



# ORO LOMA SANITARY DISTRICT

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2021

WITH COMPARATIVE FINANCIAL STATEMENTS FOR YEAR ENDED JUNE 30, 2020



*Celebrating 110 Years of Serving our Community*

2655 GRANT AVENUE, SAN LORENZO, CA 94580  
(510) 276-4700 [www.oroloma.org](http://www.oroloma.org)





# ORO LOMA SANITARY DISTRICT

## Comprehensive Annual Financial Report Year Ended June 30, 2021 with Comparative Financial Statements for Year Ended June 30, 2020

Presented by:



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Prepared by the Finance Department:



Arlene Wong, Finance Manager



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**ORO LOMA SANITARY DISTRICT**  
**Comprehensive Annual Financial Report**  
**for Fiscal Year Ended June 30, 2021**  
With Comparative Financial Statements for Year Ended June 30, 2020

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## **INTRODUCTORY SECTION**

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# ORO LOMA SANITARY DISTRICT

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December 31, 2021

## **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, 2021. 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 47,392 customers, comprised of: residential 46,251 units (97.59%), commercial and light industrial 1,138 units (2.40%), and, 3 significant industrial customers (0.01%). The population served within the District's boundaries is 139,867.

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

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

## **Mission Statement**

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

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

## **Sewage Collection**

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

## **Sewage Treatment**

- The District operates a water pollution control plant with a permitted capacity of 20 million gallons per day (MGD). The plant is jointly owned by Oro Loma Sanitary District (75%) and Castro Valley Sanitary District (25%).
- An average daily flow of 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.

## **Reuse of Treated Wastewater (Water Reclamation)**

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

## **Other Inter-Governmental Agency Services**

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

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

## **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 47,392 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 (last available) 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. Much like the rest of the nation, the local economy has experienced severe adversity from the COVID-19 pandemic for the last 2 years. The average unemployment rate in 2020-2021 was 9.3% but is expected to decrease over time as businesses reopen to full capacity. Median housing sale price remained strong at \$773,000 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 with multiple variants, its future impact on the local economy, salaries and per capita income remains 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 \$17.3 million annually for the next 5 years in renewal and replacement and capital improvements. Of this total, an average of \$10.9 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 with locker rooms; design and build digesters No. 8 & No. 9; upgrade of the cogeneration system; replacement of the influent pump station and barscreens; rehabilitation of the gravity belt thickener; and, renewal of the digester gas system flares.

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

### **Relevant Financial Policies**

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

- **Balanced Budget**

One of the District's fiscal responsibilities is to maintain a balanced budget in which revenues are sufficient to cover expenses required to meet planned needs. To assist in its decision-making, the Board regularly examines a 5-year cash flow projection. The District will fund capital improvements by a combination of rate increases and external financing. The Board anticipates temporary deficits in the Operating Budget due to the \$6 million cost of cart replacements mandated by SB 1383: Short-Lived Climate Pollutants (\$2 million budgeted in FY 2021-22, \$4 million budgeted in FY 2022-23). The District will recover this cost through franchise fees and progressive recycling rate increases over the next several years.

- **Budgetary Controls Policy**

The Board maintains budgetary controls by reviewing monthly financial reports to ensure compliance with the adopted budget. The General Manager has authority to reallocate up to \$50,000 between projects based on actual need, while increases in the total budget always require Board approval. The adopted budget is typically amended shortly after the year begins to carry over prior year unused appropriations for projects in progress. Subsequent budget amendments occur continuously throughout the remainder of the year as priorities are revised and new needs are identified. The District has consistently met its budgetary control requirements by managing operating expenses at between 90% to 96% of budget.

- **Investment Policy**

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

- **Financial Reserves Policy**

The Financial Reserves Policy sets the required reserves so that there are sufficient funds to meet the needs of specifically identified purposes. This policy is reviewed by the Board as needed. If cash reserves approach the set minimum, the Board may either revise the reserve level or authorize equity transfers between component funds to ensure that the approved reserve is maintained. The current reserve level is \$7.43 million, which represents half of the District's projected sewer service revenues collected through Alameda County for the fiscal year.

- **Capital Assets Policy**

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

- **Internal Control Policy**

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

- **Cash Management Policy**

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

- **Purchasing Policy**

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

## **Major Initiatives**

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

With increasing concern for the sustainability of public employee retirement benefits, the District has taken significant steps to lower its unfunded accrued liability (UAL) by contributing over \$10 million in additional discretionary payments between 2015 and 2021. As of the last valuation date of June 30, 2020, the UAL stands at \$12.2 million. The District will pay down the liability by utilizing an accelerated 10-year amortization schedule.

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

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

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

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

## **SIGNIFICANT ACCOMPLISHMENTS**

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

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

- The District maintains the lowest sewer service rates in Alameda County, and one of the lowest known rates in the State of California. As of July 1, 2021, the annual single-family residential sewer rate of \$318 is 55% below the average of \$708 within the County.
- As of September 1, 2021, the monthly garbage and recycling rate for a 35-gallon container in unincorporated Alameda is \$26.19, 38% less than the average of \$42.23 within the County.
- The District maintains a high safety culture and continuously seeks to improve job safety. As of December 31, 2021, the District has achieved 1571 days without a lost time injury.


- The District has been proactive in managing its unfunded accrued liability (UAL) for pension. Between March 2015 and July 2016, the District contributed \$8.35 million in additional discretionary payments and is currently over 80% funded. In FY 2020-21, further payments of \$1.9 million towards the UAL were made.
- The District has maintained over 99% funded status on Other Post-Retirement Employee Benefits (OPEB) obligations since 2013.
- The District won the 2019-20 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.
- In 2021, the District completed the \$24.7 million Nutrient Optimization Project. The upgraded facilities enhance the nutrient treatment process and provide nitrogen removal (nitrification and denitrification) that meets permit limits until at least 2040.

## 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 for the fiscal year ended June 30, 2020. This was the 26<sup>th</sup> consecutive year that the District has received this prestigious award. The long history reflects the District's consistent culture of transparency. To be awarded a Certificate of Achievement, the governmental entity has to publish an informative, well organized, and easily readable report that satisfies both generally accepted accounting principles and applicable program requirements. A Certificate of Achievement for Excellence in Financial Reporting is valid for 1 year. We believe that our current report exceeds the Certificate of Achievement Program's requirements, and are submitting it to GFOA to determine its eligibility for another certificate.

We wish to express our sincere appreciation to the Board of Directors, and especially to the members of the Finance & Insurance Committee – Directors Shelia Young and Benny Lee, and to the audit team of Cropper Accountancy Corporation for their support in submitting this 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  
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Presented to

**Oro Loma Sanitary District  
California**

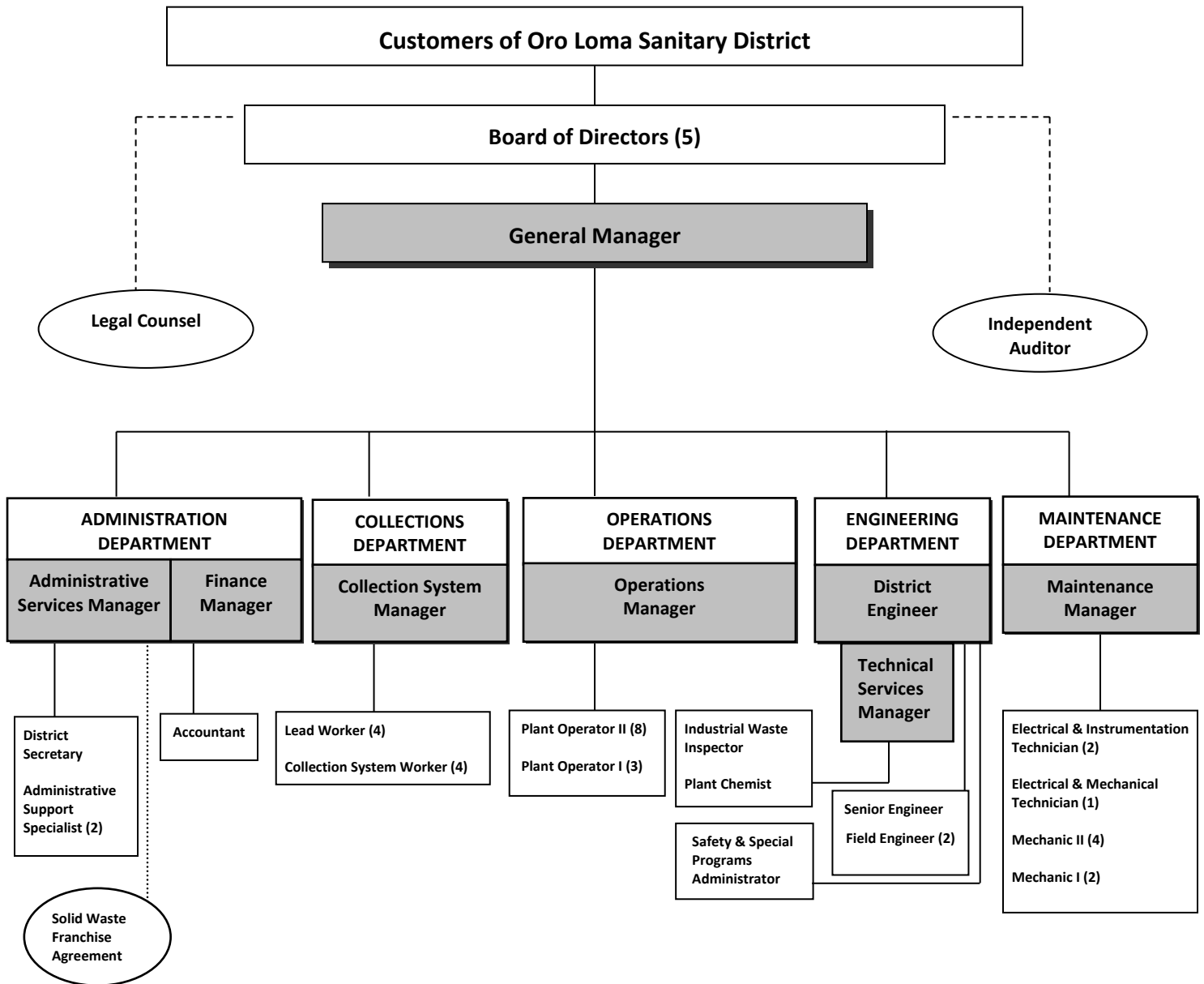
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

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](http://www.oroloma.org).



### **Rita Duncan, President**

*Term Expires 2022*

*Chairperson of Construction Committee, Member of Operations Committee, Representative on EBDA, Alternate Representative on ACSDA, and Vice Chairperson of CASA Federal Legislative Committee.*

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



### **Fred Simon, Vice President**

*Term Expires 2022*

*Chairperson of Solid Waste Committee, Member of Construction Committee, and Alternate Representative on ACWMA.*

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



### **Shelia Young, Secretary**

*Term Expires 2022*

*Chairperson of Finance & Insurance Committee, Member of Solid Waste Committee, Representative on ACWMA, Executive Board Member of ACSDA, and Alternate Representative on EBDA.*

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



### **Benny Lee, Director**

*Term Expires 2024*

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

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



### **Paul Stelzmann, Director**

*Term Expires 2024*

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

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

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

### Official



#### **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. Oversees activities related to debt issuance and compliance. Assists other managers in budget monitoring and project costing.

#### **Collections**



#### **Christopher Brown, Collection System Manager**

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

# ORO LOMA SANITARY DISTRICT

## MANAGEMENT TEAM

### Engineering



#### **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.



#### **William 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. Our vision is to send a generation of employees into retirement without impairment.



### **Our staff remains our key asset.**

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

### **Our response to emerging regulations gives us a competitive advantage.**

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

### **New technologies are only implemented when worth our investment.**

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

### **Measured risk taking is part of sound management.**

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

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

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

### **Our best service starts with proactive communication.**

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

### **Excellence is pursued over average performance.**

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





# ORO LOMA SANITARY DISTRICT

## LOCATION & SERVICE AREA

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



# DISTRICT AWARDS – LAST TEN YEARS

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## California Association of Sanitation Agencies (CASA)

Award of Excellence for Outstanding Capital Project for Small Agency (Horizontal Levee Demonstration Project)	2017
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## 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
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## Others

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

## **FINANCIAL SECTION**

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## **INDEPENDENT AUDITORS' REPORT**

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the business-type activities of Oro Loma Sanitary District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the OLSD 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. 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, 2021, and the respective changes in financial position and, where applicable, 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 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Oro Loma Sanitary District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules and budget to actual schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements 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.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated October 14, 2021, on our consideration of 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 Oro Loma Sanitary District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Oro Loma Sanitary District's internal control over financial reporting and compliance.

*Cropper Accountancy Corporation*

CROPPER ACCOUNTANCY CORPORATION

Walnut Creek, California

October 14, 2021

## **MANAGEMENT'S DISCUSSION & ANALYSIS**

# SERVICE RECOGNITIONS

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

## 20 Years



**Bill Halsted**  
Technical Services Manager



**Tony Monteiro**  
Electrical Instrumentation  
Technician



**Jeff Schier**  
Electrical & Mechanical  
Technician

## 15 Years



**Jason Warner**  
General Manager/Treasurer

## 10 Years



**Jimmy Dang**  
District Engineer

**ORO LOMA SANITARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2021**

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

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

The management discussion and analysis (MD&A) is an overview of the District's operations and financial performance during the fiscal year ended June 30, 2021. 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, 2021**

- The ending net position as of June 30, 2021 was \$109,800,706, reflecting an increase of \$7,685,360 (7.5%) from the prior year net position of \$102,115,346.
- Total assets were \$132,358,438, reflecting an increase of \$4,224,118 (3.3%) from \$128,134,320 in the prior year. The increase was attributed to several factors. Capital assets increased by \$5.7 million (3.2%) but were offset by the increase in accumulated depreciation of \$2.9 million (3.8%). Significant new capital costs included various pipeline replacements (\$1.6 million), nutrient optimization facilities (\$1.3 million), plant paving (\$648,842), treatment plant roof replacements (\$322,042), and vehicle purchases (\$257,922). Construction in progress decreased by \$23.8 million, primarily due to the completion of the Nutrient Optimization Project and several pipeline replacement projects. Cash and investments increased by \$3.0 million (22.4%) as a result of a one-time connection fee payment of \$3.3 million for the 480-unit Lincoln Landing development. Investments at fair value decreased by \$675,925 (11.4%) as securities in the investment portfolio matured and proceeds were used for capital needs. Accounts receivables decreased by \$809,051 (26.0%) with a reduction in late customer payments.
- Total liabilities were \$25,451,150, reflecting a decrease of \$998,574 (3.8%) from \$26,449,724 in the prior year. Accounts payable decreased by \$1.8 million (70.3%) due to the payoff of various completed construction projects. Customer deposits payable also decreased by \$297,725 (72.1%) resulting from numerous retentions being released. Non-current bonds payable decreased by \$406,955 (3.0%) as the next annual principal amount moved to current bonds payable. These decreases were partially offset by the \$1.4 million (16.1%) increase in the Net Pension Liability due to the risk pool's asset loss in 2020, in which assets earned 4.7% instead of the projected 7.15%. Accrued compensated absences (current and non-current) increased by \$139,482 (29%), a combined result of salary increases and employees taking fewer vacations during the pandemic.
- Deferred outflows of resources increased by \$2,047,358 (58.6%) from \$3,494,342 to \$5,541,700, and deferred inflows of resources decreased by \$415,310 (13.6%) from \$3,063,592 to \$2,648,282. 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. The District's additional payment of \$1.9 million this year toward the pension unfunded accrued liability (UAL) was part of the significant increase in deferred outflow of resources.

**ORO LOMA SANITARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2021**

## 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 \$7,685,360 (7.5%) during FY 2020-21. 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 2021				Change in 2020		
	2021	2020	\$	%	2019	\$	%
Current and other assets	\$ 30,885,591	\$ 29,440,486	\$ 1,445,105	4.9%	\$ 36,244,207	\$ (6,803,721)	-18.8%
Capital assets	101,472,847	98,693,834	2,779,013	2.8%	86,351,732	12,342,102	14.3%
Total assets	<u>132,358,438</u>	<u>128,134,320</u>	<u>4,224,118</u>	<u>3.3%</u>	<u>122,595,939</u>	<u>5,538,381</u>	<u>4.5%</u>
Deferred outflows of resources	<u>5,541,700</u>	<u>3,494,342</u>	<u>2,047,358</u>	<u>58.6%</u>	<u>3,427,009</u>	<u>67,333</u>	<u>2.0%</u>
Current liabilities	1,904,775	4,010,097	(2,105,322)	-52.5%	3,738,534	271,563	7.3%
Non-current liabilities	23,546,375	22,439,627	1,106,748	4.9%	21,730,693	708,934	3.3%
Total liabilities	<u>25,451,150</u>	<u>26,449,724</u>	<u>(998,574)</u>	<u>-3.8%</u>	<u>25,469,227</u>	<u>980,497</u>	<u>3.8%</u>
Deferred inflows of resources	<u>2,648,282</u>	<u>3,063,592</u>	<u>(415,310)</u>	<u>-13.6%</u>	<u>2,351,368</u>	<u>712,224</u>	<u>30.3%</u>
Net position							
Net investment in capital assets	88,059,830	84,883,862	3,175,968	3.7%	72,144,805	12,739,057	17.7%
Unrestricted	21,740,876	17,231,484	4,509,392	26.2%	26,057,548	(8,826,064)	-33.9%
Total net position	<u>\$109,800,706</u>	<u>\$102,115,346</u>	<u>\$ 7,685,360</u>	<u>7.5%</u>	<u>\$ 98,202,353</u>	<u>\$ 3,912,993</u>	<u>4.0%</u>



**ORO LOMA SANITARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2021**

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This ending net position of \$109,800,706 is made up of the following components:

- \$88,059,830 – Net investment in capital assets. This amount represents investment in capital assets net of accumulated depreciation and related debt. The capital assets are used to provide a variety of services. One of the biggest components of the assets category is the wastewater pollution control plant owned jointly by the District (75%) and Castro Valley Sanitary District (CVSan) (25%). Under a long-term agreement, CVSan reimburses the District and capitalizes its share of capital assets on its own financial records. Assets that do not pertain to the operations and maintenance of the water pollution control plant are fully owned by the District.
- \$21,740,876 – Unrestricted category. This amount is comprised of:
  - \$5,961,404 Investment in effluent discharge facilities – EBDA
  - \$15,779,472 Unrestricted net position

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**ORO LOMA SANITARY DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2021**

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

Period Ended June 30	2021	2020	Change (\$)	Change (%)	2019	Change (\$)	Change (%)
<b>Operating revenues</b>							
District service charges	\$17,740,859	\$16,668,779	\$1,072,080	6.4%	\$14,991,385	\$1,677,394	11.2%
Agency treatment charges	4,142,939	3,674,605	468,334	12.7%	3,575,995	98,610	2.8%
Permits and inspection fees	190,363	296,034	(105,671)	-35.7%	209,602	86,432	41.2%
Sanitary truck waste charges	24,530	22,275	2,255	10.1%	22,385	(110)	-0.5%
Grease receiving charges	128,142	125,388	2,754	2.2%	121,363	4,025	3.3%
Biosolid charges	242,501	103,022	139,479	135.4%	-	103,022	100.0%
Annexation revenues	39,000	-	39,000	100.0%	-	-	0.0%
Contract fees	1,805,310	1,196,785	608,525	50.8%	1,139,812	56,973	5.0%
Recycling charges-residential/green waste	2,327,273	2,337,684	(10,411)	-0.4%	2,321,406	16,278	0.7%
Recycling charges-commercial/industrial	183,120	180,804	2,316	1.3%	149,230	31,574	21.2%
Landfills fees-Measure D	356,453	406,663	(50,210)	-12.3%	406,137	526	0.1%
Other	917,962	963,658	(45,696)	-4.7%	740,607	223,051	30.1%
Total operating revenues	\$28,098,452	25,975,697	2,122,755	8.2%	23,677,922	2,297,775	9.7%
<b>Operating expenses</b>							
Engineering	687,340	687,567	(227)	0.0%	757,699	(70,132)	-9.3%
Sewage collections	3,956,977	2,422,749	1,534,228	63.3%	3,101,658	(678,909)	-21.9%
Sewage treatment operations	5,713,335	5,766,944	(53,609)	-0.9%	5,249,511	517,433	9.9%
Sewage treatment maintenance	2,628,968	2,577,149	51,819	2.0%	2,371,879	205,270	8.7%
Effluent disposal - EBDA	910,294	1,013,998	(103,704)	-10.2%	894,676	119,322	13.3%
Administration and general	1,980,341	1,603,194	377,147	23.5%	1,721,349	(118,155)	-6.9%
Pension expense	2,392,988	2,362,927	30,061	1.3%	976,624	1,386,303	141.9%
OPEB expense	37,465	44,479	(7,014)	-15.8%	88,206	(43,727)	-49.6%
Depreciation	2,949,988	2,875,500	74,488	2.6%	2,869,793	5,707	0.2%
Decrease in carrying value of EBDA	-	64,505	(64,505)	-100.0%	176,110	(111,605)	-63.4%
Solid waste	402,049	531,647	(129,598)	-24.4%	401,896	129,751	32.3%
Recycling-residential and commercial	2,843,550	2,856,088	(12,538)	-0.4%	2,715,545	140,543	5.2%
Total operating expenses	24,503,295	22,806,747	1,696,548	7.4%	21,324,946	1,481,801	6.9%
Operating income (loss)	3,595,157	3,168,950	426,207	13.4%	2,352,976	815,974	-34.7%
<b>Non-operating revenues</b>							
Investment income	144,629	427,791	(283,162)	-66.2%	464,539	(36,748)	-7.9%
Increase in the fair value of investments	-	59,729	(59,729)	-100.0%	306,494	(246,765)	-80.5%
Rents and leases	111,917	109,152	2,765	2.5%	105,588	3,564	3.4%
Gain on sale of capital assets	-	3,340	(3,340)	-100.0%	-	3,340	100.0%
Recovery of uncollectible accounts	36,217	18,432	17,785	96.5%	21,113	(2,681)	-12.7%
Project grants	530,684	293,997	236,687	80.5%	-	293,997	100.0%
Other miscellaneous revenues	218,482	110,615	107,867	97.5%	139,858	(29,243)	-20.9%
EBDA and other agreement refunds	-	-	-	0.0%	882,598	(882,598)	-100.0%
Total non-operating revenues	1,041,929	1,023,056	18,873	1.8%	1,920,190	(897,134)	-46.7%
<b>Non-operating expenses</b>							
Decrease in the fair value of investments	67,900	-	67,900	100.0%	-	-	0.0%
Write-off of capital assets	-	57,284	(57,284)	-100.0%	412,470	(355,186)	-86.1%
Write-off of uncollectible accounts	2,834	1,762	1,072	60.8%	1,055	707	67.0%
Debt issuance cost	-	-	-	0.0%	271,552	(271,552)	-100.0%
Bond interest expense	443,295	455,129	(11,834)	-2.6%	335,886	119,243	35.5%
Total non-operating expenses	514,029	514,175	(146)	0.0%	1,020,963	(506,788)	-49.6%
<b>Income before contributions and transfers</b>	4,123,057	3,677,831	445,226	12.1%	3,252,203	425,628	13.1%
Connection fees	3,562,303	171,738	3,390,565	1974.3%	560,015	(388,277)	-69.3%
Capital grants	-	63,424	(63,424)	-100.0%	-	63,424	100.0%
Change in net position	7,685,360	3,912,993	3,772,367	96.4%	3,812,218	100,775	2.6%
Net position – beginning	102,115,346	98,202,353	3,912,993	4.0%	94,390,135	3,812,218	4.0%
Net position – ending	\$109,800,706	\$102,115,346	\$7,685,360	7.5%	\$98,202,353	\$3,912,993	4.0%

