita income remain uncertain.

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 \$17.4 million annually for the next 5 years in renewal and replacement and capital improvements. Of this total, an average of \$10.6 million per year is allocated to renewing the existing collection system and facilities. Other major long-range plans in the treatment plant include construction of a consolidated operations building; design and build digesters No. 8 & No. 9; renewal of the digester gas system flares; rehabilitation of the gravity belt thickener facility; upgrade of the cogeneration system; and, replacement of the influent pump station.

The operating budget is expected to increase in line with inflation and regulatory compliance requirements without any significant staffing changes. FY 2019-20 was the fourth 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 \$73.0 million is required for the long-range plan, making external financing a necessity. In October 2018, 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 Federal and State funds to accelerate its sewer line replacement efforts. A strategic goal was established to incorporate a capital component into its sewer rate structure 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 \$6.85 million, which represents half of the District's projected sewer service revenues collected through Alameda County for the fiscal year.

- **Capital Assets Policy**

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

- **Internal Control Policy**

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

- **Cash Management Policy**

The Cash Management Policy establishes specific procedures for collecting, depositing and disbursing District cash. It defines the role and responsibility of staff in day-to-day tasks such as cash receipts, accounts payable and petty cash disbursements, payroll processing, and bank reconciliation. The Finance & Insurance Committee reviews check registers and audits selected payments at monthly committee meetings. Bank reconciliations are performed by the Finance Manager and approved by the General Manager. Separate personnel handles cash deposits and payments, and a restricted group of designated persons is authorized to initiate fund transfers, 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) from \$11.6 million to \$4.4 million. Despite these efforts, the UAL has been increasing due to fluctuations in investment returns and changes in actuarial assumptions. As of the last valuation date of June 30, 2019, the UAL stands at \$ 10.7 million. The District plans to pay off this liability by following CalPERS' 10-year alternative amortization schedule.

The Board recognizes the critical need to maintain reliable infrastructure, in particular, to replace the District's aging sewer pipes (50-70 years old). Through its Strategic Plan, the 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 State or Federal financing.

The District is in the final stages of upgrading its treatment facility to enhance the nutrient treatment process in response to concerns about nutrient loading to the San Francisco Bay. The new process will provide nitrogen removal (nitrification and denitrification) that meets permit limits until at least 2040.

The District updates its strategic plan biennially and aligns its operations to meet its vision. In the next decade, the District plans to utilize an existing local outfall for discharging its peak flows, lower its energy costs, explore the possibility of unmanned night operations, automate process control, reduce and replace part of its fleet with electric vehicles, and construct a consolidated operations building to promote efficiency and collaboration among departments. The District has also taken steps to become a certified green agency and to educate the local community on protecting the environment. It is actively involved in community outreach through quarterly newsletters, ongoing school programs and neighborhood events.

SIGNIFICANT ACCOMPLISHMENTS

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

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

- The District maintains the lowest sewer service rates in Alameda County, and one of the lowest known rates in the State of California. As of July 1, 2020, the annual single-family residential sewer rate of \$296 is 55% below the average of \$665 within the County.
- As of September 1, 2020, the monthly garbage and recycling rate for a 35-gallon container in unincorporated Alameda is \$24.57, 40% less than the average of \$41.09 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.

- 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, 2019 CalPERS valuation shows that the District still maintains an 83% funded ratio.
- 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, 2019. This was the 25th consecutive year that the District has received this prestigious award. The long history reflects the District's consistent culture of transparency. To be awarded a Certificate of Achievement, the governmental entity has to publish an informative, well organized, and easily readable 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 Cropper Accountancy Corporation 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

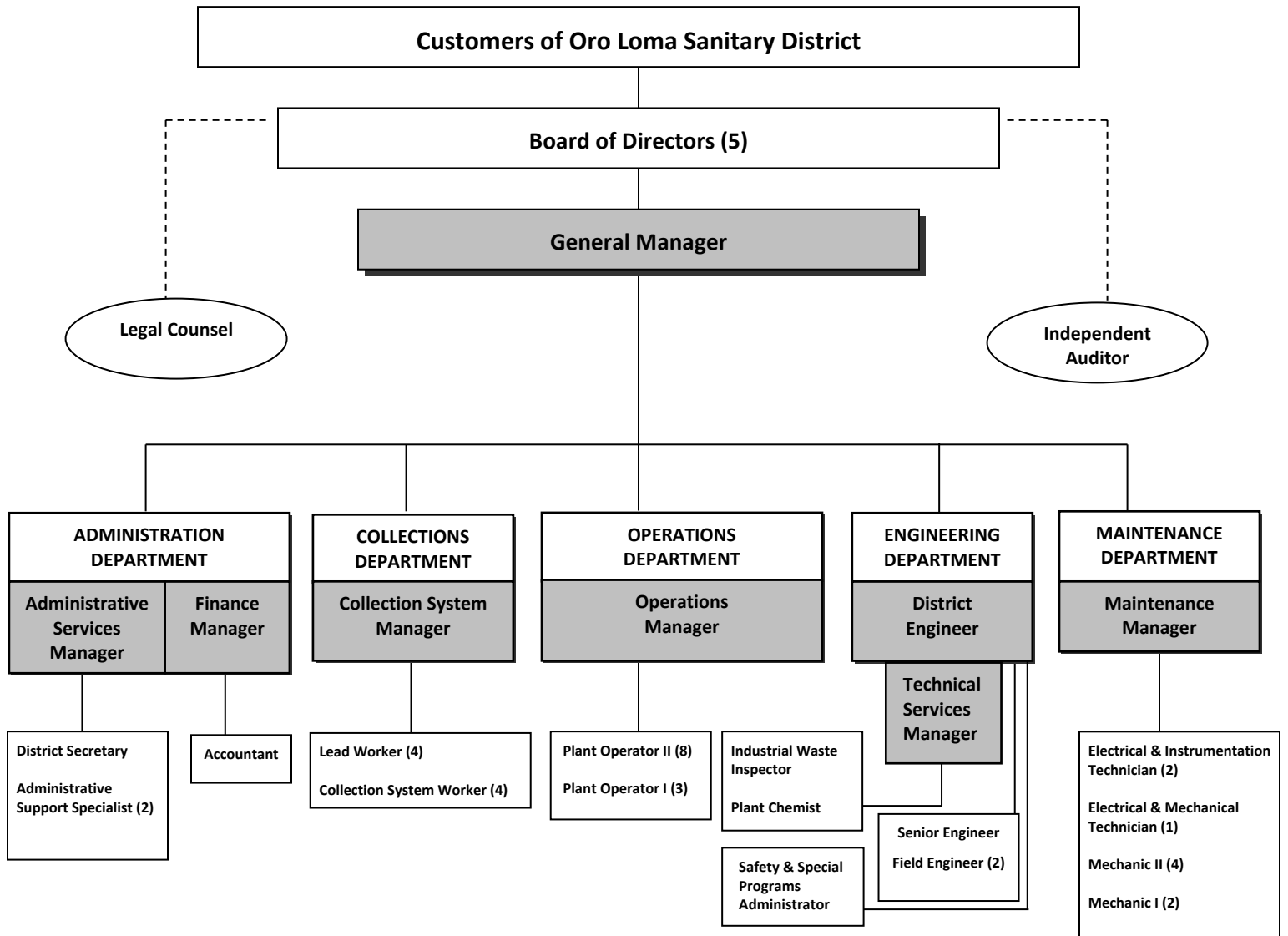
June 30, 2019

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 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 2020



Dan Walters, President

Term Expired 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 Expired 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

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

DEPARTMENTAL MANAGEMENT

ADMINISTRATION



Andreea Simion, Administrative Services Manager

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



Arlene Wong, Finance Manager

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

COLLECTIONS



Christopher Brown, Collection System Manager

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

ORO LOMA SANITARY DISTRICT

MANAGEMENT TEAM

ENGINEERING



Jimmy Dang, District Engineer

Manages the Engineering Department. Administers the Capital and Renewal & Replacement programs for the treatment facility. Coordinates 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. Oversees safety and training programs.



Williams Halsted, Technical Services Manager

Manages the laboratory, pretreatment compliance, and Capital and Renewal & Replacement programs related to the collections system and lift stations. Oversees the Geographic Information System (GIS) and Asset Management programs, issuance of permits for construction, repairs and annexations, reviews plans and specifications.

TREATMENT PLANT



Manuel Talledo-Garcia, Operations Manager

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



Gene Palop, Maintenance Manager

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

VISION OF ORO LOMA SANITARY DISTRICT

Safety is paramount.

We will maintain a safety program, safety culture, safe work habits, and safe work record to reflect our practice of proactive risk identification and mitigation, 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 value in mind.

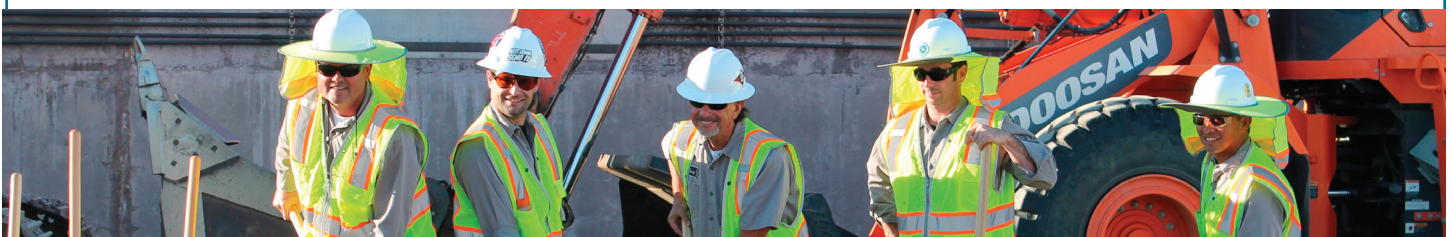
Through sound management and ongoing infrastructure renewal, we will maintain our position as a reliable and low-cost service provider for generations to come.

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, FY 2019-20

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) Continuously since FYs 2015-17

Water Environment Federation (WEF)

George W. Burke Facility Safety Award 2015

Others

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



The District was presented with the Special District Leadership Foundation's Transparency Certificate of Excellence on February 18, 2020.

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Oro Loma Sanitary District

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Oro Loma Sanitary District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Oro Loma Sanitary District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Oro Loma Sanitary District, as of June 30, 2020, 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 the net pension liability, schedule of changes in net OPEB liability, schedule of changes in District OPEB contributions, and all other schedules presented in the required supplementary information section 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 Oro Loma Sanitary District's basic financial statements. The introductory section, combining schedules, statistical information and budgetary comparison information, as well as any other supplementary information as listed in the table of contents, are presented for purposes of additional analysis and are not a part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

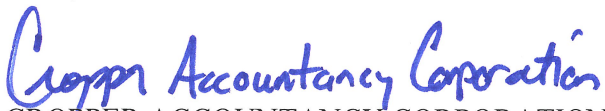
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Prior-Year Comparative Information

The financial statements for the year ended June 30, 2019 were audited by other auditors who expressed an unmodified opinion in their report dated October 7, 2019. Such information is presented for comparative purposes only, and we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2021, on our consideration of the Oro Loma Sanitary District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Oro Loma Sanitary District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Oro Loma Sanitary District's internal control over financial reporting and compliance.



CROPPER ACCOUNTANCY CORPORATION

Walnut Creek, California

January 21, 2021

MANAGEMENT'S DISCUSSION & ANALYSIS

SERVICE RECOGNITIONS

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

25 Years



Arlene Wong
Finance Manager

20 Years



Martin Banuelos
Lead Worker



Manuel Talledo-Garcia
Operations Manager

15 Years



Rodney Smith
Industrial Waste Inspector

10 Years



Richard Goodman
Electrical & Instrumentation Technician

5 Years



James Haynes
Mechanic I



Samuel Lahey
Mechanic II



Don Pride
Plant Operator II

**ORO LOMA SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

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, 2020. 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, 2020

- The ending net position as of June 30, 2020 was \$102,115,346, reflecting an increase of \$3,912,993 (4.0%) from the prior year net position of \$98,202,353.
- Total assets were \$128,134,320, reflecting an increase of \$5,538,381 (4.5%) from \$122,595,939 in the prior year. The increase was attributed to several factors. Capital assets increased by \$1.3 million (0.9%) but were offset by the increase in accumulated depreciation of \$2.9 million (3.8%). Significant new capital assets included the Altamont Road easement sewer line replacement (\$269,372), the Liebherr sludge moving dozer equipment (\$267,526), and treatment plant roof replacements (\$139,261). Construction in progress increased by \$13.9 million, primarily from sewer line replacements and the Nutrient Optimization Project. Cash and investments decreased by \$8.4 million (30.1%) as a result of construction spending. Accounts receivables increased by \$1.1 million (57.2%), largely from one significant industrial customer's delayed payment on two invoices totaling \$885,657, and from increased construction billing to Castro Valley Sanitary District (CVSan). The District also recognized an Other Post-Employment Benefit (OPEB) asset of \$654,649 this year.
- Total liabilities were \$26,449,724, reflecting an increase of \$980,497 (3.8%) from \$25,469,227 in the prior year. The most significant change was the \$1.4 million increase in the Net Pension Liability due to changes in CalPERS actuarial assumptions and amortization methods. This was partly offset by decreases in long term debt \$395,000 (2.9%) and accounts payable \$111,024 (4.1%). Customer deposits payable grew by \$173,226 (72.3%) from increases in construction retention.
- Deferred outflows of resources increased by \$67,333 (2.0%) from \$3,427,009 to \$3,494,342, and deferred inflows of resources increased by \$712,224 (30.3%) from \$2,351,368 to \$3,063,592. 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, 2020**

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 \$3,912,993 (4.0%) during FY 2019-20. 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 2020				Change in 2019		
	2020	2019	\$	%	2018	\$	%
Current and other assets	\$ 29,440,486	\$ 36,244,207	\$ (6,803,721)	-18.8%	\$ 26,663,810	\$ 9,580,397	35.9%
Capital assets	98,693,834	86,351,732	12,342,102	14.3%	77,082,443	9,269,289	12.0%
Total assets	<u>128,134,320</u>	<u>122,595,939</u>	<u>5,538,381</u>	<u>4.5%</u>	<u>103,746,253</u>	<u>18,849,686</u>	<u>18.2%</u>
Deferred outflows of resources	<u>3,494,342</u>	<u>3,427,009</u>	<u>67,333</u>	<u>2.0%</u>	<u>4,806,608</u>	<u>(1,379,599)</u>	<u>-28.7%</u>
Current liabilities	4,010,097	3,738,534	271,563	7.3%	2,600,026	1,138,508	43.8%
Non-current liabilities	22,439,627	21,730,693	708,934	3.3%	8,280,358	13,450,335	162.4%
Total liabilities	<u>26,449,724</u>	<u>25,469,227</u>	<u>980,497</u>	<u>3.8%</u>	<u>10,880,384</u>	<u>14,588,843</u>	<u>134.1%</u>
Deferred inflows of resources	<u>3,063,592</u>	<u>2,351,368</u>	<u>712,224</u>	<u>30.3%</u>	<u>3,282,342</u>	<u>(930,974)</u>	<u>-28.4%</u>
Net position							
Net investment in capital assets	84,883,862	72,144,805	12,739,057	17.7%	77,082,443	(4,937,638)	-6.4%
Unrestricted	17,231,484	26,057,548	(8,826,064)	-33.9%	17,307,692	8,749,856	50.6%
Total net position	<u>\$102,115,346</u>	<u>\$ 98,202,353</u>	<u>\$ 3,912,993</u>	<u>4.0%</u>	<u>\$ 94,390,135</u>	<u>\$ 3,812,218</u>	<u>4.0%</u>

**ORO LOMA SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

This ending net position of \$102,115,346 is made up of the following components:

- \$84,883,862 – Net investment in capital assets. This amount represents investment in capital assets net of accumulated depreciation and related debt. The capital assets are used to provide a variety of services. One of the biggest components of the assets category is the wastewater pollution control plant owned jointly by the District (75%) and Castro Valley Sanitary District (CVSan) (25%). Under a long-term agreement, CVSan reimburses the District and capitalizes its share of capital assets on its own financial records. Assets that do not pertain to the operations and maintenance of the water pollution control plant are fully owned by the District.
- \$17,231,484 – Unrestricted category. This amount is comprised of:
 - \$5,943,481 Investment in effluent discharge facilities – EBDA
 - \$11,288,003 Unrestricted net position

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ORO LOMA SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

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

Period Ended June 30	2020	2019	Change (\$)	Change (%)	2018	Change (\$)	Change (%)
Operating revenues							
District service charges	\$16,668,779	\$14,991,385	\$1,677,394	11.2%	\$13,974,088	\$1,017,297	7.3%
Agency treatment charges	3,674,605	3,575,995	98,610	2.8%	3,094,690	481,305	15.6%
Permits and inspection fees	296,034	209,602	86,432	41.2%	280,541	(70,939)	-25.3%
Sanitary truck waste charges	22,275	22,385	(110)	-0.5%	68,214	(45,829)	-67.2%
Grease receiving charges	125,388	121,363	4,025	3.3%	102,208	19,155	18.7%
Biosolid charges	103,022	-	103,022	100.0%	-	-	0.0%
Contract fees	1,196,785	1,139,812	56,973	5.0%	1,062,218	77,594	7.3%
Recycling charges-residential/green waste	2,337,684	2,321,406	16,278	0.7%	2,321,208	198	0.0%
Recycling charges-commercial/industrial	180,804	149,230	31,574	21.2%	132,934	16,296	12.3%
Landfills fees-Measure D	406,663	406,137	526	0.1%	385,751	20,386	5.3%
Other	963,658	740,607	223,051	30.1%	646,413	94,194	14.6%
Total operating revenues	\$25,975,697	23,677,922	2,297,775	9.7%	22,068,265	1,609,657	7.3%
Operating expenses							
Engineering	687,567	757,699	(70,132)	-9.3%	752,469	5,230	0.7%
Sewage collections	2,422,749	3,101,658	(678,909)	-21.9%	3,471,954	(370,296)	-10.7%
Sewage treatment operations	5,766,944	5,249,511	517,433	9.9%	4,657,149	592,362	12.7%
Sewage treatment maintenance	2,577,149	2,371,879	205,270	8.7%	2,387,698	(15,819)	-0.7%
Effluent disposal - EBDA	1,013,998	894,676	119,322	13.3%	1,011,446	(116,770)	-11.5%
Administration and general	1,603,194	1,721,349	(118,155)	-6.9%	1,481,993	239,356	16.2%
Pension expense	2,362,927	976,624	1,386,303	141.9%	1,553,814	(577,190)	-37.1%
OPEB expense	44,479	88,206	(43,727)	-49.6%	129,848	(41,642)	-32.1%
Depreciation	2,875,500	2,869,793	5,707	0.2%	2,825,630	44,163	1.6%
Decrease in carrying value of EBDA	64,505	176,110	(111,605)	-63.4%	93,247	82,863	88.9%
Solid waste	531,647	401,896	129,751	32.3%	353,546	48,350	13.7%
Recycling-residential and commercial	2,856,088	2,715,545	140,543	5.2%	2,690,932	24,613	0.9%
Total operating expenses	22,806,747	21,324,946	1,481,801	6.9%	21,409,726	(84,780)	-0.4%
Operating income (loss)	3,168,950	2,352,976	815,974	34.7%	658,539	1,694,437	-257.3%
Non-operating revenues							
Investment income	427,791	464,539	(36,748)	-7.9%	344,043	120,496	35.0%
Increase in the fair value of investments	59,729	306,494	(246,765)	-80.5%	-	306,494	100.0%
Rents and leases	109,152	105,588	3,564	3.4%	92,795	12,793	13.8%
Gain on sale of capital assets	3,340	-	3,340	100.0%	6,140	(6,140)	-100.0%
Recovery of uncollectible accounts	18,432	21,113	(2,681)	-12.7%	11,902	9,211	77.4%
Project grants	293,997	-	293,997	100.0%	-	-	0.0%
Other miscellaneous revenues	110,615	139,858	(29,243)	-20.9%	124,671	15,187	12.2%
EBDA and other agreement refunds	-	882,598	(882,598)	-100.0%	79,371	803,227	1012.0%
Total non-operating revenues	1,023,056	1,920,190	(897,134)	-46.7%	658,922	1,261,268	191.4%
Non-operating expenses							
Decrease in the fair value of investments	-	-	-	0.0%	223,552	(223,552)	-100.0%
Write-off of capital assets	57,284	412,470	(355,186)	-86.1%	-	412,470	100.0%
Write-off of uncollectible accounts	1,762	1,055	707	67.0%	1,284	(229)	-17.8%
Debt issuance cost	-	271,552	(271,552)	-100.0%	-	271,552	100.0%
Bond interest expense	455,129	335,886	119,243	35.5%	-	335,886	100.0%
Total non-operating expenses	514,175	1,020,963	(506,788)	-49.6%	224,836	796,127	354.1%
Income before contributions and transfers	3,677,831	3,252,203	425,628	13.1%	1,092,625	2,159,578	197.7%
Connection fees	171,738	560,015	(388,277)	-69.3%	399,277	160,738	40.3%
Capital grants	63,424	-	63,424	100.0%	-	-	0.0%
Change in net position	3,912,993	3,812,218	100,775	2.6%	1,491,902	2,320,316	155.5%
Net position – beginning, as reported	98,202,353	94,390,135	3,812,218	4.0%	94,041,721	348,414	0.4%
Prior period adjustment-GASB 75 OPEB	-	-	-	0.0%	(1,143,488)	1,143,488	100.0%
Net position – beginning, as adjusted	\$98,202,353	\$94,390,135	\$3,812,218	4.0%	\$92,898,233	\$1,491,902	1.6%
Net position – ending	\$102,115,346	\$98,202,353	\$3,912,993	4.0%	\$94,390,135	\$3,812,218	4.0%

**ORO LOMA SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

As presented in Table 2:

Total Operating Revenues \$26.0 million (FY 2019-20) and \$23.7 million (FY 2018-19) – Operating revenues increased by \$2.3 million (9.7%) in FY 2019-20 and \$1.6 million (7.3%) in FY 2018-19. Highlights in revenue activities are as follows:

- **District sewer service charges** increased by \$1.7 million (11.2%) in FY 2019-20 and \$1.0 million (7.3%) in FY 2018-19, primarily attributed to sewer rate increases. The District was in its fourth year within a 5-year, 7.5% annual rate plan. Residential sewer revenues increased by \$926,086 (7.8%). Despite the rate increase, commercial sewer revenues remained flat as a result of reduced water consumption and closed businesses due to COVID-19. Revenues from significant industrial customers grew by \$777,855 (79.6%), of which \$747,737 was from a single food manufacturing customer with extraordinarily high levels of chemical loadings this year.
- **Agency treatment charges** increased by \$98,610 (2.8%) in FY 2019-20 and \$481,305 (15.6%) in FY 2018-19. Agency charges to CVSan increased by \$130,759 (4.6%) due to increases in O&M costs and robust R&R activities in the treatment plant. Major projects in which CVSan shared costs included the San Francisco Bay Water Quality Improvement (Microvi) project, Ecotone Research & Monitoring, and Emergency Pond Bridge Repair. The increase was partly offset by a \$40,114 (1.1%) decrease in revenues from the Cities of Hayward and San Leandro resulting from economic factors. EBDA revenues remained stable from the previous year.
- **Permits and inspection fees** increased by \$86,432 (41.2%) in FY 2019-20 and decreased by \$70,939 (25.3%) in FY 2018-19. The number of engineering permits decreased from 351 in FY 2018-19 to 310 in FY 2019-20 as the economy took a hit from COVID-19 in the last quarter of the year. Nevertheless, the 2019 launch of a 497-unit building development at Lincoln Landing in Hayward contributed to significant inspection revenues of \$132,196. Revenues from industrial permits remained stable.
- **Sanitary truck waste** remained unchanged in FY 2019-20. In the previous year (FY 2018-19), this revenue source had dropped by \$45,829 (67.2%) as United Site Services discontinued discharging at the District from January 2018. Revenues are expected to stay at the current level with one remaining truck waste customer.
- **Grease receiving charges** increased by \$4,025 (3.3%) in FY 2019-20 and \$19,155 (18.7%) in FY 2018-19. The District's customer base of grease haulers has not changed from last year and discharge volume has been stable.
- **Biosolids charges** increased by \$103,022 (100%). This is a new revenue source in FY 2019-20. The District contracted with Synagro to receive and store up to 8,000 wet tons of biosolids for drying. The agreement guarantees a minimum of \$100,000 annual revenue.
- **Contract fees** increased by \$56,973 (5.0%) in FY 2019-20 and \$77,594 (7.3%) in FY 2018-19. 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 3.50% this year and 2.91% last year. The levels of services subscribed by customers also contributed to the fluctuations 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 community's participation in recycling efforts, by \$31,574 (21.2%). Overhead revenues increased by \$223,051 (30.1%) due to redirection of labor costs to other service funds and increased staff time spent on renewal & replacement and capital improvement projects.

