AGENDA
Board Meeting
Tuesday, November 10, 2026 - 5:00 PM
Boardroom, 2655 Grant Avenue, San Lorenzo, CA 94580

INFORMATION FOR THE PUBLIC

This meeting will be conducted in-person at the address listed above and virtually via Zoom.

Members of the public interested in attending the meeting or providing public comment may participate in the following ways:

1. Attend In-Person at the location listed above.

2. Join the Meeting Online via Zoom at: https://us02web.zoom.us/j/4882542320. If you wish to speak during the meeting, please select "Raise Hand" from the "Reactions" menu at the bottom of your screen. For best performance, please consider updating to the latest version of the Zoom application and restarting your device before joining the meeting.

Zoom and a call-in option are offered as a courtesy. If a technical issue arises with Zoom or the dial-in option, the meeting will continue unless it is being held pursuant to the provisions of Assembly Bill 2449.

3. Join by Telephone by dialing (669) 900-6833 and entering Meeting ID: 488-254-2320. If you wish to speak during the meeting, please press *9.

4. Submit Written Comments by emailing publiccomment@orolomasanitarydistrict.ca.gov;please identify the specific agenda item being addressed. Written public comment will be accepted until 4:00 p.m. on the day prior to the scheduled meeting. Copies of all written comments submitted by the deadline above will be provided to each Board Member and will be added to the official record.

ACCESSIBILITY INFORMATION: In compliance with the Americans with Disabilities Act of 1990, if you need special assistance to participate in a District meeting or need a copy of the agenda in an appropriate alternative format, please contact the District Secretary at (510) 276-4700. Notification of at least 48 hours prior to the meeting will assist District staff with ensuring that reasonable arrangements can be made.

MEETING DECORUM AND PUBLIC PARTICIPATION GUIDELINES: The Oro Loma Board of Directors encourages a respectful dialogue that supports freedom of speech and values diversity of opinion, in a manner consistent with the requirements of the Brown Act. The Board, staff, and members of the public are expected to be civil and courteous, and to refrain from questioning the character or motives of others participating in the meeting. Members of the public should direct their comments to the Board, and not staff or other members of the public. Speakers shall not use threatening, profane or abusive language that disrupts, disturbs, or otherwise impedes the orderly conduct of the meeting.

Page

1. **CALL TO ORDER**
2. **ROLL CALL: DIRECTORS DEAN, DUNCAN, LEE, SIMON, YOUNG**
3. **PLEDGE OF ALLEGIANCE**
4. **GENERAL PUBLIC**

   (Members of the public wishing to comment on any item not on the agenda, but within the Board's jurisdiction, should notify the Board at this time. Those wishing to comment on any item on the agenda should do so at the time the item is considered. Comments may be limited to three (3) minutes. Time limitations shall be at the discretion of the President.)

5. **CONSENT CALENDAR**

5.1. **Minutes, Board Meeting, October 27, 2026** 4 - 10

Minutes - Board Meeting, October 27, 2026

5.2. **Approval of Consent Calendar**

Recommended Motion: Approve the consent calendar.

6. **AUDITED FINANCIAL STATEMENTS 2026**

6.1. **Presentation of Audited Financial Statements by Cropper Accountancy Corporation** 11 - 98

Cropper Accountancy Corporation, the District's independent auditor, will present the audited financial statements to the Board.

Attachment - OLSD FY 26 Final Audit Report

6.2. **SAS 114 Required Communications Letter** 99 - 104

Cropper Accountancy Corporation will present the SAS 114 letter. The purpose of this letter is to openly communicate and advise on matters related to the financial statement audit process and relay any issues found as they relate to the division of responsibilities between the independent auditor and management, management disagreements, audit adjustments, and accounting estimates used to prepare the financial statements, among others.

Attachment - SAS 114 Letter, 2026

6.3. **Acceptance of Audited Financial Statements**

Recommended Motion: Accept the audited financial statements for fiscal year 2025-26.