**ORO LOMA SANITARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2021**

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As presented in Table 2:

**Total Operating Revenues \$28.1 million (FY 2020-21) and \$26.0 million (FY 2019-20)** – Operating revenues increased by \$2.1 million (8.2%) in FY 2020-21 and \$2.3 million (9.7%) in FY 2019-20. Highlights in revenue activities are as follows:

- **District sewer service charges** increased by \$1.1 million (6.4%) in FY 2020-21 and \$1.7 million (11.2%) in FY 2019-20, primarily attributed to sewer rate increases. The District was in its last year within a 5-year, 7.5% annual rate plan. Residential sewer revenues increased by \$940,611 (7.4%). Commercial sewer revenues (billed based on water consumption) only reflected partial effects of the rate increase, growing by \$58,240 (2.7%). This trend was due to continuing COVID-19's impact on local businesses. Revenues from significant industrial customers decreased slightly by \$71,463 (4.1%) as one large customer had relocated outside of the District's service area. Sewer charges from new developments increased by \$145,349 (1967.6%) from the new 480-unit Lincoln Landing development in unincorporated Hayward.
- **Agency treatment charges** increased by \$468,334 (12.7%) in FY 2020-21 and \$98,610 (2.8%) in FY 2019-20. Agency charges to CVSan increased by \$426,429 (14.2%) due to overall increases in O&M and R&R costs, and included CVSan's share of the \$1.9 million additional UAL payment. Major projects in which CVSan shared costs included the San Francisco Bay Water Quality Improvement (Microvi) project, Nielson & Railroad Junction Boxes Rehabilitation, Ecotone Research & Monitoring, Concrete Assessment & Rehabilitation and Safety Improvements. Revenues from the Cities of Hayward and San Leandro remained stable from the prior year. EBDA revenues increased by \$38,219 (19.7%) from major work such as paving around the Oro Loma Effluent Pump Station (OLEPS) and installation of pedestrian gates.
- **Permits and inspection fees** decreased by \$105,671 (35.7%) in FY 2020-21 and increased by \$86,432 (41.2%) in FY 2019-20. The number of engineering permits grew from 310 in FY 2019-20 to 339 in FY 2020-21. However, the amount of revenue went down because in FY 2019-20 the District had one major inspection permit for the Lincoln Landing development in the amount of \$132,196. Revenues from industrial permits remained stable.
- **Sanitary truck waste** increased by \$2,255 (10.1%) in FY 2020-21 and was unchanged in FY 2019-20. Revenues are expected to stay at the current level.
- **Grease receiving charges** increased by \$2,754 (2.2%) in FY 2020-21 and \$4,025 (3.3%) in FY 2019-20. The District added a new grease hauling customer this year. Revenues from this source are expected to remain stable.
- **Biosolids charges** increased by \$139,479 (135.4%) in FY 2020-21 and \$103,022 in FY 2019-20. This was 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 volume of biosolids received increased from 5,151 wet tons in FY 2019-20 to 7,581 wet tons in FY 2020-21, which generated a \$48,600 increase in revenues. In addition, the District received \$90,879 from Synagro for off-hauling its biosolids material with a lower water content than when it was received.
- **Annexation revenues** increased by \$39,000 in FY 2020-21. This revenue source was from the annexation of the Tract No. 6869 - Terrace View property into the District's service boundary.
- **Contract fees** increased by \$608,525 (50.8%) in FY 2020-21 and \$56,973 (5.0%) in FY 2019-20. The District provides solid waste services to its customers under an agreement with Waste Management of Alameda County (WMAC), and receives a franchise fee from WMAC. This revenue source increases primarily from garbage rate changes, which were 3.10% this year and 3.50% last year. In September 2020, the District raised its franchise fee rate from 6% to 10% in anticipation of costs under SB 1383: Short-Lived Climate Pollutants in 2022. The rate change was reflected in the significant increase in contract fees in FY 2020-21.
- **All remaining operating revenue categories** showed various growth trends. Residential recycling revenues remained unchanged as rates stayed the same under WMAC's contract agreement. Landfill fees - Measure D dropped by \$50,210 (12.3%) due to fluctuations in recycling levels.

**ORO LOMA SANITARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2021**

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**Total Operating Expenses \$24.5 million (FY 2020-21) and \$22.8 million (FY 2019-20)** – Operating expenses increased by \$1.7 million (7.4%) in FY 2020-21 and \$1.5 million (6.9%) in FY 2019-20. Overall departmental expenses in operations and maintenance (O&M) reflected inflationary impact of \$422,023 (3.0%), while renewal and replacement (R&R) costs increased by \$1.5 million (63.5%) from increased activities in collection system and treatment plant projects. Effluent disposal - EBDA decreased by \$103,704 (10.2%) resulting primarily from the renewed JPA agreement in which the District's cost share was significantly reduced. Due to CalPERS' unfavorable investment returns (4.7%) for the measurement period, pension expense increased by \$30,061 (1.3%) from \$2,362,927 last year to \$2,392,988, based on CalPERS' GASB 68 valuation at June 30, 2020. OPEB expense decreased by \$7,014 (15.8%) from \$44,479 last year to \$37,465 this year based on GASB 75 actuarial calculations. Depreciation increased by \$74,488 (2.6%). There was no reported decrease in the carrying value of EBDA as a result of an increase in EBDA's reported equity. The District's change in the carrying value of EBDA (\$17,923) has thus been reported as a non-operating revenue in FY 2020-21.

For year-to-year operational comparison in which the effects of pension and OPEB adjustments were excluded, net operating expenses were \$25.2 million in FY 2020-21 and \$21.5 million in FY 2019-20, reflecting an actual operating increase of \$3.7 million (17.6%) between years. In addition to the \$1.5 million increase in R&R expenses, salaries and wages increased by \$180,287 (3.2%), resulting from a cost-of-living adjustment of 2.0% and the addition of a Plant Operator mid-year. Employee benefits increased by \$2.1 million (86.8%), mainly due to \$130,906 (30.1%) increase in CalPERS' mandatory UAL contributions and \$1.9 million in additional voluntary UAL payments. Administration and general expenses increased by \$377,147 (23.5%), largely from the \$252,708 cost of the 2020 election. Expenses for public outreach increased by \$60,508 (31.0%) primarily due to a vibrant recycling outreach program known as The 3P's Campaign, which aimed to educate the public in what is or is not flushable into the sewer system.

**Total Non-operating Revenues \$1,041,929 (FY 2020-21) and \$1,023,056 (FY 2019-20)** – Non-operating revenues increased by \$18,873 (1.8%) in FY 2019-20 and decreased by \$897,134 (46.7%) in FY 2019-20. Investment income decreased by \$283,162 (66.2%) as the District spent down its bond investments on the Nutrient Optimization project coupled with lower market rates. The shortfall was offset by the \$236,687 (80.5%) increase in project grants and the \$115,932 reimbursement from EBDA for the Pond Bridge Repair project from FY 2019-20. Recovery of uncollectible accounts grew by \$17,785 (96.5%) from increased collections of delinquent garbage revenues through Alameda County.

**Total Non-operating Expenses \$514,029 (FY 2020-21) and \$514,175 (FY 2019-20)** – Non-operating expenses remained unchanged in FY 2020-21 and decreased by \$506,788 (49.6%) in FY 2019-20. Offsetting factors included the decrease in fair value of investments of \$67,900 in FY 2020-21 against the \$57,284 write-off of capital assets in the prior year.

### **Capital Assets**

On June 30, 2021, the District had \$101.5 million (net of accumulated depreciation) invested in a broad range of capital assets, as compared to \$98.7 million on June 30, 2020. 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 2020-21, \$29.5 million was added to the capital asset inventory from completed projects. Capital assets added to the Collection system included pipeline replacements for a total of \$9.3 million, Edgebrook lift station rehabilitation for \$265,309, and vehicle upgrades for \$91,546. For the treatment plant, the District's cost share for capitalized items included the completed Nutrient Optimization Project for \$18.3 million, plant paving for \$721,547, treatment plant roof replacements for \$322,042, a storm flow prediction model for \$220,159, and a tractor with slinger for \$166,376, and various other improvements for \$137,341.

**ORO LOMA SANITARY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2021**

The annual comparison of capital assets is shown in Table 3, reflecting a \$5.7 million (3.2%) increase in FY 2020-21 and a \$15.2 million (9.4%) increase in FY 2019-20. 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	2021	2020	2019
Land	\$ 873,234	\$ 873,234	\$ 873,234
Construction in progress	1,951,659	25,759,074	11,893,206
Subsurface lines	80,800,751	71,497,834	71,228,461
Engineering	55,450	55,450	46,373
Collections	8,597,464	8,332,155	8,167,076
Operations	81,131,611	61,546,427	61,045,808
Maintenance	4,082,426	3,957,342	3,857,376
Administration	2,112,721	2,112,721	2,119,201
District vehicles	2,811,768	2,553,846	2,253,278
Subtotal – Sewer Services	179,592,191	150,055,775	148,717,573
Subtotal – Solid Waste	-	-	-
Subtotal – Recycling	26,045	26,045	26,045
Total capital assets	\$ 182,443,129	\$ 176,714,128	\$ 161,510,058
Increase (decrease) over prior year	\$ 5,729,001	\$ 15,204,070	\$ 11,528,498

Table 4 summarizes the changes in capital assets, net of accumulated depreciation. The net increases in capital assets were \$2.8 million (2.8%) in FY 2020-21 and \$12.3 million (14.3%) in FY 2019-20. 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	2021	2020	2019
Balance at beginning of year	\$ 176,714,128	\$ 161,510,058	\$ 149,981,560
Additions	30,941,881	15,636,312	16,067,425
Retirements, write-offs and transfers	(25,212,880)	(432,242)	(4,538,927)
Total capital assets	182,443,129	176,714,128	161,510,058
Accumulated depreciation at beginning of year	(78,020,294)	(75,158,326)	(72,899,117)
Depreciation - retired assets	-	13,532	610,584
Annual depreciation	(2,949,988)	(2,875,500)	(2,869,793)
Accumulated depreciation at end of year	(80,970,282)	(78,020,294)	(75,158,326)
Capital assets at end of year, net of depreciation	\$ 101,472,847	\$ 98,693,834	\$ 86,351,732
Increase (decrease) over prior year	\$ 2,779,013	\$ 12,342,102	\$ 9,269,289

**ORO LOMA SANITARY DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2021**

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**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**

The Board and staff take pride in efficiency, accountability, customer service, entrepreneurial spirit, and an attitude of ownership. Application of these values allows the District to provide great service at a lower cost than other service providers in Alameda County. The single-family residential sewer service charge for FY 2020-21 was \$296, or 55% less than the average rate of \$665 in Alameda County.

With the goal of maintaining reliable infrastructure now and for the next generation, the Board has adopted a robust capital program to clear the backlog of sewer lines with defects with a plan to spend at least \$40 million in the next 4 years. The Board opted for a combination of modest rate increases and low-cost financing to achieve this goal. In July and August 2021, the District entered into two separate financial obligations to provide funding for the Sewer Collection System Pipeline Rehabilitation & Replacement Project. The State Water Resources Control Board's State Revolving Fund (SRF) allows up to \$25 million in project cost reimbursements with a rate of 0.9%; and, through the Federal Water Infrastructure Finance & Innovation Act (WIFIA), a maximum principal of \$24.5 million was approved at a rate of 1.91%.

The District Board takes proactive steps to manage its pension liability. In FY 2020-21, an additional \$1.9 million was used to buy down the unfunded accrued liability (UAL) of \$10.7 million (source: 2019 CalPERS valuation). This action was part of a 10-year amortization of the liability.

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

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

**Request for Information**

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

## **BASIC FINANCIAL STATEMENTS**



**ORO LOMA SANITARY DISTRICT  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2021 AND 2020**

**ASSETS**

	<b>2021</b>	<b>2020</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 16,675,495	\$ 13,625,772
Investments at fair value	5,274,790	5,950,715
Interest receivable	21,943	39,404
Accounts receivable	2,301,655	3,110,706
Prepaid and other items	282,552	115,759
<b>Total current assets</b>	<b>24,556,435</b>	<b>22,842,356</b>
<b>Non-current assets</b>		
Investment in effluent discharge facilities - EBDA	5,961,404	5,943,481
Net other post-employment benefits (OPEB) asset	367,752	654,649
<b>Capital assets</b>		
Land	873,234	873,234
Sewer service assets	179,592,191	150,055,775
Recycling assets	26,045	26,045
Construction in progress	1,951,659	25,759,074
Less: accumulated depreciation	(80,970,282)	(78,020,294)
Total capital assets (net of accumulated depreciation)	101,472,847	98,693,834
<b>Total non-current assets</b>	<b>107,802,003</b>	<b>105,291,964</b>
<b>Total assets</b>	<b>\$ 132,358,438</b>	<b>\$ 128,134,320</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension & other post-retirement benefits related	\$ 5,541,700	\$ 3,494,342

The accompanying notes are an integral part of these financial statements

**ORO LOMA SANITARY DISTRICT  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2021 AND 2020**

**(CONTINUED)**

**LIABILITIES**

	<u>2021</u>	<u>2020</u>
<b>Current liabilities</b>		
Accounts payable	\$ 778,034	\$ 2,620,199
Accrued salaries and wages	64,955	94,503
Customer deposits payable	115,070	412,795
Accrued compensated absences (current)	431,144	374,066
Accrued interest payable	110,572	113,534
Bonds payable (current)	405,000	395,000
<b>Total current liabilities</b>	<u>1,904,775</u>	<u>4,010,097</u>
<b>Non-current liabilities</b>		
Accrued compensated absences (non-current)	192,116	109,712
Bonds payable (non-current), net of premium	13,008,017	13,414,972
Net pension liability	10,346,242	8,914,943
<b>Total non-current liabilities</b>	<u>23,546,375</u>	<u>22,439,627</u>
<b>Total liabilities</b>	<u>\$ 25,451,150</u>	<u>\$ 26,449,724</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension & other post-retirement benefits related	<u>\$ 2,648,282</u>	<u>\$ 3,063,592</u>
<b>NET POSITION</b>		
Net investment in capital assets	88,059,830	84,883,862
Unrestricted	21,740,876	17,231,484
<b>Total net position</b>	<u>\$ 109,800,706</u>	<u>\$ 102,115,346</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, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>Operating revenues</b>		
District service charges	\$ 17,740,859	\$ 16,668,779
Agency treatment charges	4,142,939	3,674,605
Permits and inspection fees	190,363	296,034
Sanitary truck waste charges	24,530	22,275
Grease receiving charges	128,142	125,388
Biosolid charges	242,501	103,022
Annexation revenues	39,000	-
Contract fees	1,805,310	1,196,785
Recycling charges - residential and green waste	2,327,273	2,337,684
Recycling charges - commercial and industrial	183,120	180,804
Landfills fees - Measure D	356,453	406,663
Other	917,962	963,658
<b>Total operating revenues</b>	<b>28,098,452</b>	<b>25,975,697</b>
<b>Operating expenses</b>		
Engineering	687,340	687,567
Sewage collections	3,956,977	2,422,749
Sewage treatment operations	5,713,335	5,766,944
Sewage treatment maintenance	2,628,968	2,577,149
Effluent disposal - EBDA	910,294	1,013,998
Administration and general	1,980,341	1,603,194
Pension expense	2,392,988	2,362,927
Other post-employment benefits (OPEB) expense	37,465	44,479
Depreciation	2,949,988	2,875,500
Decrease in carrying value of EBDA	-	64,505
Solid waste	402,049	531,647
Recycling - residential, green waste, commercial, industrial	2,843,550	2,856,088
<b>Total operating expenses</b>	<b>24,503,295</b>	<b>22,806,747</b>
<b>Operating income</b>	<b>\$ 3,595,157</b>	<b>\$ 3,168,950</b>

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, 2021 AND 2020**

**(CONTINUED)**

	<u>2021</u>	<u>2020</u>
<b>Non-operating revenues</b>		
Investment income	\$ 144,629	\$ 427,791
Increase in the fair value of investments	-	59,729
Rents and leases	111,917	109,152
Gain on disposal of capital assets	-	3,340
Recovery of uncollectible accounts	36,217	18,432
Project grants	530,684	293,997
Other miscellaneous revenues	218,482	110,615
<b>Total non-operating revenues</b>	<u>1,041,929</u>	<u>1,023,056</u>
<b>Non-operating expenses</b>		
Decrease in the fair value of investments	67,900	-
Write-off of capital assets	-	57,284
Write-off of uncollectible accounts	2,834	1,762
Bond interest expense	443,295	455,129
<b>Total non-operating expenses</b>	<u>514,029</u>	<u>514,175</u>
<b>Income before contributions and other items</b>	4,123,057	3,677,831
Connection fees	3,562,303	171,738
Capital grants	-	63,424
<b>Change in net position</b>	<u>7,685,360</u>	<u>3,912,993</u>
<b>Net position - beginning</b>	<u>102,115,346</u>	<u>98,202,353</u>
<b>Net position - ending</b>	<u>\$ 109,800,706</u>	<u>\$ 102,115,346</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, 2021 AND 2020**

	<b>2021</b>	<b>2020</b>
<b>Cash flows from operating activities</b>		
Receipts from customers and users	\$ 28,904,669	\$ 24,842,459
Payments to suppliers	(16,969,250)	(14,310,498)
Payments to employees and employee benefit plans	(7,697,738)	(5,794,866)
<b>Net cash provided by operating activities</b>	<b>4,237,681</b>	<b>4,737,095</b>
<b>Cash flows from non-capital financing activities</b>		
Agency reimbursements	218,482	110,615
Rents and leases	111,917	109,152
Recovery of uncollectible accounts	36,217	18,432
<b>Net cash provided by non-capital and related financing activities</b>	<b>366,616</b>	<b>238,199</b>
<b>Cash flows from capital and related financing activities</b>		
Connection and other developers' fees	3,562,303	171,738
Additions to property, plant and equipment	(5,574,464)	(13,664,008)
Proceeds from sale of capital assets	-	3,340
Principal payments on long-term debt	(395,000)	(395,000)
Interest payments on long-term debt	(448,212)	(460,047)
Capital grants	530,684	357,421
<b>Net cash provided by (used for) capital and related financing activities</b>	<b>(2,324,689)</b>	<b>(13,986,556)</b>
<b>Cash flows from investing activities</b>		
Interest on investments	162,090	520,655
Sale or Purchases of investments	608,025	12,703,959
<b>Net cash provided by (used for) investing activities</b>	<b>770,115</b>	<b>13,224,614</b>
<b>Net increase in cash and cash equivalents</b>	<b>3,049,723</b>	<b>4,213,352</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>13,625,772</b>	<b>9,412,420</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 16,675,495</b>	<b>\$ 13,625,772</b>

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, 2021 AND 2020**

**(CONTINUED)**

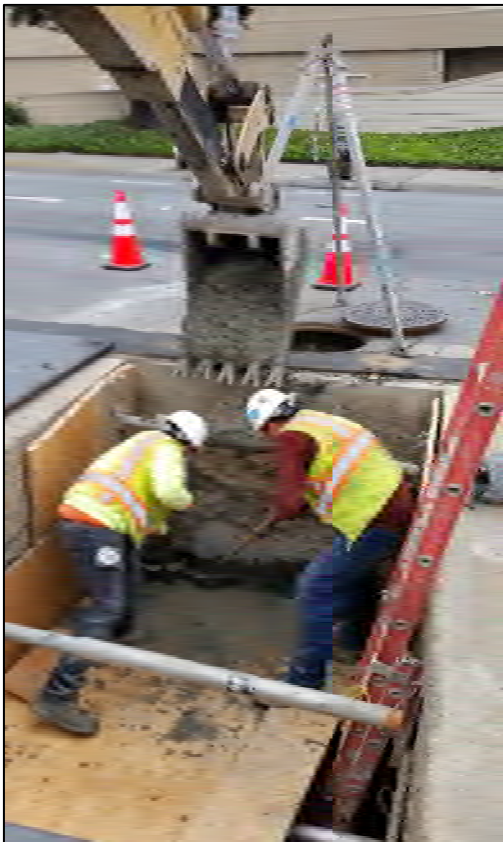
	<u>2021</u>	<u>2020</u>
<b>Reconciliation of operating income to net cash provided by (used for) operating activities</b>		
<b>Operating income</b>	\$ 3,595,157	\$ 3,168,950
<b>Adjustments to reconcile operating income to net cash provided by (used for) operating activities</b>		
Depreciation expense	2,949,988	2,875,500
Write off of uncollectible accounts	(2,834)	(1,762)
(Increase) decrease in accounts receivables	809,051	(1,131,476)
(Increase) decrease in other current assets	(166,793)	1,599
Decrease in EBDA discharge facilities	(17,923)	64,505
(Increase) decrease in deferred outflows of resources	(2,047,358)	(67,333)
(Increase) decrease in deferred inflows of resources	(415,310)	712,224
Increase (decrease) in accounts payable	(1,996,702)	(1,721,902)
Increase (decrease) in deposits payable	(297,725)	173,226
Increase (decrease) in accrued salaries and compensated absences	109,934	(30,380)
Increase (decrease) in net pension liabilities	1,431,299	1,351,734
Increase (decrease) in OPEB liabilities (assets)	286,897	(657,790)
<b>Net cash provided by (used for) operating activities</b>	<u>\$ 4,237,681</u>	<u>\$ 4,737,095</u>
<b>Schedule of non-cash investing and financing activities</b>		
Change in fair value of investments not held as cash equivalents	\$ (67,900)	\$ 59,729

The accompanying notes are integral part of these financial statements

# PIPELINE REPLACEMENT PROGRAM

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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.