**ORO LOMA SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

Total Operating Expenses \$22.8 million (FY 2019-20) and \$21.3 million (FY 2018-19) – Operating expenses increased by \$1.5 million (6.9%) in FY 2019-20 and decreased by \$84,780 (0.4%) in FY 2018-19. Although departmental expenses increased only by \$125,801 (0.8%), pension expense increased by \$1.4 million (141.9%) from \$976,624 last year to \$2,362,927 based on CalPERS' GASB 68 valuation report measured at June 30, 2019. This increase was the result of a change in CalPERS' valuation methods and unfavorable investment returns (6.2%) for the measurement period. OPEB expense decreased by \$43,727 (49.6%) from \$88,206 last year to \$44,479 this year based on GASB 75 actuarial calculations. Depreciation increased \$5,707 (0.2%) and the decrease in the carrying value of EBDA was \$111,605 (63.4%) less than the prior year. These were offset by the \$119,322 (13.3%) increase 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 \$21.5 million in FY 2019-20 and \$21.2 million in FY 2018-19, reflecting an actual increase of \$269,132 (1.3%) between the years. Salaries and wages increased by \$326,325 (6.2%), resulting from a cost-of-living adjustment of 3.7% and accrued payroll and time-off balances. Employee benefits increased by \$144,223 (6.2%) primary due to the \$139,910 (47.3%) increase in unfunded accrued liability (UAL) pension contributions set by CalPERS. Expenses for public outreach decreased by \$55,438 (21.8%) as the pandemic curtailed plans for an open house event. Election expenses decreased by \$233,122 due to no elections held this year. In response to COVID-19, the District spent \$55,645 on disinfectant supplies, gloves, face masks and professional sanitization of District vehicles between March and June 2020. These procurements ensure that sufficient stock of personal protective equipment is on hand to safeguard employees against exposure to the coronavirus.

Total Non-operating Revenues \$1,023,056 (FY 2019-20) and \$1,920,190 (FY 2018-19) – Non-operating revenues decreased by \$897,134 (46.7%) in FY 2019-20 and increased by \$1.3 million (191.4%) in FY 2018-19. Investment income decreased by \$36,748 (7.9%) as the District spent down its bond proceeds on the Nutrient Optimization project, coupled with lower market rates. Increase in fair value of investments was \$246,765 (80.5%) lower than last year reflecting market conditions impact of COVID-19. EBDA and other agreement refunds decreased by \$882,598 (100%) following last year's early termination payoff of the capacity lease agreement with Livermore and Amador Valley Water Management Agency (LAVWMA). In FY 2019-20, the District received \$293,997 in project grants for various renewal and replacement projects. Other miscellaneous revenues consisting of sewer and recycling late penalties, liability insurance dividends and other revenue sources were \$29,243 (20.9%) lower compared to last year, during which a \$26,176 class action settlement was received.

Total Non-operating Expenses \$514,175 (FY 2019-20) and \$1,020,963 (FY 2018-19) – Non-operating expenses decreased by \$506,788 (49.6%) in FY 2019-20 and increased by \$796,127 (354.1%) in FY 2018-19. Due to construction of the Nutrient Optimization Project in which the existing aeration process was redesigned, the District realized a one-time \$412,470 loss on disposal of capital assets that have not yet been fully depreciated in the prior year.

Capital Assets

On June 30, 2020, the District had \$98.7 million (net of accumulated depreciation) invested in a broad range of capital assets, as compared to \$86.4 million on June 30, 2019. 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 2019-20, \$1.4 million was added to the capital asset inventory from completed projects. Capital assets added to the Collections service included Altamont Road easement sewer line replacement for \$269,372, remote site programmable logic controllers (PLCs) upgrades for \$98,559, two flygt pumps at Canyon Ridge Lift Station for \$38,270, a Collections service truck for \$35,205, and a sewer line camera assembly for \$28,249. For the treatment plant, the District's share of cost for capitalized items included the Liebherr sludge moving dozer equipment for \$267,526, treatment plant roof replacements for \$139,261, cogeneration engine #2 overhaul for \$99,967, returned activated sludge (RAS) secondary clarifiers effluent real time analyzer for \$81,719, variable frequency drives (VFDs) for \$79,482, thickened waste activated

**ORO LOMA SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020**

sludge (TWAS) line rehabilitation for \$66,241, safety improvements for \$66,223, RAS pump rotating assembly for \$20,016, influent channel drain piping for \$17,314, and various other improvements for \$44,329.

The annual comparison of capital assets is shown in Table 3, reflecting a \$15.2 million (9.4%) increase in FY 2019-20 and a \$11.5 million (7.7%) increase in FY 2018-19. 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	2020	2019	2018
Land	\$ 873,234	\$ 873,234	\$ 846,034
Construction in progress	25,759,074	11,893,206	4,347,377
Subsurface lines	71,497,834	71,228,461	67,040,575
Engineering	55,450	46,373	46,373
Collections	8,332,155	8,167,076	7,859,128
Operations	61,546,427	61,045,808	61,872,482
Maintenance	3,957,342	3,857,376	3,569,842
Administration	2,112,721	2,119,201	2,122,706
District vehicles	2,553,846	2,253,278	2,250,998
Subtotal – Sewer Services	150,055,775	148,717,573	144,762,104
Subtotal – Solid Waste	-	-	-
Subtotal – Recycling	26,045	26,045	26,045
Total capital assets	\$ 176,714,128	\$ 161,510,058	\$ 149,981,560
Increase (decrease) over prior year	\$ 15,204,070	\$ 11,528,498	\$ 7,953,683

Table 4 summarizes the changes in capital assets, net of accumulated depreciation. The net increase in capital assets was \$12.3 million (14.2%) in FY 2019-20 and \$9.3 million (12%) increase in FY 2018-19. 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	2020	2019	2018
Balance at beginning of year	\$ 161,510,058	\$ 149,981,560	\$ 142,027,877
Additions	15,636,312	16,067,425	10,115,004
Retirements, write-offs and transfers	(432,242)	(4,538,927)	(2,161,321)
Total capital assets	176,714,128	161,510,058	149,981,560
Accumulated depreciation at beginning of year	(75,158,326)	(72,899,117)	(70,106,132)
Depreciation - retired assets	13,532	610,584	32,645
Annual depreciation	(2,875,500)	(2,869,793)	(2,825,630)
Accumulated depreciation at end of year	(78,020,294)	(75,158,326)	(72,899,117)
Capital assets at end of year, net of depreciation	\$ 98,693,834	\$ 86,351,732	\$ 77,082,443
Increase (decrease) over prior year	\$ 12,342,102	\$ 9,269,289	\$ 5,160,698

ORO LOMA SANITARY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2020

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 an AA+ rating and 3.482% interest rate. Proceeds were used to partially fund the \$24.7 million Nutrient Optimization Project which was completed in October 2020. The project was jointly funded by the District (75%) and CVSD (25%), and included 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 approximately \$850,000. Additional information on long-term debt activities is presented in Note 11 – Long Term Debt of the Notes to Financial Statements on page 70.

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 2019-20 was \$275, or 57% less than the average rate of \$643 in Alameda County. In the midst of the COVID-19 pandemic, the District understands the hardships faced by the local community and strives to continue its excellent service through these challenging times.

Despite \$8.35 million in additional contributions towards the unfunded pension accrued liability (UAL), the volatility of the investment market and other experience factors have caused the UAL to continue its rising trend. The lowering of the assumed rate of return by CalPERS from 7.5% to 7% and changes in its amortization methods also posed added strain on pension funding. In the June 30, 2019 valuation, the UAL reached \$10.7 million (82.7% funded), as compared to \$6.0 million (87.9% funded) in 2015 when the additional payments were made. It is projected that the employer normal cost rate will continue to increase between 0.8% and 1.0% (approximately \$55,000) per year. The District is considering policy and funding options to pay off its UAL within ten years.

With the goal of maintaining reliable infrastructure in mind, the Board has established strategic goals to improve the condition of its aging sewer pipes and has adopted a robust plan to clear the backlog of lines with defects. The District has been spending \$5 million per year on pipeline replacement. Efforts to pursue State Revolving Funds or other financing sources are underway to further accelerate the pace in the next several years.

The District updates its strategic plan biennially and aligns its operations to meet its vision. In the next decade, the District plans to utilize an existing local outfall for discharging its peak flows, lower its energy costs, explore the possibility of unmanned night operations, automate process control, reduce and replace part of its fleet with electric vehicles, and construct a consolidated operations building to promote efficiency and collaboration among departments. The District has also taken steps to become a certified green agency and to educate the local community on protecting the environment. It is actively involved in community outreach through quarterly newsletters, ongoing school programs and neighborhood events.

Request for Information

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

BASIC FINANCIAL STATEMENTS

**ORO LOMA SANITARY DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020 AND 2019**

ASSETS

	2020	2019
Current assets		
Cash and cash equivalents	\$ 13,625,772	\$ 9,412,420
Investments at fair value	5,950,715	18,594,945
Interest receivable	39,404	132,268
Accounts receivable	3,110,706	1,979,230
Prepaid and other items	115,759	117,358
Total current assets	22,842,356	30,236,221
Non-current assets		
Investment in effluent discharge facilities - EBDA	5,943,481	6,007,986
Net other post-employment benefits (OPEB) asset	654,649	-
Capital assets		
Land	873,234	873,234
Sewer service assets	150,055,775	148,717,573
Recycling assets	26,045	26,045
Construction in progress	25,759,074	11,893,206
Less: accumulated depreciation	(78,020,294)	(75,158,326)
Total capital assets (net of accumulated depreciation)	98,693,834	86,351,732
Total non-current assets	105,291,964	92,359,718
Total assets	\$ 128,134,320	\$ 122,595,939
DEFERRED OUTFLOWS OF RESOURCES		
Pension & other post-retirement benefits related	\$ 3,494,342	\$ 3,427,009

The accompanying notes are an integral part of these financial statements

**ORO LOMA SANITARY DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020 AND 2019**

(CONTINUED)

LIABILITIES

	2020	2019
Current liabilities		
Accounts payable	\$ 2,620,199	\$ 2,731,223
Accrued salaries and wages	94,503	194,045
Customer deposits payable	412,795	239,569
Accrued compensated absences (current)	374,066	62,200
Accrued interest payable	113,534	116,497
Bonds payable (current)	395,000	395,000
Total current liabilities	<u>4,010,097</u>	<u>3,738,534</u>
Non-current liabilities		
Accrued compensated absences (non-current)	109,712	352,416
Bonds payable (non-current), net of premium	13,414,972	13,811,927
Net pension liability	8,914,943	7,563,209
Net other post-retirement benefit liability	-	3,141
Total non-current liabilities	<u>22,439,627</u>	<u>21,730,693</u>
Total liabilities	<u><u>\$ 26,449,724</u></u>	<u><u>\$ 25,469,227</u></u>
DEFERRED INFLOWS OF RESOURCES		
Pension & other post-retirement benefits related	<u><u>\$ 3,063,592</u></u>	<u><u>\$ 2,351,368</u></u>
NET POSITION		
Net investment in capital assets	84,883,862	72,144,805
Unrestricted	17,231,484	26,057,548
Total net position	<u><u>\$ 102,115,346</u></u>	<u><u>\$ 98,202,353</u></u>

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, 2020 AND 2019**

	2020	2019
Operating revenues		
District service charges	\$ 16,668,779	\$ 14,991,385
Agency treatment charges	3,674,605	3,575,995
Permits and inspection fees	296,034	209,602
Sanitary truck waste charges	22,275	22,385
Grease receiving charges	125,388	121,363
Biosolid charges	103,022	0
Contract fees	1,196,785	1,139,812
Recycling charges - residential and green waste	2,337,684	2,321,406
Recycling charges - commercial and industrial	180,804	149,230
Landfills fees - Measure D	406,663	406,137
Other	963,658	740,607
Total operating revenues	25,975,697	23,677,922
Operating expenses		
Engineering	687,567	757,699
Sewage collections	2,422,749	3,101,658
Sewage treatment operations	5,766,944	5,249,511
Sewage treatment maintenance	2,577,149	2,371,879
Effluent disposal - EBDA	1,013,998	894,676
Administration and general	1,603,194	1,721,349
Pension expense	2,362,927	976,624
Other post-employment benefits (OPEB) expense	44,479	88,206
Depreciation	2,875,500	2,869,793
Decrease in carrying value of EBDA	64,505	176,110
Solid waste	531,647	401,896
Recycling - residential, green waste, commercial, industrial	2,856,088	2,715,545
Total operating expenses	22,806,747	21,324,946
Operating income	\$ 3,168,950	\$ 2,352,976

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, 2020 AND 2019**

(CONTINUED)

	<u>2020</u>	<u>2019</u>
Non-operating revenues		
Investment income	\$ 427,791	\$ 464,539
Increase in the fair value of investments	59,729	306,494
Rents and leases	109,152	105,588
Gain on sale of capital assets	3,340	-
Recovery of uncollectible accounts	18,432	21,113
Project grants	293,997	-
Other miscellaneous revenues	110,615	139,858
EBDA and other agreement refund	-	882,598
Total non-operating revenues	<u>1,023,056</u>	<u>1,920,190</u>
Non-operating expenses		
Write-off of capital assets	57,284	412,470
Write-off of uncollectible accounts	1,762	1,055
Debt issuance cost	-	271,552
Bond interest expense	455,129	335,886
Total non-operating expenses	<u>514,175</u>	<u>1,020,963</u>
Income before contributions and other items	3,677,831	3,252,203
Connection fees	171,738	560,015
Capital grants	63,424	-
Change in net position	<u>3,912,993</u>	<u>3,812,218</u>
Net position - beginning	98,202,353	94,390,135
Net position - ending	<u>\$ 102,115,346</u>	<u>\$ 98,202,353</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, 2020 AND 2019

	2020	2019
Cash flows from operating activities		
Receipts from customers and users	\$ 24,842,459	\$ 23,696,122
Payments to suppliers	(14,310,498)	(13,191,017)
Payments to employees and employee benefit plans	(5,794,866)	(6,607,437)
Net cash provided by operating activities	4,737,095	3,897,668
Cash flows from non-capital financing activities		
EBDA agreement refund	-	882,598
Agency reimbursements	110,615	139,858
Rents and leases	109,152	105,588
Recovery of uncollectible accounts	18,432	21,113
Net cash provided by non-capital and related financing activities	238,199	1,149,157
Cash flows from capital and related financing activities		
Connection and other developers' fees	171,738	560,015
Additions to property, plant and equipment	(13,664,008)	(10,351,809)
Proceeds from sale of capital assets	3,340	3,750
Proceeds from revenue bonds	-	14,206,927
Payments for issuance of revenue bonds	-	(271,552)
Principal payments on long-term debt	(395,000)	-
Interest payments on long-term debt	(460,047)	(219,389)
Capital grants	357,421	-
Net cash used by capital and related financing activities	(13,986,556)	3,927,942
Cash flows from investing activities		
Interest on investments	520,655	431,202
Sale or Purchases of investments	12,703,959	(5,962,341)
Net cash provided by investing activities	13,224,614	(5,531,139)
Net decrease in cash and cash equivalents	4,213,352	3,443,628
Cash and cash equivalents, beginning of year	9,412,420	5,968,792
Cash and cash equivalents, end of year	\$ 13,625,772	\$ 9,412,420

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, 2020 AND 2019**

(CONTINUED)

	<u>2020</u>	<u>2019</u>
Reconciliation of operating income to net cash provided by (used for) operating activities		
Operating income	\$ 3,168,950	\$ 2,352,976
Adjustments to reconcile operating income to net cash provided by (used for) operating activities		
Depreciation expense	2,875,500	2,869,793
Write off of uncollectible accounts	(1,762)	(1,055)
(Increase) decrease in accounts receivables	(1,131,476)	19,255
(Increase) decrease in other current assets	1,599	(29,962)
Decrease in EBDA discharge facilities	64,505	176,110
(Increase) decrease in deferred outflows of resources	(67,333)	1,379,599
(Increase) decrease in deferred inflows of resources	712,224	(930,974)
Increase (decrease) in accounts payable	(1,721,902)	(1,457,152)
Increase (decrease) in deposits payable	173,226	(107,786)
Increase (decrease) in accrued salaries and compensated absences	(30,380)	(50,678)
Increase (decrease) in net pension liabilities	1,351,734	(291,280)
Increase (decrease) in OPEB liabilities (assets)	(657,790)	(31,178)
Net cash provided by (used for) operating activities	<u>\$ 4,737,095</u>	<u>\$ 3,897,668</u>
Schedule of non-cash investing and financing activities		
Change in fair value of investments not held as cash equivalents	\$ 59,729	\$ (223,552)

The accompanying notes are integral part of these financial statements

BOARD OF DIRECTORS



The Oro Loma Sanitary District Board of Directors in 2020.
(From left to right) Shelia Young (Director), Bob Glaze (Secretary), Dan Walters (President), Rita Duncan (Vice President), Fred Simon (Director).

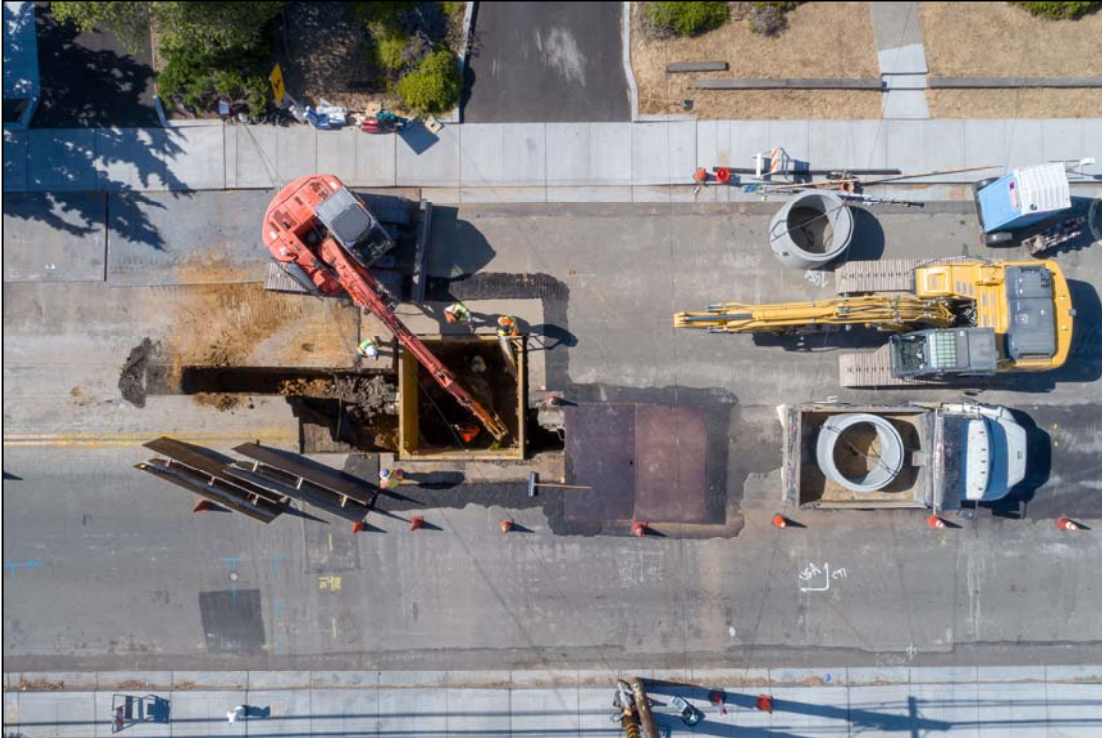


Two newly elected directors took the Oath of Office on December 8, 2020.
(From left to right) Director Benny Lee, Director Paul Stelzmann

NOTES TO FINANCIAL STATEMENTS

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.