7. **NEW BUSINESS**

7.1. **Authorization for General Manager to Execute an Agreement with Kennedy/Jenks Consultants in an Amount Not to Exceed $256,177 for the Wastewater Treatment Plant Strategic Planning Study** 105 - 106

Recommended Motion: Authorize the General Manager to execute an agreement with Kennedy/Jenks Consultants in an amount not to exceed $256,177 for the Wastewater Treatment Plant Strategic Planning Study.

Staff Report - Wastewater Strategic Planning Study

8. **AUTHORITY/ASSOCIATION/CONFERENCE REPORTS**

8.1. **Report from Alameda County Waste Management Authority - StopWaste, October 28, 2026 - Director Duncan**

9. **POLICY REVIEW**

9.1. **Review of Code of Ethics-Conduct for Members of the Board of Directors Policy** 107 - 110

Per Director Simon's request, the Board will discuss potential amendments to the policy.

Attachment - Code of Ethics-Conduct for BOD Policy

10. **STAFF/DIRECTOR COMMENTS**

10.1. **Comments from Staff and the Board of Directors**

Directors and staff may provide brief reports or comments on District-related activities, events, or matters of interest. Directors may also

request, with Board consensus, that items be placed on a future agenda or that direction be provided to staff.

11. **CLOSED SESSION**

11.1. **Public Employee Performance Evaluation**
Pursuant to Government Code Section 54957
Title: General Manager

12. **RECONVENE TO OPEN SESSION & ADJOURNMENT**

MINUTES
BOARD MEETING
ORO LOMA SANITARY DISTRICT

TUESDAY, OCTOBER 27, 2026	5:00 PM	BOARDROOM, 2655 GRANT AVENUE, SAN LORENZO, CA 94580

1. CALL TO ORDER

President Young called the meeting to order at 5:00 p.m.

2. ROLL CALL: DIRECTORS DEAN, DUNCAN, LEE, SIMON, YOUNG

PRESENT: Shelia Young, President
Rita Duncan, Secretary
Mimi Dean, Director
Fred Simon, Director

ABSENT: Benny Lee, Vice-President

STAFF: Jimmy Dang, General Manager
Chathu Abeyrathna, District Engineer
Christine Chen, Finance Manager
Zaneta Luna, Administrative Services Manager
Patricia Schofield, District Secretary
Alex Mog, District Counsel

PUBLIC: Michael Miller
Bianca
Tiare Pena

3. PLEDGE OF ALLEGIANCE

Director Simon led the assembly in the pledge of allegiance.

4. GENERAL PUBLIC

There were no comments from the general public.

5. CONSENT CALENDAR

5.1. ***Minutes, Board Meeting, October 20, 2026***

5.2. ***Minutes, Committee Meetings***

5.3. ***Financial Statements, September 2026***

5.4. ***Compliance & Activity Reports, September 2026***

5.5. ***Approval of Consent Calendar***

Moved by Director Fred Simon, seconded by Director Rita Duncan. Approve the consent calendar.
Carried unanimously

6. NEW BUSINESS

6.1. *Authorization for the General Manager to Execute Change Order No. 3 with Myers & Sons Construction, LLC, in the amount of $44,835, and Provide an Additional $100,000 in Change Order Authority: Digester Rehabilitation Project Phase 1*

Moved by Director Mimi Dean, seconded by Director Fred Simon. Authorize the General Manager to execute the proposed $44,835 change order with Myers & Sons Construction, LLC: Digester Rehabilitation Project Phase 1.
Carried unanimously

6.2. *Authorization to Purchase a New Hydro Jetter in the Amount of $403,444.61 and Approval of a Budget Amendment*

Moved by Director Rita Duncan, seconded by Director Mimi Dean. Authorize the purchase of a new Hydro Jetter in the amount of $403,444.61 and approve the associated budget amendment.
Carried unanimously

6.3. *Authorization to Purchase a Hidrostal Pump Rotating Assembly from MuniQuip, LLC in the Amount of $107,420*

Moved by Director Fred Simon, seconded by Director Rita Duncan. Authorize the purchase of a Hidrostal Pump rotating assembly from MuniQuip, LLC in the amount of $107,420.
Carried unanimously