## **NOTES TO FINANCIAL STATEMENTS**

# CONSOLIDATED OPERATIONS BUILDING

The project includes the expansion of the Operations Building and Consolidation of Operations and Maintenance work areas. This project will provide new locker rooms with adequate space and lunch rooms for O&M staff.

Before Construction



Under Construction



**ORO LOMA SANITARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**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, 2021, 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, 2021**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

**Budgets and Budgetary Accounting**

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

**Cash and Cash Equivalents**

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

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

**Investments**

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

**Inventories**

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

**ORO LOMA SANITARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**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, 2020		\$ 483,778
Addition for employees with accrued compensated absences earned	173,954	
Deduction for employees with accrued compensated absences used	(34,472)	
Net change in accrued compensated absences		139,482
Balance at June 30, 2021		<u>\$ 623,260</u>

**ORO LOMA SANITARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**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 \$431,144.

**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, 2021.
- Unrestricted – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

**Classification of Revenues and Expenses**

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

**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, 2021**

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**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, 2020
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

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. Since June 30, 2021, the District has entered into two separate financial obligations to provide funding for the Sewer Collection System Pipeline Rehabilitation & Replacement Project. The State Water Resources Control Board's State Revolving Fund (SRF) allows up to \$25 million in project cost reimbursements; and, through the Water Infrastructure Finance & Innovation Act (WIFIA), a maximum principal amount of \$24.5 million has been approved. The first debt repayments for these obligations are extended until 2025 (SRF) and 2031 (WIFIA). Aside from these events, the financial statements presented herein include all events and transactions required to be recognized in accordance with generally accepted accounting principles.



**ORO LOMA SANITARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**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. 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.

**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.

**ORO LOMA SANITARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

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

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

The requirements of this Statement are effective as follows:

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

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

**ORO LOMA SANITARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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, 2021**

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**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, 2021**

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**NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS**

The District had \$21,850,285 in cash, cash equivalents and investments, which are reported at fair value as of June 30, 2021. GASB Statement No. 72, *Fair Value Measurement and Application*, established a hierarchy of inputs to the valuation techniques. Below is the distribution of inputs used to measure the fair value of the District's cash equivalents and investments.

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

U.S. Government Bonds	1,975,740
Certificates of Deposit	<u>3,299,050</u>
	<u>\$ 5,274,790</u>

The following table provides details on the District's cash, cash equivalents and investments at June 30, 2021, as reported in the Statement of Net Position of the basic financial statements:

Cash and cash equivalents	\$16,675,495
Investments	<u>5,274,790</u>
Total cash, cash equivalents and investments	<u>\$ 21,950,285</u>

**Cash, cash equivalents and investments as of June 30, 2021 consist of:**

Petty cash	\$ 1,500
Deposits with financial institutions	
Checking account – U.S. Bank	3,158,593
Money market account – UMB Bank	305,633
Cash with Bond Trustee – U.S. Bank Trust	23
California Local Agency Investment Fund – LAIF	<u>13,209,746</u>
Subtotal cash and cash equivalents	<u>\$ 16,675,495</u>
Investments	
U.S. Government Bonds – UMB Bank	\$1,975,740
Certificates of Deposit – UMB Bank	<u>3,299,050</u>
Subtotal investments	<u>\$5,274,790</u>
Total cash, cash equivalents and investments	<u>\$ 21,950,285</u>

**ORO LOMA SANITARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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 <sup>1</sup> 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 <sup>2</sup>	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%

<sup>1</sup> 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).

<sup>2</sup> 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, 2021**

**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, 2021 for each investment type are shown.

(Source: Moody's)

Investment Type	Maturities of Instruments			Rating as of June 30, 2021	Total	% of Portfolio
	12 months or less	12 – 24 months	25 months or longer			
U.S. Government Bonds (FHLB)	\$ -	\$ -	\$ 1,975,740	Aaa	\$ 1,975,740	9%
Certificates of deposit	<u>2,529,920</u>	<u>508,075</u>	<u>261,055</u>	FDIC insured	<u>3,299,050</u>	<u>15%</u>
Total investments	2,529,920	508,075	2,236,795		5,274,790	24%
Cash and money market	3,465,749	-	-	Not required	3,465,749	16%
LAIF State investment pool	<u>13,209,746</u>	-	-	Not required	<u>13,209,746</u>	<u>60%</u>
Total cash and equivalents	16,675,495	-	-		16,675,495	76%
Total cash & investments	\$ <u>19,205,415</u>	\$ <u>508,075</u>	\$ <u>2,236,795</u>		<u>\$21,950,285</u>	<u>100%</u>



**ORO LOMA SANITARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**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, 2021, 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, 2021, the amount of deposits in U.S. Bank (\$4,023,455, 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 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, 2021 was \$13,209,746.

**ORO LOMA SANITARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021 is summarized as follows:

	Useful Life	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021
<b>Non-depreciable capital assets</b>					
Land		\$ 873,234	\$ -	\$ -	\$ 873,234
Construction in progress		25,759,074	1,405,465	(25,212,880)	1,951,659
<b>Total non-depreciable capital assets</b>		<b>26,632,308</b>	<b>1,405,465</b>	<b>(25,212,880)</b>	<b>2,824,893</b>
<b>Depreciable capital assets</b>					
<u>Sewer Service</u>					
Subsurface lines	20-80 yrs	71,497,834	9,302,917	-	80,800,751
Engineering	5-20 yrs	55,450	-	-	55,450
Collections	5-20 yrs	8,332,155	265,309	-	8,597,464
Operations	2-20 yrs	61,546,427	19,585,184	-	81,131,611
Maintenance	2-20 yrs	3,957,342	125,084	-	4,082,426
Administration	5-20 yrs	2,112,721	-	-	2,112,721
District vehicles	5-10 yrs	2,553,846	257,922	-	2,811,768
Subtotal - Sewer Service		150,055,775	29,536,416	-	179,592,191
<u>Solid Waste</u>					
Subtotal - Solid Waste		-	-	-	-
<u>Recycling</u>					
Subtotal - Recycling	10 yrs	26,045	-	-	26,045
<b>Total depreciable capital assets</b>		<b>150,081,820</b>	<b>29,536,416</b>	<b>-</b>	<b>179,618,236</b>
<b>Total capital assets</b>		<b>\$ 176,714,128</b>	<b>\$ 30,941,881</b>	<b>\$ (25,212,880)</b>	<b>\$ 182,443,129</b>

**ORO LOMA SANITARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**NOTE 4 – CAPITAL ASSETS (CONTINUED)**

	Balance June 30, 2020	Increases	Decreases	Balance June 30, 2021
Less: accumulated depreciation				
<u>Sewer Service</u>				
Subsurface lines	\$ (31,248,118)	\$ (958,079)	\$ -	\$ (32,206,197)
Engineering	(44,155)	(2,925)	-	(47,080)
Collections	(5,022,730)	(258,352)	-	(5,281,082)
Operations	(34,953,196)	(1,346,178)	-	(36,299,374)
Maintenance	(3,071,635)	(231,440)	-	(3,303,075)
Administration	(1,891,677)	(32,680)	-	(1,924,357)
District vehicles	(1,762,738)	(120,334)	-	(1,883,072)
Subtotal - Sewer Service	(77,994,249)	(2,949,988)	-	(80,944,237)
<u>Solid Waste</u>				
Subtotal – Solid Waste	-	-	-	-
<u>Recycling</u>				
Subtotal – Recycling	(26,045)	-	-	(26,045)
<b>Total accumulated depreciation</b>	<b>(78,020,294)</b>	<b>(2,949,988)</b>	<b>-</b>	<b>(80,970,282)</b>
<b>Net depreciable capital assets</b>	<b>72,061,526</b>	<b>26,586,428</b>	<b>-</b>	<b>98,647,954</b>
<b>Net capital assets</b>	<b>\$ 98,693,834</b>	<b>\$ 27,991,893</b>	<b>\$ (25,212,880)</b>	<b>\$ 101,472,847</b>

**Construction commitments**

The District has active construction projects as of June 30, 2021. Significant work in progress include various sewer line repairs and replacements, side-stream treatment, operator training program, concrete assessment and rehabilitation, hypochlorite PVC piping replacement, washer compactor installation, cogeneration engine overhaul and engine controls module upgrade, and design work for the consolidated Operations building. As of June 30, 2021, the total outstanding construction commitments was \$3,884,684.

**ORO LOMA SANITARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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

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 \$5,961,404 for 2021 and \$5,943,481 for 2020. The \$17,923 increase in equity in 2021 was reported as investment revenue under non-operating expenses, and the 2020 decrease of \$64,505 was 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 \$910,294 and \$1,013,998 respectively during the fiscal years ended 2021 and 2020.

**ORO LOMA SANITARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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's ownership share is defined by the renewed Joint Exercise of Powers Agreement.

The financial statements of EBDA are available upon request from: East Bay Dischargers Authority, 2651 Grant Avenue, San Lorenzo, California 94580. Summary financial data taken from EBDA's audited financial statements for its fiscal years ended June 30, 2020 and 2019 (latest available) is as follows:

	<b>Fiscal Year Ended June 30</b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
Net position at beginning of year	\$ 30,787,261	\$ 31,121,398
Net income before depreciation	1,314,720	604,674
Depreciation	<u>(955,671)</u>	<u>(938,811)</u>
Changes in net position	359,049	(334,137)
Prior period adjustment	<u>-</u>	<u>-</u>
Net position at end of year	<b><u>\$ 31,146,310</u></b>	<b><u>\$ 30,787,261</u></b>
Comprised of		
Total assets	\$ 32,625,918	\$ 33,334,667
Deferred outflow of resources	1,443,088	275,268
Total liabilities	(2,740,851)	(2,731,918)
Deferred inflow of resources	<u>(181,845)</u>	<u>(90,756)</u>
Total net position	<b><u>\$ 31,146,310</u></b>	<b><u>\$ 30,787,261</u></b>

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

Investment in effluent discharge facilities (EBDA) - beginning of year	5,943,481	6,007,986
Change in carrying value of effluent discharge facilities of EBDA	<u>17,923</u>	<u>(64,505)</u>
Investment in effluent discharge facilities (EBDA) - end of year (listed as a non-current asset on the Statement of Net Position)	<b><u>\$ 5,961,404</u></b>	<b><u>\$ 5,943,481</u></b>

**ORO LOMA SANITARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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](http://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 2020-21 are summarized as follows:

<b>Plan Information</b>	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>
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	13.146% and \$560,387	9.442% and \$1,918	7.874% and \$4,199

**ORO LOMA SANITARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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

**Employees Covered**

<b>Participant Status</b>	<b>Number of Participants</b>
Inactive employees receiving benefits	84
Inactive employees entitled to but not receiving benefits	8
Active members	43
<b>Total</b>	<b>135</b>

**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. In FY 2020-21, the District made \$1.934 million in additional voluntary contributions towards the unfunded liability. The amounts of employer contributions during the last three years are as follows:

<b>Employer Contributions</b>	<b>Tier 1</b>	<b>Tier 2</b>	<b>Tier 3</b>	<b>Total</b>
FY 2018-19	\$ 695,614	\$ 31,159	\$ 107,630	\$ 834,403
FY 2019-20	806,169	36,850	130,872	973,891
FY 2020-21	2,891,475	56,560	149,077	3,097,112

**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, 2020. The total pension liability of the Plan used to calculate the net pension liability was determined by CalPERS’ actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, 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, 2019 and June 30, 2020, the proportionate shares of the Risk Pool’s net pension liability and changes during the measurement period were as follows:

<b>Net Pension Liability as of Measurement Date</b>	<b>Proportionate Share of Risk Pool’s NPL (\$)</b>	<b>Proportionate Share of Risk Pool’s NPL (%)</b>
June 30, 2019	\$8,914,943	0.08700%
<b>June 30, 2020</b>	<b>\$10,346,242</b>	<b>0.09509%</b>
Change	\$1,431,299	0.00809%



**ORO LOMA SANITARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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, 2019	\$60,466,438	\$51,551,495	\$8,914,943
<b>Balance at Measurement Date June 30, 2020</b>	<b>\$63,462,932</b>	<b>\$53,116,690</b>	<b>\$10,346,242</b>
Net Changes	\$2,996,494	\$1,565,195	\$1,431,299

**Pension Expenses and Deferred Outflows/Inflows of Resources**

For the fiscal year ended June 30, 2021, the District recognized a pension expense of \$2,392,988, a net increase in deferred outflows of resources of \$1,873,166, and a net decrease in deferred inflows of resources of \$262,257. The detailed balances of various deferred outflows and inflows at the measurement date of June 30, 2020 are as follows.

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 533,172	\$ -
Changes in assumptions	-	73,794
Net differences between projected and actual earnings on plan investments	307,351	-
Change in employer's proportion	1,335,193	-
Differences between the employer's contributions and the employer's proportionate share of contributions	-	1,913,082
Pension contributions subsequent to measurement date	3,097,112	-
Financial statement balances at June 30, 2021	<u>\$ 5,272,828</u>	<u>\$ 1,986,876</u>

**ORO LOMA SANITARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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
2022	(\$72,520)
2023	11,401
2024	102,546
2025	147,413

**Applicable Dates and Periods**

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020
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, 2021**

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**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, 2020.

<b>Changes in Discount Rate</b>	<b>Discount Rate</b>	<b>Proportionate Share of Risk Pool’s NPL</b>
1% decrease	6.15%	\$18,791,609
Current discount rate	7.15%	10,346,242
1% increase	8.15%	3,368,100

**Discount Rate**

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

**Long-term Expected Rate of Return**

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

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

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

**ORO LOMA SANITARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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

Allocation by Asset Class	New Strategic Allocation	Real Return Years 1 – 10	Real Return Years 11+
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			
		2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Tier 1	Normal cost %	12.990%	13.020%	13.000%	13.000%	13.000%	13.000%
	UAL Payment	\$736,972	\$906,286	\$995,000	\$1,093,000	\$1,154,000	\$1,209,000
Tier 2	Normal cost %	9.300%	9.300%	9.300%	9.300%	9.300%	9.300%
	UAL Payment	\$2,681	\$2,843	\$3,500	\$4,200	\$4,500	\$4,900
Tier 3	Normal cost %	7.730%	7.760%	7.800%	7.800%	7.800%	7.800%
	UAL Payment	\$6,198	\$7,335	\$9,400	\$11,000	\$12,000	\$13,000

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

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

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 to June 30, 2020

**ORO LOMA SANITARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**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-2020.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, 2020, the following current and retired employees were covered by the benefit terms under the OPEB plan:

Current employees	43
Retired employees or survivors currently receiving benefits	48
Retired employees or survivors entitled to, but not receiving benefits	3
Total	<u>94</u>

**Contributions**

The District intends to continue reimbursing pay-as-you-go benefits from the Trust. For the fiscal year ended June 30, 2021, the District's cash contributions were \$327,045 in premium payments made on behalf of retirees and implied subsidy payments of \$77,813. The District requested reimbursement of \$327,045 from the Trust, resulting in contributions of \$77,813 for the year.

**ORO LOMA SANITARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**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%). The cash flows of the OPEB plan were projected to future years, assuming that the District will seek reimbursement from CERBT for retiree benefits each year. Under that projection, the plan assets are projected to be adequate to pay all benefits to retirees in all future years.

**ORO LOMA SANITARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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:

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability/(Asset)</b>
Balance at June 30, 2020 (Measurement Date 6/30/19)	\$7,759,416	\$8,414,065	\$(654,649)
Changes recognized for measurement period:			
Service cost	146,510	-	146,510
Interest	528,039	-	528,039
Differences between actual and expected experience	-	-	-
Assumption changes	-	-	-
Contributions - employer	-	94,680	(94,680)
Net investment income	-	297,096	(297,096)
Benefit payments	(432,008)	(432,008)	-
Administrative expense	-	(4,124)	4,124
Net changes	242,541	(44,356)	286,897
<b>Balance at June 30, 2021 (Measurement Date 6/30/20)</b>	<b>\$8,001,957</b>	<b>\$8,369,709</b>	<b>\$(367,752)</b>

**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, 2020.

	<b>1% Decrease 6.0 %</b>	<b>Discount Rate 7.0 %</b>	<b>1% Increase 8.0 %</b>
Net OPEB Liability (Asset)	\$ 700,835	\$ (367,752)	\$ (1,247,091)

**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, 2020.

	<b>1% Decrease 4.0 %</b>	<b>Current Healthcare Cost Trend Rates 5.0 %</b>	<b>1% Increase 6.0 %</b>
Net OPEB Liability (Asset)	\$ (1,357,458)	\$ (367,752)	\$ 845,712

**ORO LOMA SANITARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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

**OPEB Expense**

The following summarizes the OPEB expense recognized in FY 2020-21, for the measurement date of June 30, 2020:

Service Cost	\$146,510
Interest	528,039
Expected investment return	(588,840)
Administrative expense	4,124
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	4,650
Total	<u>\$ 37,465</u>

**Deferred Outflows and Deferred Inflows of Resources**

At fiscal year end June 30, 2021, the District reported deferred outflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 454,935
Changes of assumptions	-	206,471
Net difference between projected and actual earnings on OPEB plan investments	191,059	-
District contributions subsequent to the measurement date	77,813	-
Total	<u>\$ 268,872</u>	<u>\$ 661,406</u>

The \$77,813 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2020 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

<b>Fiscal Year Ended June 30</b>	<b>Deferred Outflows/(Inflows) of Resources</b>
2022	\$ (52,366)
2023	(600)
2024	14,623
2025	1,330
2026	(57,018)
Thereafter	(376,316)



**ORO LOMA SANITARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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, 2021 and 2020 are summarized as follows:

<b>Lincoln – 457(b)</b>	<b>2021</b>	<b>2020</b>
Plan assets – beginning of year	\$ 2,541,689	\$ 3,358,389
Contributions by:		
Employer	-	-
Employee pre-tax deductions	-	-
Investment earnings	88,792	121,202
Withdrawals and fees	(250,321)	(275,913)
Plan assets transferred out to T. Rowe Price	(608,774)	(661,989)
Plan assets – end of year	<u>\$ 1,771,386</u>	<u>\$ 2,541,689</u>
<b>T. Rowe Price – 457(b)</b>	<b>2021</b>	<b>2020</b>
Plan assets – beginning of year	\$ 5,209,274	\$ 4,591,160
Contributions by:		
Employer	60,253	57,759
Employee pre-tax deductions	392,037	345,822
Employee Roth post-tax deductions	1,650	2,450
Investment earnings and dividends	1,395,198	241,231
Withdrawals and fees	(320,575)	(704,832)
Rollovers by employees from other plans	61,275	13,696
Plan assets transferred in from Lincoln	608,774	661,988
Plan assets – end of year	<u>\$ 7,407,886</u>	<u>\$ 5,209,274</u>

**ORO LOMA SANITARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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, 2021 and 2020 are summarized as follows:

<b>PARS-ARS – 457(b)</b>	<b>2021</b>	<b>2020</b>
Plan assets – beginning of year	\$ 29,104	\$ 20,897
Contributions by:		
Employer	1,802	1,859
Employee (pre-tax)	5,078	5,239
Investment earnings	4,271	1,118
Withdrawals and fees	(3,573)	(9)
Plan assets – end of year	<u>\$ 36,682</u>	<u>\$ 29,104</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, 2021 and 2020 are summarized as follows:

<b>ICMA – 401(a)</b>	<b>2021</b>	<b>2020</b>
Plan assets – beginning of year	\$ 2,238,590	\$ 2,135,858
Contributions by:		
Employer	114,051	110,727
Employee (pre-tax)	41,603	43,017
Employee loan repayments (pre-tax)	8,475	6,112
Investment earnings	681,401	81,067
Withdrawals and fees	(124,265)	(138,191)
Plan assets – end of year	<u>\$ 2,959,855</u>	<u>\$ 2,238,590</u>

**ORO LOMA SANITARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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 in 2021 are as follows:

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

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

The District paid \$11,592, \$5,633 and \$2,753 in insurance claims during fiscal years ended June 30, 2021, 2020 and 2019 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:

	2021	2020	2019
Administration	\$ 379,866	\$ 363,952	\$ 174,072
Insurance premiums	309,677	310,322	252,103
Losses and settlements	11,592	5,633	2,753
	\$ 701,135	\$ 679,907	\$ 428,928

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, 2021, the District has no current or anticipated litigation.