**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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, 2020, 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, 2020**

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, 2020**

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%), unless mutually agreed otherwise. 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. The principal outstanding is a component of Net Investment in Capital Assets on the Statement of Net Position.

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, 2019		\$ 414,616
Addition for employees with accrued compensated absences earned	119,603	
Deduction for employees with accrued compensated absences used	(50,441)	
Net change in accrued compensated absences		69,162
Balance at June 30, 2020		<u>\$ 483,778</u>

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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 \$374,066.

Net Position

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

- Net investment in capital assets – consists of capital assets, net of accumulated depreciation and amortization, and reduced by outstanding balances of bonds attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted – consists of constraints placed on net asset use by creditors or by law and constitutional provisions. The District has no restricted net position on June 30, 2020.
- 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 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

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

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Post-Employment Benefits (OPEB)

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

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

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

The District established an OPEB trust with CalPERS (CERBT) in January 2008 while maintaining an in-house account to pay for OPEB obligations. Funds in the in-house account were fully exhausted in FY 2016-17. Since then, the District began withdrawing from the CERBT to reimburse itself for OPEB payments made during the year. Based on biennial actuarial valuations performed by an independent actuary, funding has consistently been around 100%. The District's OPEB valuations follow standards established by GASB Statement No. 75. See Note 7 and the Required Supplementary Information section for detailed disclosures.

Accounting Estimates

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

Subsequent Events

Management has reviewed subsequent events and transactions that occurred after the date of the financial statements through the date the audited statements were issued. With the exception of a renewed agreement with the East Bay Dischargers Authority JPA that took effect on July 1, 2020, the financial statements include all events and transactions required to be recognized in accordance with generally accepted accounting principles.

ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

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 originally effective beginning FY 2019-20, has been postponed by one year as a result of GASB Statement No. 95, and was amended by GASB Statement No. 97. It 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 originally effective beginning FY 2020-21, but has been postponed by 18 months as a result of GASB Statement No. 95. It has no effect on the District's financial reporting.

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 was effective beginning FY 2018-19 and has been implemented in the District'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 originally effective beginning FY 2020-21, but has been postponed by one year as a result of GASB Statement No. 95. It has no effect on the District's financial reporting. Bond interest cost incurred during the construction of the Nutrient Optimization Project is already reported as an expense in the corresponding period.

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 originally effective beginning FY 2019-20, but has been postponed by one year as a result of GASB Statement No. 95. It has no effect on the District's financial reporting.

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

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

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

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement No. 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021 (was 2020).

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021 (was 2020).
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021 (was 2020).

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

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

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

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

GASB Statement No. 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*. The objective of this Statement is to provide temporary relief to governments in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides. The postponements range from one year to 18 months, and are indicated in the Statements listed above.

ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The subscription term includes the period during which a government has a non-cancellable right to use the underlying IT assets. Under this Statement, a government generally should recognize a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term. The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. It has minimal or no effect on the District's financial reporting.

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

ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The District had \$19,576,487 in cash, cash equivalents and investments, which are reported at fair value as of June 30, 2020. GASB Statement No. 72, *Fair Value Measurement and Application*, established a hierarchy of inputs to the valuation techniques. Below is the distribution of inputs used to measure the fair value of the District's cash equivalents and investments.

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

U.S. Treasury Notes	\$ 595,420
Certificates of Deposit	<u>5,355,295</u>
	<u>\$ 5,950,715</u>

The following table provides details on the District's cash, cash equivalents and investments at June 30, 2020, as reported in the Statement of Net Position of the basic financial statements:

Cash and cash equivalents	\$13,625,772
Investments	<u>5,950,715</u>
Total cash, cash equivalents and investments	<u>\$ 19,576,487</u>

Cash, cash equivalents and investments as of June 30, 2020 consist of:

Petty cash	\$ 1,500
Deposits with financial institutions	
Checking account – U.S. Bank	7,051,953
Money market account – UMB Bank	914,871
Cash with Bond Trustee – U.S. Bank Trust	21
California Local Agency Investment Fund – LAIF	<u>5,657,427</u>
Subtotal cash and cash equivalents	<u>\$ 13,625,772</u>
Investments	
U.S. Treasury Notes – UMB Bank	\$595,420
Certificates of Deposit – UMB Bank	<u>5,355,295</u>
Subtotal investments	<u>\$5,950,715</u>
Total cash, cash equivalents and investments	<u>\$ 19,576,487</u>

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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, 2020**

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, 2020 for each investment type are shown.

(Source: Moody's)

Investment Type	Maturities of Instruments			Rating as of June 30, 2020	Total	Percentage of Portfolio
	12 months or less	12 – 24 months	25 months or longer			
U.S. treasury notes	\$ 595,420	\$ -	\$ -	Aaa	\$ 595,420	4%
Certificates of deposit	<u>1,766,460</u>	<u>2,565,555</u>	<u>1,023,280</u>	FDIC insured	<u>5,355,295</u>	<u>20%</u>
Total investments	2,361,880	2,565,555	1,023,280		5,950,715	66%
Cash and money market	7,968,345	-	-	Not required	7,968,345	13%
LAIF State investment pool	<u>5,657,427</u>	<u>-</u>	<u>-</u>	Not required	<u>5,657,427</u>	<u>21%</u>
Total cash & investments	\$ <u>15,987,652</u>	\$ <u>2,565,555</u>	\$ <u>1,023,280</u>		<u>\$19,576,487</u>	<u>100%</u>

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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, 2020, 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, 2020, the amount of deposits in U.S. Bank (\$7,051,953, 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 is 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, 2020 was \$5,657,427.

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 is summarized as follows:

	Useful Life	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020
Non-depreciable capital assets					
Land		\$ 873,234	\$ -	\$ -	\$ 873,234
Construction in progress		11,893,206	14,284,578	(418,710)	25,759,074
Total non-depreciable capital assets		12,766,440	14,284,578	(418,710)	26,632,308
Depreciable capital assets					
<u>Sewer Service</u>					
Subsurface lines	20-80yrs	71,228,461	269,373	-	71,497,834
Engineering	5-20 yrs	46,373	9,077	-	55,450
Collections	5-20 yrs	8,167,076	165,079	-	8,332,155
Operations	2-20 yrs	61,045,808	505,508	(4,889)	61,546,427
Maintenance	2-20 yrs	3,857,376	99,966	-	3,957,342
Administration	5-20 yrs	2,119,201	-	(6,480)	2,112,721
District vehicles	5-10 yrs	2,253,278	302,731	(2,163)	2,553,846
Subtotal - Sewer Service		148,717,573	1,351,734	(13,532)	150,055,775
<u>Solid Waste</u>					
Subtotal - Solid Waste		-	-	-	-
<u>Recycling</u>					
Subtotal - Recycling	10 yrs	26,045	-	-	26,045
Total depreciable capital assets		148,743,618	1,351,734	(13,532)	150,081,820
Total capital assets		\$ 161,510,058	\$ 15,636,312	\$ (432,242)	\$ 176,714,128

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4 – CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020
Less: accumulated depreciation				
<u>Sewer Service</u>				
Subsurface lines	\$ (30,293,407)	\$ (954,711)	\$ -	\$ (31,248,118)
Engineering	(43,045)	(1,110)	-	(44,155)
Collections	(4,779,852)	(242,878)	-	(5,022,730)
Operations	(33,616,674)	(1,341,411)	4,889	(34,953,196)
Maintenance	(2,879,204)	(192,431)	-	(3,071,635)
Administration	(1,862,691)	(35,466)	6,480	(1,891,677)
District vehicles	(1,657,408)	(107,493)	2,163	(1,762,738)
Subtotal - Sewer Service	<u>(75,132,281)</u>	<u>(2,875,500)</u>	<u>13,532</u>	<u>(77,994,249)</u>
<u>Solid Waste</u>				
Subtotal – Solid Waste	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Recycling</u>				
Subtotal – Recycling	<u>(26,045)</u>	<u>-</u>	<u>-</u>	<u>(26,045)</u>
Total accumulated depreciation	<u>(75,158,326)</u>	<u>(2,875,500)</u>	<u>13,532</u>	<u>(78,020,294)</u>
Net depreciable capital assets	<u>73,585,292</u>	<u>(1,523,766)</u>	<u>-</u>	<u>72,061,526</u>
Net capital assets	\$ <u>86,351,732</u>	\$ <u>12,760,812</u>	\$ <u>(418,710)</u>	\$ <u>98,693,834</u>

Construction commitments

The District has active construction projects as of June 30, 2020. Significant work in progress include various sewer line repairs and replacements, side-stream treatment, operator training program, nutrient optimization, and design work for the consolidated Operations building. As of June 30, 2020, the total outstanding construction commitments was \$3,984,765.

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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 \$5,943,481 for 2020 and \$6,007,986 for 2019. The respective changes of \$64,505 and \$176,110 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 \$1,013,998 and \$894,676 respectively during the fiscal years ended 2020 and 2019.
- In September 2018, the District received \$882,598 from EBDA for the final balance of revenues from the long-term capacity lease agreement between EBDA and Livermore-Amador Valley Water Management Agency (LAVWMA). This amount has been reported as EBDA and Other Agreement Refunds under non-operating revenues for the prior year. No more payments are expected after 2019.

Significant and Subsequent Events

The existing EBDA Joint Powers Agreement expired on December 31, 2019. The five member agencies of the JPA unanimously extended the current terms of the agreement until June 30, 2020, and reached an amended and restated agreement which took effect on July 1, 2020. The amendment contains changes in maximum flow rate capacity among member agencies, specifies the transport system's segment allocations, and establishes the basis for the allocation of operating and capital costs, as well as costs for planning and special studies. The District's ownership in the EBDA was 19.305% up to June 30, 2020. The ownership share as of July 1, 2020 changed to 19.140% as a result of the amendment.

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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, 2019 and 2018 (latest available) is as follows:

	Fiscal Year Ended June 30	
	<u>2019</u>	<u>2018</u>
Net position at beginning of year	\$ 31,121,398	\$ 32,033,650
Net income before depreciation	604,674	761,407
Depreciation	<u>(938,811)</u>	<u>(947,548)</u>
Changes in net position	(334,137)	(186,141)
Prior period adjustment	<u>-</u>	<u>(726,111)</u>
Net position at end of year	<u>\$ 30,787,261</u>	<u>\$ 31,121,398</u>
Comprised of		
Total assets	\$ 33,334,667	\$ 33,615,794
Deferred outflow of resources	275,268	500,658
Total liabilities	(2,731,918)	(2,841,504)
Deferred inflow of resources	<u>(90,756)</u>	<u>(153,550)</u>
Total net position	<u>\$ 30,787,261</u>	<u>\$ 31,121,398</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	6,007,986	6,184,096
Decrease in carrying value of effluent discharge facilities of EBDA	<u>(64,505)</u>	<u>(176,110)</u>
Investment in effluent discharge facilities (EBDA) - end of year (listed as a non-current asset on the Statement of Net Position)	<u>\$ 5,943,481</u>	<u>\$ 6,007,986</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, 2020**

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 2019-20 are summarized as follows:

Plan Information	Tier 1	Tier 2	Tier 3
Date of employment	Before 11/14/2011	Between 11/15/2011 & 12/31/2012	On or After 1/1/2013
Benefit formula	2.5% @55	2.0% @60	2.0% @62
Benefits vesting schedule	5 Years	5 Years	5 Years
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	55	60	62
Eligible age for early retirement	50	50	52
Benefits as a % of eligible compensation (applied to each year of service)	2.0% (age 50) to 2.5% (age 55)	1.092% (age 50) to 2.0% (age 60)	1.0% (age 52) to 2.0% (age 62)
Required employee contributions	8%	7%	7.25%
Required employer contributions	12.142% and \$431,468	8.668% and \$1,374	7.072% and \$2,756

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

Employees Covered

Participant Status	Number of Participants
Inactive employees receiving benefits	83
Inactive employees entitled to but not receiving benefits	17
Active members	43
Total	143

Employer Contribution History

Section 20814(c) of the California Public Employees’ Retirement Law requires that employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Funding contributions are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to pay for a portion of unfunded accrued liability. The amounts of employer contributions during the last three years are as follows:

Employer Contributions	Tier 1	Tier 2	Tier 3	Total
FY 2017-18	537,664	24,270	78,892	640,826
FY 2018-19	695,614	31,159	107,630	834,403
FY 2019-20	806,169	36,850	130,872	973,891

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, 2019. The total pension liability of the Plan used to calculate the net pension liability was determined by CalPERS’ actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, 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, 2018 and June 30, 2019, 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, 2018	\$7,563,209	0.07849%
June 30, 2019	\$8,914,943	0.08700%
Change	\$1,351,734	0.00851%

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

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

	Proportionate Share of Risk Pool’s		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balance at Valuation Date June 30, 2018	\$57,482,283	\$49,919,074	\$7,563,209
Balance at Measurement Date June 30, 2019	\$60,466,438	\$51,551,495	\$8,914,943
Net Changes	\$2,984,155	\$1,632,421	\$1,351,734

Pension Expenses and Deferred Outflows/Inflows of Resources

For the fiscal year ended June 30, 2020, the District recognized a pension expense of \$2,362,927, a net increase in deferred outflows of resources of \$76,661, and a net increase in deferred inflows of resources of \$113,963. The detailed balances of various deferred outflows and inflows at the measurement date of June 30, 2019 are as follows.

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 619,180	\$ 47,974
Changes in assumptions	425,106	150,696
Net differences between projected and actual earnings on plan investments	-	155,861
Change in employer's proportion	1,381,485	282,468
Differences between the employer's contributions and the employer's proportionate share of contributions	-	1,612,134
Pension contributions subsequent to measurement date	973,891	-
Financial statement balances at June 30, 2020	<u>\$ 3,399,662</u>	<u>\$ 2,249,133</u>

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

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

Fiscal Year Ending June 30,	Deferred Outflows (Inflows) of Resources to be Recognized as Pension Expense
2021	\$302,405
2022	(113,195)
2023	(44,067)
2024	31,495
Total	\$176,638

Applicable Dates and Periods

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68

Actuarial Assumptions

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

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

**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%	\$17,047,863
Current discount rate	7.15%	8,914,943
1% increase	8.15%	2,201,791

Discount Rate

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

Long-term Expected Rate of Return

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

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

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

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

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

Projected Employer Contributions

		Required Contributions		Projected Future Employer Contributions			
		2020-21	2021-22	2022-23	2023-34	2024-25	2025-26
Tier 1	Normal cost %	13.146%	12.990%	13.000%	13.000%	13.000%	13.000%
	UAL Payment	\$560,387	\$736,972	\$889,000	\$953,000	\$1,026,000	\$1,059,000
Tier 2	Normal cost %	9.442%	9.300%	9.300%	9.300%	9.300%	9.300%
	UAL Payment	\$1,918	\$2,681	\$2,500	\$2,900	\$3,300	\$3,400
Tier 3	Normal cost %	7.874%	7.730%	7.700%	7.700%	7.700%	7.700%
	UAL Payment	\$4,199	\$6,198	\$6,300	\$7,600	\$8,800	\$9,100

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, 2018
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

Plan Description

The Oro Loma Sanitary District Retiree Healthcare Plan provides benefits as approved by the Board and subject to the requirements of California Government Code Section 22892. In January 2008, the District established an account with CalPERS' California Employees' Retiree Benefit Trust (CERBT) with an initial deposit of \$5 million to prefund its OPEB costs. For purposes of reporting under GASB Statements 74 and 75, the plan is an agent multiple employer plan. The objective of this trust is to seek favorable returns through a diverse asset allocation and market exposure. Participating employers own units of the portfolio that invests in accordance with the approved strategic asset allocation. The unit value changes with market condition. The CERBT is a self-funded program. The program cost is currently 10 basis points charged to each participating employers based on average daily balance of assets. The OPEB plan reports under GASB Statement 74 as part of CalPERS' CAFR which is available here: <https://www.calpers.ca.gov/docs/forms-publications/cafr-2019.pdf>.

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

Employees Covered

As of the measurement date June 30, 2019, the following current and retired employees were covered by the benefit terms under the OPEB plan:

Current employees	45
Retired employees or survivors currently receiving benefits	49
Retired employees or survivors entitled to, but not receiving benefits	4
Total	<u>98</u>

Contributions

The District intends to continue reimbursing pay-as-you-go benefits from the Trust. For the fiscal year ended June 30, 2020, the District's cash contributions were \$337,328 in premium payments made on behalf of retirees and implied subsidy payments of \$94,680. The District requested reimbursement of \$337,328 from the Trust, resulting in contributions of \$94,680 for the year.

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

Actuarial Assumptions

The District's net OPEB liability was measured as of June 30, 2019. It was determined in the actuarial valuation dated June 30, 2019 based on the following actuarial methods and assumptions:

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

Discount Rate

The assumed discount rate was set to be equal to the long-term expected rate of return (7%) 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, 2020**

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, 2019 (Measurement Date 6/30/18)	\$8,241,110	\$8,237,969	\$3,141
Changes recognized for measurement period:			
Service cost	168,413	-	168,413
Interest	561,608	-	561,608
Differences between actual and expected experience	(533,373)	-	(533,373)
Assumption changes	(242,069)	-	(242,069)
Contributions - employer	-	104,008	(104,008)
Net investment income	-	510,132	(510,132)
Benefit payments	(436,273)	(436,273)	-
Administrative expense	-	(1,771)	1,771
Net changes	(481,694)	176,096	(657,790)
Balance at June 30, 2020 (Measurement Date 6/30/19)	7,759,416	8,414,065	(654,649)

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, 2019.

	1% Decrease 6.0 %	Discount Rate 7.0 %	1% Increase 8.0 %
Net OPEB Liability (Asset)	\$ 383,624	\$ (654,649)	\$ (1,508,434)

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, 2019.

	1% Decrease 4.0 %	Current Healthcare Cost Trend Rates 5.0 %	1% Increase 6.0 %
Net OPEB Liability (Asset)	\$ (1,551,490)	\$ (654,649)	\$ 442,099

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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

OPEB Expense

The following summarizes the OPEB expense recognized in FY 2019-20, for the measurement date of June 30, 2019:

Service Cost	\$168,413
Interest	561,608
Expected investment return	(576,596)
Administrative expense	1,771
Recognition of difference between actual and expected experience	(39,219)
Recognition of changes in assumptions	(17,799)
Recognition of difference between projected and actual earnings on investments	(53,699)
Total	<u>\$ 44,479</u>

Deferred Outflows and Deferred Inflows of Resources

At fiscal year end June 30, 2020, 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	\$ -	\$ 494,154
Changes of assumptions	-	224,270
Net difference between projected and actual earnings on OPEB plan investments	-	96,035
District contributions subsequent to the measurement date	94,680	-
Total	<u>\$ 94,680</u>	<u>\$ 814,459</u>

The \$94,680 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2021. 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
2021	\$ (110,717)
2022	(110,715)
2023	(58,949)
2024	(43,726)
2025	(57,018)
Thereafter	(433,334)
Total	<u>\$ (814,459)</u>

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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 subsequent four years due to fund restrictions. Changes in total plan assets for fiscal years ended June 30, 2020 and 2019 are summarized as follows:

Lincoln – 457(b)	2020	2019
Plan assets – beginning of year	\$ 3,358,389	\$ 8,165,193
Contributions by:		
Employer	-	48,812
Employee pre-tax deductions	-	321,886
Investment earnings	121,202	269,941
Withdrawals and fees	(275,913)	(1,014,879)
Plan assets transferred out to T. Rowe Price	(661,988)	(4,432,564)
Plan assets – end of year	<u>\$ 2,541,689</u>	<u>\$ 3,358,389</u>
T. Rowe Price – 457(b)	2020	2019
Plan assets – beginning of year	\$ 4,591,160	\$ -
Contributions by:		
Employer	57,759	4,538
Employee pre-tax deductions	345,822	39,572
Employee Roth post-tax deductions	2,450	-
Investment earnings and dividends	241,231	114,486
Withdrawals and fees	(704,832)	-
Rollovers by employees from other plans	13,696	-
Plan assets transferred in from Lincoln	661,988	4,432,564
Plan assets – end of year	<u>\$ 5,209,274</u>	<u>\$ 4,591,160</u>

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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, 2020 and 2019 are summarized as follows:

PARS-ARS – 457(b)	2020	2019
Plan assets – beginning of year	\$ 20,897	\$ 129,725
Contributions by:		
Employer	1,859	2,245
Employee (pre-tax)	5,239	6,327
Investment earnings	1,118	2,187
Withdrawals and fees	(9)	(119,587)
Plan assets – end of year	<u>\$ 29,104</u>	<u>\$ 20,897</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, 2020 and 2019 are summarized as follows:

ICMA – 401(a)	2020	2019
Plan assets – beginning of year	\$ 2,135,858	\$ 2,008,161
Contributions by:		
Employer	110,727	111,908
Employee (pre-tax)	43,017	47,078
Employee loan repayments (pre-tax)	6,112	8,594
Investment earnings	81,067	108,002
Withdrawals and fees	(138,191)	(147,885)
Plan assets – end of year	<u>\$ 2,238,590</u>	<u>\$ 2,135,858</u>

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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 \$5,633, \$2,753 and \$9,010 in insurance claims during fiscal years ended June 30, 2020, 2019 and 2018 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:

	2020	2019	2018
Administration	\$ 363,952	\$ 174,072	\$ 167,176
Insurance premiums	310,322	252,103	213,498
Losses and settlements	5,633	2,753	9,010
	\$ 679,907	\$ 428,928	\$ 389,684

Since no liabilities for claims has been provided in the financial statements as of June 30, 2020, 2019, and 2018, the indicated claims paid above represent the claims experience for the last three fiscal years.