6.4. *Authorization for the General Manager to Execute an Agreement with BDP Industries in the Amount of $280,001.85: Belt Press Rebuild Project*

Moved by Director Fred Simon, seconded by Director Mimi Dean. Authorize the General Manager to execute an agreement with BDP Industries in the amount of $280,001.85 for the Belt Press Rebuild Project.
Carried unanimously

7. SCHOOLS ENGAGEMENT REPORT

7.1. Schools Engagement Report, October 2026

General Manager Dang provided an update on the District's outreach and engagement efforts with the San Lorenzo Unified School District (SLZUSD). Administrative Services Manager Luna reported that SLZUSD staff had been working on bin inventory and sorting activities, coordinating with custodial staff on classroom setup changes, and facilitating the distribution of approximately 800 recycling bins to SLZUSD classrooms.

Director Dean expressed disappointment with the update and concern regarding the length of time the proposed Memorandum of Understanding (MOU) had been pending. She asked what the District's next steps were and whether SLZUSD understood the cost of obtaining solid waste services independently. She stated that the District had exercised considerable patience and suggested that informing SLZUSD of those costs could encourage action on the MOU.

Director Simon concurred with Director Dean and requested additional context regarding the SLZUSD representatives referenced in recent correspondence. Luna provided information regarding the staff involved and confirmed that she had requested a timeline for moving the MOU forward but had not received a response. In response to Simon, Luna stated that the District had requested more responsive communication but had not established a formal deadline.

Director Duncan asked District Counsel Mog what an appropriate response would be given that the matter had remained unresolved for more than a year. Mog stated that he did not know the reason for the delay but suggested sending a letter outlining the cost of the services being provided, addressing the lack of responsiveness, and establishing a specific timeframe for action. He noted that the Board could ultimately consider discontinuing free services if the delays continued.

Duncan supported sending a firm letter asking whether SLZUSD intended to seriously invest in the partnership with the District. She also asked about the approximately 800 containers being provided. Luna clarified that they were recycling Slim Jim containers. Luna further explained that, despite the delay with the MOU, SLZUSD had been responsive to meetings and informal partnership efforts and that work was continuing, including bin inventory and sorting activities at the schools.

President Young noted that SLZUSD was not completely unresponsive and that the primary issue was the lack of progress on the MOU. She asked what was preventing SLZUSD from moving forward. Luna explained that outstanding issues included appointing a liaison at each school and completing the four trainings requested by the District. Two trainings were currently scheduled, and it was unclear whether SLZUSD would schedule the remaining two or request a reduction in the number of trainings.

Young suggested making one additional attempt through a letter that outlined the District's options and established a 30-day deadline for a response. She emphasized that SLZUSD continued to cooperate with the District and that she did not want the letter to be so harsh that it damaged the partnership.

Duncan stated that the letter should be firm, noting that the District had been waiting for more than a year. She stated that while SLZUSD had participated in some activities, the relationship should be formalized through an agreement outlining expectations. She acknowledged that specific MOU provisions, such as the number of trainings, could be negotiated but stated that it was time for SLZUSD to formally respond.

Director Dean asked whether the District would receive the information SLZUSD was gathering internally. Luna stated that the proposed MOU called for a district liaison who would facilitate the exchange of information. Dean reiterated her support for a firm letter that included the value of the services SLZUSD was receiving at no cost. She also expressed concern regarding the difficulty in scheduling trainings, noting that there were staff development days and other non-

student days that could potentially accommodate them. Luna clarified that the MOU contemplated quarterly trainings rather than trainings on specific dates.

Dean stated that the District had provided free services for a considerable period and should receive cooperation in return. She supported a 30-day response deadline and asked whether the Board would consider proposed changes to the MOU. Luna confirmed that any proposed revisions would ultimately be presented to the Board for consideration.

Simon asked whether the letter should come from the Board or District Counsel and to whom it should be addressed. Mog stated that it could come from the General Manager and Board of Directors and could be directed to the Superintendent or School Board. Simon suggested involving District Counsel in drafting the letter to ensure that it was sufficiently firm.