Insurance related expenses are distributed to the following departments:

	2021	2020	2019
Engineering	\$ 39,914	\$ 36,272	\$ 32,044
Collections	190,532	160,405	115,953
Operations	265,928	288,918	155,873
Maintenance	137,870	134,434	88,426
Administration	66,891	59,878	36,632
	\$ 701,135	\$ 679,907	\$ 428,928

**ORO LOMA SANITARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

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**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, 2021 was \$207,100.

**ORO LOMA SANITARY DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**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 2020-21 was \$443,295, of which \$110,572 was accrued at June 30, 2021. A principal payment of \$395,000 was paid on October 1, 2020. Annual debt service including principal and interest is approximately \$850,000.

Changes in long-term debt obligations for the year ended June 30, 2021 are as follows:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Due Within One Year
2018 Revenue Bonds					
Principal	\$ 13,765,000	\$ -	\$ 395,000	\$ 13,370,000	\$ 405,000
Bond Premium (Unamortized)	\$ 44,972	\$ -	\$ 1,955	\$ 43,017	
Bonds Payable	\$ 13,809,972	\$ -	\$ 396,955	\$ 13,413,017	\$ 405,000

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
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
	\$ 13,370,000	\$ 5,945,269

## **REQUIRED SUPPLEMENTARY INFORMATION**

**ORO LOMA SANITARY DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2021**

**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						
	2021	2020	2019	2018	2017	2016	2015
Measurement date	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
District's proportion of net pension liability	0.095090%	0.087000%	0.078490%	0.079200%	0.082286%	0.069898%	0.132651%
District's proportionate share of net pension liability	\$ 10,346,242	\$ 8,914,943	\$ 7,563,209	\$ 7,854,489	\$ 7,120,287	\$ 4,797,739	\$ 8,254,184
District's covered payroll	\$ 5,243,641	\$ 5,340,309	\$ 4,928,629	\$ 4,590,299	\$ 4,373,734	\$ 4,332,992	\$ 3,885,932
District's proportionate share of net pension liability as a % of covered payroll	197.31%	166.94%	153.45%	171.11%	162.80%	110.73%	212.41%
Plan's fiduciary net position as a % of Plan's total pension liability	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

**Schedule of the District's Contributions**

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

**ORO LOMA SANITARY DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2021**

**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			
	2021	2020	2019	2018
Measurement period ended	6/30/20	6/30/19	6/30/18	6/30/17
<b>Total OPEB liability</b>				
Service cost	\$ 146,510	\$ 168,413	\$ 163,508	\$ 158,746
Interest on total OPEB liability	528,039	561,608	542,444	526,742
Actual and expected experience difference	-	(533,373)	-	-
Changes in assumptions	-	(242,069)	-	-
Changes in benefits terms	-	-	-	-
Benefits payments	(432,008)	(436,273)	(428,076)	(494,273)
Net change in total OPEB liability	\$ 242,541	\$ (481,694)	\$ 277,876	\$ 191,215
Total OPEB liability - beginning	7,759,416	8,241,110	7,963,234	7,772,019
Total OPEB liability - ending	\$ 8,001,957	\$ 7,759,416	\$ 8,241,110	\$ 7,963,234
<b>Plan Fiduciary Net Position</b>				
Contribution - employer	\$ 94,680	\$ 104,008	\$ 110,252	\$ 407,206
Net investment income	297,096	510,132	631,004	766,432
Benefit payments	(432,008)	(436,273)	(428,076)	(494,273)
Administrative expenses	(4,124)	(1,771)	(4,126)	(3,726)
Net change in plan fiduciary net position	\$ (44,356)	\$ 176,096	\$ 309,054	\$ 675,639
Plan fiduciary net position - beginning	8,414,065	8,237,969	7,928,915	7,253,276
Plan fiduciary net position - ending	\$ 8,369,709	\$ 8,414,065	\$ 8,237,969	\$ 7,928,915
<b>Net OPEB Liability - Ending</b>	\$ (367,752)	\$ (654,649)	\$ 3,141	\$ 34,319
Plan fiduciary net position as % of total OPEB liability	104.60%	108.44%	99.96%	99.57%
Covered-employee payroll	\$ 5,464,743	\$ 5,138,980	\$ 4,900,932	\$ 4,729,479
Net OPEB liability as a % of covered-employee payroll	-6.73%	-12.74%	0.06%	0.73%

**Schedule of the District's Contributions**

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



## **OTHER SUPPLEMENTARY INFORMATION**

**ORO LOMA SANITARY DISTRICT  
DESCRIPTION OF FUNDS UTILIZED  
JUNE 30, 2021**

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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, 2021

WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020

SCHEDULE 1

	Sewer Services		
	Operations and Maintenance	Renewal and Replacement	Capital Improvement
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 9,453,042	\$ (1,899,697)	\$ 5,792,487
Investments at fair value	-	3,299,050	1,975,740
Interest receivable	5,938	8,343	6,213
Accounts receivable	2,278,390	(70,334)	28,169
Prepaid and other items	282,552	-	-
<b>Total current assets</b>	<b>12,019,922</b>	<b>1,337,362</b>	<b>7,802,609</b>
<b>Non-current assets</b>			
Investment in effluent discharge facilities - EBDA	5,961,404	-	-
Net other post-employment benefits (OPEB) asset	367,752	-	-
<b>Capital assets</b>			
Land	873,234	-	-
Sewer service assets	179,592,191	-	-
Recycling assets	-	-	-
Construction in progress	-	-	1,951,659
Less: accumulated depreciation	(80,944,237)	-	-
<b>Total capital assets</b>	<b>99,521,188</b>	<b>-</b>	<b>1,951,659</b>
<b>Total non-current assets</b>	<b>105,850,344</b>	<b>-</b>	<b>1,951,659</b>
<b>Total assets</b>	<b>\$ 117,870,266</b>	<b>\$ 1,337,362</b>	<b>\$ 9,754,268</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension & other post-retirement benefits related	\$ 5,541,700	\$ -	\$ -

COMBINING SCHEDULE OF NET POSITION  
ALL DISTRICT SERVICES  
AS OF JUNE 30, 2021  
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020  
SCHEDULE 1 (continued)

Solid Waste Services		Recycling Services		Combined June 30,		\$	%
Garbage Collection & Disposal	Residential, Green Waste, Commercial & Industrial Recycling	2021	2020	Change	Change		
\$ 2,537,545	\$ 792,118	\$ 16,675,495	\$ 13,625,772	\$ 3,049,723	22.4%		
-	-	5,274,790	5,950,715	(675,925)	-11.4%		
1,222	227	21,943	39,404	(17,461)	-44.3%		
7,293	58,137	2,301,655	3,110,706	(809,051)	-26.0%		
-	-	282,552	115,759	166,793	144.1%		
2,546,060	850,482	24,556,435	22,842,356	1,714,079	7.5%		
-	-	5,961,404	5,943,481	17,923	0.3%		
-	-	367,752	654,649	(286,897)	-43.8%		
-	-	873,234	873,234	-	0.0%		
-	-	179,592,191	150,055,775	29,536,416	19.7%		
-	26,045	26,045	26,045	-	0.0%		
-	-	1,951,659	25,759,074	(23,807,415)	-92.4%		
-	(26,045)	(80,970,282)	(78,020,294)	(2,949,988)	3.8%		
-	-	101,472,847	98,693,834	2,779,013	2.8%		
-	-	107,802,003	105,291,964	2,510,039	2.4%		
\$ 2,546,060	\$ 850,482	\$ 132,358,438	\$ 128,134,320	\$ 4,224,118	3.3%		
\$ -	\$ -	\$ 5,541,700	\$ 3,494,342	\$ 2,047,358	58.6%		

To be continued on the following pages

ORO LOMA SANITARY DISTRICT

COMBINING SCHEDULE OF NET POSITION

ALL DISTRICT SERVICES

AS OF JUNE 30, 2021

WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020

SCHEDULE 1 (continued)

	Sewer Services		
	Operations and Maintenance	Renewal and Replacement	Capital Improvement
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Accounts payable	\$ 328,032	\$ 100,444	\$ 154,537
Accrued salaries and wages	64,955	-	-
Customer deposits payable	61,448	37,612	16,010
Accrued compensated absences (current)	431,144	-	-
Accrued interest payable	110,572		
Bonds payable (current)	405,000	-	-
<b>Total current liabilities</b>	<b>1,401,151</b>	<b>138,056</b>	<b>170,547</b>
<b>Non-current liabilities</b>			
Accrued compensated absences (non-current)	192,116	-	-
Bonds payable (non-current), net of premium	13,008,017		
Net pension liability	10,346,242	-	-
<b>Total non-current liabilities</b>	<b>23,546,375</b>	<b>-</b>	<b>-</b>
<b>Total liabilities</b>	<b>\$ 24,947,526</b>	<b>\$ 138,056</b>	<b>\$ 170,547</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension & other post-retirement benefits related	\$ 2,648,282	\$ -	\$ -
<b>NET POSITION</b>			
Net investment in capital assets (net of related debt)	\$ 86,108,171	\$ -	\$ 1,951,659
Unrestricted	9,707,987	1,199,306	7,632,062
<b>Total net position</b>	<b>\$ 95,816,158</b>	<b>\$ 1,199,306</b>	<b>\$ 9,583,721</b>

ORO LOMA SANITARY DISTRICT

COMBINING SCHEDULE OF NET POSITION

ALL DISTRICT SERVICES

AS OF JUNE 30, 2021

WITH COMPARATIVE TOTALS AS OF JUNE 30, 2020

SCHEDULE 1 (continued)

Solid Waste Services		Recycling Services		Combined June 30,		\$	%
Garbage Collection & Disposal	Residential, Green Waste, Commercial & Industrial Recycling	2021	2020	Change	Change		
\$ 407	\$ 194,614	\$ 778,034	\$ 2,620,199	\$ (1,842,165)	-70.3%		
-	-	64,955	94,503	(29,548)	-31.3%		
-	-	115,070	412,795	(297,725)	-72.1%		
-	-	431,144	374,066	57,078	15.3%		
-	-	110,572	113,534	(2,962)	-2.6%		
-	-	405,000	395,000	10,000	2.5%		
407	194,614	1,904,775	4,010,097	(2,105,322)	-52.5%		
-	-	192,116	109,712	82,404	75.1%		
-	-	13,008,017	13,414,972	(406,955)	-3.0%		
-	-	10,346,242	8,914,943	1,431,299	16.1%		
-	-	23,546,375	22,439,627	1,106,748	4.9%		
\$ 407	\$ 194,614	\$ 25,451,150	\$ 26,449,724	\$ (998,574)	-3.8%		
\$ -	\$ -	\$ 2,648,282	\$ 3,063,592	\$ (415,310)	-13.6%		
\$ -	\$ -	\$ 88,059,830	\$ 84,883,862	\$ 3,175,968	3.7%		
2,545,653	655,868	21,740,876	17,231,484	4,509,392	26.2%		
\$ 2,545,653	\$ 655,868	\$ 109,800,706	\$ 102,115,346	\$ 7,685,360	7.5%		

ORO LOMA SANITARY DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
ALL DISTRICT SERVICES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
SCHEDULE 2

	Sewer Services		
	Operations and Maintenance	Renewal and Replacement	Capital Improvement
<b>Operating revenues</b>			
District service charges	\$ 12,740,859	\$ 5,000,000	\$ -
Agency treatment charges	3,732,333	410,606	-
Permits and inspection fees	190,363	-	-
Sanitary truck waste charges	24,530	-	-
Grease receiving charges	128,142	-	-
Biosolid charges	242,501	-	-
Annexation revenues	39,000	-	-
Contract fees	-	-	-
Recycling charges - residential and green waste	-	-	-
Recycling charges - commercial and industrial	-	-	-
Landfills fees - Measure D	-	-	-
Other	917,962	-	-
<b>Total operating revenues</b>	<b>18,015,690</b>	<b>5,410,606</b>	<b>-</b>
<b>Operating expenses</b>			
Engineering	687,340	-	-
Sewage collections	1,733,577	2,223,400	-
Sewage treatment operations	4,645,973	1,067,362	-
Sewage treatment maintenance	2,407,739	221,229	-
Effluent disposal - EBDA	743,794	166,500	-
Administration and general	1,920,803	59,538	-
Pension expense	2,392,988	-	-
OPEB expense	37,465	-	-
Depreciation	2,949,988	-	-
Decrease in carrying value of EBDA	-	-	-
Solid waste	-	-	-
Recycling - residential, green waste, commercial and industrial	-	-	-
<b>Total operating expenses</b>	<b>17,519,667</b>	<b>3,738,029</b>	<b>-</b>
<b>Operating income (loss)</b>	<b>496,023</b>	<b>1,672,577</b>	<b>-</b>
<b>Non-operating revenues</b>			
Investment income	57,035	54,151	24,814
Increase in the fair value of investments	-	-	-
Rents and leases	111,917	-	-
Gain on disposal of capital assets	-	-	-
Recovery of uncollectible accounts	-	-	-
Project Grants	-	530,684	-
Other miscellaneous revenues	93,088	115,932	228
<b>Total non-operating revenues</b>	<b>262,040</b>	<b>700,767</b>	<b>25,042</b>
<b>Non-operating expenses</b>			
Decrease in the fair value of investments	10,395	56,245	1,260
Write-off of capital assets	-	-	-
Write-off of uncollectible accounts	1,679	-	-
Bond interest expense	443,295	-	-
<b>Total non-operating expenses</b>	<b>455,369</b>	<b>56,245</b>	<b>1,260</b>
<b>Income (loss) before contributions, transfers and other items</b>	<b>302,694</b>	<b>2,317,099</b>	<b>23,782</b>
Connection fees	-	-	3,562,303
Transfers in (out) of capital assets	29,536,416	-	(29,536,416)
Capital Grants	-	-	-
Equity transfers in (out)	(3,824,037)	(2,000,000)	6,024,037
<b>Change in net position</b>	<b>26,015,073</b>	<b>317,099</b>	<b>(19,926,294)</b>
<b>Net position - beginning</b>	<b>69,801,085</b>	<b>882,207</b>	<b>29,510,015</b>
<b>Net position - ending</b>	<b>\$ 95,816,158</b>	<b>\$ 1,199,306</b>	<b>\$ 9,583,721</b>

ORO LOMA SANITARY DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
ALL DISTRICT SERVICES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2020  
SCHEDULE 2 (continued)

Solid Waste Services		Recycling Services		Combined June 30,		Change	Change
Garbage Collection & Disposal	Residential, Green Waste, Commercial & Industrial Recycling			2021	2020	\$	%
\$ -	\$ -			\$ 17,740,859	\$ 16,668,779	\$ 1,072,080	6.4%
-	-			4,142,939	3,674,605	468,334	12.7%
-	-			190,363	296,034	(105,671)	-35.7%
-	-			24,530	22,275	2,255	10.1%
-	-			128,142	125,388	2,754	2.2%
-	-			242,501	103,022	139,479	135.4%
				39,000	-	39,000	100.0%
1,805,310	-			1,805,310	1,196,785	608,525	50.8%
-	2,327,273			2,327,273	2,337,684	(10,411)	-0.4%
-	183,120			183,120	180,804	2,316	1.3%
-	356,453			356,453	406,663	(50,210)	-12.3%
-	-			917,962	963,658	(45,696)	-4.7%
1,805,310	2,866,846			28,098,452	25,975,697	2,122,755	8.2%
-	-			687,340	687,567	(227)	0.0%
-	-			3,956,977	2,422,749	1,534,228	63.3%
-	-			5,713,335	5,766,944	(53,609)	-0.9%
-	-			2,628,968	2,577,149	51,819	2.0%
-	-			910,294	1,013,998	(103,704)	-10.2%
-	-			1,980,341	1,603,194	377,147	23.5%
-	-			2,392,988	2,362,927	30,061	1.3%
-	-			37,465	44,479	(7,014)	-15.8%
-	-			2,949,988	2,875,500	74,488	2.6%
-	-			-	64,505	(64,505)	-100.0%
402,049	-			402,049	531,647	(129,598)	-24.4%
-	2,843,550			2,843,550	2,856,088	(12,538)	-0.4%
402,049	2,843,550			24,503,295	22,806,747	1,696,548	7.4%
1,403,261	23,296			3,595,157	3,168,950	426,207	13.4%
7,511	1,118			144,629	427,791	(283,162)	-66.2%
-	-			-	59,729	(59,729)	-100.0%
-	-			111,917	109,152	2,765	2.5%
-	-			-	3,340	(3,340)	-100.0%
36,217	-			36,217	18,432	17,785	96.5%
-	-			530,684	293,997	236,687	80.5%
-	9,234			218,482	110,615	107,867	97.5%
43,728	10,352			1,041,929	1,023,056	18,873	1.8%
-	-			67,900	-	67,900	100.0%
-	-			-	57,284	(57,284)	-100.0%
1,155	-			2,834	1,762	1,072	60.8%
-	-			443,295	455,129	(11,834)	-2.6%
1,155	-			514,029	514,175	(146)	0.0%
1,445,834	33,648			4,123,057	3,677,831	445,226	12.1%
-	-			3,562,303	171,738	3,390,565	1974.3%
-	-			-	-	-	0.0%
-	-			-	63,424	(63,424)	-100.0%
(200,000)	-			-	-	-	0.0%
1,245,834	33,648			7,685,360	3,912,993	3,772,367	96.4%
1,299,819	622,220			102,115,346	98,202,353	3,912,993	4.0%
\$ 2,545,653	\$ 655,868			\$ 109,800,706	\$ 102,115,346	\$ 7,685,360	7.5%



**ORO LOMA SANITARY DISTRICT  
STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY  
JUNE 30, 2021**

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### **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 2020-21 was amended by the following Board actions:

- Resolution No. 3698 – Amendment No. 1, dated September 15, 2020, with a net increase to Renewal & Replacement and Capital Improvement Program of \$1,974,900.
- Resolution No. 3711 – Amendment No. 2, dated April 20, 2021, with a net decrease to Renewal & Replacement and Capital Improvement Program of \$266,500.
- Various funding allocations by Board motions during FY 2020-21, authorizing a total net increase to Renewal & Replacement and Capital Improvement Program of \$2,716,800.

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, 2021 for each service type.

ORO LOMA SANITARY DISTRICT

**SCHEDULE OF BUDGETARY COMPARISON WITH ACTUAL  
REVENUES, EXPENSES AND CHANGES IN NET POSITION  
SEWER SERVICES - OPERATIONS AND MAINTENANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**SCHEDULE 3**

	Budgeted Amounts	Actual Amounts	Variance with Final Budget- Favorable (Unfavorable)
<b>Operating revenues</b>			
District service charges	\$ 11,801,600	\$ 12,740,859	\$ 939,259
Agency treatment charges	2,777,000	3,732,333	955,333
Permits and inspection fees	140,000	190,363	50,363
Sanitary truck waste charges	20,000	24,530	4,530
Grease receiving charges	130,000	128,142	(1,858)
Biosolids charges	-	242,501	242,501
Annexation revenues	-	39,000	39,000
Other	700,000	917,962	217,962
<b>Total operating revenues</b>	<b>15,568,600</b>	<b>18,015,690</b>	<b>2,447,090</b>
<b>Operating expenses</b>			
Engineering	867,700	687,340	180,360
Sewage collections	2,122,200	1,733,577	388,623
Sewage treatment operations	5,180,300	4,645,973	534,327
Sewage treatment maintenance	2,956,800	2,407,739	549,061
Effluent disposal - EBDA	830,000	743,794	86,206
Administration and general	2,317,300	1,920,803	396,497
Pension expense	-	2,392,988	(2,392,988)
OPEB expense	-	37,465	(37,465)
Depreciation	3,725,000	2,949,988	775,012
Decrease in carrying value of EBDA	200,000	-	200,000
<b>Total operating expenses</b>	<b>18,199,300</b>	<b>17,519,667</b>	<b>679,633</b>
<b>Operating income (loss)</b>		<b>496,023</b>	
<b>Non-operating revenues</b>			
Investment income	80,000	57,035	(22,965)
Rents and leases	100,000	111,917	11,917
Gain on disposal of capital assets	-	-	-
Other miscellaneous revenues	103,000	93,088	(9,912)
<b>Total non-operating revenues</b>	<b>283,000</b>	<b>262,040</b>	<b>(20,960)</b>
<b>Non-operating expenses</b>			
Decrease in the fair value of investments	-	10,395	(10,395)
Write-off of uncollectible accounts	10,000	1,679	8,321
Bond interest expense	448,300	443,295	5,005
Other miscellaneous expenses	300,000	-	300,000
<b>Total non-operating expenses</b>	<b>758,300</b>	<b>455,369</b>	<b>302,931</b>
<b>Income (loss) before contributions and transfers</b>	<b>\$ (3,106,000)</b>	<b>\$ 302,694</b>	<b>\$ 3,408,694</b>
<b>Transfers of plant and equipment from Capital Improvement Program</b>		29,536,416	
<b>Equity transfers in (out)</b>		(3,824,037)	
<b>Change in net position</b>		26,015,073	
<b>Net position - beginning</b>		69,801,085	
<b>Net position - ending</b>		<b>\$ 95,816,158</b>	