As of June 30, 2020, the District has no current or anticipated litigation.

Insurance related expenses are distributed to the following departments.

	2020	2019	2018
Engineering	\$ 36,272	\$ 32,044	\$ 30,371
Collections	160,405	115,953	113,224
Operations	288,918	155,873	133,945
Maintenance	134,434	88,426	77,678
Administration	59,878	36,632	34,466
	\$ 679,907	\$ 428,928	\$ 389,684

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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:

- WMAC purchased new collection vehicles and placed them into service within the District's service area.
- WMAC assumes full responsibility for expenses related to closure/post-closure of its landfill (Altamont Landfill).
- WMAC shall furnish a performance bond in the amount of \$6,000,000, adjusted every September 1 by a combination factor as follows: $[0.5 \times (\text{April CPI-U for all urban consumer items in San Francisco, Oakland, and San Jose, as published by the US Department of Labor, Bureau of Statistics – Series CUURA422SA0})] + [0.5 \times (\text{Weighted average of Teamsters wage, benefits and pension contract increases for the following year})]$.
- As part of the agreement, WMAC maintains a Public Education Account on behalf of the District. These funds are used to support public outreach, information and education campaigns – newsletters, bill inserts, Earth Day poster contests, and other events. The balance in this account as of June 30, 2020 was \$169,062.

**ORO LOMA SANITARY DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020**

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%. There was an associated bond premium of \$48,883, amortized over the life of the bonds. U.S. Bank National Association is the Trustee and Dissemination Agent. Installment payments are pledged with the District's Net Revenues. Bond interest expense for FY 2019-20 was \$455,129, of which \$113,534 was accrued at June 30, 2020. The first principal payment of \$395,000 was paid 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, 2020 are as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Due Within One Year
2018 Revenue Bonds Principal	\$ 14,160,000	\$ -	\$ 395,000	\$ 13,765,000	\$ 395,000
Bond Premium (Unamortized)	\$ 46,927	\$ -	\$ 1,955	\$ 44,972	
Bonds Payable	\$ 14,206,927	\$ -	\$ 396,955	\$ 13,809,972	\$ 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 Payments	Bond Interest Payments
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>\$ 13,765,000</u>	<u>\$ 6,393,481</u>

REQUIRED SUPPLEMENTARY INFORMATION

**ORO LOMA SANITARY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

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					
	2020	2019	2018	2017	2016	2015
Measurement date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
District's proportion of net pension liability	0.087000%	0.078490%	0.079200%	0.082286%	0.069898%	0.132651%
District's proportionate share of net pension liability	\$ 8,914,943	\$ 7,563,209	\$ 7,854,489	\$ 7,120,287	\$ 4,797,739	\$ 8,254,184
District's covered-employee payroll	\$ 5,340,309	\$ 4,928,629	\$ 4,590,299	\$ 4,373,734	\$ 4,332,992	\$ 3,885,932
District's proportionate share of net pension liability as a % of covered-employee payroll	166.94%	153.45%	171.11%	162.80%	110.73%	212.41%
Plan's fiduciary net position as a % of Plan's total pension liability	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

Schedule of the District's Contributions

	Fiscal Year Ended June 30					
	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 973,891	\$ 834,403	\$ 640,827	\$ 561,577	\$ 496,315	\$ 727,291
Contributions in relation to actuarially determined contribution	\$ 973,891	\$ 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	\$ 5,243,641	\$ 5,340,309	\$ 4,928,629	\$ 4,590,299	\$ 4,373,734	\$ 4,332,992
Contributions as a % of covered-employee payroll	18.57%	15.62%	13.00%	34.02%	34.21%	163.29%

**ORO LOMA SANITARY DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020**

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		
	2020	2019	2018
Measurement period ended	6/30/19	6/30/18	6/30/17
Total OPEB liability			
Service cost	\$ 168,413	\$ 163,508	\$ 158,746
Interest on total OPEB liability	561,608	542,444	526,742
Actual and expected experience difference	(533,373)	-	-
Changes in assumptions	(242,069)	-	-
Changes in benefits terms	-	-	-
Benefits payments	(436,273)	(428,076)	(494,273)
Net change in total OPEB liability	\$ (481,694)	\$ 277,876	\$ 191,215
Total OPEB liability - beginning	8,241,110	7,963,234	7,772,019
Total OPEB liability - ending	<u>\$ 7,759,416</u>	<u>\$ 8,241,110</u>	<u>\$ 7,963,234</u>
Plan Fiduciary Net Position			
Contribution - employer	\$ 104,008	\$ 110,252	\$ 407,206
Net investment income	510,132	631,004	766,432
Benefit payments	(436,273)	(428,076)	(494,273)
Administrative expenses	(1,771)	(4,126)	(3,726)
Net change in plan fiduciary net position	\$ 176,096	\$ 309,054	\$ 675,639
Plan fiduciary net position - beginning	8,237,969	7,928,915	7,253,276
Plan fiduciary net position - ending	<u>\$ 8,414,065</u>	<u>\$ 8,237,969</u>	<u>\$ 7,928,915</u>
Net OPEB Liability - Ending	<u>\$ (654,649)</u>	<u>\$ 3,141</u>	<u>\$ 34,319</u>
Plan fiduciary net position as a % of total OPEB liability	108.44%	99.96%	99.57%
Covered-employee payroll	\$ 5,138,980	\$ 4,900,932	\$ 4,729,479
Net OPEB liability as a % of covered-employee payroll	-12.74%	0.06%	0.73%

Schedule of the District's Contributions

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

OTHER SUPPLEMENTARY INFORMATION

**ORO LOMA SANITARY DISTRICT
DESCRIPTION OF FUNDS UTILIZED
JUNE 30, 2020**

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, 2020

WITH COMPARATIVE TOTALS AS OF JUNE 30, 2019

SCHEDULE 1

	Sewer Services		
	Operations and Maintenance	Renewal and Replacement	Capital Improvement
ASSETS			
Current assets			
Cash and cash equivalents	\$ 10,306,538	\$ (4,318,446)	\$ 5,434,658
Investments at fair value	595,420	5,355,295	-
Interest receivable	23,099	4,319	6,445
Accounts receivable	2,594,145	138,532	290,681
Prepaid and other items	115,759	-	-
Total current assets	13,634,961	1,179,700	5,731,784
Non-current assets			
Investment in effluent discharge facilities - EBDA	5,943,481	-	-
Net other post-employment benefits (OPEB) asset	654,649	-	-
Capital assets			
Land	873,234	-	-
Sewer service assets	150,055,775	-	-
Recycling assets	-	-	-
Construction in progress	-	-	25,759,074
Less: accumulated depreciation	(77,994,249)	-	-
Total capital assets	72,934,760	-	25,759,074
Total non-current assets	79,532,890	-	25,759,074
Total assets	\$ 93,167,851	\$ 1,179,700	\$ 31,490,858
DEFERRED OUTFLOWS OF RESOURCES			
Pension & other post-retirement benefits related	\$ 3,494,342	\$ -	\$ -

COMBINING SCHEDULE OF NET POSITION
ALL DISTRICT SERVICES
AS OF JUNE 30, 2020
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2019
SCHEDULE 1 (continued)

Solid Waste Services		Recycling Services		Combined June 30,		\$	%
Garbage	Residential, Green Waste, Commercial & Industrial Recycling	2020	2019	Change	Change		
\$ 1,265,874	\$ 937,148	\$ 13,625,772	\$ 9,412,420	\$ 4,213,352	44.8%		
-	-	5,950,715	18,594,945	(12,644,230)	-68.0%		
4,082	1,459	39,404	132,268	(92,864)	-70.2%		
30,215	57,133	3,110,706	1,979,230	1,131,476	57.2%		
-	-	115,759	117,358	(1,599)	-1.4%		
1,300,171	995,740	22,842,356	30,236,221	(7,393,865)	-24.5%		
-	-	5,943,481	6,007,986	(64,505)	-1.1%		
-	-	654,649	-	654,649	100.0%		
-	-	873,234	873,234	-	0.0%		
-	-	150,055,775	148,717,573	1,338,202	0.9%		
-	26,045	26,045	26,045	-	0.0%		
-	-	25,759,074	11,893,206	13,865,868	116.6%		
-	(26,045)	(78,020,294)	(75,158,326)	(2,861,968)	3.8%		
-	-	98,693,834	86,351,732	12,342,102	14.3%		
-	-	105,291,964	92,359,718	12,932,246	14.0%		
\$ 1,300,171	\$ 995,740	\$ 128,134,320	\$ 122,595,939	\$ 5,538,381	4.5%		
\$ -	\$ -	\$ 3,494,342	\$ 3,427,009	\$ 67,333	2.0%		

To be continued on the following pages

ORO LOMA SANITARY DISTRICT

COMBINING SCHEDULE OF NET POSITION

ALL DISTRICT SERVICES

AS OF JUNE 30, 2020

WITH COMPARATIVE TOTALS AS OF JUNE 30, 2019

SCHEDULE 1 (continued)

	Sewer Services		
	Operations and Maintenance	Renewal and Replacement	Capital Improvement
LIABILITIES			
Current liabilities			
Accounts payable	\$ 337,956	\$ 297,493	\$ 1,610,878
Accrued salaries and wages	94,503	-	-
Customer deposits payable	42,830	-	369,965
Accrued compensated absences (current)	374,066	-	-
Accrued interest payable	113,534		
Bonds payable (current)	395,000	-	-
Total current liabilities	1,357,889	297,493	1,980,843
Non-current liabilities			
Accrued compensated absences (non-current)	109,712	-	-
Bonds payable (non-current), net of premium	13,414,972		
Net pension liability	8,914,943	-	-
Net other post-retirement benefit (OPEB) liability	-	-	-
Total non-current liabilities	22,439,627	-	-
Total liabilities	\$ 23,797,516	\$ 297,493	\$ 1,980,843
DEFERRED INFLOWS OF RESOURCES			
Pension & other post-retirement benefits related	\$ 3,063,592	\$ -	\$ -
NET POSITION			
Net investment in capital assets (net of related debt)	\$ 59,124,788	\$ -	\$ 25,759,074
Unrestricted	10,676,297	882,207	3,750,941
Total net position	\$ 69,801,085	\$ 882,207	\$ 29,510,015

ORO LOMA SANITARY DISTRICT

COMBINING SCHEDULE OF NET POSITION

ALL DISTRICT SERVICES

AS OF JUNE 30, 2020

WITH COMPARATIVE TOTALS AS OF JUNE 30, 2019

SCHEDULE 1 (continued)

Solid Waste Services		Recycling Services		Combined June 30,		\$	%
Garbage	Residential, Green Waste, Commercial & Industrial Recycling	2020	2019	Change	Change		
\$ 352	\$ 373,520	\$ 2,620,199	\$ 2,731,223	\$ (111,024)	-4.1%		
-	-	94,503	194,045	(99,542)	-51.3%		
-	-	412,795	239,569	173,226	72.3%		
-	-	374,066	62,200	311,866	501.4%		
-	-	113,534	116,497	(2,963)	-2.5%		
-	-	395,000	395,000	-	0.0%		
352	373,520	4,010,097	3,738,534	271,563	7.3%		
-	-	109,712	352,416	(242,704)	-68.9%		
-	-	13,414,972	13,811,927	(396,955)	-2.9%		
-	-	8,914,943	7,563,209	1,351,734	17.9%		
-	-	-	3,141	(3,141)	-100.0%		
-	-	22,439,627	21,730,693	708,934	3.3%		
\$ 352	\$ 373,520	\$ 26,449,724	\$ 25,469,227	\$ 980,497	3.8%		
\$ -	\$ -	\$ 3,063,592	\$ 2,351,368	\$ 712,224	30.3%		
\$ -	\$ -	\$ 84,883,862	\$ 72,144,805	\$ 12,739,057	17.7%		
1,299,819	622,220	17,231,484	26,057,548	(8,826,064)	-33.9%		
\$ 1,299,819	\$ 622,220	\$ 102,115,346	\$ 98,202,353	\$ 3,912,993	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, 2020
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2019
SCHEDULE 2

	Sewer Services		
	Operations and Maintenance	Renewal and Replacement	Capital Improvement
Operating revenues			
District service charges	\$ 11,668,779	\$ 5,000,000	\$ -
Agency treatment charges	3,269,819	404,786	-
Permits and inspection fees	296,034	-	-
Sanitary truck waste charges	22,275	-	-
Grease receiving charges	125,388	-	-
Biosolid charges	103,022	-	-
Contract fees	-	-	-
Recycling charges - residential and green waste	-	-	-
Recycling charges - commercial and industrial	-	-	-
Landfills fees - Measure D	-	-	-
Other	963,658	-	-
Total operating revenues	16,448,975	5,404,786	-
Operating expenses			
Engineering	687,567	-	-
Sewage collections	1,599,997	822,752	-
Sewage treatment operations	4,578,652	1,188,292	-
Sewage treatment maintenance	2,439,880	137,269	-
Effluent disposal - EBDA	954,373	59,625	-
Administration and general	1,525,177	78,017	-
Pension expense	2,362,927	-	-
OPEB expense	44,479	-	-
Depreciation	2,875,500	-	-
Decrease in carrying value of EBDA	64,505	-	-
Solid waste	-	-	-
Recycling - residential, green waste, commercial and industrial	-	-	-
Total operating expenses	17,133,057	2,285,955	-
Operating income (loss)	(684,082)	3,118,831	-
Non-operating revenues			
Investment income	113,778	62,303	222,377
Increase in the fair value of investments	(59,940)	137,375	(17,706)
Rents and leases	109,152	-	-
Gain on sale of capital assets	3,340	-	-
Recovery of uncollectible accounts	-	-	-
Project grants	-	293,997	-
Other miscellaneous revenues	98,370	46	-
EBDA and other agreement refunds	-	-	-
Total non-operating revenues	264,700	493,721	204,671
Non-operating expenses			
Write-off of capital assets	-	-	57,284
Write-off of uncollectible accounts	-	-	-
Debt issuance cost	-	-	-
Bond interest expense	455,129	-	-
Total non-operating expenses	455,129	-	57,284
Income (loss) before contributions, transfers and other items	(874,511)	3,612,552	147,387
Connection fees	-	-	171,738
Transfers in (out) of capital assets	1,351,734	-	(1,351,734)
Capital grants	-	-	63,424
Equity transfers in (out)	(7,526,000)	(5,000,000)	12,725,000
Change in net position	(7,048,777)	(1,387,448)	11,755,815
Net position - beginning	76,849,862	2,269,655	17,754,200
Net position - ending	\$ 69,801,085	\$ 882,207	\$ 29,510,015

ORO LOMA SANITARY DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ALL DISTRICT SERVICES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2019
SCHEDULE 2 (continued)

Solid Waste Services		Recycling Services		Combined June 30,		Change	Change
Garbage	Residential, Green Waste, Commercial & Industrial Recycling	2020	2019	\$	%		
\$ -	\$ -	\$ 16,668,779	\$ 14,991,385	\$ 1,677,394	11.2%		
-	-	3,674,605	3,575,995	98,610	2.8%		
-	-	296,034	209,602	86,432	41.2%		
-	-	22,275	22,385	(110)	-0.5%		
-	-	125,388	121,363	4,025	3.3%		
-	-	103,022	-	103,022	100.0%		
1,196,785	-	1,196,785	1,139,812	56,973	5.0%		
-	2,337,684	2,337,684	2,321,406	16,278	0.7%		
-	180,804	180,804	149,230	31,574	21.2%		
-	406,663	406,663	406,137	526	0.1%		
-	-	963,658	740,607	223,051	30.1%		
1,196,785	2,925,151	25,975,697	23,677,922	2,297,775	9.7%		
-	-	687,567	757,699	(70,132)	-9.3%		
-	-	2,422,749	3,101,658	(678,909)	-21.9%		
-	-	5,766,944	5,249,511	517,433	9.9%		
-	-	2,577,149	2,371,879	205,270	8.7%		
-	-	1,013,998	894,676	119,322	13.3%		
-	-	1,603,194	1,721,349	(118,155)	-6.9%		
-	-	2,362,927	976,624	1,386,303	141.9%		
-	-	44,479	88,206	(43,727)	-49.6%		
-	-	2,875,500	2,869,793	5,707	0.2%		
-	-	64,505	176,110	(111,605)	-63.4%		
531,647	-	531,647	401,896	129,751	32.3%		
-	2,856,088	2,856,088	2,715,545	140,543	5.2%		
531,647	2,856,088	22,806,747	21,324,946	1,481,801	6.9%		
665,138	69,063	3,168,950	2,352,976	815,974	34.7%		
20,932	8,401	427,791	464,539	(36,748)	-7.9%		
-	-	59,729	306,494	(246,765)	-80.5%		
-	-	109,152	105,588	3,564	3.4%		
-	-	3,340	-	3,340	100.0%		
18,432	-	18,432	21,113	(2,681)	-12.7%		
-	-	293,997	-	293,997	100.0%		
31	12,168	110,615	139,858	(29,243)	-20.9%		
-	-	-	882,598	(882,598)	-100.0%		
39,395	20,569	1,023,056	1,920,190	(897,134)	-46.7%		
-	-	57,284	412,470	(355,186)	-86.1%		
1,762	-	1,762	1,055	707	67.0%		
-	-	-	271,552	(271,552)	-100.0%		
-	-	455,129	335,886	119,243	35.5%		
1,762	-	514,175	1,020,963	(506,788)	-49.6%		
702,771	89,632	3,677,831	3,252,203	425,628	13.1%		
-	-	171,738	560,015	(388,277)	-69.3%		
-	-	-	-	-	0.0%		
-	-	63,424	-	63,424	100.0%		
(199,000)	-	-	-	-	0.0%		
503,771	89,632	3,912,993	3,812,218	100,775	2.6%		
796,048	532,588	98,202,353	94,390,135	3,812,218	4.0%		
\$ 1,299,819	\$ 622,220	\$ 102,115,346	\$ 98,202,353	\$ 3,912,993	4.0%		

**ORO LOMA SANITARY DISTRICT
STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY
JUNE 30, 2020**

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 2019-20 and 2020-21 was approved by Resolution No. 3675, dated May 21, 2019. The Budget for the audit year of FY 2019-20 was amended by the following Board actions:

- Resolution No. 3683 – Amendment No. 1, dated September 17, 2019, with a net increase to Renewal & Replacement and Capital Improvement Program of \$4,411,900.
- Resolution No. 3690 – Amendment No. 2, dated March 17, 2020, with a net decrease to Renewal & Replacement and Capital Improvement Program of \$90,000.
- Various funding allocations by Board motions during FY 2019-20, authorizing a total net increase to Renewal & Replacement and Capital Improvement Program of \$1,700,000.