Mog clarified that the matter was primarily a policy issue rather than a legal issue because SLZUSD was not a party to the District's franchise agreement. He also explained that Waste Management (WM) provides the free collection services and that, even if the Board decided it no longer wanted the services provided at no cost, the ultimate decision regarding whether to charge SLZUSD would involve WM. He further stated that the District could not require WM to charge SLZUSD without potentially reopening the franchise agreement.

Young expressed concern that discontinuing free services could negatively affect SLZUSD's willingness to continue cooperating with the District. She supported the 30-day deadline but emphasized that she wanted the District to continue its partnership and educational work within the schools. Luna noted that the schools are required to comply with SB 1383, although the District does not have jurisdiction over SLZUSD's compliance, and stated that she could not predict whether the current level of cooperation would continue if the free services were discontinued.

Dean asked whether the District had information regarding the schools' compliance and contamination levels. Luna stated that she had previously presented contamination information to the Solid Waste Committee and that the schools were generally performing well. She noted that all schools had the required containers. Dean expressed concern based on conditions she had personally observed at schools.

Dang clarified that subscribing to the required collection services is an element of SB 1383 compliance and that contamination is a separate issue. He acknowledged that sorting practices could be improved while noting that the schools were receiving the required services.

Duncan asked about StopWaste's relationship with SLZUSD. Luna stated that StopWaste had worked with the schools for many years, although participation declined following the COVID-19 pandemic and had been gradually increasing. She noted that StopWaste makes resources available to all schools, although

participation varies by school, and that District staff were working to strengthen relationships with school district staff to improve overall participation.

Simon asked how contamination was monitored. Luna stated that monitoring occurred through the Smart Truck Program. In response to Duncan, Luna stated that photographs from the program could be requested. Simon also asked whether contamination was checked within the schools, and Luna stated that StopWaste had conducted spot checks at some schools.

Young reiterated her support for a letter establishing a 30-day response deadline and including information regarding the value of the services being provided and the Board's available options. Duncan agreed that the letter should be firm but expressed concern about including unnecessary information, stating that the MOU already communicated what the District was requesting. She stated that, after waiting more than a year, the primary question was whether SLZUSD intended to move forward with the MOU and work with staff on any necessary compromises.

Dang cautioned that if the District's ultimate goal was to educate students and help SLZUSD develop a robust recycling and organics program with support from the District and StopWaste, discontinuing free services could undermine that goal. He noted that SLZUSD currently allows the District to work voluntarily within the schools despite the District having no jurisdiction over the school district and questioned what incentive SLZUSD would have to continue the partnership if the free services were withdrawn.

Dean acknowledged the concern but stated that SLZUSD should understand the financial value of the services it currently receives. The Board discussed an estimated value of approximately $360,000, in addition to potential startup costs. Luna explained that most school districts maintain their own agreements with solid waste haulers and that SLZUSD could be responsible for collection and contamination costs and potentially staffing a position to administer SB 1383 requirements if it were to operate independently. She noted that the San Leandro Unified School District had recently entered into its own agreement for solid waste services.

Young asked that those potential costs be explained in the letter. Dean agreed and suggested that the letter also communicate the District's desire to continue working with SLZUSD to educate students while making clear that SLZUSD needed to work cooperatively with the District.

Simon suggested that the letter also offer an opportunity to meet with SLZUSD representatives and stated that he would be available to participate. Duncan stated that she believed such an offer was unnecessary and that Luna was already serving as a strong District representative in working with SLZUSD staff. She stated that the Board's role should be to communicate through the letter that it had been patient and expected a response within 30 days. Young agreed that a Board-level meeting was not necessary at that time.

Mog requested clarification regarding what specifically would be required within the 30-day period, whether execution of the MOU or a response identifying proposed changes. The Board clarified that SLZUSD should provide proposed changes to the MOU within 30 days so the parties could move toward finalizing the agreement. The Board also discussed acknowledging in the letter that SLZUSD had cooperated with the District on various activities while emphasizing that the District had been waiting more than a year to formalize the partnership.