**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, 2021  
SCHEDULE 4**

	<b>Budgeted Amounts</b>	<b>Actual Amounts by Account Category</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>Operating expenses</b>			
Salaries	\$ 5,160,100	\$ 4,733,112	\$ 426,988
Employee benefits	3,240,500	1,413,878	1,826,622
Directors' benefits and fees	206,000	191,323	14,677
Election expenses	300,000	252,708	47,292
Gasoline, oil and fuel	94,300	61,154	33,146
Insurance	645,000	701,135	(56,135)
Office expenses	62,500	76,298	(13,798)
Operating supplies	772,600	808,244	(35,644)
Safety supplies	33,000	34,347	(1,347)
Contractual services	1,283,000	1,256,582	26,418
Professional services	207,100	217,267	(10,167)
Memberships and publications	63,600	67,953	(4,353)
Public outreach	105,000	89,221	15,779
Rents and leases	25,500	18,590	6,910
Repairs and maintenance	530,400	548,601	(18,201)
Research and monitoring	101,500	144,663	(43,163)
Travel, meetings and training	111,000	28,046	82,954
Recognition program	33,600	12,759	20,841
Utilities	469,600	739,551	(269,951)
<b>Departmental expenses</b>	<b>13,444,300</b>	<b>11,395,432</b>	<b>2,048,868</b>
Effluent disposal - EBDA	830,000	743,794	86,206
Pension expense	-	2,392,988	(2,392,988)
OPEB expense	-	37,465	(37,465)
Depreciation	3,725,000	2,949,988	775,012
Decrease in carrying value of EBDA	200,000	-	200,000
<b>Non-departmental expenses</b>	<b>4,755,000</b>	<b>6,124,235</b>	<b>(1,369,235)</b>
<b>Total operating expenses</b>	<b>18,199,300</b>	<b>17,519,667</b>	<b>679,633</b>
<b>Non-operating expenses:</b>			
Loss on disposal of capital assets	-	-	-
Write-off of uncollectible accounts	10,000	1,679	8,321
Bond interest expense	448,300	443,295	5,005
Other miscellaneous expenses	300,000	-	300,000
<b>Total non-operating expenses</b>	<b>758,300</b>	<b>444,974</b>	<b>313,326</b>
<b>Total expenses</b>	<b>\$ 18,957,600</b>	<b>\$ 17,964,641</b>	<b>\$ 992,959</b>

**SCHEDULE OF BUDGETARY COMPARISON WITH ACTUAL EXPENSES**  
**SEWER SERVICES - OPERATIONS AND MAINTENANCE**  
**BY ACCOUNT CATEGORIES AND DEPARTMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**  
**SCHEDULE 4 (continued)**

	<b>Annual Departmental Expenses vs. Budget</b>				
	Engineering Department	Sewage Collections Department	Sewage Treatment Operations Department	Sewage Treatment Maintenance Department	Administration and General Department
<b>Operating expenses</b>					
Salaries	\$ 294,754	\$ 869,326	\$ 1,835,092	\$ 1,104,794	\$ 629,146
Employee benefits	162,712	225,560	430,637	\$ 285,903	\$ 309,066
Directors' benefits and fees	-	-	-	\$ -	\$ 191,323
Election expenses	-	-	-	\$ -	\$ 252,708
Gasoline and oil	3,127	36,801	12,982	\$ 8,244	\$ -
Insurance	39,914	190,532	265,928	\$ 137,870	\$ 66,891
Office expenses	5,131	4,253	38,676	\$ 4,285	\$ 23,953
Operating supplies	2,150	80,747	664,888	\$ 60,459	\$ -
Safety supplies	181	12,628	9,341	\$ 11,121	\$ 1,076
Contractual services	137,573	71,262	588,624	\$ 316,647	\$ 142,476
Professional services	13,944	9,958	52,577	\$ 3,595	\$ 137,193
Memberships and publications	9,866	2,153	6,385	\$ 4,615	\$ 44,934
Public Outreach	-	-	-	\$ -	\$ 89,221
Rents and leases	-	-	3,600	\$ 12,655	\$ 2,335
Repairs and maintenance	214	110,371	1,360	\$ 435,607	\$ 1,049
Research and monitoring	-	16,937	127,557	\$ 169	\$ -
Travel, meetings and training	920	2,381	3,752	\$ 5,134	\$ 15,859
Recognition program	1,200	1,556	4,150	\$ 1,750	\$ 4,103
Utilities	15,654	99,112	600,424	\$ 14,891	\$ 9,470
<b>Departmental expenses</b>	<b>\$ 687,340</b>	<b>\$ 1,733,577</b>	<b>\$ 4,645,973</b>	<b>\$ 2,407,739</b>	<b>\$ 1,920,803</b>
<b>Departmental budget</b>	<b>\$ 867,700</b>	<b>\$ 2,122,200</b>	<b>\$ 5,180,300</b>	<b>\$ 2,956,800</b>	<b>\$ 2,317,300</b>
<b>% of budget used</b>	<b>79%</b>	<b>82%</b>	<b>90%</b>	<b>81%</b>	<b>83%</b>
<b>Departmental expenses Prior Year</b>	<b>\$ 687,567</b>	<b>\$ 1,599,997</b>	<b>\$ 4,578,652</b>	<b>\$ 2,439,880</b>	<b>\$ 1,525,177</b>
<b>Change from prior year (\$)</b>	<b>\$ (227)</b>	<b>\$ 133,580</b>	<b>\$ 67,321</b>	<b>\$ (32,141)</b>	<b>\$ 395,626</b>
<b>Change from prior year (%)</b>	<b>0.0%</b>	<b>8.3%</b>	<b>1.5%</b>	<b>-1.3%</b>	<b>25.9%</b>

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, 2021  
SCHEDULE 5

		Budgeted Amounts		Actual	Variance with Final Budget Favorable
		Original	Final	Amounts	(Unfavorable)
<b>Operating revenues</b>					
	District service charges	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	\$ -
	Agency treatment charges	206,900	422,600	410,606	(11,994)
	<b>Total operating revenues</b>	<u>5,206,900</u>	<u>5,422,600</u>	<u>5,410,606</u>	<u>(11,994)</u>
<b>Project #</b>	<b>Project costs</b>				
	<u>Collections system</u>				
100.00/01/09/13	Lift Stations - General/Trojan/Clausen/Blackstone	80,000	203,900	203,627	273
104.00	Lift Stations - Asset Management	40,000	45,000	44,067	933
141.00	Collections Asset Repair and Maintenance	1,150,000	1,540,000	1,455,464	84,536
144.00	Collections Source Detection/Hydraulic Model Update	10,000	37,600	8,150	29,450
144.10	Collections System GIS & Asset Management	25,000	29,000	27,129	1,871
146.00	Collections System Pipeline Replacement (SRF) Application	-	240,000	116,507	123,493
151.10	Easement Clearing & Road Maintenance	50,000	50,000	49,452	548
126.00	Manhole Adjustments	100,000	400,000	102,366	297,634
125.00	Manhole Coating & Rehabilitation	100,000	204,800	204,367	433
900.91	Critical Renewal & Replacements	15,000	15,000	12,271	2,729
		<u>1,570,000</u>	<u>2,765,300</u>	<u>2,223,400</u>	<u>541,900</u>
	<u>Treatment plant</u>				
226.03	Belt Filter Press Conveyor Parts	50,000	23,000	22,203	797
289.00	Concrete Assessment & Rehabilitation	150,000	150,000	76,643	73,357
293.02	Ecotone Research & Monitoring	-	80,000	74,925	5,075
900.96	Emergency Pond Bridge Repair	-	10,500	10,373	127
305.00	Gate & Valve Replacements	25,000	65,000	46,881	18,119
213.13	Interim Flood Protection Levee Grant Application	-	28,000	27,604	396
395.06	Landscaping and Grounds	25,000	41,000	38,835	2,165
213.02	Non-Potable Recycled Water Study Addendum	-	27,500	27,347	153
202.00	O&M Manual Updates	-	1,800	630	1,170
395.01	Painting & Coating	250,000	16,000	15,348	652
213.20	Plant Energy Neutrality	-	15,000	12,758	2,242
203.00	Plant Lighting Retrofit	-	10,000	5,296	4,704
226.04	Polymer Units At Belt Filter Press	-	35,000	31,104	3,896
213.00	Pre-Design Studies	50,000	50,000	490	49,510
395.07	Roadway & Berm Maintenance	40,000	39,500	38,225	1,275
395.02	Roof Maintenance	25,000	25,500	25,465	35
239.00	Safety Improvements	30,000	90,100	89,199	901
213.05	San Francisco Bay Water Quality Improvement (Microvi Grant Funded)	-	827,300	673,280	154,020
204.00	Treatment Plant GIS Updates & Asset Management Plan	10,000	15,600	15,510	90
900.93	Critical Renewal and Replacements	70,000	57,000	56,475	525
		<u>725,000</u>	<u>1,607,800</u>	<u>1,288,591</u>	<u>319,209</u>
	<u>Administration &amp; Engineering</u>				
595.45	Computers and Network Maintenance	20,000	60,000	53,838	6,162
524.00	Fiscal Agent Fees	4,000	5,700	5,700	-
535.00	Open House	80,000	-	-	-
900.90/95	Critical Renewal and Replacements	40,000	10,000	-	10,000
626.00	EBDA replacement assessment	125,000	166,500	166,500	-
		<u>269,000</u>	<u>242,200</u>	<u>226,038</u>	<u>16,162</u>
	<b>Total project costs</b>	<u>2,564,000</u>	<u>4,615,300</u>	<u>3,738,029</u>	<u>877,271</u>
<b>Operating expenses</b>					
	Engineering			-	
	Sewage collections			2,223,400	
	Sewage treatment operations			1,067,362	
	Sewage treatment maintenance			221,229	
	Sewage disposal - EBDA			166,500	
	Administration			59,538	
	<b>Total operating expenses</b>			<u>3,738,029</u>	
	<b>Operating income (loss)</b>			<u>1,672,577</u>	
<b>Non-operating revenues (expenses)</b>					
	Investment income	50,000	50,000	54,151	4,151
	Increase (decrease) in the fair value of investments	-	-	(56,245)	(56,245)
	Grant Revenues	-	-	530,684	530,684
	Other miscellaneous revenues	-	-	115,932	115,932
	<b>Total non-operating revenues (expenses)</b>	<u>50,000</u>	<u>50,000</u>	<u>644,522</u>	<u>594,522</u>
	<b>Income before contributions and transfers</b>	<u>\$ 2,692,900</u>	<u>\$ 857,300</u>	<u>\$ 2,317,099</u>	<u>\$ 1,459,799</u>
	<b>Equity transfers in (out)</b>			<u>(2,000,000)</u>	
	<b>Change in net position</b>			<u>317,099</u>	
	<b>Net position - beginning</b>			<u>882,207</u>	
	<b>Net position - ending</b>			<u>\$ 1,199,306</u>	

**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, 2021  
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	\$ 137,600	\$ 53,788	\$ 83,812
107.00	Lift Stations Rehabilitation	-	41,900	38,216	3,684
146.00	Collections System Pipeline Renewal (SRF) Design	-	533,700	526,355	7,345
166.00	Collections Truck & Hydro Engine Replacement	65,000	92,000	91,546	454
143.10	Pipeline Replacements (FY 2018-19)	6,500	6,500	6,361	139
143.11	Pipeline Replacements (FY 2019-20)	1,580,000	1,580,000	1,371,165	208,835
143.13	Pipeline Replacements (FY 2020-21-1)	1,700,000	1,700,000	413,464	1,286,536
143.14	Pipeline Replacements (Hesperian Storm Drain Relocation)	195,100	195,100	195,036	64
143.15	Pipeline Replacements (FY 2020-21-2)	1,518,400	2,073,400	43,121	2,030,279
900.91	Critical Equipment	15,000	15,000	-	15,000
		5,130,000	6,375,200	2,739,052	3,636,148
	<u>Treatment plant</u>				
299.00	Cogeneration Engine Overhaul	175,000	175,000	101,185	73,815
297.00	Cogeneration Gen3 Controls Module Upgrade	-	250,000	50,161	199,839
213.08	Consolidated Operations Building	3,000,000	561,900	182,277	379,623
281.08	Digesters No. 8 & No. 9	800,000	-	-	-
245.00	Hypochlorite PVC Piping Replacement	50,000	75,000	43,022	31,978
284.00	Influent Grinder Rebuild/Washer Compactor	30,000	300,000	31,083	268,917
249.01	No. 4 Water Suction Valve Replacement	50,000	22,000	-	22,000
213.06	Nutrient Optimization Project	-	2,014,800	1,780,058	234,742
201.00	Operator Training Program	100,000	137,300	54,867	82,433
311.00	Plant Battery Energy Storage System	-	2,026,800	14,473	2,012,327
395.07	Plant Paving	1,100,000	866,000	865,122	878
239.00	Safety Improvements	-	40,900	16,342	24,558
319.00	SCADA Network Upgrades	50,000	82,600	50,735	31,865
292.01	Storm Flow Prediction Model	-	51,400	32,743	18,657
395.02	Treatment Plant Roof Replacements	400,000	430,000	429,389	611
316.00	Vehicle Replacements	470,000	310,000	221,834	88,166
900.93	Critical Equipment	70,000	120,000	98,726	21,274
		6,295,000	7,463,700	3,972,017	3,491,683
	<u>Administration &amp; Engineering</u>				
595.45	IT and Network Upgrades	20,000	-	-	-
595.04, 900.90/95	Critical Equipment	20,000	-	-	-
		40,000	-	-	-
	<b>Total project costs</b>	<b>11,465,000</b>	<b>13,838,900</b>	<b>6,711,069</b>	<b>7,127,831</b>
	Less:				
	Additions to plant and equipment			(4,323,536)	
	Additions to construction in progress			(1,405,465)	
	Castro Valley Sanitary District capital assets			(982,068)	
	<b>Operating income (loss)</b>			<b>-</b>	
	<b>Non-operating revenues (expenses)</b>				
	Investment income	50,000	50,000	24,814	(25,186)
	Increase (decrease) in the fair value of investments	-	-	(1,260)	(1,260)
	Other miscellaneous revenues	-	-	228	228
	Loss on disposal of capital assets (write off prior year WIP)	-	-	-	-
	<b>Total non-operating revenues (expenses)</b>	<b>50,000</b>	<b>50,000</b>	<b>23,782</b>	<b>(26,218)</b>
	<b>Income before contributions, transfers and other items</b>	<b>\$ 50,000</b>	<b>\$ 50,000</b>	<b>\$ 23,782</b>	<b>\$ (26,218)</b>
	<b>Connection fees</b>			3,562,303	
	<b>Transfer of plant and equipment to Operations and Maintenance</b>			(29,536,416)	
	<b>Capital Grants</b>			-	
	<b>Equity transfers in (out)</b>			6,024,037	
	<b>Change in net position</b>			<b>(19,926,294)</b>	
	<b>Net position - beginning</b>			<b>29,510,015</b>	
	<b>Net position - ending</b>			<b>\$ 9,583,721</b>	

**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, 2021  
SCHEDULE 7**

	<b>Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>Operating revenues</b>			
Contract fees	\$ 1,114,000	\$ 1,805,310	\$ 691,310
<b>Total operating revenues</b>	<u>1,114,000</u>	<u>1,805,310</u>	<u>691,310</u>
<b>Operating expenses</b>			
Salaries	177,900	179,076	(1,176)
Directors' fees	8,900	6,760	2,140
Overhead	196,100	195,127	973
Office expenses	3,000	779	2,221
Safety supplies	500	-	500
Contractual services	3,000	1,812	1,188
Professional services	10,000	632	9,368
Memberships, printing and publications	1,000	285	715
Public outreach	80,000	16,139	63,861
Repairs and maintenance	500	-	500
Recognition program	600	-	600
Utilities	500	1,439	(939)
Contingency and other reserves	30,000	-	30,000
<b>Total operating expenses</b>	<u>512,000</u>	<u>402,049</u>	<u>109,951</u>
<b>Operating income (loss)</b>		<u>1,403,261</u>	
<b>Non-operating revenues (expenses)</b>			
Investment income	20,000	7,511	(12,489)
Recovery of uncollectible accounts	10,000	36,217	26,217
Other miscellaneous revenues	-	-	-
Write-off of uncollectible accounts	(3,000)	(1,155)	1,845
<b>Total non-operating revenues (expenses)</b>	<u>27,000</u>	<u>42,573</u>	<u>15,573</u>
<b>Income before contributions and transfers</b>	<u>\$ 629,000</u>	<u>\$ 1,445,834</u>	<u>\$ 816,834</u>
<b>Equity transfers in (out)</b>		<u>(200,000)</u>	
<b>Change in net position</b>		<u>1,245,834</u>	
<b>Net position - beginning</b>		<u>1,299,819</u>	
<b>Net position - ending</b>		<u>\$ 2,545,653</u>	

**SCHEDULE OF BUDGETARY COMPARISON WITH ACTUAL  
REVENUES, EXPENSES AND CHANGES IN NET POSITION  
RECYCLING SERVICES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
SCHEDULE 8**

	<b>Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
<b>Operating revenues</b>			
Recycling charges - residential and green waste	\$ 2,309,000	\$ 2,327,273	\$ 18,273
Recycling charges - commercial and industrial	100,000	183,120	83,120
Landfill fees - Measure D	350,000	356,453	6,453
<b>Total operating revenues</b>	<u>2,759,000</u>	<u>2,866,846</u>	<u>107,846</u>
<b>Operating expenses</b>			
Salaries	177,900	167,768	10,132
Overhead	186,800	176,156	10,644
Office expenses	2,000	-	2,000
Contractual services	2,320,000	2,274,846	45,154
Professional services	2,000	34,999	(32,999)
Public outreach	180,000	150,571	29,429
San Leandro Measure D	45,000	39,210	5,790
Contingency reserve	10,000	-	10,000
<b>Total operating expenses</b>	<u>2,923,700</u>	<u>2,843,550</u>	<u>80,150</u>
<b>Operating income (loss)</b>		<u>23,296</u>	
<b>Non-operating revenues (expenses)</b>			
Investment income	20,000	1,118	(18,882)
Other miscellaneous revenues	15,000	9,234	(5,766)
Write-off of uncollectible accounts	(200)	-	200
<b>Total non-operating revenues (expenses)</b>	<u>34,800</u>	<u>10,352</u>	<u>(24,448)</u>
<b>Income (loss) before contributions and transfers</b>	<u>\$ (129,900)</u>	<u>\$ 33,648</u>	<u>\$ 163,548</u>
<b>Equity transfers in (out)</b>		<u>-</u>	
<b>Change in net position</b>		<u>33,648</u>	
<b>Net position - beginning</b>		<u>622,220</u>	
<b>Net position - ending</b>		<u>\$ 655,868</u>	



## **OTHER INDEPENDENT AUDITORS' REPORT**

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

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

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, 2021, 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 October 14, 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Oro Loma Sanitary District's internal control. Accordingly, we do not express an opinion on the effectiveness of Oro Loma Sanitary District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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



CROPPER ACCOUNTANCY CORPORATION

Walnut Creek, California

October 14, 2021

## **STATISTICAL SECTION**

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## STATISTICAL SECTION OVERVIEW

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

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

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

# ORO LOMA SANITARY DISTRICT

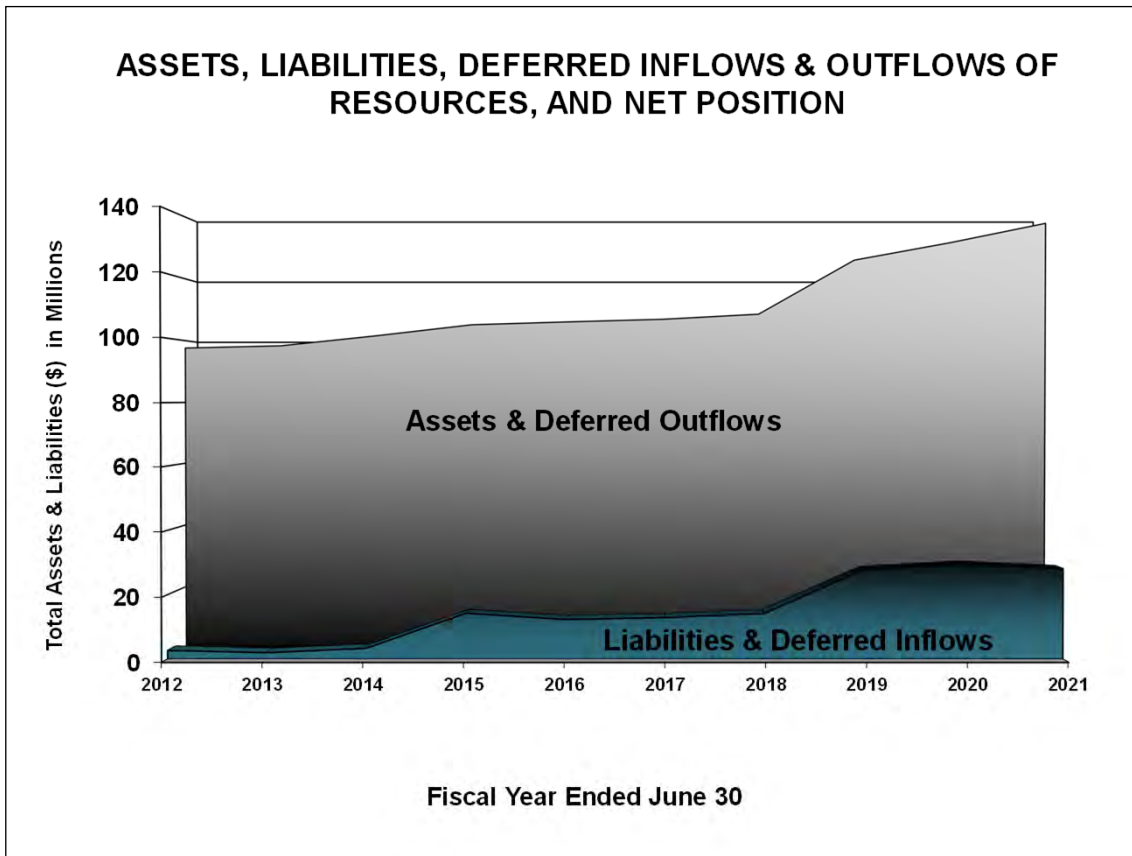
## FINANCIAL TRENDS

**TABLE 1**

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

Fiscal Year Ended June 30	Assets	Deferred Outflows of Resources	Liabilities	Deferred Inflows of Resources	Net Position		
					Net Investment in Capital Assets	Unrestricted	Total Net Position
2021	\$ 132,358,438	\$ 5,541,700	\$ 25,451,150	\$ 2,648,282	\$ 88,059,830	\$ 21,740,876	\$ 109,800,706
2020	128,134,320	3,494,342	26,449,724	3,063,592	84,883,862	17,231,484	102,115,346
2019	122,595,939	3,427,009	25,469,227	2,351,368	72,144,805	26,057,548	98,202,353
2018	103,746,253	4,806,608	10,880,384	3,282,342	77,082,443	17,307,692	94,390,135
2017	101,796,716	5,115,616	9,555,112	3,315,499	71,921,745	22,119,976	94,041,721
2016	100,346,093	5,714,923	7,460,749	4,822,803	70,176,762	23,600,702	93,777,464
2015	98,004,700	7,131,734	10,940,123	3,285,136	68,724,573	22,186,602	90,911,175
2014	101,575,687	-	3,306,407	-	66,742,699	31,526,581	98,269,280
2013	98,330,104	-	1,946,779	-	61,334,894	35,048,431	96,383,325
2012	97,610,232	-	2,642,889	-	60,137,540	34,829,803	94,967,343