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, 2020 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, 2020**

SCHEDULE 3

	Budgeted Amounts	Actual Amounts	Variance with Final Budget- Favorable (Unfavorable)
Operating revenues			
District service charges	\$ 10,697,800	\$ 11,668,779	\$ 970,979
Agency treatment charges	2,668,000	3,269,819	601,819
Permits and inspection fees	140,000	296,034	156,034
Sanitary truck waste charges	20,000	22,275	2,275
Grease receiving charges	130,000	125,388	(4,612)
Biosolids charges	-	103,022	103,022
Other	675,000	963,658	288,658
Total operating revenues	14,330,800	16,448,975	2,118,175
Operating expenses			
Engineering	819,200	687,567	131,633
Sewage collections	1,993,400	1,599,997	393,403
Sewage treatment operations	4,797,400	4,578,652	218,748
Sewage treatment maintenance	2,805,400	2,439,880	365,520
Effluent disposal - EBDA	830,000	954,373	(124,373)
Administration and general	1,908,400	1,525,177	383,223
Pension expense	-	2,362,927	(2,362,927)
OPEB expense	-	44,479	(44,479)
Depreciation	2,970,000	2,875,500	94,500
Decrease in carrying value of EBDA	200,000	64,505	135,495
Total operating expenses	16,323,800	17,133,057	(809,257)
Operating income (loss)		(684,082)	
Non-operating revenues			
Investment income	110,000	113,778	3,778
Rents and leases	100,000	109,152	9,152
Gain on sale of capital assets	-	3,340	3,340
Other miscellaneous revenues	103,000	98,370	(4,630)
Total non-operating revenues	313,000	324,640	11,640
Non-operating expenses			
Decrease in the fair value of investments	-	59,940	(59,940)
Write-off of uncollectible accounts	10,000	-	10,000
Bond interest expense	460,100	455,129	4,971
Total non-operating expenses	470,100	515,069	(44,969)
Income (loss) before contributions and transfers	\$ (2,150,100)	\$ (874,511)	\$ 1,275,589
Transfers of plant and equipment from Capital Improvement Program		1,351,734	
Equity transfers in (out)		(7,526,000)	
Change in net position		(7,048,777)	
Net position - beginning		76,849,862	
Net position - ending		\$ 69,801,085	

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, 2020
SCHEDULE 4**

	Budgeted Amounts	Actual Amounts by Account Category	Variance with Final Budget Favorable (Unfavorable)
Operating expenses			
Salaries	\$ 4,914,700	\$ 4,521,888	\$ 392,812
Employee benefits	2,936,000	1,388,498	1,547,502
Directors' benefits and fees	195,000	179,157	15,843
Gasoline, oil and fuel	89,800	48,612	41,188
Insurance	605,800	679,906	(74,106)
Office expenses	60,000	92,214	(32,214)
Operating supplies	735,900	751,994	(16,094)
Safety supplies	31,500	27,867	3,633
Contractual services	1,280,000	1,258,870	21,130
Professional services	206,000	192,061	13,939
Memberships and publications	63,600	64,114	(514)
Public outreach	105,000	81,918	23,082
Rents and leases	25,500	9,580	15,920
Repairs and maintenance	476,500	497,774	(21,274)
Research and monitoring	101,500	145,463	(43,963)
Travel, meetings and training	111,000	79,685	31,315
Recognition program	33,300	17,744	15,556
Utilities	352,700	793,928	(441,228)
Departmental expenses	12,323,800	10,831,273	1,492,527
Effluent disposal - EBDA	830,000	954,373	(124,373)
Pension expense	-	2,362,927	(2,362,927)
OPEB expense	-	44,479	(44,479)
Depreciation	2,970,000	2,875,500	94,500
Decrease in carrying value of EBDA	200,000	64,505	135,495
Non-departmental expenses	4,000,000	6,301,784	(2,301,784)
Total operating expenses	16,323,800	17,133,057	(809,257)
Non-operating expenses:			
Write-off of uncollectible accounts	10,000	-	10,000
Bond interest expense	460,100	455,129	4,971
Total non-operating expenses	470,100	455,129	14,971
Total expenses	\$ 16,793,900	\$ 17,588,186	\$ (794,286)

**SCHEDULE OF BUDGETARY COMPARISON WITH ACTUAL EXPENSES
SEWER SERVICES - OPERATIONS AND MAINTENANCE
BY ACCOUNT CATEGORIES AND DEPARTMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
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	\$ 297,354	\$ 826,025	\$ 1,803,122	\$ 1,136,438	\$ 458,949
Employee benefits	123,379	228,868	447,494	\$ 290,354	\$ 298,403
Directors' benefits and fees	-	-	-	\$ -	\$ 179,157
Gasoline and oil	2,254	33,136	8,588	\$ 4,459	\$ 175
Insurance	36,271	160,405	288,918	\$ 134,434	\$ 59,878
Office expenses	12,481	4,325	29,968	\$ 9,535	\$ 35,905
Operating supplies	-	55,099	675,300	\$ 21,595	\$ -
Safety supplies	631	8,181	5,149	\$ 12,703	\$ 1,203
Contractual services	145,061	55,030	525,941	\$ 351,551	\$ 181,287
Professional services	16,498	3,336	18,722	\$ 25,132	\$ 128,373
Memberships and publications	10,575	2,528	10,619	\$ 4,992	\$ 35,400
Public Outreach	-	-	-	\$ -	\$ 81,918
Rents and leases	-	-	-	\$ 6,995	\$ 2,585
Repairs and maintenance	1,792	90,138	463	\$ 402,411	\$ 2,970
Research and monitoring	-	14,073	130,898	\$ 492	\$ -
Travel, meetings and training	9,827	10,197	28,384	\$ 4,994	\$ 26,283
Recognition program	992	1,450	4,794	\$ 3,758	\$ 6,750
Utilities	30,452	107,206	600,292	\$ 30,037	\$ 25,941
Departmental expenses	\$ 687,567	\$ 1,599,997	\$ 4,578,652	\$ 2,439,880	\$ 1,525,177
Departmental budget	\$ 819,200	\$ 1,993,400	\$ 4,797,400	\$ 2,805,400	\$ 1,908,400
% of budget used	84%	80%	95%	87%	80%
Departmental expenses Prior Year	\$ 757,699	\$ 1,507,149	\$ 3,846,965	\$ 2,293,540	\$ 1,595,498
Change from prior year (\$)	\$ (70,132)	\$ 92,848	\$ 731,687	\$ 146,340	\$ (70,321)
Change from prior year (%)	-9.3%	6.2%	19.0%	6.4%	-4.4%

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, 2020
SCHEDULE 5**

SEWER SERVICES - RENEWAL AND REPLACEMENT

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

SCHEDULE 5

		Budgeted Amounts		Actual	Variance with Final Budget
		Original	Final	Amounts	Favorable (Unfavorable)
Operating revenues					
	District service charges	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ -
	Agency treatment charges	226,700	614,100	404,786	(209,314)
	Total operating revenues	5,226,700	5,614,100	5,404,786	(209,314)
Project #	Project costs				
Collections system					
100.00/13/14/15	Lift Stations - General/Blackstone/Canyon Dr/Canyon Ridge	80,000	80,000	11,450	68,550
104.00	Lift Stations - Asset Management	40,000	82,000	17,499	64,501
140.00	Collections System Proposition 1 Grant Funding	25,000	1,400	1,309	91
141.00	Collections Asset Repair and Maintenance	1,150,000	1,301,000	641,015	659,985
144.00	Collections Source Detection/Hydraulic Model Update	10,000	20,000	1,714	18,286
144.10	Collections System GIS & Asset Management	25,000	30,400	15,943	14,457
146.00	Collections System Pipeline Replacement (SRF) Application	50,000	82,000	73,135	8,865
151.10	Easement Clearing & Road Maintenance	50,000	38,200	6,875	31,325
124.00	Junction Structure Inspections	50,000	48,800	45,812	2,988
126.00	Manhole Adjustments	300,000	300,000	-	300,000
125.00	Manhole Coating & Rehabilitation	100,000	128,800	8,000	120,800
900.91	Critical Renewal & Replacements	15,000	25,000	-	25,000
		1,895,000	2,137,600	822,752	1,314,848
Treatment plant					
213.12	10-Year Projections Detailed Cost Estimate	50,000	3,800	3,721	79
226.03	Belt Filter Press Conveyor Parts	50,000	48,600	48,548	52
289.00	Concrete Assessment & Rehabilitation	50,000	85,000	49,444	35,556
213.09/281.00	Digester Study & Facilities Improvements Pre-Design	75,000	100,800	38,092	62,708
293.02	Ecotone Research & Monitoring	85,000	184,600	180,535	4,065
900.96	Emergency Pond Bridge Repair	-	250,000	149,947	100,053
213.10	Equalization Basin Expansion	-	10,900	10,877	23
240.00	Equipment Lock Out Tag Out Procedures	40,000	2,100	2,068	32
264.04	Fuel Tank Coatings Rehabilitation	25,000	6,400	6,312	88
395.06	Landscaping and Grounds	25,000	62,200	44,223	17,977
213.02	Non-Potable Recycled Water Study Addendum	50,000	55,000	27,447	27,553
202.00	O&M Manual Updates	-	6,100	4,345	1,755
226.04	Polymer Units At Belt Filter Press	35,000	35,000	-	35,000
213.00	Pre-Design Studies	50,000	72,500	55,703	16,797
395.07	Roadway & Berm Maintenance	40,000	72,300	72,297	3
239.00	Safety Improvements	30,000	30,000	13,132	16,868
213.05	San Francisco Bay Water Quality Improvement (Microvi Grant Funded)	-	1,225,000	561,691	663,309
222.03	Secondary Clarifier Coating on East Wall	-	11,300	11,294	6
204.00	Treatment Plant GIS Updates & Asset Management Plan	10,000	40,000	25,136	14,864
900.93	Critical Renewal and Replacements	70,000	21,000	20,749	251
	Postponed or Cancelled projects	85,000	-	-	-
		770,000	2,322,600	1,325,561	997,039
Administration & Engineering					
595.45	Computers and Network Maintenance	20,000	75,000	68,487	6,513
524.00	Fiscal Agent Fees	4,000	5,700	5,700	-
535.00	Open House	80,000	4,000	3,830	170
900.90/95	Critical Renewal and Replacements	40,000	-	-	-
626.00	EBDA replacement assessment	125,000	60,000	59,625	375
		269,000	144,700	137,642	7,058
	Total project costs	2,934,000	4,604,900	2,285,955	2,318,945
Operating expenses					
	Engineering			-	
	Sewage collections			822,752	
	Sewage treatment operations			1,188,292	
	Sewage treatment maintenance			137,269	
	Sewage disposal - EBDA			59,625	
	Administration			78,017	
	Total operating expenses			2,285,955	
	Operating income (loss)			3,118,831	
Non-operating revenues (expenses)					
	Investment income	80,000	80,000	62,303	(17,697)
	Increase (decrease) in the fair value of investments	-	-	137,375	137,375
	Project grants	-	750,000	293,997	(456,003)
	Other miscellaneous revenues	-	-	46	46
	Total non-operating revenues (expenses)	80,000	830,000	493,721	(336,279)
	Income before contributions and transfers	\$ 2,372,700	\$ 1,839,200	\$ 3,612,552	\$ 1,773,352
Equity transfers in (out)				(5,000,000)	
Change in net position				(1,387,448)	
Net position - beginning				2,269,655	
Net position - ending				\$ 882,207	

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, 2020
SCHEDULE 6**

Project #	Project costs	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
		Original	Final		
	<u>Collections system</u>				
100.00/05/15	Lift Stations - General, Wickman, Canyon Ridge	\$ 50,000	\$ 100,000	\$ 74,135	\$ 25,865
107.00	Lift Stations Rehabilitation	350,000	345,000	227,093	117,907
105.00	Lift Stations Remote Site PLC Upgrades	100,000	100,000	75,039	24,961
142.00	Altamont Road Easement Line Replacement	-	2,600	2,297	303
146.00	Collections System Pipeline Renewal (SRF) Design	270,000	482,700	292,749	189,951
166.00	Collections Truck Replacement	45,000	35,300	35,205	95
143.10	Pipeline Replacements (FY 2018-19)	980,000	1,501,400	1,501,053	347
143.11	Pipeline Replacements (FY 2019-20)	3,800,000	4,332,000	2,516,735	1,815,265
143.14	Pipeline Replacements (Hesperian Storm Drain Relocation)	220,000	220,000	27,863	192,137
900.91	Critical Equipment	15,000	28,300	28,249	51
		5,830,000	7,147,300	4,780,418	2,366,882
	<u>Treatment plant</u>				
299.00	Cogeneration Engine Overhaul	60,000	145,400	133,289	12,111
213.08	Consolidated Operations Building	500,000	500,000	38,035	461,965
284.00	Influent Grinder Rebuild	30,000	30,000	12,043	17,957
213.06	Nutrient Optimization Project	11,850,000	14,524,100	12,531,268	1,992,832
201.00	Operator Training Program	100,000	146,800	60,495	86,305
285.01	RAS/Secondary Clarifier Effluent Real Time Analyzer	-	14,600	14,518	82
239.00	Safety Improvements	-	92,500	88,297	4,203
319.00	SCADA Network Upgrades	50,000	50,000	17,318	32,682
292.01	Storm Flow Prediction Model	300,000	309,300	260,803	48,497
395.02	Treatment Plant Roof Replacements	250,000	187,500	185,681	1,819
268.00	TWAS Line Rehabilitation	-	89,000	88,322	678
316.00	Vehicle Replacements	40,000	357,000	356,701	299
900.93	Critical Equipment	70,000	247,500	190,709	56,791
	Postponed or Cancelled projects	395,000	-	-	-
		13,645,000	16,693,700	13,977,479	2,716,221
	<u>Administration & Engineering</u>				
595.45	IT and Network Upgrades	20,000	19,600	-	19,600
595.04, 900.90/95	Critical Equipment	35,000	20,400	10,373	10,027
		55,000	40,000	10,373	29,627
	Total project costs	19,530,000	23,881,000	18,768,270	5,112,730
	Less:				
	Additions to plant and equipment			(990,308)	
	Additions to construction in progress			(14,284,578)	
	Castro Valley Sanitary District capital assets			(3,493,384)	
	Operating income (loss)			-	
	Non-operating revenues (expenses)				
	Investment income	80,000	80,000	222,377	142,377
	Increase (decrease) in the fair value of investments	-	-	(17,706)	(17,706)
	Write-off of capital assets	-	-	(57,284)	(57,284)
	Total non-operating revenues (expenses)	80,000	80,000	147,387	67,387
	Income before contributions, transfers and other items	\$ 80,000	\$ 80,000	\$ 147,387	\$ 67,387
	Connection fees			171,738	
	Transfer of plant and equipment to Operations and Maintenance			(1,351,734)	
	Capital grants			63,424	
	Equity transfers in (out)			12,725,000	
	Change in net position			11,755,815	
	Net position - beginning			17,754,200	
	Net position - ending			\$ 29,510,015	

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, 2020
SCHEDULE 7**

	Budgeted Amounts	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Operating revenues			
Contract fees	\$ 1,081,500	\$ 1,196,785	\$ 115,285
Total operating revenues	<u>1,081,500</u>	<u>1,196,785</u>	<u>115,285</u>
Operating expenses			
Salaries	169,500	243,380	(73,880)
Directors' fees	8,900	6,240	2,660
Overhead	187,300	262,101	(74,801)
Office expenses	3,000	1,246	1,754
Safety supplies	500	-	500
Contractual services	103,000	1,451	101,549
Professional services	10,000	772	9,228
Memberships, printing and publications	1,000	465	535
Public outreach	80,000	15,232	64,768
Repairs and maintenance	500	-	500
Recognition program	600	68	532
Utilities	500	692	(192)
Contingency and other reserves	30,000	-	30,000
Total operating expenses	<u>594,800</u>	<u>531,647</u>	<u>63,153</u>
Operating income (loss)		<u>665,138</u>	
Non-operating revenues (expenses)			
Investment income	40,000	20,932	(19,068)
Recovery of uncollectible accounts	10,000	18,432	8,432
Other miscellaneous revenues	-	31	31
Write-off of uncollectible accounts	(3,000)	(1,762)	1,238
Total non-operating revenues (expenses)	<u>47,000</u>	<u>37,633</u>	<u>(9,367)</u>
Income before contributions and transfers	<u>\$ 533,700</u>	<u>\$ 702,771</u>	<u>\$ 169,071</u>
Equity transfers in (out)		<u>(199,000)</u>	
Change in net position		<u>503,771</u>	
Net position - beginning		<u>796,048</u>	
Net position - ending		<u>\$ 1,299,819</u>	

**SCHEDULE OF BUDGETARY COMPARISON WITH ACTUAL
REVENUES, EXPENSES AND CHANGES IN NET POSITION
RECYCLING SERVICES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
SCHEDULE 8**

	Budgeted Amounts	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Operating revenues			
Recycling charges - residential and green waste	\$ 2,309,000	\$ 2,337,684	\$ 28,684
Recycling charges - commercial and industrial	100,000	180,804	80,804
Landfill fees - Measure D	350,000	406,663	56,663
Total operating revenues	<u>2,759,000</u>	<u>2,925,151</u>	<u>166,151</u>
Operating expenses			
Salaries	169,500	244,906	(75,406)
Overhead	178,000	257,151	(79,151)
Office expenses	2,000	-	2,000
Contractual services	2,520,000	2,206,025	313,975
Professional services	2,000	5,000	(3,000)
Public outreach	180,000	98,273	81,727
San Leandro Measure D	45,000	44,733	267
Contingency reserve	10,000	-	10,000
Total operating expenses	<u>3,106,500</u>	<u>2,856,088</u>	<u>250,412</u>
Operating income (loss)		<u>69,063</u>	
Non-operating revenues (expenses)			
Investment income	20,000	8,401	(11,599)
Other miscellaneous revenues	15,000	12,168	(2,832)
Write-off of uncollectible accounts	(200)	-	200
Total non-operating revenues (expenses)	<u>34,800</u>	<u>20,569</u>	<u>(14,231)</u>
Income (loss) before contributions and transfers	<u>\$ (312,700)</u>	<u>\$ 89,632</u>	<u>\$ 402,332</u>
Equity transfers in (out)		<u>-</u>	
Change in net position		<u>89,632</u>	
Net position - beginning		<u>532,588</u>	
Net position - ending		<u>\$ 622,220</u>	

OTHER INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors
Oro Loma Sanitary District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Oro Loma Sanitary District, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Oro Loma Sanitary District's basic financial statements, and have issued our report thereon dated January 21, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Oro Loma Sanitary District's internal control over financial reporting (internal control) 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 Oro Loma Sanitary District's internal control. Accordingly, we do not express an opinion on the effectiveness of Oro Loma Sanitary District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oro Loma Sanitary District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

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



CROPPER ACCOUNTANCY CORPORATION

Walnut Creek, California

January 21, 2021

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

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

Report on Compliance for Each Major Federal Program

We have audited the Oro Loma Sanitary District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Sanitary District's major federal programs for the year ended June 30, 2020. The Sanitary District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Sanitary District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Sanitary District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Sanitary District's compliance.

Opinion on Each Major Federal Program

In our opinion, the Sanitary District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



CROPPER ACCOUNTANCY CORPORATION

Walnut Creek, California

January 21, 2021

**ORO LOMA SANITARY DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Federal Expenditures(\$)</i>
<i>Other Programs</i>		
United States Environmental Protection Agency		
The San Francisco Bay Water Quality Improvement Fund		
The San Francisco Bay Water Quality Improvement Fund	66.126	1,000,000
Total The San Francisco Bay Water Quality Improvement Fund		1,000,000
Total United States Environmental Protection Agency		1,000,000
<i>Total Other Programs</i>		1,000,000
<i>Total Expenditures of Federal Awards</i>		<u><u>\$ 1,000,000</u></u>

The accompanying notes are an integral part of this schedule

ORO LOMA SANITARY DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020

1. The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the Oro Loma Sanitary District (the "District"). The District's reporting entity is defined in Note 1 to the financial statements.
2. The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.
3. The Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting. This is the same method of accounting as was used in the preparation of the District's basic financial statements.
4. The District did not pass-through any federal awards to subrecipients during the fiscal year ended June 30, 2020.
5. The total amount expended for this project through June 30, 2020 was \$19,890,878, and the project was completed shortly after the fiscal year end. The District shared the cost of this project with Castro Valley Sanitary District and through the issuance of Revenue Bonds. Total federal funds expended on this project were \$1,000,000.

**ORO LOMA SANITARY DISTRICT
STATUS OF PRIOR AUDIT FINDINGS
JUNE 30, 2020**

The previous audit report for the year ended June 30, 2019 contained no audit findings

**ORO LOMA SANITARY DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020**

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	<u>No</u>
Reportable conditions identified not considered material weaknesses?	<u>None reported</u>
Type of auditors' report issued on compliance for major programs	<u>Unmodified</u>
Any audit findings disclosed that are required to be reporting in accordance with 2 CFR Section 200.516?	<u>No</u>
Identification of major programs:	
Environmental Protection Agency:	
The San Francisco Bay Water Quality Improvement Fund	66.126
Dollar threshold to distinguish between Type A and Type B programs	\$ 750,000
Auditee qualified as low risk auditee?	<u>No</u>

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

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

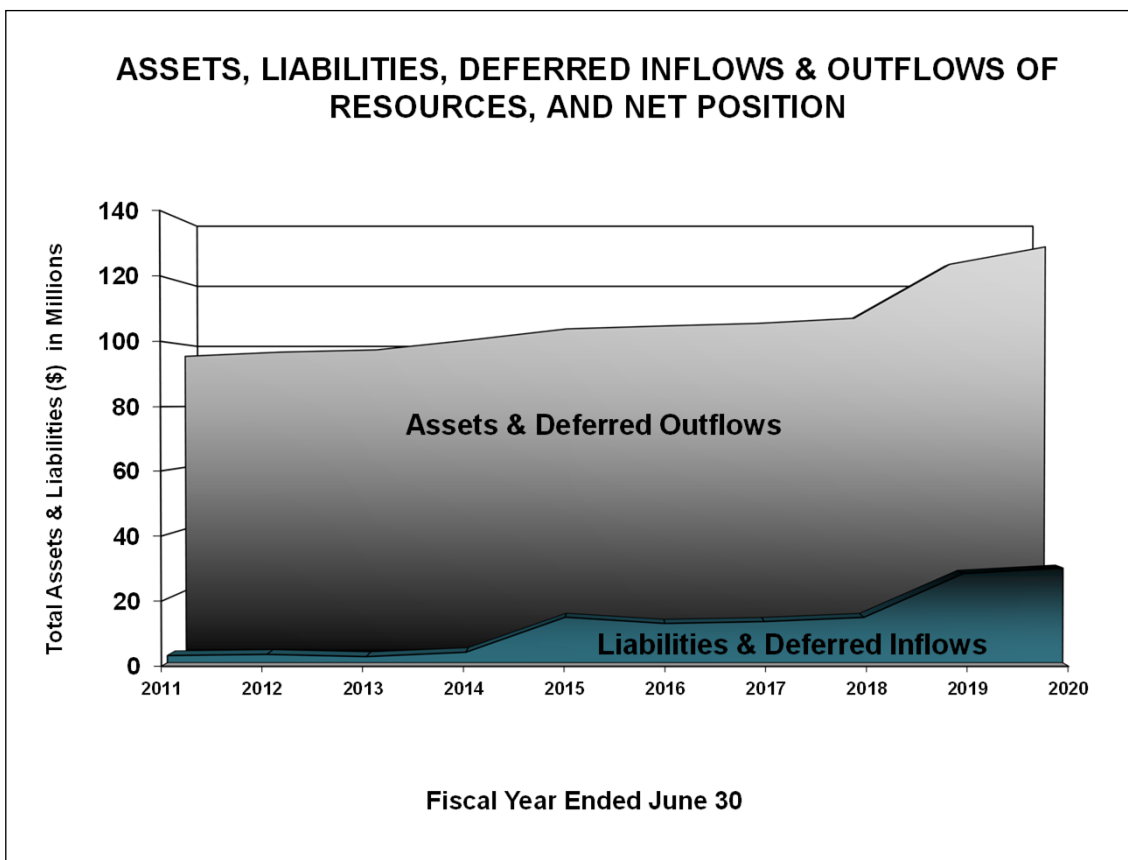
FINANCIAL TRENDS

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
2020	\$ 128,134,320	\$ 3,494,342	\$ 26,449,724	\$ 3,063,592	\$ 84,883,862	\$ 17,231,484	\$ 102,115,346
2019	122,595,939	3,427,009	25,469,227	2,351,368	72,144,805	26,057,548	98,202,353
2018	103,746,253	4,806,608	10,880,384	3,282,342	77,082,443	17,307,692	94,390,135
2017	101,796,716	5,115,616	9,555,112	3,315,499	71,921,745	22,119,976	94,041,721
2016	100,346,093	5,714,923	7,460,749	4,822,803	70,176,762	23,600,702	93,777,464
2015	98,004,700	7,131,734	10,940,123	3,285,136	68,724,573	22,186,602	90,911,175
2014	101,575,687	-	3,306,407	-	66,742,699	31,526,581	98,269,280
2013	98,330,104	-	1,946,779	-	61,334,894	35,048,431	96,383,325
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

GRAPH A



ORO LOMA SANITARY DISTRICT

FINANCIAL TRENDS

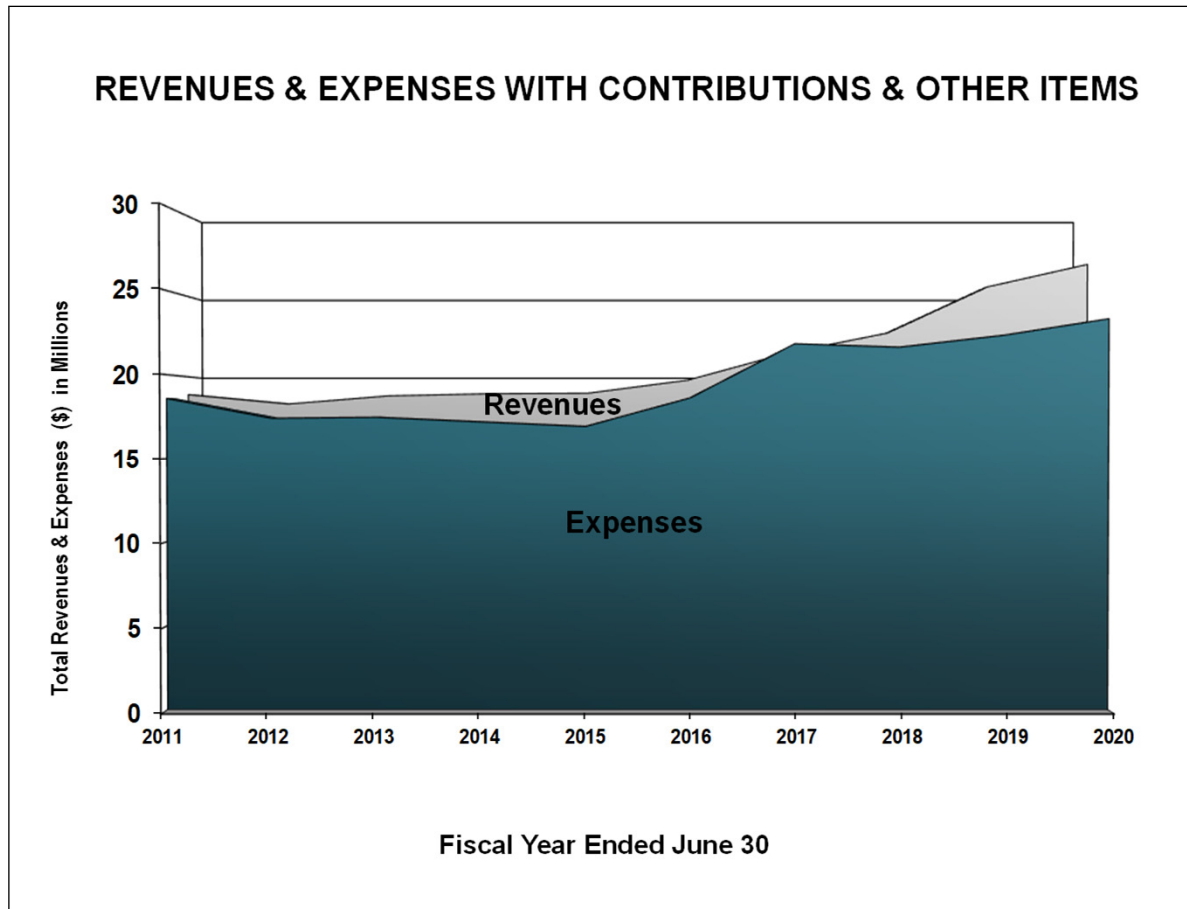
TABLE 2

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	
2020	\$ 26,998,753	\$ 23,320,922	\$ 3,677,831	\$ 171,738	\$ 63,424	\$ 3,912,993
2019	25,598,112	22,345,909	3,252,203	560,015	-	3,812,218
2018	22,727,187	21,634,562	1,092,625	399,277	-	1,491,902
2017	21,489,812	21,834,890	(345,078)	609,335	-	264,257
2016	19,788,984	18,616,756	1,172,228	298,612	1,202,580	2,673,420
2015	18,979,747	16,921,335	2,058,412	1,076,699	-	3,135,111
2014	18,944,945	17,195,227	1,749,718	135,600	637	1,885,955
2013	18,814,211	17,467,989	1,346,222	69,759	-	1,415,981
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

* 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 (2020 - 2016)

	2020	2019	2018	2017	2016
OPERATING REVENUES:					
District service charges	\$16,668,779	\$14,991,385	\$13,974,088	\$12,961,082	\$11,949,883
Agency treatment charges	3,674,605	3,575,995	3,094,690	2,933,967	2,430,769
Permits & inspection fees	296,034	209,602	280,541	169,390	162,898
Sanitary truck waste charges	22,275	22,385	68,214	129,725	90,621
Grease receiving charges	125,388	121,363	102,208	117,403	163,827
Biosolid charges	103,022	-	-	-	-
Contract fees	1,196,785	1,139,812	1,062,218	1,010,999	937,750
Recycling charges-residential & green waste	2,337,684	2,321,406	2,321,208	2,309,444	2,306,542
Recycling charges-commercial & industrial	180,804	149,230	132,934	118,694	110,721
Landfill fees-Measure D	406,663	406,137	385,751	346,349	319,719
Other	963,658	740,607	646,413	599,721	586,197
Total operating revenues	25,975,697	23,677,922	22,068,265	20,696,774	19,058,927
OPERATING EXPENSES:					
Engineering	687,567	757,699	752,469	562,048	684,704
Sewage collections	2,422,749	3,101,658	3,471,954	3,100,122	2,637,991
Sewage treatment operations	5,766,944	5,249,511	4,657,149	4,447,483	3,483,009
Sewage treatment maintenance	2,577,149	2,371,879	2,387,698	2,204,710	2,498,881
Effluent disposal-EBDA	1,013,998	894,676	1,011,446	836,969	779,476
Administration and general	1,603,194	1,721,349	1,481,993	1,549,379	1,256,629
Pension expense	2,362,927	976,624	1,553,814	2,976,128	1,192,396
OPEB expense	44,479	88,206	129,848	(258,069)	(315,916)
Depreciation	2,875,500	2,869,793	2,825,630	3,326,930	3,351,201
Decrease in carrying value of EBDA	64,505	176,110	93,247	54,155	165,735
Solid waste	531,647	401,896	353,546	304,471	306,213
Recycling-all services	2,856,088	2,715,545	2,690,932	2,591,833	2,574,922
Total operating expenses	22,806,747	21,324,946	21,409,726	21,696,159	18,615,241
OPERATING INCOME (LOSS)	3,168,950	2,352,976	658,539	(999,385)	443,686
NON-OPERATING REVENUES:					
Investment income	427,791	464,539	344,043	231,096	128,479
Increase in the fair value of investments	59,729	306,494	-	-	86,020
Rents & leases	109,152	105,588	92,795	83,465	79,956
Castro Valley side fund reimbursement	-	-	-	-	-
Gain on disposal of capital assets	3,340	-	6,140	-	-
Recovery of uncollectible accounts	18,432	21,113	11,902	16,276	17,203
Other miscellaneous revenues	110,615	139,858	124,671	326,580	339,028
EBDA agreement and other refunds	-	882,598	79,371	79,371	79,371
Grant revenues	293,997	-	-	56,250	-
Total non-operating revenues	1,023,056	1,920,190	658,922	793,038	730,057
NON-OPERATING EXPENSES:					
Decrease in the fair value of investments	-	-	223,552	137,921	-
Write-off of capital assets	57,284	412,470	-	-	-
Write-off uncollectible accounts	1,762	1,055	1,284	810	1,515
Debt issuance cost	-	271,552	-	-	-
Bond interest expense	455,129	335,886	-	-	-
CalPERS side fund contribution	-	-	-	-	-
Other miscellaneous expenses	-	-	-	-	-
Grant expenses	-	-	-	-	-
Total non-operating expenses	514,175	1,020,963	224,836	138,731	1,515
INCOME BEFORE CONTRIBUTIONS	3,677,831	3,252,203	1,092,625	(345,078)	1,172,228
Connection fees	171,738	560,015	399,277	609,335	298,612
CVSD contribution for transferred vehicle	-	-	-	-	-
Capital grants	63,424	-	-	-	1,202,580
CHANGES IN NET POSITION	3,912,993	3,812,218	1,491,902	264,257	2,673,420
NET POSITION-BEGINNING	98,202,353	94,390,135	94,041,721	93,777,464	90,911,175
Prior period adjustment - GASB 68 pension	-	-	-	-	192,869
Prior period adjustment - OPEB	-	-	(1,143,488)	-	-
NET POSITION-ENDING	102,115,346	98,202,353	94,390,135	94,041,721	93,777,464

ORO LOMA SANITARY DISTRICT

FINANCIAL TRENDS

TABLE 3 (continued)

Statement of Revenues and Expenses & Changes in Net Position (2015 - 2011)

	2015	2014	2013	2012	2011
OPERATING REVENUES:					
District service charges	\$11,678,040	\$11,583,176	\$11,368,931	\$10,539,022	\$10,183,687
Agency treatment charges	2,190,362	2,206,459	2,341,562	2,356,508	2,113,496
Permits & inspection fees	170,994	126,143	105,122	105,501	118,649
Sanitary truck waste charges	56,454	48,815	44,614	34,119	33,369
Grease receiving charges	142,005	120,927	113,397	100,964	47,248
Biosolid charges	-	-	-	-	-
Contract fees	791,397	755,676	728,946	1,014,122	1,177,161
Recycling charges-residential & green waste	2,295,385	2,286,977	2,285,768	2,285,609	2,281,257
Recycling charges-commercial & industrial	102,060	87,783	71,686	96,011	99,721
Landfill fees-Measure D	329,606	327,570	342,132	322,360	337,996
Other	682,873	763,138	719,682	761,461	812,882
Total operating revenues	18,439,176	18,306,664	18,121,840	17,615,677	17,205,466
OPERATING EXPENSES:					
Engineering	698,221	712,859	694,142	585,037	756,806
Sewage collections	2,897,622	2,727,099	2,375,275	2,207,219	2,426,428
Sewage treatment operations	3,507,420	3,768,468	3,961,746	3,833,846	3,616,626
Sewage treatment maintenance	2,155,643	1,951,508	2,100,408	2,419,194	1,831,130
Effluent disposal-EBDA	684,638	645,786	682,807	696,967	638,715
Administration and general	1,332,934	1,206,450	1,405,494	1,215,432	1,320,909
Pension expense	(547,141)	-	-	-	-
OPEB expense	(182,991)	-	-	-	-
Depreciation	3,329,414	3,179,437	3,133,447	2,993,361	3,134,347
Decrease in carrying value of EBDA	89,455	95,162	92,055	104,088	98,084
Solid waste	305,189	296,535	330,769	395,554	397,390
Recycling-all services	2,591,742	2,599,618	2,682,645	2,662,165	2,688,271
Total operating expenses	16,862,146	17,182,922	17,458,788	17,112,863	16,908,706
OPERATING INCOME (LOSS)	1,577,030	1,123,742	663,052	502,814	296,760
NON-OPERATING REVENUES:					
Investment income	216,318	217,367	194,227	157,237	190,115
Increase in the fair value of investments	-	53,279	19,345	-	-
Rents & leases	92,741	84,856	132,159	394,141	375,087
Castro Valley side fund reimbursement	-	-	-	-	297,151
Gain on disposal of capital assets	-	14,643	-	-	-
Recovery of uncollectible accounts	11,343	11,702	9,821	16,172	69,587
Other miscellaneous revenues	140,798	177,063	220,500	200,510	171,846
EBDA agreement and other refunds	79,371	79,371	79,371	79,371	79,371
Grant revenues	-	-	36,948	-	497,206
Total non-operating revenues	540,571	638,281	692,371	847,431	1,680,363
NON-OPERATING EXPENSES:					
Decrease in the fair value of investments	58,326	-	-	157,399	-
Write-off of capital assets	-	78	-	260,034	389
Write-off uncollectible accounts	863	1,502	8,757	2,217	466
Debt issuance cost	-	-	-	-	-
Bond interest expense	-	-	-	-	-
CalPERS side fund contribution	-	-	-	-	1,640,762
Other miscellaneous expenses	-	-	-	-	-
Grant expenses	-	10,725	444	34,623	30,268
Total non-operating expenses	59,189	12,305	9,201	454,273	1,671,885
INCOME BEFORE CONTRIBUTIONS	2,058,412	1,749,718	1,346,222	895,972	305,238
Connection fees	1,076,699	135,600	69,759	112,127	99,905
CVSD contribution for transferred vehicle	-	637	-	-	-
Capital grants	-	-	-	-	-
CHANGES IN NET POSITION	3,135,111	1,885,955	1,415,981	1,008,099	405,143
NET POSITION-BEGINNING	98,269,280	96,383,325	94,967,344	93,959,245	93,554,102
Prior period adjustment - GASB 68 pension	(10,768,191)	-	-	-	-
Prior period adjustment - OPEB	274,975	-	-	-	-
NET POSITION-ENDING	90,911,175	98,269,280	96,383,325	94,967,344	93,959,245

ORO LOMA SANITARY DISTRICT

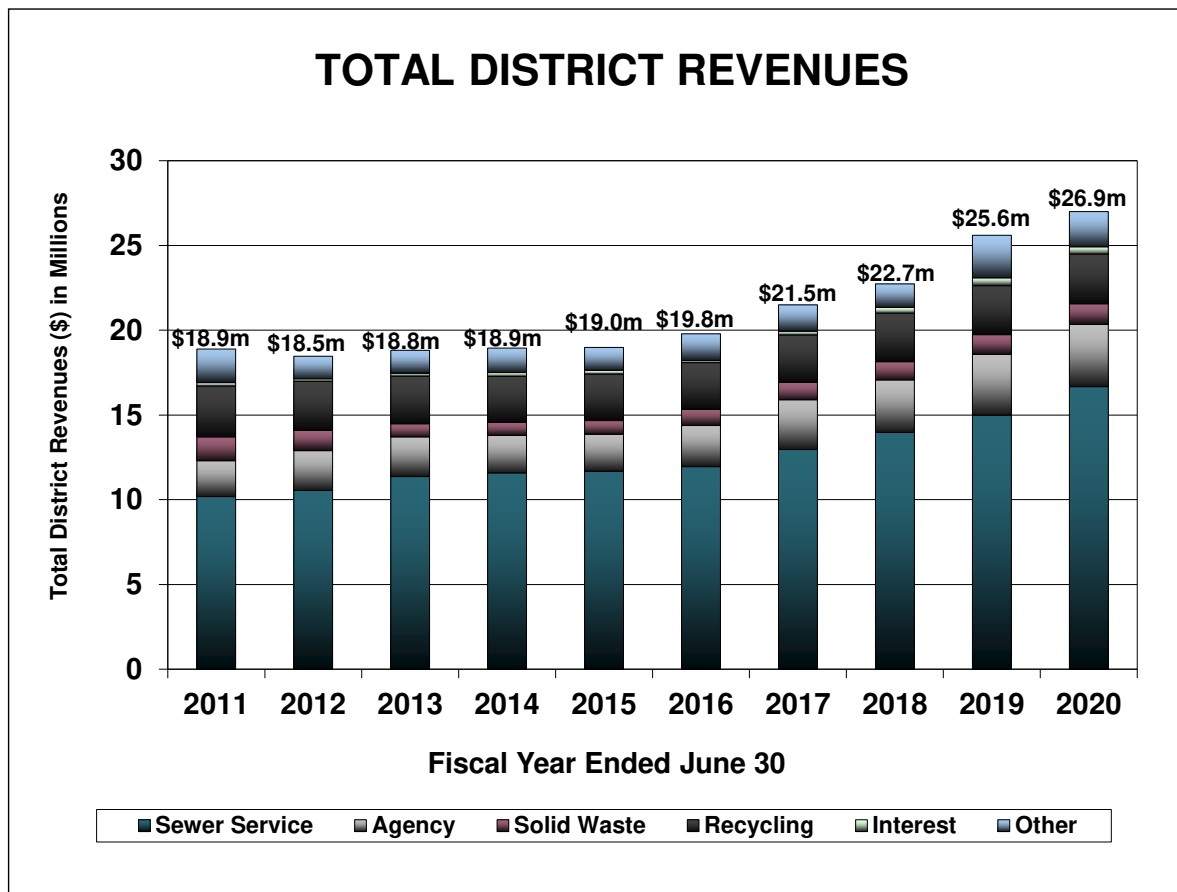
REVENUE CAPACITY

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 2020 Total	61.7%	13.6%	4.5%	10.9%	1.6%	7.7%	100.0%
2020	\$ 16,668,779	\$ 3,674,605	\$ 1,215,248	\$ 2,937,319	\$ 427,791	\$ 2,075,011	\$ 26,998,753
2019	14,991,385	3,575,995	1,167,315	2,887,472	464,539	2,511,406	25,598,112
2018	13,974,088	3,094,690	1,074,311	2,855,507	344,043	1,384,548	22,727,187
2017	12,961,082	2,933,967	1,027,485	2,792,774	231,096	1,543,408	21,489,812
2016	11,949,883	2,430,769	955,173	2,748,570	128,479	1,576,110	19,788,984
2015	11,678,040	2,190,362	803,007	2,743,838	216,318	1,348,182	18,979,747
2014	11,583,176	2,206,459	767,501	2,721,425	217,367	1,449,017	18,944,945
2013	11,368,931	2,341,562	765,379	2,805,924	194,227	1,338,188	18,814,211
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

GRAPH C



ORO LOMA SANITARY DISTRICT

REVENUE CAPACITY

~ SIGNIFICANT SINGLE SOURCE REVENUES ~

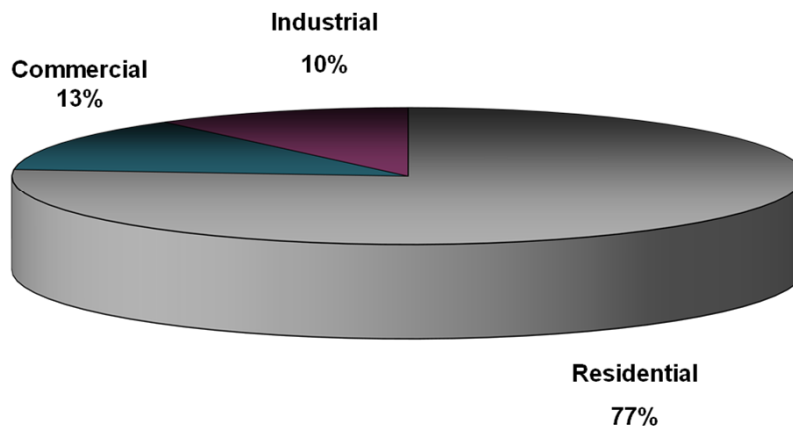
TABLE 5

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	
2020	\$ 12,757,951	77%	\$ 2,151,083	13%	\$ 1,759,745	10%	\$ 16,668,779
2019	11,844,190	79%	2,154,833	14%	992,362	7%	14,991,385
2018	11,025,892	79%	1,968,822	14%	979,374	7%	13,974,088
2017	10,175,503	79%	1,711,673	13%	1,073,906	8%	12,961,082
2016	9,479,050	79%	1,576,268	13%	894,565	8%	11,949,883
2015	9,223,995	79%	1,693,427	16%	760,618	7%	11,678,040
2014	8,959,561	77%	1,782,630	15%	840,985	7%	11,583,176
2013	8,677,340	76%	1,771,964	16%	919,627	7%	11,368,931
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

GRAPH D

SEWER SERVICE REVENUES BY CUSTOMER TYPE FY 2019-20



The District's customer base is predominantly residential customers.