**GRAPH A**



# ORO LOMA SANITARY DISTRICT

## FINANCIAL TRENDS

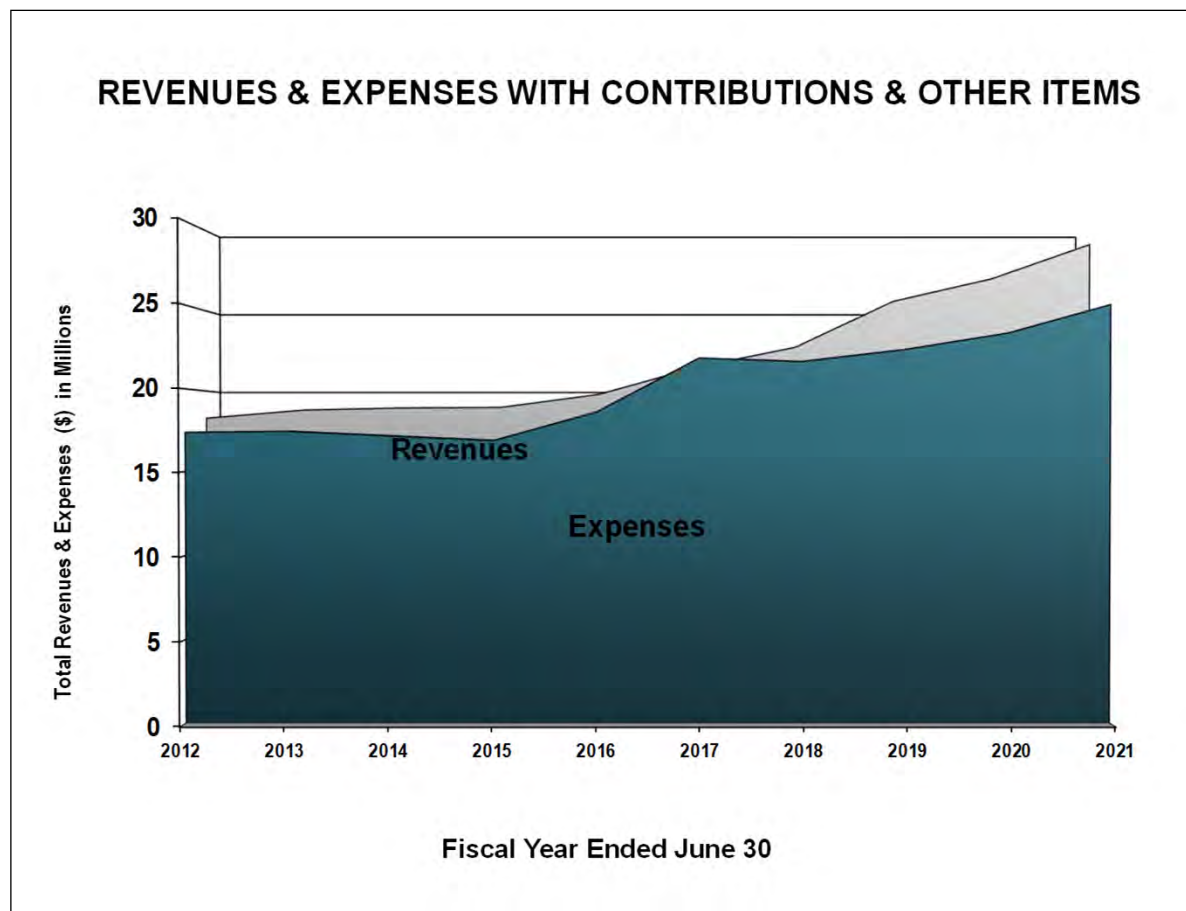
**TABLE 2**

### 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	
2021	\$ 29,140,381	\$ 25,017,324	\$ 4,123,057	\$ 3,562,303	\$ -	\$ 7,685,360
2020	26,998,753	23,320,922	3,677,831	171,738	63,424	3,912,993
2019	25,598,112	22,345,909	3,252,203	560,015	-	3,812,218
2018	22,727,187	21,634,562	1,092,625	399,277	-	1,491,902
2017	21,489,812	21,834,890	(345,078)	609,335	-	264,257
2016	19,788,984	18,616,756	1,172,228	298,612	1,202,580	2,673,420
2015	18,979,747	16,921,335	2,058,412	1,076,699	-	3,135,111
2014	18,944,945	17,195,227	1,749,718	135,600	637	1,885,955
2013	18,814,211	17,467,989	1,346,222	69,759	-	1,415,981
2012	18,463,108	17,567,136	895,972	112,127	-	1,008,099

\* 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 (2021 - 2017)

	2021	2020	2019	2018	2017
<b>OPERATING REVENUES:</b>					
District service charges	\$17,740,859	\$16,668,779	\$14,991,385	\$13,974,088	\$12,961,082
Agency treatment charges	4,142,939	3,674,605	3,575,995	3,094,690	2,933,967
Permits & inspection fees	190,363	296,034	209,602	280,541	169,390
Sanitary truck waste charges	24,530	22,275	22,385	68,214	129,725
Grease receiving charges	128,142	125,388	121,363	102,208	117,403
Biosolid charges	242,501	103,022	-	-	-
Annexation revenues	39,000	-	-	-	-
Contract fees	1,805,310	1,196,785	1,139,812	1,062,218	1,010,999
Recycling charges-residential & green waste	2,327,273	2,337,684	2,321,406	2,321,208	2,309,444
Recycling charges-commercial & industrial	183,120	180,804	149,230	132,934	118,694
Landfill fees-Measure D	356,453	406,663	406,137	385,751	346,349
Other	917,962	963,658	740,607	646,413	599,721
Total operating revenues	28,098,452	25,975,697	23,677,922	22,068,265	20,696,774
<b>OPERATING EXPENSES:</b>					
Engineering	687,340	687,567	757,699	752,469	562,048
Sewage collections	3,956,977	2,422,749	3,101,658	3,471,954	3,100,122
Sewage treatment operations	5,713,335	5,766,944	5,249,511	4,657,149	4,447,483
Sewage treatment maintenance	2,628,968	2,577,149	2,371,879	2,387,698	2,204,710
Effluent disposal-EBDA	910,294	1,013,998	894,676	1,011,446	836,969
Administration and general	1,980,341	1,603,194	1,721,349	1,481,993	1,549,379
Pension expense	2,392,988	2,362,927	976,624	1,553,814	2,976,128
OPEB expense	37,465	44,479	88,206	129,848	(258,069)
Depreciation	2,949,988	2,875,500	2,869,793	2,825,630	3,326,930
Decrease in carrying value of EBDA	-	64,505	176,110	93,247	54,155
Solid waste	402,049	531,647	401,896	353,546	304,471
Recycling-all services	2,843,550	2,856,088	2,715,545	2,690,932	2,591,833
Total operating expenses	24,503,295	22,806,747	21,324,946	21,409,726	21,696,159
<b>OPERATING INCOME (LOSS)</b>	<b>3,595,157</b>	<b>3,168,950</b>	<b>2,352,976</b>	<b>658,539</b>	<b>(999,385)</b>
<b>NON-OPERATING REVENUES:</b>					
Investment income	144,629	427,791	464,539	344,043	231,096
Increase in the fair value of investments	-	59,729	306,494	-	-
Rents & leases	111,917	109,152	105,588	92,795	83,465
Gain on disposal of capital assets	-	3,340	-	6,140	-
Recovery of uncollectible accounts	36,217	18,432	21,113	11,902	16,276
Other miscellaneous revenues	218,482	110,615	139,858	124,671	326,580
EBDA agreement and other refunds	-	-	882,598	79,371	79,371
Grant revenues	530,684	293,997	-	-	56,250
Total non-operating revenues	1,041,929	1,023,056	1,920,190	658,922	793,038
<b>NON-OPERATING EXPENSES:</b>					
Decrease in the fair value of investments	67,900	-	-	223,552	137,921
Write-off of capital assets	-	57,284	412,470	-	-
Write-off uncollectible accounts	2,834	1,762	1,055	1,284	810
Debt issuance cost	-	-	271,552	-	-
Bond interest expense	443,295	455,129	335,886	-	-
CalPERS side fund contribution	-	-	-	-	-
Other miscellaneous expenses	-	-	-	-	-
Grant expenses	-	-	-	-	-
Total non-operating expenses	514,029	514,175	1,020,963	224,836	138,731
<b>INCOME BEFORE CONTRIBUTIONS</b>	<b>4,123,057</b>	<b>3,677,831</b>	<b>3,252,203</b>	<b>1,092,625</b>	<b>(345,078)</b>
Connection fees	3,562,303	171,738	560,015	399,277	609,335
CVSD contribution for transferred vehicle	-	-	-	-	-
Capital grants	-	63,424	-	-	-
<b>CHANGES IN NET POSITION</b>	<b>7,685,360</b>	<b>3,912,993</b>	<b>3,812,218</b>	<b>1,491,902</b>	<b>264,257</b>
<b>NET POSITION-BEGINNING</b>	<b>102,115,346</b>	<b>98,202,353</b>	<b>94,390,135</b>	<b>94,041,721</b>	<b>93,777,464</b>
Prior period adjustment - GASB 68 pension	-	-	-	-	-
Prior period adjustment - OPEB	-	-	-	(1,143,488)	-
<b>NET POSITION-ENDING</b>	<b>109,800,706</b>	<b>102,115,346</b>	<b>98,202,353</b>	<b>94,390,135</b>	<b>94,041,721</b>

# ORO LOMA SANITARY DISTRICT

## FINANCIAL TRENDS

**TABLE 3 (continued)**

### Statement of Revenues and Expenses & Changes in Net Position (2016 - 2012)

	2016	2015	2014	2013	2012
<b>OPERATING REVENUES:</b>					
District service charges	\$11,949,883	\$11,678,040	\$11,583,176	\$11,368,931	\$10,539,022
Agency treatment charges	2,430,769	2,190,362	2,206,459	2,341,562	2,356,508
Permits & inspection fees	162,898	170,994	126,143	105,122	105,501
Sanitary truck waste charges	90,621	56,454	48,815	44,614	34,119
Grease receiving charges	163,827	142,005	120,927	113,397	100,964
Biosolid charges	-	-	-	-	-
Annexation revenues	-	-	-	-	-
Contract fees	937,750	791,397	755,676	728,946	1,014,122
Recycling charges-residential & green waste	2,306,542	2,295,385	2,286,977	2,285,768	2,285,609
Recycling charges-commercial & industrial	110,721	102,060	87,783	71,686	96,011
Landfill fees-Measure D	319,719	329,606	327,570	342,132	322,360
Other	586,197	682,873	763,138	719,682	761,461
Total operating revenues	19,058,927	18,439,176	18,306,664	18,121,840	17,615,677
<b>OPERATING EXPENSES:</b>					
Engineering	684,704	698,221	712,859	694,142	585,037
Sewage collections	2,637,991	2,897,622	2,727,099	2,375,275	2,207,219
Sewage treatment operations	3,483,009	3,507,420	3,768,468	3,961,746	3,833,846
Sewage treatment maintenance	2,498,881	2,155,643	1,951,508	2,100,408	2,419,194
Effluent disposal-EBDA	779,476	684,638	645,786	682,807	696,967
Administration and general	1,256,629	1,332,934	1,206,450	1,405,494	1,215,432
Pension expense	1,192,396	(547,141)	-	-	-
OPEB expense	(315,916)	(182,991)	-	-	-
Depreciation	3,351,201	3,329,414	3,179,437	3,133,447	2,993,361
Decrease in carrying value of EBDA	165,735	89,455	95,162	92,055	104,088
Solid waste	306,213	305,189	296,535	330,769	395,554
Recycling-all services	2,574,922	2,591,742	2,599,618	2,682,645	2,662,165
Total operating expenses	18,615,241	16,862,146	17,182,922	17,458,788	17,112,863
<b>OPERATING INCOME (LOSS)</b>	<b>443,686</b>	<b>1,577,030</b>	<b>1,123,742</b>	<b>663,052</b>	<b>502,814</b>
<b>NON-OPERATING REVENUES:</b>					
Investment income	128,479	216,318	217,367	194,227	157,237
Increase in the fair value of investments	86,020	-	53,279	19,345	-
Rents & leases	79,956	92,741	84,856	132,159	394,141
Gain on disposal of capital assets	-	-	14,643	-	-
Recovery of uncollectible accounts	17,203	11,343	11,702	9,821	16,172
Other miscellaneous revenues	339,028	140,798	177,063	220,500	200,510
EBDA agreement and other refunds	79,371	79,371	79,371	79,371	79,371
Grant revenues	-	-	-	36,948	-
Total non-operating revenues	730,057	540,571	638,281	692,371	847,431
<b>NON-OPERATING EXPENSES:</b>					
Decrease in the fair value of investments	-	58,326	-	-	157,399
Write-off of capital assets	-	-	78	-	260,034
Write-off uncollectible accounts	1,515	863	1,502	8,757	2,217
Debt issuance cost	-	-	-	-	-
Bond interest expense	-	-	-	-	-
CalPERS side fund contribution	-	-	-	-	-
Other miscellaneous expenses	-	-	-	-	-
Grant expenses	-	-	10,725	444	34,623
Total non-operating expenses	1,515	59,189	12,305	9,201	454,273
<b>INCOME BEFORE CONTRIBUTIONS</b>	<b>1,172,228</b>	<b>2,058,412</b>	<b>1,749,718</b>	<b>1,346,222</b>	<b>895,972</b>
Connection fees	298,612	1,076,699	135,600	69,759	112,127
CVSD contribution for transferred vehicle	-	-	637	-	-
Capital grants	1,202,580	-	-	-	-
<b>CHANGES IN NET POSITION</b>	<b>2,673,420</b>	<b>3,135,111</b>	<b>1,885,955</b>	<b>1,415,981</b>	<b>1,008,099</b>
<b>NET POSITION-BEGINNING</b>	<b>90,911,175</b>	<b>98,269,280</b>	<b>96,383,325</b>	<b>94,967,344</b>	<b>93,959,245</b>
Prior period adjustment - GASB 68 pension	192,869	(10,768,191)	-	-	-
Prior period adjustment - OPEB	-	274,975	-	-	-
<b>NET POSITION-ENDING</b>	<b>93,777,464</b>	<b>90,911,175</b>	<b>98,269,280</b>	<b>96,383,325</b>	<b>94,967,344</b>

# ORO LOMA SANITARY DISTRICT

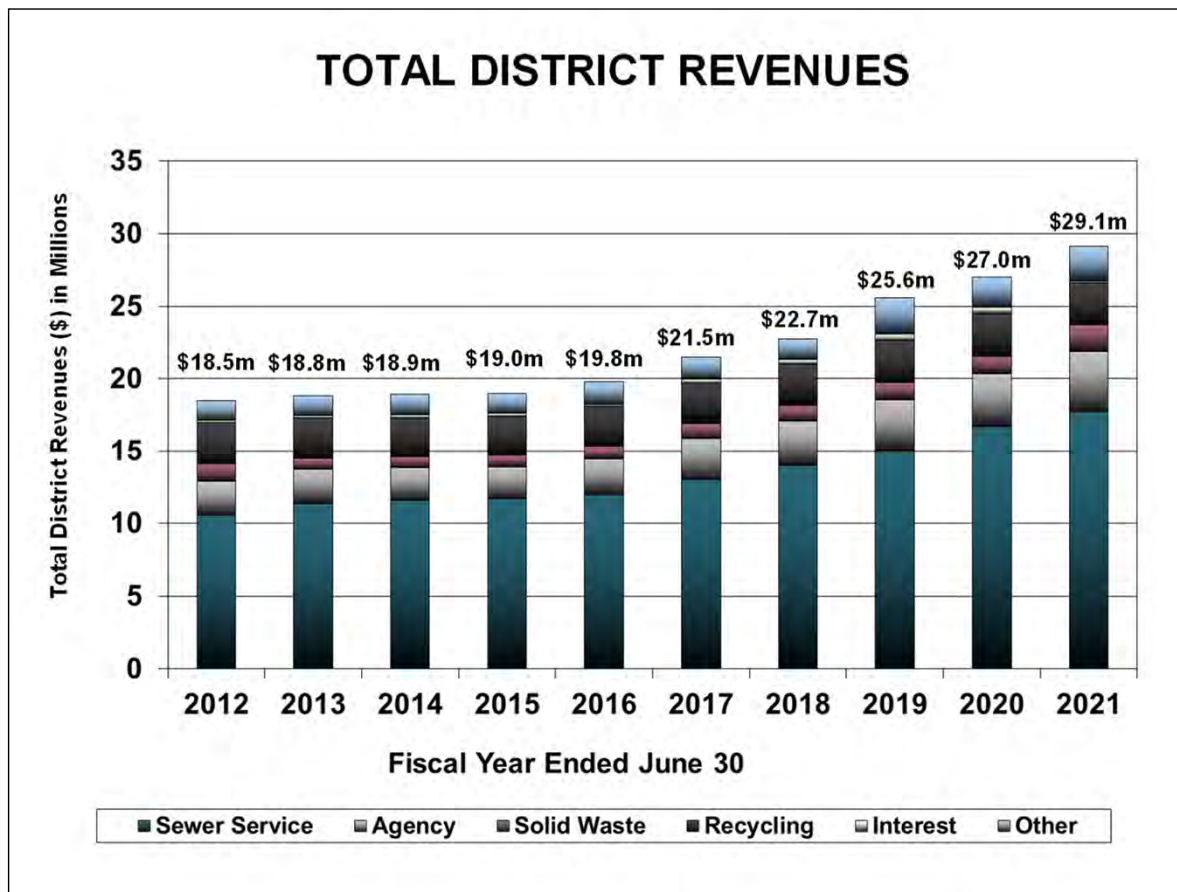
## REVENUE CAPACITY

**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 2021 Total	60.9%	14.2%	6.3%	9.9%	0.5%	8.2%	100.0%
2021	\$ 17,740,859	\$ 4,142,939	\$ 1,841,527	\$ 2,876,080	\$ 144,629	\$ 2,394,347	\$ 29,140,381
2020	16,668,779	3,674,605	1,215,248	2,937,319	427,791	2,075,011	26,998,753
2019	14,991,385	3,575,995	1,167,315	2,887,472	464,539	2,511,406	25,598,112
2018	13,974,088	3,094,690	1,074,311	2,855,507	344,043	1,384,548	22,727,187
2017	12,961,082	2,933,967	1,027,485	2,792,774	231,096	1,543,408	21,489,812
2016	11,949,883	2,430,769	955,173	2,748,570	128,479	1,576,110	19,788,984
2015	11,678,040	2,190,362	803,007	2,743,838	216,318	1,348,182	18,979,747
2014	11,583,176	2,206,459	767,501	2,721,425	217,367	1,449,017	18,944,945
2013	11,368,931	2,341,562	765,379	2,805,924	194,227	1,338,188	18,814,211
2012	10,539,022	2,356,508	1,199,728	2,884,556	157,237	1,326,057	18,463,108

**GRAPH C**



# ORO LOMA SANITARY DISTRICT

## REVENUE CAPACITY

~ SIGNIFICANT SINGLE SOURCE REVENUES ~

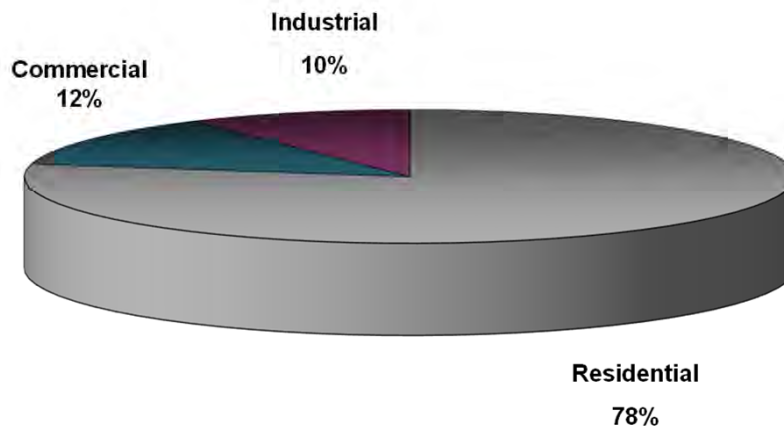
**TABLE 5**

### 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	
2021	\$ 13,843,931	78%	\$ 2,208,030	12%	\$ 1,688,898	10%	\$ 17,740,859
2020	12,757,951	77%	2,151,083	13%	1,759,745	10%	16,668,779
2019	11,844,190	79%	2,154,833	14%	992,362	7%	14,991,385
2018	11,025,892	79%	1,968,822	14%	979,374	7%	13,974,088
2017	10,175,503	79%	1,711,673	13%	1,073,906	8%	12,961,082
2016	9,479,050	79%	1,576,268	13%	894,565	8%	11,949,883
2015	9,223,995	79%	1,693,427	16%	760,618	7%	11,678,040
2014	8,959,561	77%	1,782,630	15%	840,985	7%	11,583,176
2013	8,677,340	76%	1,771,964	16%	919,627	7%	11,368,931
2012	8,394,231	80%	1,541,786	15%	603,005	6%	10,539,022

**GRAPH D**

### SEWER SERVICE REVENUES BY CUSTOMER TYPE FY 2020-21



The District's customer base is predominantly residential customers.

# ORO LOMA SANITARY DISTRICT

## REVENUE CAPACITY

~ REVENUE RATES ~

**TABLE 6**

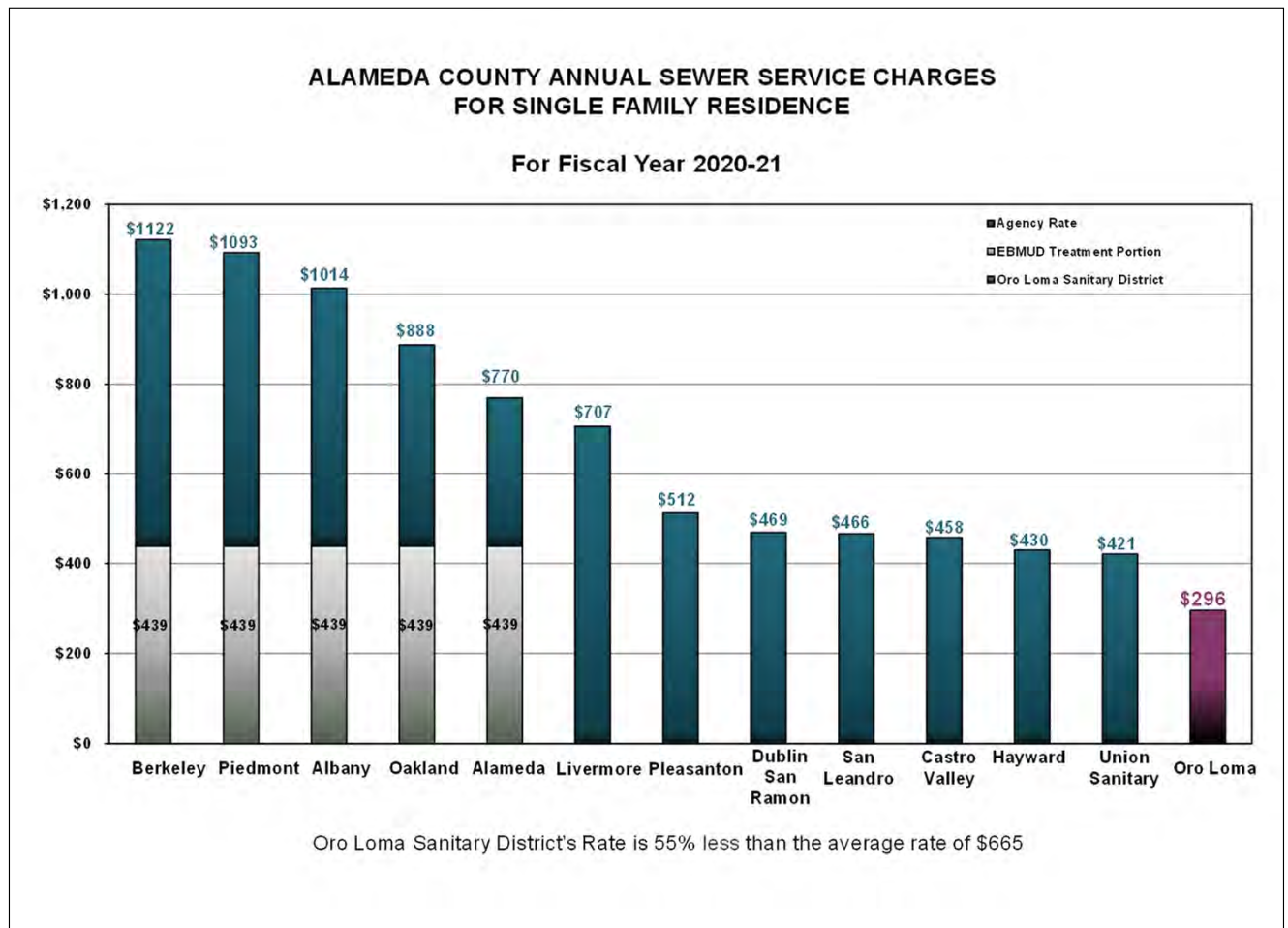
### Annual Sewer Service Rates & Customer Base Ordinance 37 with Resolution #3627

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			
2021	R#3627	30,117	\$296.00	14,911	\$296.00	1,223	\$241.00	1,141	\$4.371	47,392
2020	R#3627	30,025	275.00	14,921	275.00	1,439	224.00	1,151	4.066	47,536
2019	R#3627	29,944	256.00	14,927	256.00	1,236	209.00	1,155	3.782	47,262
2018	R#3627	29,896	238.00	14,937	238.00	1,229	194.00	1,167	3.518	47,229
2017	R#3627	29,861	221.00	14,820	221.00	1,229	181.00	1,194	3.273	47,104
2016	R#3536	29,779	206.00	14,849	206.00	1,229	168.00	1,247	3.045	47,104
2015	R#3536	29,762	200.00	14,845	200.00	1,229	163.00	1,259	2.956	47,095
2014	R#3536	29,739	195.00	14,848	195.00	1,245	158.00	1,274	2.870	47,106
2013	R#3536	29,742	189.00	14,849	189.00	1,261	153.00	1,237	2.786	47,089
2012	37-27	29,696	183.00	14,773	183.00	1,311	149.00	1,162	2.705	46,942

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 2020-21.

**22.0%** ← **\$3,896,928** out of **\$17,740,859** total sewer service revenues were derived from commercial (\$2,208,030) and industrial (\$1,688,898) customers

**14.0%** ← **\$2,491,358** out of **\$17,740,859** total sewer service revenues were derived from the twenty largest commercial and industrial customers

**63.9%** ← **\$2,491,358** out of **\$3,896,928** total commercial and industrial sewer service revenues were derived from the twenty largest commercial and industrial customers.

**TABLE 7** **Twenty Largest Commercial Customers**

Source: 2020 East Bay Municipal Utility District water consumption and billing report and 2020 significant industrial users invoices.

Customer	Type of Business	Sewer Charges	% of Sewer Revenues
Santini Foods	Food manufacturing	\$ 1,371,748	7.7%
The Hillshire Brands	Food manufacturing	166,994	0.9%
Ghirardelli Chocolate	Food manufacturing	150,925	0.9%
Fairmont Hospital Complex	Hospital, medical clinics and correctional facilities	135,099	0.8%
Hayward Area Recreation & Park District	Recreation and parks	118,182	0.7%
San Lorenzo Unified School District	School District	110,183	0.6%
County of Alameda General Services	Government services	63,777	0.4%
Madison Bayfair	Shopping mall	61,716	0.4%
San Leandro Hospital (SLCO)	Hospital	41,045	0.2%
Hayward Unified School District	School District	38,228	0.2%
Greenhouse Marketplace	Retail businesses	28,651	0.2%
Washington Center	Rehabilitation Services	27,026	0.2%
Launderworld	Laundry mat	25,942	0.2%
Lorenzo Manor Shopping Center	Retail businesses	25,127	0.1%
Save Mart Supermarket	Grocery store	24,916	0.1%
Driftwood Healthcare Center	Nursing home & Rehabilitation Services	23,268	0.1%
Kaiser Foundation Health Plan	Medical clinics	21,762	0.1%
San Leandro Unified School District	School District	19,787	0.1%
Allsafe Self Storage	Storage facilities	18,843	0.1%
Hilltop Care Center	Nursing home	18,139	0.1%
<b>Total</b>		<b>\$ 2,491,358</b>	<b>14.0%</b>

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 ~

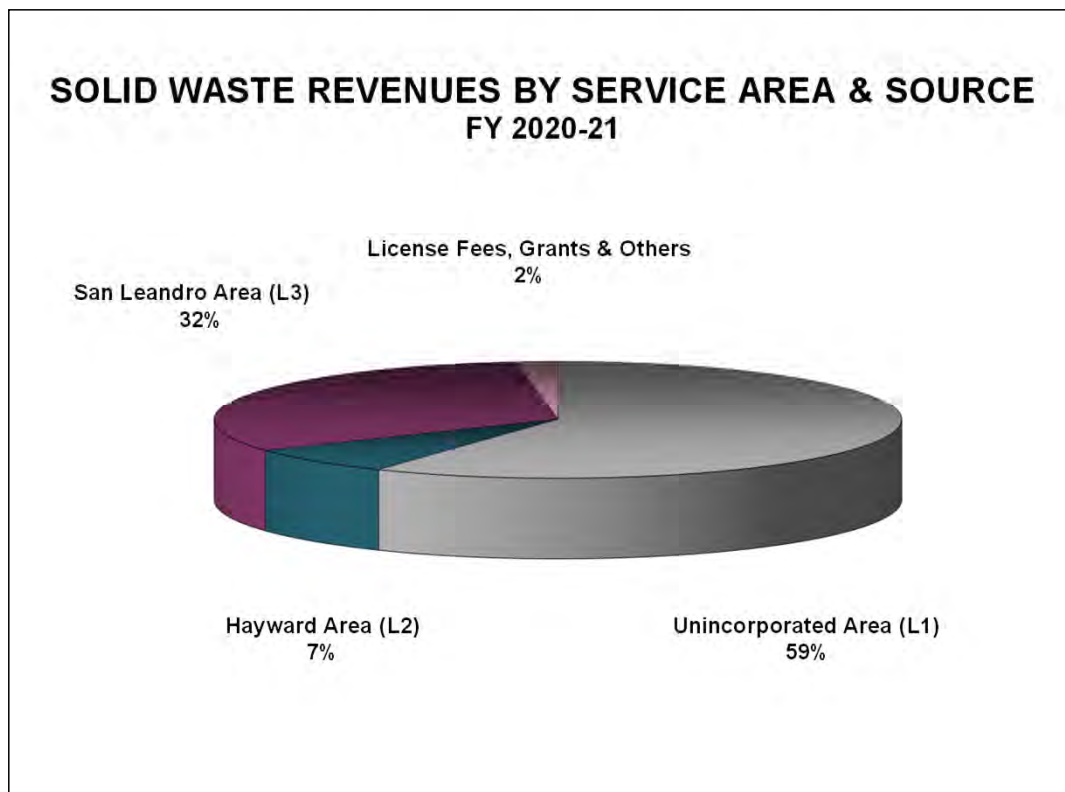
**TABLE 8**

### 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
2021	\$ 1,081,105	\$ 136,486	\$ 587,719	\$ 36,217	\$ 1,841,527
2020	709,538	88,866	398,380	18,464	1,215,248
2019	674,382	83,351	382,079	27,503	1,167,315
2018	628,058	79,063	355,097	12,093	1,074,311
2017	600,390	76,177	334,432	16,486	1,027,485
2016	549,788	71,216	316,746	17,423	955,173
2015	467,799	52,194	270,764	12,250	803,007
2014	442,829	49,122	263,393	12,157	767,501
2013	437,719	38,856	252,371	36,433	765,379
2012	612,959	56,455	344,708	185,606	1,199,728

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			
2021	\$ 2,327,273	\$ 183,120	\$ 356,453	\$ 9,234	\$ 2,876,080
2020	2,337,684	180,804	406,663	12,168	2,937,319
2019	2,321,406	149,230	406,137	10,699	2,887,472
2018	2,321,208	132,934	385,751	15,614	2,855,507
2017	2,309,444	118,694	346,349	18,287	2,792,774
2016	2,306,542	110,721	319,719	11,588	2,748,570
2015	2,295,385	102,060	329,606	16,787	2,743,838
2014	2,286,977	87,783	327,570	19,095	2,721,425
2013	2,285,768	71,686	342,132	106,337	2,805,924
2012	2,285,609	96,011	322,360	180,576	2,884,556

**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
2021	34-46	\$10.32	\$11.91	\$20.59	\$23.89	\$41.22	\$47.68	\$134.67	\$155.83	\$ 5.60	\$ 5.32	\$ 57.81	\$ 60.75
2020	34-45	10.01	11.55	19.97	23.17	39.98	46.25	130.61	151.12	4.60	4.32	56.07	58.93
2019	34-44	9.42	10.87	18.79	21.80	37.62	43.52	122.92	142.19	4.60	4.32	52.78	55.47
2018	34-43	9.10	10.50	18.15	21.06	36.35	42.05	118.76	137.37	4.60	4.32	51.01	53.61
2017	34-42	8.84	10.20	17.64	20.46	35.32	40.86	115.40	133.47	4.60	4.32	49.58	52.09
2016	34-41	8.54	9.85	17.04	19.76	34.11	39.46	111.45	128.93	4.60	4.32	47.89	50.31
2015	34-40	8.32	9.60	16.60	19.25	33.24	38.45	108.59	125.63	4.60	4.32	46.68	49.02
2014	34-39	8.02	9.25	15.99	18.55	32.02	37.04	104.63	121.01	4.60	4.32	44.98	47.23
2013	34-38	7.75	8.94	15.44	17.91	30.93	35.78	101.05	116.87	4.60	4.32	43.44	45.62
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

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.

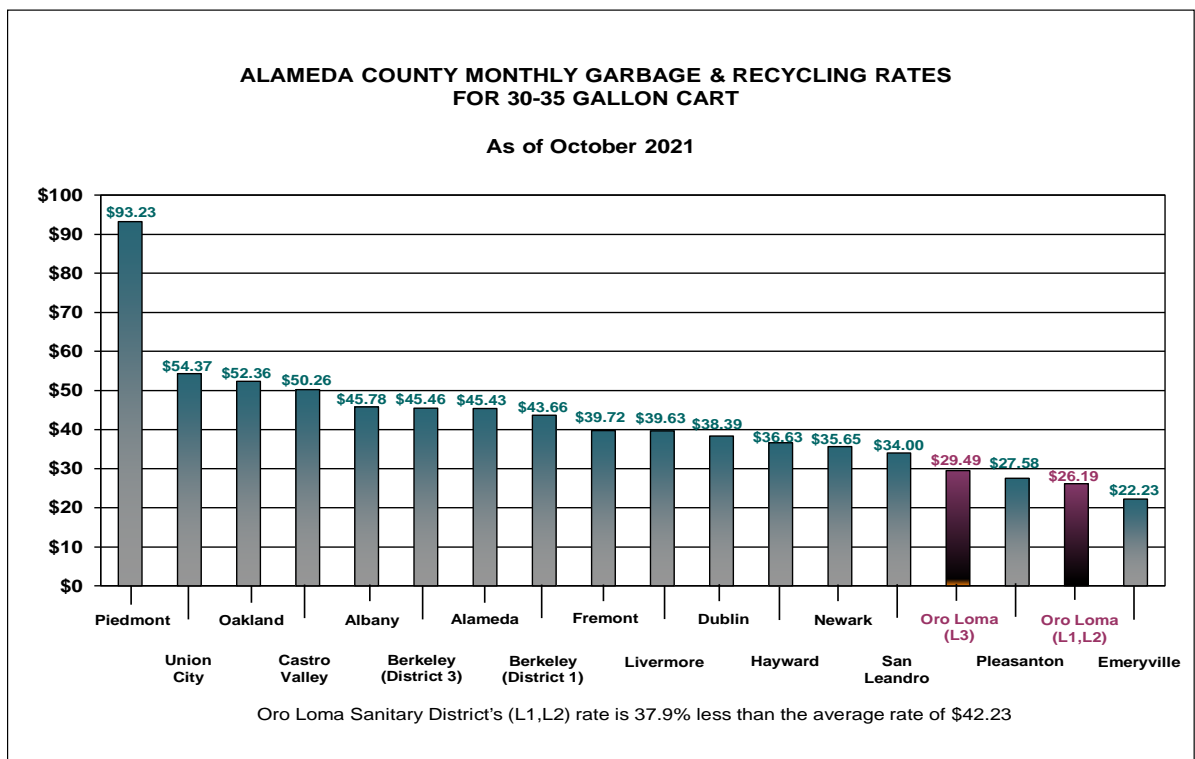
L3 is the area in the City of San Leandro within the District's boundaries, and receives both garbage and recycling services from the District.

\* 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](http://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](http://www.oroloma.org).

### GRAPH H



# ORO LOMA SANITARY DISTRICT

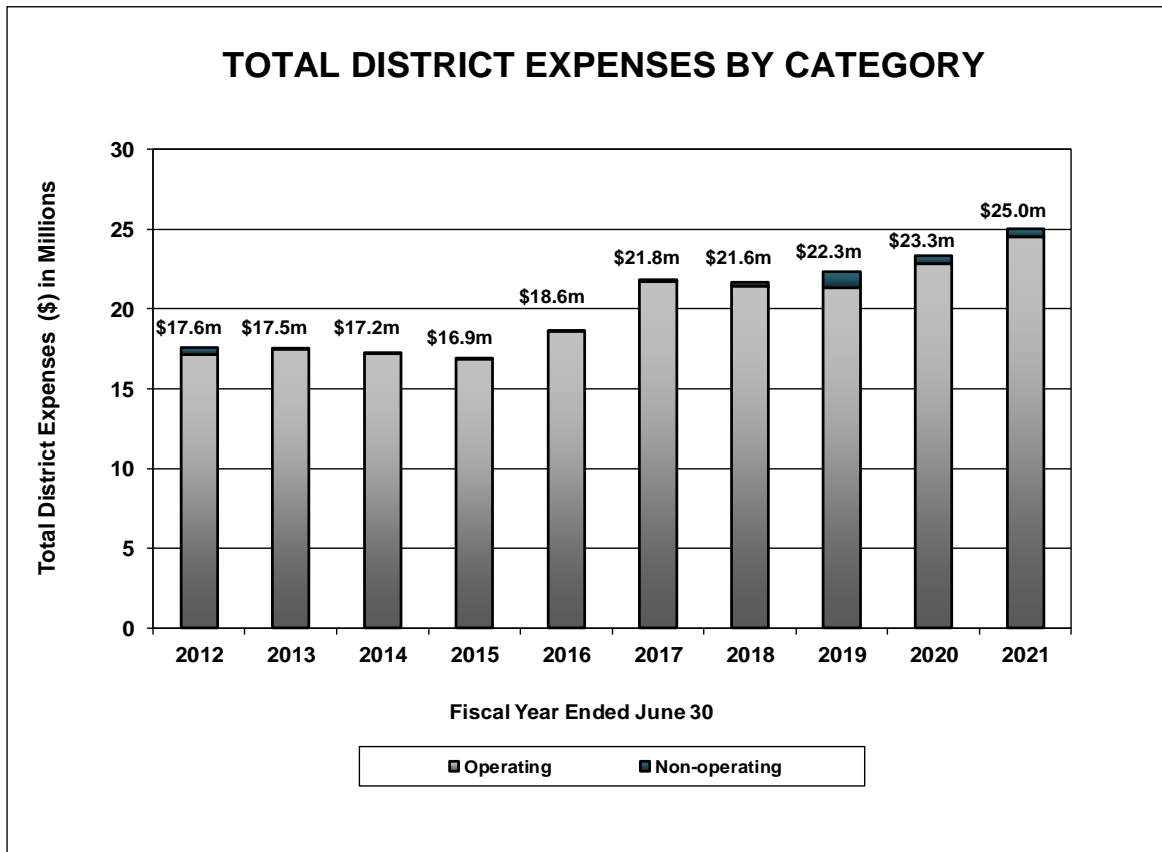
## EXPENSES

**TABLE 11**

### Total Expenses by Category

Fiscal Year Ended June 30	Operating Expenses	Non-operating Expenses	Total Expenses
2021	\$ 24,503,295	\$ 514,029	\$ 25,017,324
2020	22,806,747	514,175	23,320,922
2019	21,324,946	1,020,963	22,345,909
2018	21,409,726	224,836	21,634,562
2017	21,696,159	138,731	21,834,890
2016	18,615,241	1,515	18,616,756
2015	16,862,146	59,189	16,921,335
2014	17,182,922	12,305	17,195,227
2013	17,458,788	9,201	17,467,989
2012	17,112,863	454,273	17,567,136