ORO LOMA SANITARY DISTRICT

REVENUE CAPACITY

~ REVENUE RATES ~

TABLE 6

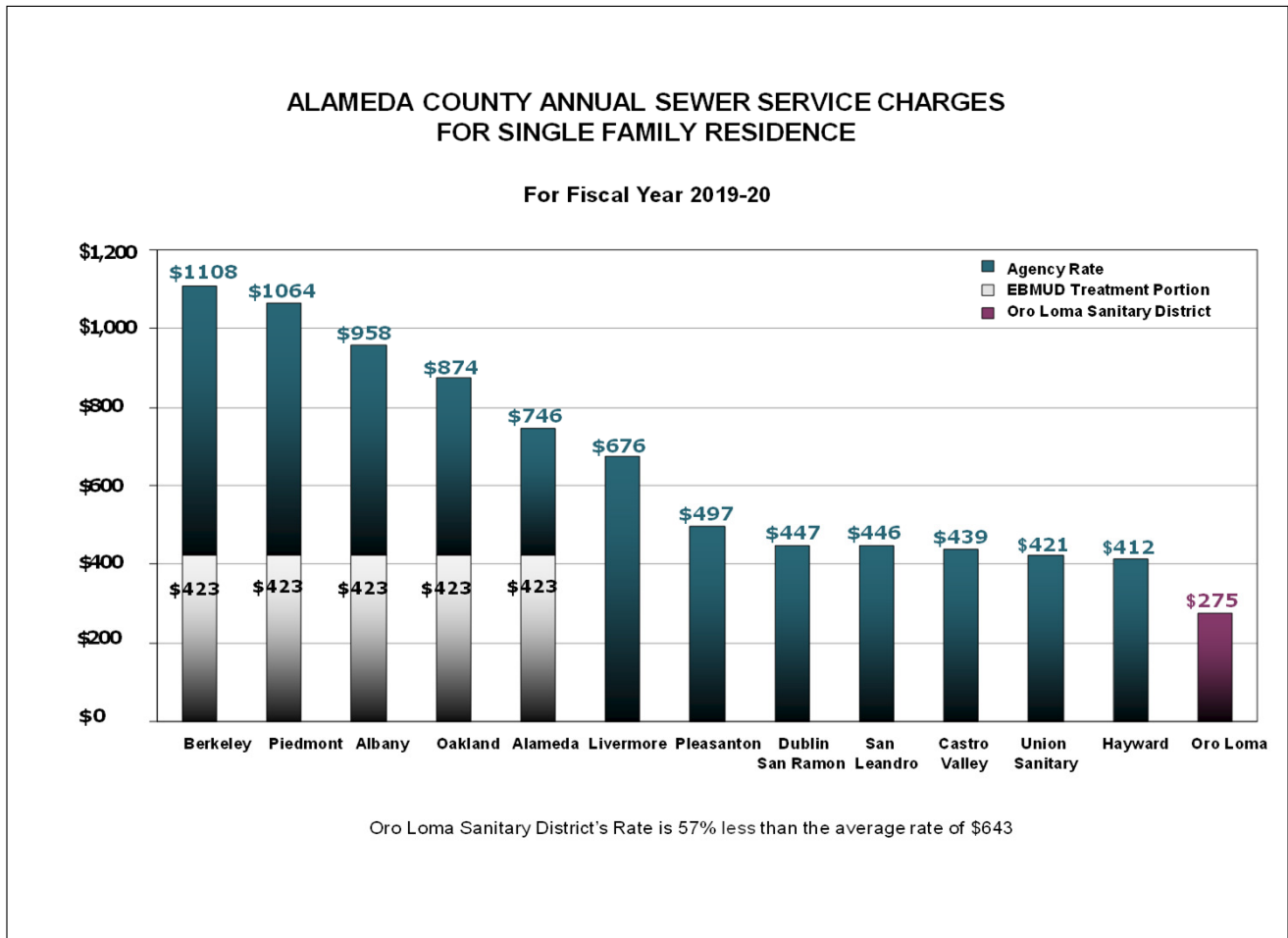
Annual Sewer Service Rates & Customer Base Ordinance 37 with Resolution #3627

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			
2020	R#3627	30,025	\$275.00	14,921	\$275.00	1,439	\$224.00	1,151	\$4.066	47,536
2019	R#3627	29,944	256.00	14,927	256.00	1,236	209.00	1,155	3.782	47,262
2018	R#3627	29,896	238.00	14,937	238.00	1,229	194.00	1,167	3.518	47,229
2017	R#3627	29,861	221.00	14,820	221.00	1,229	181.00	1,194	3.273	47,104
2016	R#3536	29,779	206.00	14,849	206.00	1,229	168.00	1,247	3.045	47,104
2015	R#3536	29,762	200.00	14,845	200.00	1,229	163.00	1,259	2.956	47,095
2014	R#3536	29,739	195.00	14,848	195.00	1,245	158.00	1,274	2.870	47,106
2013	R#3536	29,742	189.00	14,849	189.00	1,261	153.00	1,237	2.786	47,089
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

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 2019-20.

23.5% ← **\$3,910,828** out of **\$16,668,779** total sewer service revenues were derived from commercial (\$2,151,083) and industrial (\$1,759,745) customers

15.7% ← **\$2,619,933** out of **\$16,668,779** total sewer service revenues were derived from the twenty largest commercial and industrial customers

67.0% ← **\$2,619,933** out of **\$3,910,828** total commercial and industrial sewer service revenues were derived from the twenty largest commercial and industrial customers.

TABLE 7 **Twenty Largest Commercial Customers**

Source: 2019 East Bay Municipal Utility District water consumption and billing report and 2019 significant industrial users invoices.

Customer	Type of Business	Sewer Charges	% of Sewer Revenues
Santini Foods	Food manufacturing	\$ 1,355,602	8.1%
Ghirardelli Chocolate	Food manufacturing	209,928	1.3%
The Hillshire Brands	Food manufacturing	176,797	1.1%
Madison Bayfair	Shopping mall	143,685	0.9%
Fairmont Hospital Complex	Hospital, medical clinics and correctional facilities	127,261	0.8%
San Lorenzo Unified School District	School District	108,977	0.7%
Hayward Area Recreation & Park District	Recreation and parks	102,813	0.6%
County of Alameda General Services	Government services	58,684	0.4%
Greenhouse Marketplace	Retail businesses	41,855	0.3%
Fusion Delight	Restaurant	36,986	0.2%
Hayward Unified School District	School District	33,842	0.2%
San Leandro Hospital (SLCO)	Hospital	33,719	0.2%
Launderworld	Laundry mat	27,789	0.2%
Lorenzo Manor Shopping Center	Retail businesses	27,144	0.2%
San Leandro Unified School District	School District	24,814	0.1%
Guadalajara Enterprises	Retail businesses	23,629	0.1%
Hilltop Care Center	Nursing home	23,178	0.1%
Washington Center	Rehabilitation Services	22,062	0.1%
Save Mart Supermarket	Grocery store	21,192	0.1%
Kaiser Foundation Health Plan	Medical clinics	19,976	0.1%
Total		\$ 2,619,933	15.7%

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

ORO LOMA SANITARY DISTRICT

REVENUE CAPACITY

~ SIGNIFICANT SINGLE SOURCE REVENUES ~

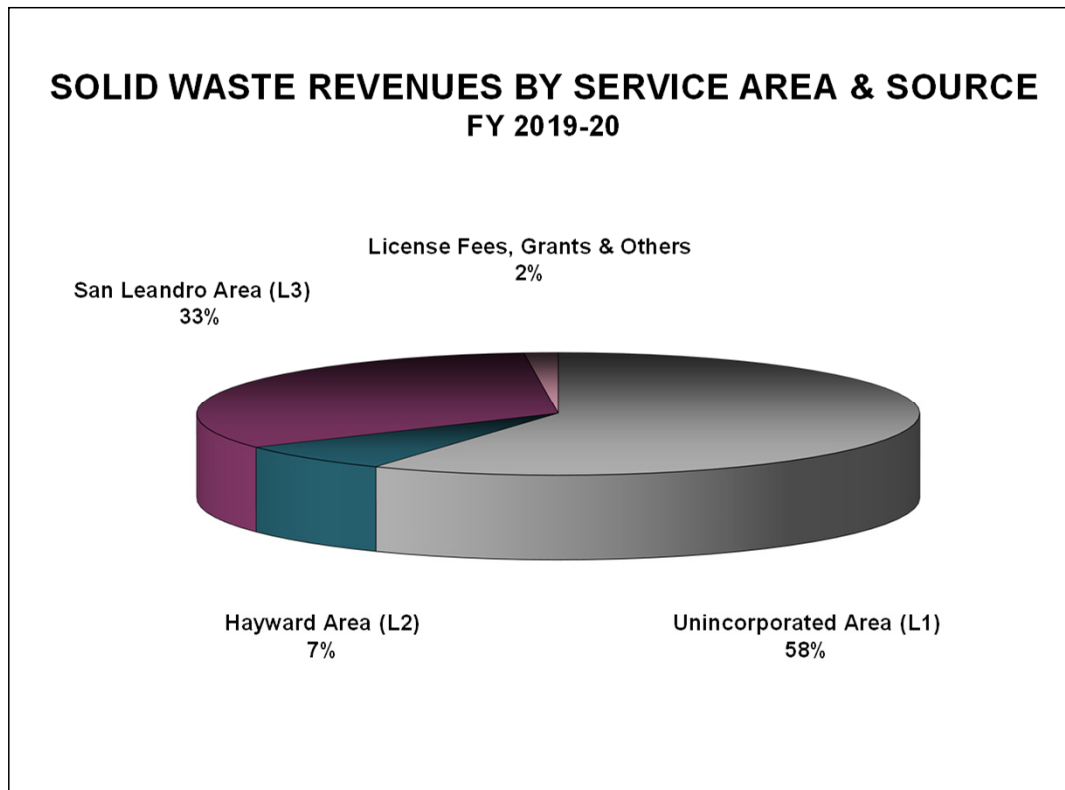
TABLE 8

Solid Waste Revenues by Service Area & Source

Fiscal Year Ended June 30	Unincorporated Area (L1)	Hayward Area (L2)	San Leandro Area (L3)	License Fees, Grants & Others	Total
2020	\$ 709,538	\$ 88,866	\$ 398,380	\$ 18,464	\$ 1,215,248
2019	674,382	83,351	382,079	27,503	1,167,315
2018	628,058	79,063	355,097	12,093	1,074,311
2017	600,390	76,177	334,432	16,486	1,027,485
2016	549,788	71,216	316,746	17,423	955,173
2015	467,799	52,194	270,764	12,250	803,007
2014	442,829	49,122	263,393	12,157	767,501
2013	437,719	38,856	252,371	36,433	765,379
2012	612,959	56,455	344,708	185,606	1,199,728
2011	726,120	68,902	408,818	201,170	1,405,010

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

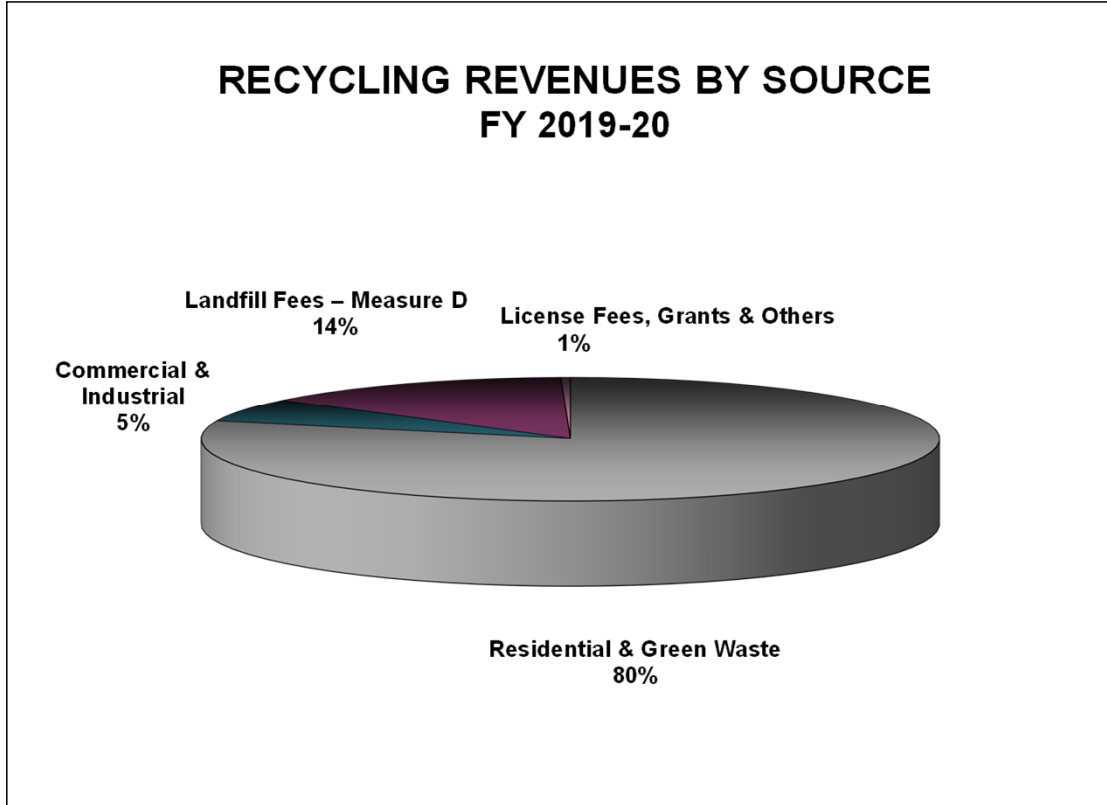
~ SIGNIFICANT SINGLE SOURCE REVENUES ~

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			
2020	\$ 2,337,684	\$ 180,804	\$ 406,663	\$ 12,168	\$ 2,937,319
2019	2,321,406	149,230	406,137	10,699	2,887,472
2018	2,321,208	132,934	385,751	15,614	2,855,507
2017	2,309,444	118,694	346,349	18,287	2,792,774
2016	2,306,542	110,721	319,719	11,588	2,748,570
2015	2,295,385	102,060	329,606	16,787	2,743,838
2014	2,286,977	87,783	327,570	19,095	2,721,425
2013	2,285,768	71,686	342,132	106,337	2,805,924
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

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
2020	34-45	\$10.01	\$11.55	\$19.97	\$23.17	\$39.98	\$46.25	\$130.61	\$151.12	\$ 4.60	\$ 4.32	\$ 56.07	\$ 58.93
2019	34-44	9.42	10.87	18.79	21.80	37.62	43.52	122.92	142.19	4.60	4.32	52.78	55.47
2018	34-43	9.10	10.50	18.15	21.06	36.35	42.05	118.76	137.37	4.60	4.32	51.01	53.61
2017	34-42	8.84	10.20	17.64	20.46	35.32	40.86	115.40	133.47	4.60	4.32	49.58	52.09
2016	34-41	8.54	9.85	17.04	19.76	34.11	39.46	111.45	128.93	4.60	4.32	47.89	50.31
2015	34-40	8.32	9.60	16.60	19.25	33.24	38.45	108.59	125.63	4.60	4.32	46.68	49.02
2014	34-39	8.02	9.25	15.99	18.55	32.02	37.04	104.63	121.01	4.60	4.32	44.98	47.23
2013	34-38	7.75	8.94	15.44	17.91	30.93	35.78	101.05	116.87	4.60	4.32	43.44	45.62
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

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.

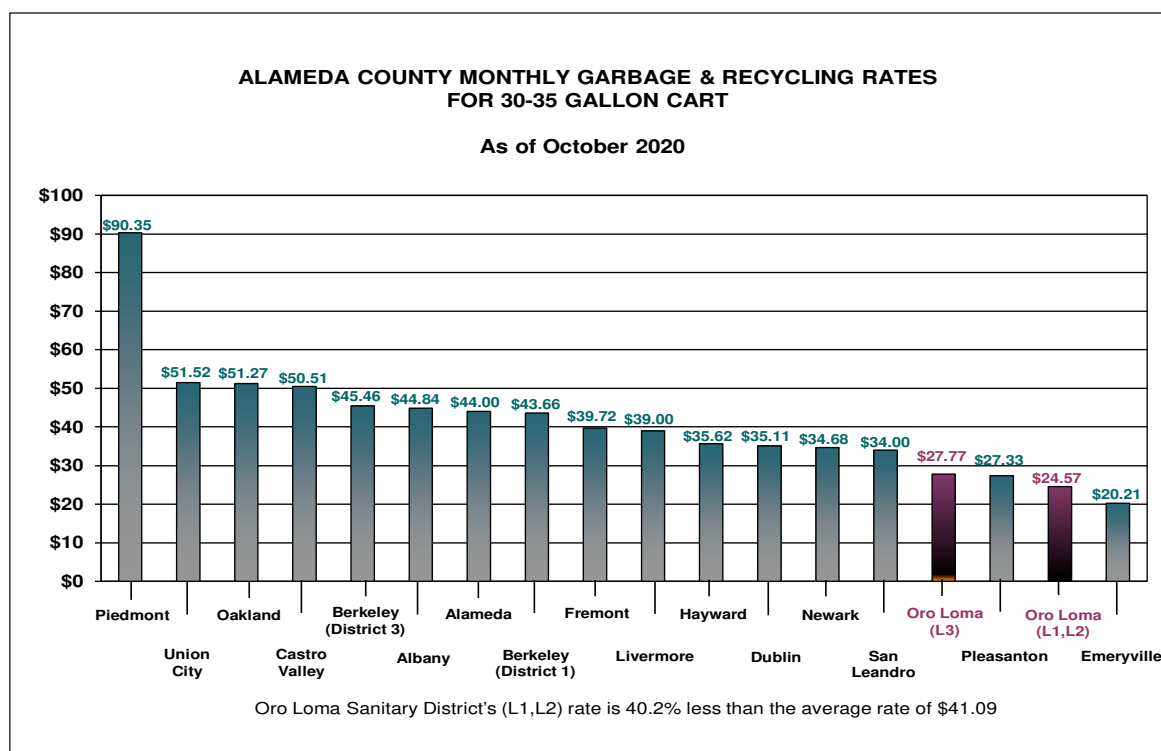
L3 is the area in the City of San Leandro within the District's boundaries, and receives both garbage and recycling services from the District.

* 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

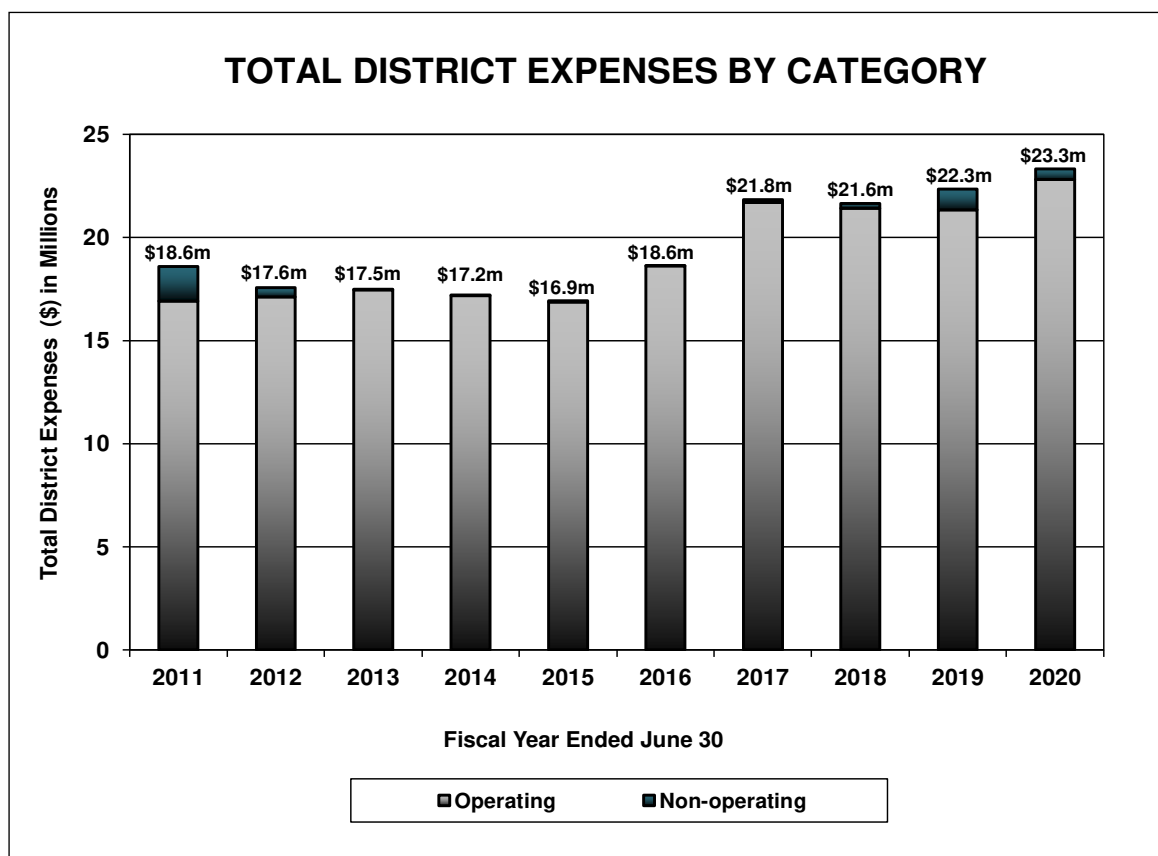
TABLE 11

Total Expenses by Category

Fiscal Year Ended June 30	Operating Expenses	Non-operating Expenses	Total Expenses
2020	\$ 22,806,747	\$ 514,175	\$ 23,320,922
2019	21,324,946	1,020,963	22,345,909
2018	21,409,726	224,836	21,634,562
2017	21,696,159	138,731	21,834,890
2016	18,615,241	1,515	18,616,756
2015	16,862,146	59,189	16,921,335
2014	17,182,922	12,305	17,195,227
2013	17,458,788	9,201	17,467,989
2012	17,112,863	454,273	17,567,136
2011	16,908,706	1,671,885	18,580,591