**GRAPH I**



# ORO LOMA SANITARY DISTRICT

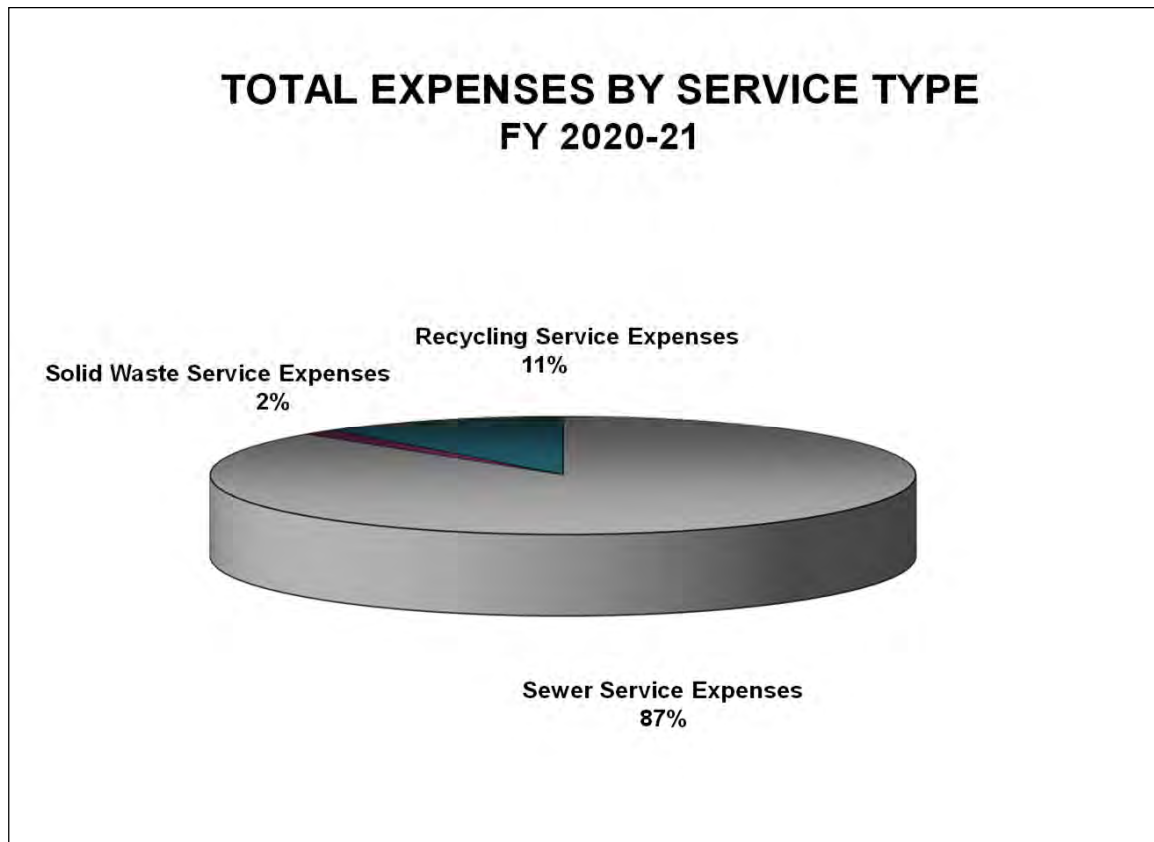
## EXPENSES

**TABLE 12**

### Total Expenses by Service Type

<b>Fiscal Year Ended June 30</b>	<b>Sewer Service Expenses</b>	<b>Solid Waste Service Expenses</b>	<b>Recycling Service Expenses</b>	<b>Total Expenses</b>
2021	\$ 21,770,570	\$ 403,204	\$ 2,843,550	\$ 25,017,324
2020	19,931,425	533,409	2,856,088	23,320,922
2019	19,227,413	402,951	2,715,545	22,345,909
2018	18,588,800	354,830	2,690,932	21,634,562
2017	18,937,776	305,281	2,591,833	21,834,890
2016	15,734,106	307,728	2,574,922	18,616,756
2015	14,023,541	306,052	2,591,742	16,921,335
2014	14,284,243	298,037	2,612,947	17,195,227
2013	14,450,627	331,429	2,685,933	17,467,989
2012	14,454,358	398,206	2,714,572	17,567,136

**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		
2021	\$ 15,847,475,328	\$ 3,961,868,832	\$ 594,280,325	none	(\$600,000)	\$ 593,680,325	N/A
2020	14,965,166,298	3,741,291,575	561,193,736	none	(600,000)	560,593,736	N/A
2019	14,178,242,472	3,544,560,618	531,684,093	none	(600,000)	531,084,093	N/A
2018	13,367,683,794	3,341,920,949	501,288,142	none	(600,000)	500,688,142	N/A
2017	12,681,845,778	3,170,461,445	475,569,217	none	(600,000)	474,969,217	N/A
2016	12,128,474,619	3,032,118,655	454,817,798	none	(600,000)	454,217,798	N/A
2015	11,076,435,677	2,769,108,919	415,366,338	none	(600,000)	414,766,338	N/A
2014	10,370,178,948	2,592,544,737	388,881,711	none	(600,000)	388,281,711	N/A
2013	9,916,171,677	2,479,042,919	371,856,438	none	(600,000)	371,256,438	N/A
2012	9,816,257,873	2,454,064,468	368,109,670	none	(600,000)	367,509,670	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
2021	\$13,413,017	47,392	\$283
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	
2021	\$ 29,140,381	\$ 21,624,041	\$ 7,516,340	\$ 395,000	\$ 443,295	\$ 838,295	<b>8.97</b>
2020	26,998,753	19,990,293	7,008,460	395,000	455,129	850,129	<b>8.24</b>
2019	25,598,112	19,140,230	6,457,882	0	335,886	335,886	<b>19.23</b>

## 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.

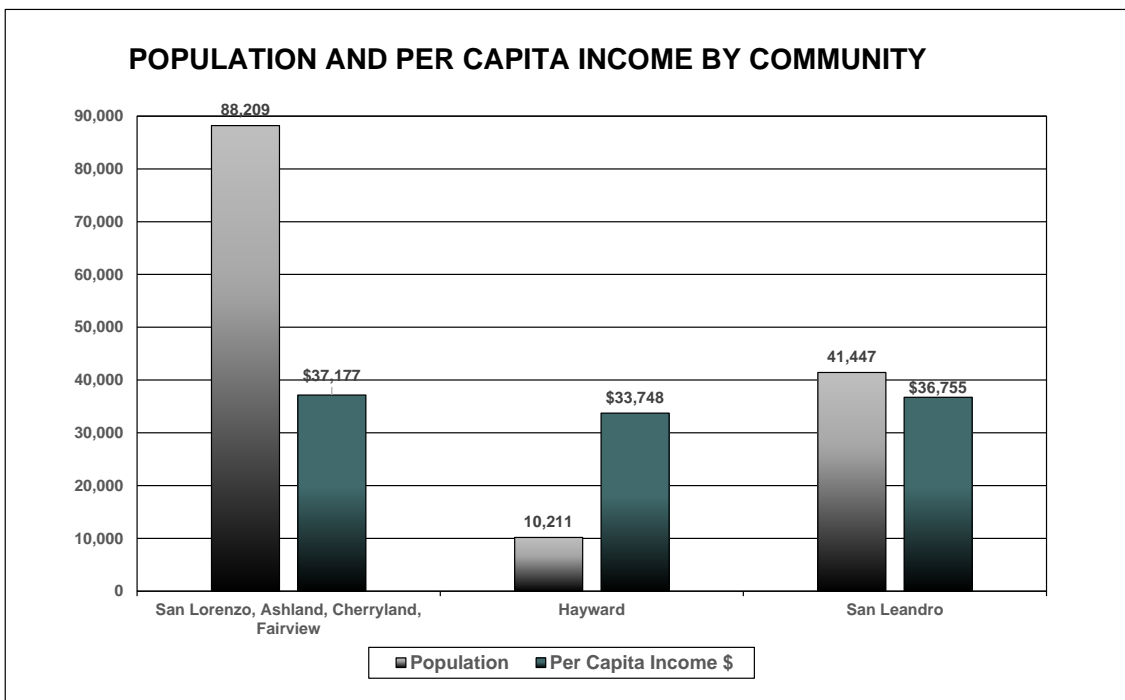
**TABLE 16**

#### Population, Per Capita Income & Unemployment Statistics

Source: U.S. Census Bureau 2015-2019 & 2020; 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	88,209	10,211	41,447	139,867
Per Capita Income	\$37,177	\$33,748	\$36,755	\$36,802
Unemployment rate	9.3%	9.4%	9.3%	9.3%

**GRAPH K**



Source: U.S. Census Bureau 2015-2019 & 2020; EDD Labor Market Information Division FY 2019-20

# ORO LOMA SANITARY DISTRICT

## DEMOGRAPHIC & ECONOMIC INFORMATION ~ PRINCIPAL EMPLOYERS ~

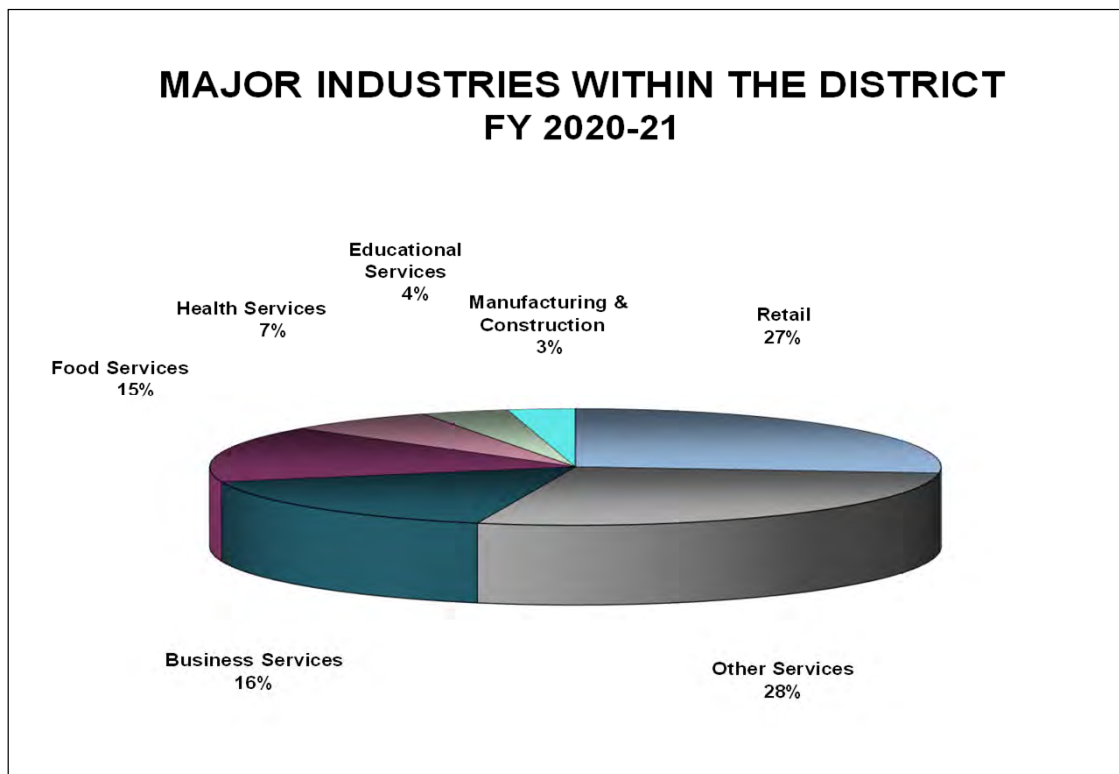
**TABLE 17**

### Major Employers Within the District

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

Employer	Type of Business	Number of Employees
Alameda Health System	Hospital	1459
San Lorenzo Unified School District	School district	1120
Ghirardelli Chocolate	Food manufacturing	514
County of Alameda	Government services	502
The Hillshire Brands	Food manufacturing	400
Hayward Unified School District	School district	355
San Leandro Unified School District	School district	302
Save Mart	Grocery store	255
Target	Department store	200
Kaiser Foundation Health Plan	Medical clinic	167
Safeway	Grocery store	140
Santini	Food manufacturing	133
Oakland Pallet	Pallet manufacturing	130
Washington Center	Rehabilitation services	100

**GRAPH L**



Source: 2020 East Bay Municipal Utility District water consumption and billing report.

# ORO LOMA SANITARY DISTRICT

## OPERATING INFORMATION

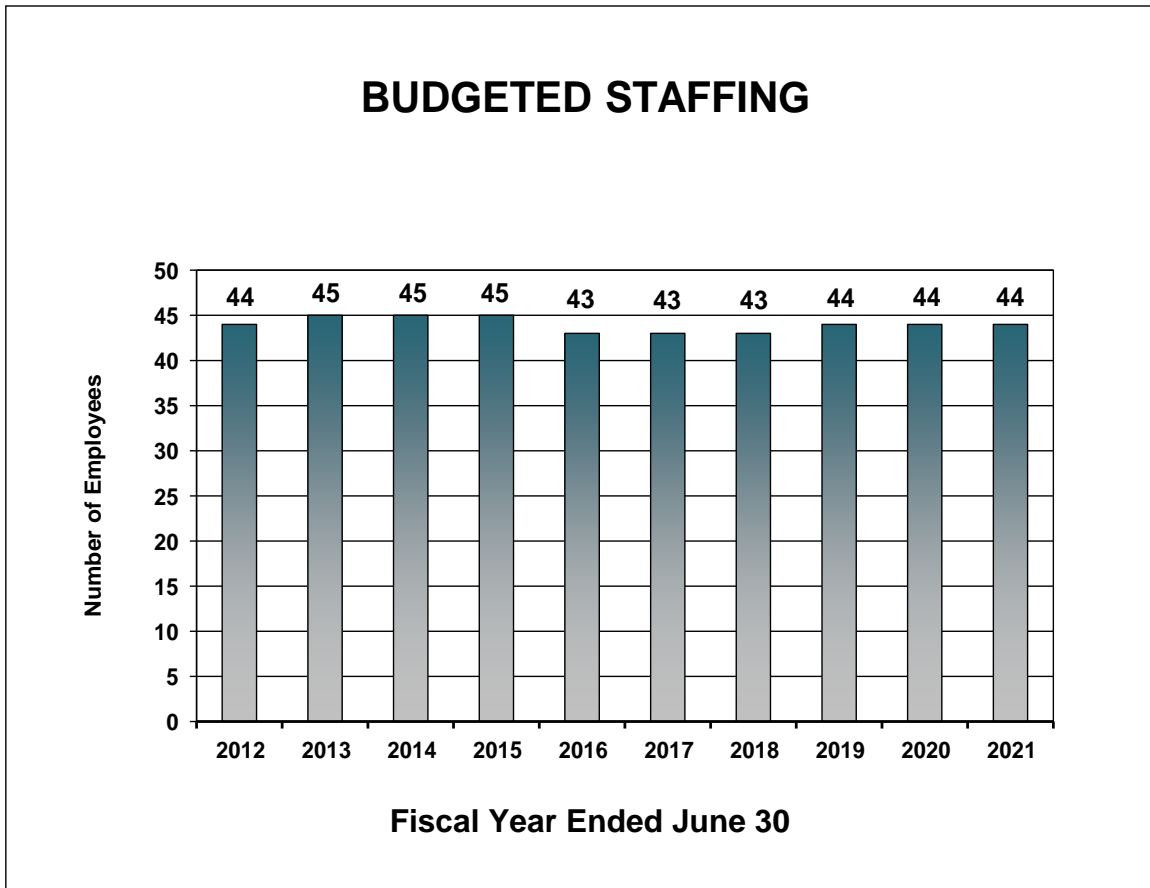
~ EMPLOYEE BASE ~

**TABLE 18**

### Budgeted Staffing by Department

Fiscal Year Ended June 30	Engineering	Collections	Operations	Maintenance	Administration	Solid Waste	Total
2021	4.0	8.0	15.0	10.0	7.0	0.0	44.0
2020	4.0	8.0	15.0	10.0	7.0	0.0	44.0
2019	4.0	8.0	15.0	10.0	7.0	0.0	44.0
2018	6.0	7.0	13.5	10.0	5.5	1.0	43.0
2017	6.0	7.0	13.5	10.0	5.5	1.0	43.0
2016	6.0	7.0	13.5	10.0	5.5	1.0	43.0
2015	5.0	8.0	15.5	10.0	5.5	1.0	45.0
2014	5.0	8.0	15.5	10.0	5.5	1.0	45.0
2013	5.0	8.0	15.5	10.0	5.5	1.0	45.0
2012	4.0	8.0	15.5	10.0	5.5	1.0	44.0

**GRAPH M**



# ORO LOMA SANITARY DISTRICT

## OPERATING INFORMATION

~ SERVICE INDICATORS ~

**TABLE 19**

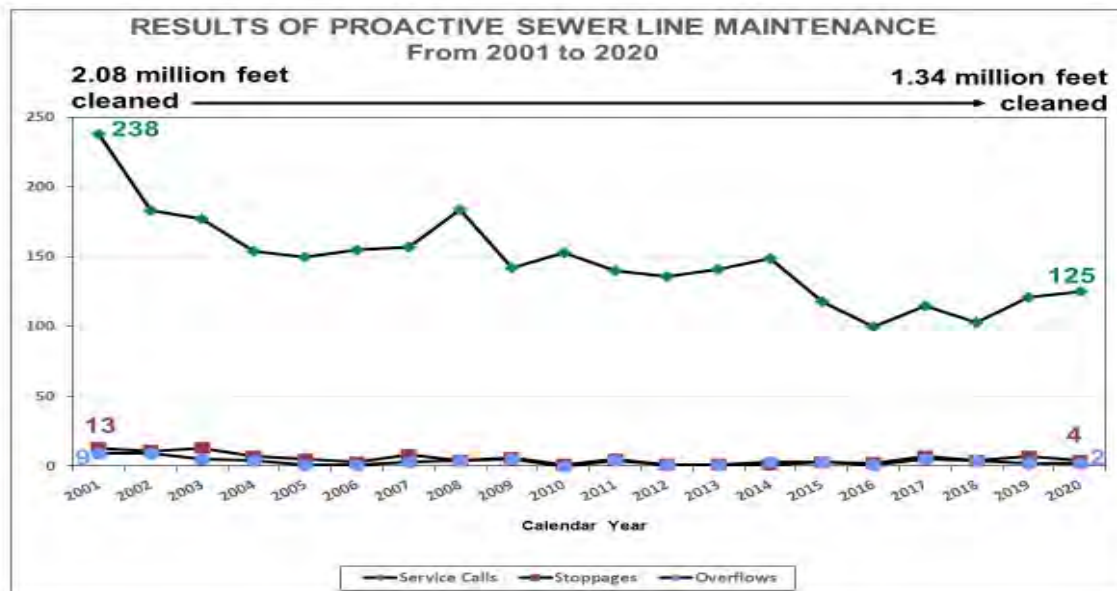
### Proactive Sewer Line Maintenance and Results 2001-2020

Calendar Year	Total Cleaned & CCTV'd (ft)	Monthly Average (ft)	Service Calls	Stoppages	Overflows
2020	1,339,938	111,666	125	4	2
2019	1,783,992	148,666	121	7	2
2018	1,578,653	131,554	103	4	4
2017	1,873,595	156,133	115	7	5
2016	2,092,466	174,372	100	2	1
2015	2,006,671	167,223	118	3	3
2014	2,017,473	168,123	149	*1	3
2013	2,217,645	184,804	141	1	1
2012	2,103,762	175,314	136	1	1
2011	2,105,110	175,426	140	5	4
2010	2,200,451	183,371	153	1	-
2009	2,157,948	179,829	142	6	5
2008	2,170,078	180,840	**184	4	4
2007	2,092,457	174,371	157	8	3
2006	2,171,583	180,965	155	3	1
2005	2,189,737	182,478	150	5	1
2004	2,000,385	166,699	154	7	4
2003	2,092,140	174,345	177	13	5
2002	2,048,939	170,745	183	11	9
2001	2,084,782	173,732	238	13	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*
2021	35-16	500***	\$6,919	\$3,562,303	339	\$280	\$125,294
2020	35-16	24	6,919	171,739	310	280	228,816
2019	35-16	81	6,919	560,015	351	280	143,756
2018	35-16	39	6,919	399,277	378	280	220,686
2017	35-16	51	6,919	609,335	322	280	107,678
2016	35-16	43	6,919	298,612	289	280	105,735
2015	35-15	164**	6,555	1,076,699	286	280	120,624
2014	35-15	21	6,555	135,600	257	280	75,691
2013	35-14	11	6,555	69,759	220	280	57,798
2012	35-14	17	6,555	112,127	173	280	52,186

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

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

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

**TABLE 21**

### Treatment Plant Flow

Calendar Year	Annual Rainfall (inches)	Average Daily (MGD)*				Maximum Daily (MGD)*			
		Total Plant Flow	Plant Flow From OLSD	Plant Flow From CVSD**	% of Total Plant Flow From CVSD	Total Plant Flow	Plant Flow From OLSD	Plant Flow From CVSD	% of Total Plant Flow From CVSD
2020	17.8	11.0	7.9	3.1	28.2%	18.4	12.5	5.9	31.9%
2019	19.8	13.3	9.6	3.7	27.8%	35.9	23.7	12.2	34.1%
2018	11.1	12.1	8.6	3.5	28.9%	40.0	24.7	15.3	38.3%
2017	18.0	14.8	10.6	4.2	28.4%	56.1	37.2	18.9	33.7%
2016	14.4	12.9	9.6	3.3	25.6%	43.6	28.8	14.8	33.9%
2015	7.8	11.3	8.5	2.8	24.3%	28.6	19.5	9.1	31.7%
2014	14.5	12.5	9.3	3.2	25.6%	50.1	35.8	14.3	28.5%
2013	2.7	12.3	9.1	3.2	26.0%	16.9	12.0	4.9	29.0%
2012	12.2	13.9	10.1	3.8	27.3%	42.2	27.4	14.8	35.1%
2011	13.1	14.2	10.4	3.8	26.8%	43.5	28.3	15.2	34.9%

\* 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
2020	5	98%	6	98%	571,236	90,114	86%
2019	6	98%	8	97%	545,338	72,928	88%
2018	4	98%	5	99%	494,200	71,022	89%
2017	5	98%	7	98%	487,085	60,391	88%
2016	4	99%	5	99%	516,044	38,565	93%
2015	5	98%	6	99%	497,971	53,102	87%
2014	4	98%	6	99%	496,260	35,634	94%
2013	5	98%	6	99%	541,967	36,158	94%
2012	4	98%	5	99%	520,182	Solar Powered	100%
2011	5	98%	5	99%	516,241	Solar Powered	100%

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

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

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

### Solid Waste, Recycling & Green Waste Services

The District contracts with Waste Management 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 2020 (maximum 2 per single family or multiple with 4 units or less)	13,765
Other Services:	
<ul style="list-style-type: none"> <li>• Residential batteries and cell phone collection programs</li> <li>• Single stream recycling services provided to all public schools in the District at no additional cost</li> <li>• Recycling bins for classrooms provided to all public schools at no additional cost</li> <li>• Recycling coordinator at WMAC dedicated to commercial and industrial customers</li> <li>• Garbage service provided to all public schools in San Leandro at no additional cost</li> <li>• Public Education funds budgeted to promote recycling and environmental awareness</li> </ul>	

# ORO LOMA SANITARY DISTRICT

## OPERATING INFORMATION

~ CAPITAL ASSETS ~



**TABLE 24**

### Sewage Treatment Facilities

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

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

### Sewage Collection Facilities

- 272 miles of sewer lines
- 12 remote lift stations
- 6129 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