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

GRAPH I



ORO LOMA SANITARY DISTRICT

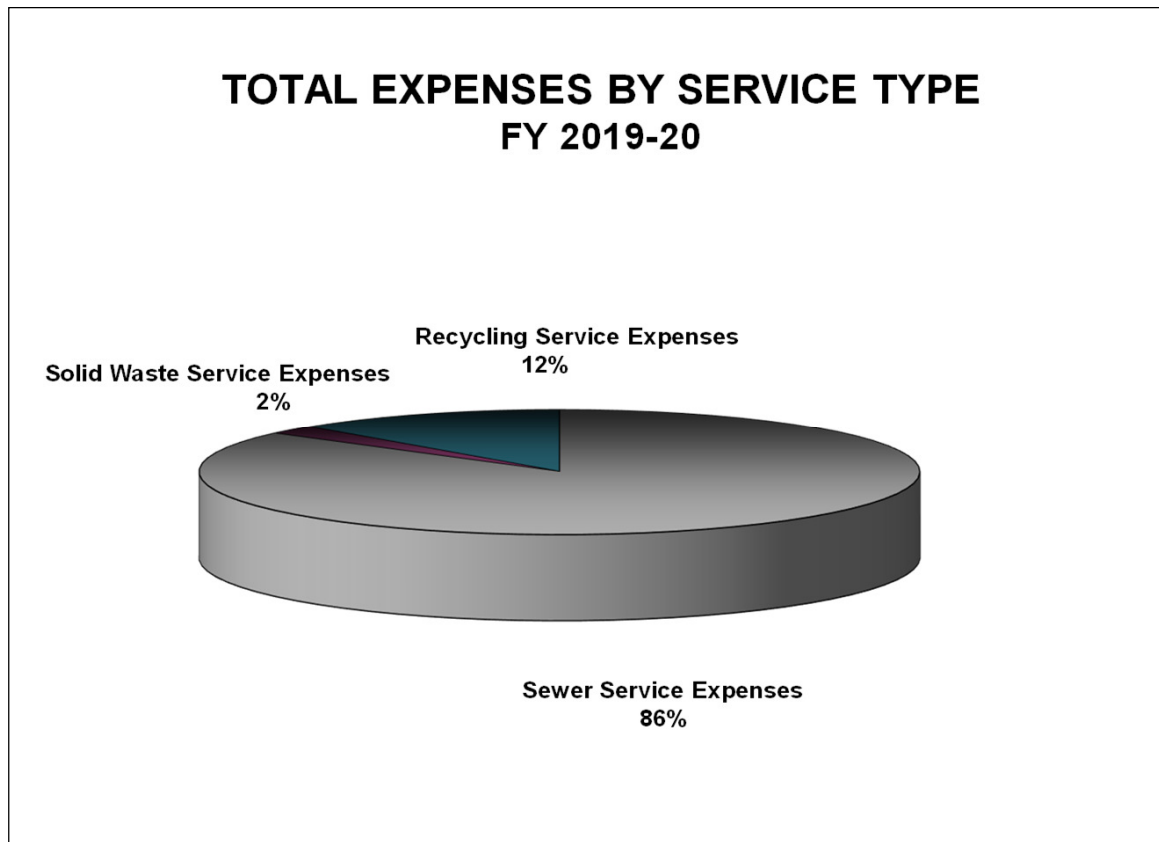
EXPENSES

TABLE 12

Total Expenses by Service Type

Fiscal Year Ended June 30	Sewer Service Expenses	Solid Waste Service Expenses	Recycling Service Expenses	Total Expenses
2020	\$ 19,931,425	\$ 533,409	\$ 2,856,088	\$ 23,320,922
2019	19,227,413	402,951	2,715,545	22,345,909
2018	18,588,800	354,830	2,690,932	21,634,562
2017	18,937,776	305,281	2,591,833	21,834,890
2016	15,734,106	307,728	2,574,922	18,616,756
2015	14,023,541	306,052	2,591,742	16,921,335
2014	14,284,243	298,037	2,612,947	17,195,227
2013	14,450,627	331,429	2,685,933	17,467,989
2012	14,454,358	398,206	2,714,572	17,567,136
2011	15,461,512	397,825	2,721,254	18,580,591

GRAPH J



ORO LOMA SANITARY DISTRICT

DEBT CAPACITY

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

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		
2020	\$ 14,965,166,298	\$ 3,741,291,575	\$ 561,193,736	none	(\$600,000)	\$ 560,593,736	N/A
2019	14,178,242,472	3,544,560,618	531,684,093	none	(600,000)	531,084,093	N/A
2018	13,367,683,794	3,341,920,949	501,288,142	none	(600,000)	500,688,142	N/A
2017	12,681,845,778	3,170,461,445	475,569,217	none	(600,000)	474,969,217	N/A
2016	12,128,474,619	3,032,118,655	454,817,798	none	(600,000)	454,217,798	N/A
2015	11,076,435,677	2,769,108,919	415,366,338	none	(600,000)	414,766,338	N/A
2014	10,370,178,948	2,592,544,737	388,881,711	none	(600,000)	388,281,711	N/A
2013	9,916,171,677	2,479,042,919	371,856,438	none	(600,000)	371,256,438	N/A
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

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
2020	\$13,809,972	47,536	\$291
2019	14,206,927	47,262	301

TABLE 15

Debt Coverage Ratio

Fiscal Year Ended June 30	Gross Revenues	Operating & Maintenance Costs (excl. depreciation and debt service)	Net Revenues	Debt Service			Debt Coverage Ratio
				Principal	Interest	Total	
2020	\$ 26,998,753	\$ 19,990,293	\$ 7,008,460	\$ 395,000	\$ 455,129	\$ 850,129	8.24
2019	25,598,112	19,140,230	6,457,882	0	335,886	335,886	19.23

ORO LOMA SANITARY DISTRICT

DEMOGRAPHIC & ECONOMIC INFORMATION

~ DEMOGRAPHIC & ECONOMIC INDICATORS ~

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

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

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

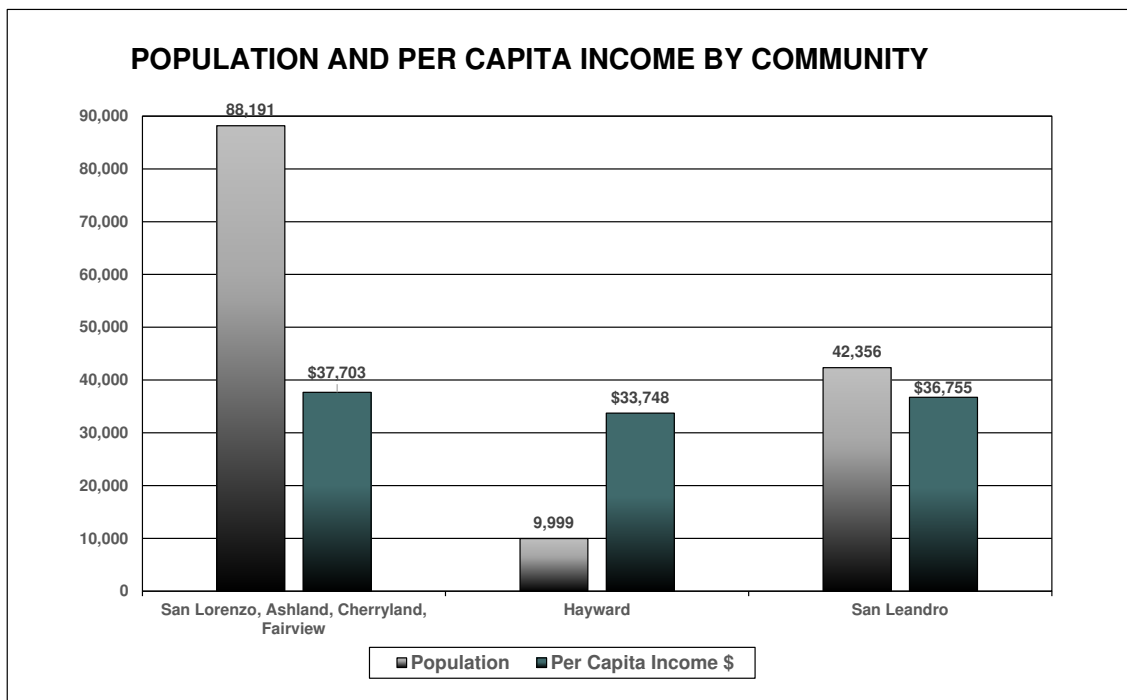
TABLE 16

Population, Per Capita Income & Unemployment Statistics

Source: U.S. Census Bureau 2015-2019; EDD Labor Market Information Division FY 2019-20

Indicator	Communities within the District's Boundaries Located in			All Areas
	San Lorenzo, Ashland, Cherryland, Fairview	Hayward	San Leandro	
Population	88,191	9,999	42,356	140,546
Per Capita Income	\$37,703	\$33,748	\$36,755	\$37,136
Unemployment rate	6.9%	6.5%	6.8%	6.9%

GRAPH K



Source: U.S. Census Bureau 2015-2019; EDD Labor Market Information Division FY 2019-20

ORO LOMA SANITARY DISTRICT

DEMOGRAPHIC & ECONOMIC INFORMATION

~ PRINCIPAL EMPLOYERS ~

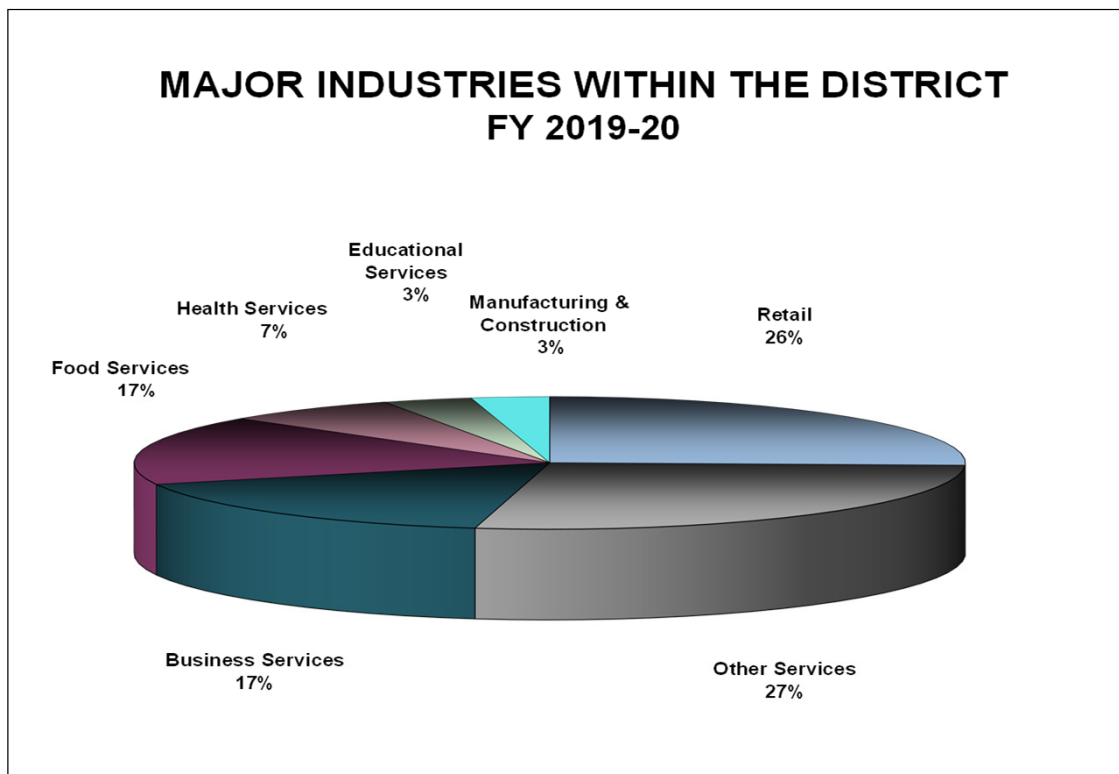
TABLE 17

Major Employers Within the District

Source: City of San Leandro Budget 19-20 and CAFR 2019, and Buzzfile company information database.

Employer	Type of Business	Number of Employees
Alameda Health System	Hospital	1459
San Lorenzo Unified School District	School district	1120
Ghirardelli Chocolate	Food manufacturing	514
County of Alameda	Government services	502
The Hillshire Brands	Food manufacturing	400
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: 2019 East Bay Municipal Utility District water consumption and billing report.

ORO LOMA SANITARY DISTRICT

OPERATING INFORMATION

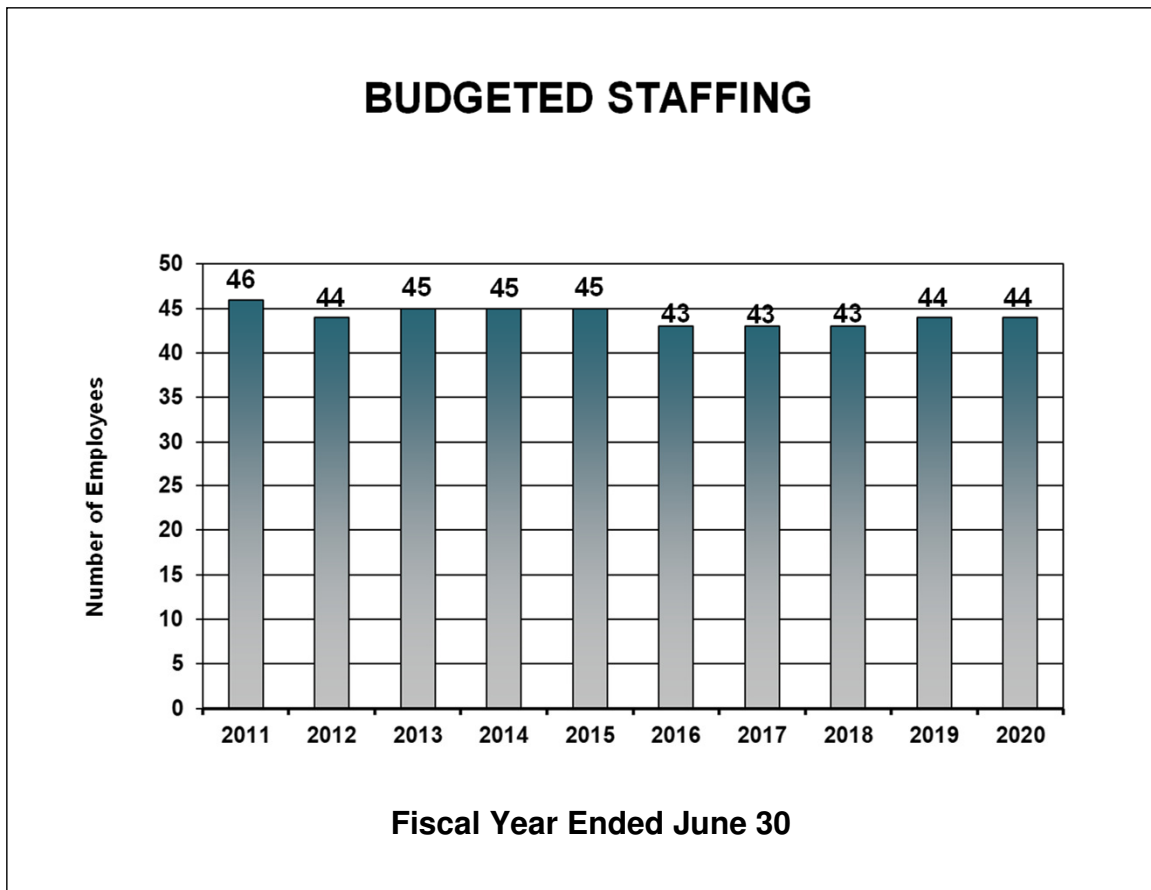
~ EMPLOYEE BASE ~

TABLE 18

Budgeted Staffing by Department

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

GRAPH M



ORO LOMA SANITARY DISTRICT

OPERATING INFORMATION

~ SERVICE INDICATORS ~

TABLE 19

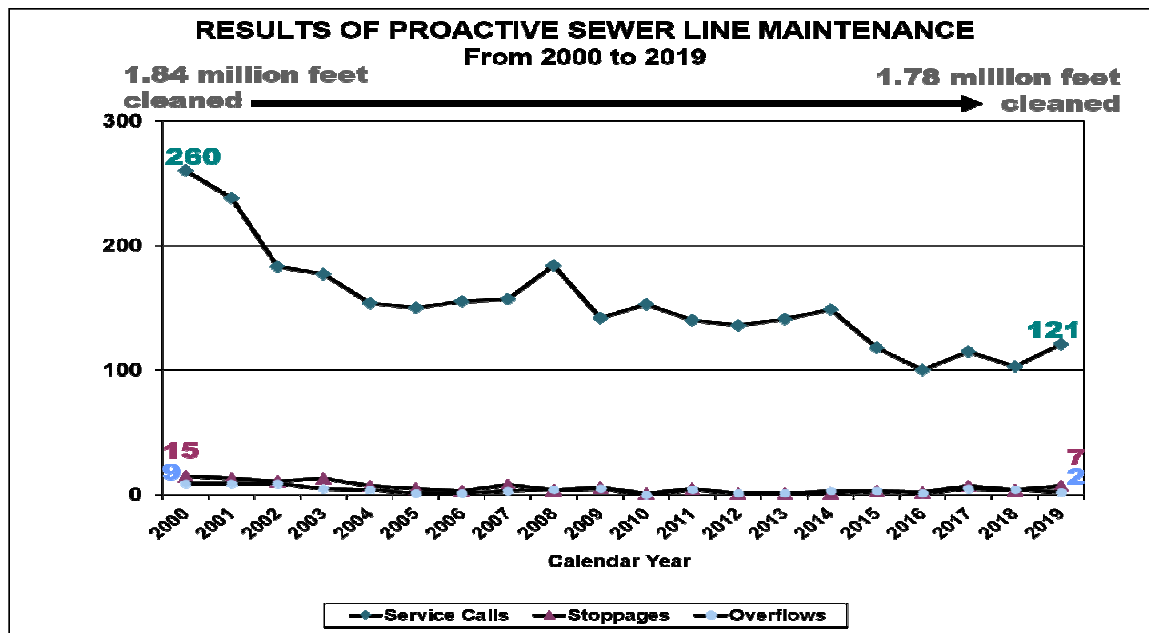
Proactive Sewer Line Maintenance and Results 2000-2019

Calendar Year	Total Cleaned & CCTV'd (ft)	Monthly Average (ft)	Service Calls	Stoppages	Overflows
2019	1,783,992	148,666	121	7	2
2018	1,578,653	131,554	103	4	4
2017	1,873,595	156,133	115	7	5
2016	2,092,466	174,372	100	2	1
2015	2,006,671	167,223	118	3	3
2014	2,017,473	168,123	149	*1	3
2013	2,217,645	184,804	141	1	1
2012	2,103,762	175,314	136	1	1
2011	2,105,110	175,426	140	5	4
2010	2,200,451	183,371	153	1	-
2009	2,157,948	179,829	142	6	5
2008	2,170,078	180,840	**184	4	4
2007	2,092,457	174,371	157	8	3
2006	2,171,583	180,965	155	3	1
2005	2,189,737	182,478	150	5	1
2004	2,000,385	166,699	154	7	4
2003	2,092,140	174,345	177	13	5
2002	2,048,939	170,745	183	11	9
2001	2,084,782	173,732	238	13	9
2000	1,844,583	153,715	260	15	9

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

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

GRAPH N



ORO LOMA SANITARY DISTRICT

OPERATING INFORMATION

~ SERVICE INDICATORS ~

TABLE 20

Sewer Connections & Construction Inspection Permits

Ordinance 35

Fiscal Year Ended June 30	Ord.#	Number of Connections Made	Connection Base Fee	Connection Fee Revenues	Number of Construction Permits Issued*	Permit & Inspection Base Fee	Permit & Inspection Revenues*
2020	35-16	24	\$6,919	\$171,739	310	\$280	\$228,816
2019	35-16	81	6,919	560,015	351	280	143,756
2018	35-16	39	6,919	399,277	378	280	220,686
2017	35-16	51	6,919	609,335	322	280	107,678
2016	35-16	43	6,919	298,612	289	280	105,735
2015	35-15	164**	6,555	1,076,699	286	280	120,624
2014	35-15	21	6,555	135,600	257	280	75,691
2013	35-14	11	6,555	69,759	220	280	57,798
2012	35-14	17	6,555	112,127	173	280	52,186
2011	35-14	15	6,555	99,905	194	280	56,261

* 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
2019	19.77	13.3	9.6	3.7	27.8%	35.8	23.7	12.2	34.1%
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%

* 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
2019	6	98%	8	97%	545,338	72,928	88%
2018	4	98%	5	99%	494,200	71,022	89%
2017	5	98%	7	98%	487,085	60,391	88%
2016	4	99%	5	99%	516,044	38,565	93%
2015	5	98%	6	99%	497,971	53,102	87%
2014	4	98%	6	99%	496,260	35,634	94%
2013	5	98%	6	99%	541,967	36,158	94%
2012	4	98%	5	99%	520,182	Solar Powered	100%
2011	5	98%	5	99%	516,241	Solar Powered	100%
2010	12	94%	9	97%	489,411	52,832	90%

* 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 2019 (maximum 2 per single family or multiple with 4 units or less)	13,422
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 Fine Bubble Diffuser Systems and 4 Aeration Basins
- 3 High Speed Blowers and 1 Hybrid Blower
- 3 Secondary Clarifiers
- 1 Gravity Belt Thickener
- 6 Sludge Digesters
- 2 Belt Filter Presses
- 1 Cogeneration System, consisting of:
 - 2 Digester Gas Engines - 360 kW each
 - 1 Siloxane Gas Filtration System
 - 1 Heat Recovery System
- 1 Boiler
- 1 RAS/WAS Pumping Station
- 1 Disinfection System
- 1 Waste Grease Receiving System
- Solar Sludge Drying Beds
- Equalization Basin
- Fleet of service vehicles and other equipment, including:
 - 1 Pretreatment Van
 - 8 Plant Service Vehicles
 - 3 Dump Trucks
 - 1 Dozer
 - 1 Water Truck
 - 3 Electric Carts
 - 1 Backhoe
 - 1 Wheel Loader
 - 1 Forklift

Sewage Collection Facilities

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