Director Dean requested that the Board be provided with the District's previous letter to SLZUSD, relevant franchise agreement language, and other correspondence related to the matter. She also stated that she might attend an SLZUSD Board meeting and make a public comment. Young cautioned that any individual Director attending an SLZUSD meeting should not speak on behalf of the entire Board. Dean clarified that she understood the distinction.

Simon again suggested that the District consider offering an opportunity for Board members to meet with SLZUSD representatives as a gesture of cooperation. Young and Duncan did not support doing so at that time, stating that staff should continue serving as the District's representatives while the MOU remained under discussion.

Dang recommended that staff, with assistance from District Counsel, draft the letter and circulate it to Board members individually for review and comment. He stated that if staff received conflicting direction from Board members, the matter would be returned to the Board for further discussion. The Board concurred.

8. STAFF/DIRECTOR COMMENTS

8.1. General Manager's Report

General Manager Dang stated that his October monthly update would include information on community engagement and outreach, the software study, energy audit, El Niño preparedness, treatment plant strategic planning, staff feedback regarding the 2541 Grant Avenue property, engineering, finance, solid waste, and collections activities, and funding opportunities.

8.2. Action Items Report

General Manager Dang provided an update on outstanding Board action items and follow-up requests, including review of the Committee Assignments Policy following the election, anticipated for December 2026 or January 2027; continued evaluation of the Cargill Pipeline easement request and compensation proposal; discussion of potential membership in HASPA, scheduled for February 2027; and coordination with PFMAM for a December 2026 presentation on Reserve Policy levels.

8.3. Comments from Staff and the Board of Directors

General Manager Dang stated that a Board meeting was scheduled for November 24, 2026, and asked whether any Directors had conflicts that could affect the Board's ability to establish a quorum. Directors Duncan and Simon stated that they planned to participate via teleconference. District Counsel Mog noted that, with Director Lee also expected to be absent, a quorum would not be available. The

Board agreed to cancel the November 24, 2026 Board meeting.

Director Duncan thanked staff and commented that the discussion regarding school outreach had been productive.

Director Dean thanked Administrative Services Manager Luna for her work with the schools and stated that the update had been informative.

Director Simon thanked staff and requested Board consensus on two items. First, he requested that a review and potential amendment of the Board Code of Conduct and Ethics Policy be placed on a future agenda. The Board agreed. Second, he requested that the language under Meeting Decorum be revised by changing “should not” to “shall not” in the last sentence. The Board agreed and directed staff to make the change.

President Young thanked those in attendance.

9. CLOSED SESSION

The Board adjourned to closed session at 6:08 p.m.

9.1. ***Public Employee Performance Evaluation***
Pursuant to Government Code Section 54957
Title: General Manager

10. RECONVENE TO OPEN SESSION & ADJOURNMENT

The Board reconvened to open session at 8:09 p.m. District Counsel Mog stated that no reportable action was taken in closed session.

There being no further business to come before the before the Board, President Young adjourned the meeting at 8:09 p.m.

ORO LOMA SANITARY DISTRICT

AUDITED FINANCIAL REPORT
JUNE 30, 2026

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ORO LOMA SANITARY DISTRICT

Table of Contents

June 30, 2026

Independent Auditor's Report . . . . . 3 – 5

Management's Discussion and Analysis . . . . . 6 – 13

Basic Financial Statements

Statement of Net Position . . . . . 16 – 17

Statement of Revenues, Expenses and Changes in Net Position . . . . . 18 – 19

Statement of Cash Flows . . . . . 20 – 21

Notes to Financial Statements . . . . . 24 – 53

Required Supplementary Information

Pension: Schedule of the District's Proportionate Share of the Plan's Net Pension Liability. . 56

Schedule of the District's Pension Plan Contributions. 56

OPEB: Schedule of Changes in Net OPEB Liability & Related Ratios 57

Schedule of the District's OPEB Contributions 58

Description of Funds Utilized 59

Schedules of Revenues, Expenses and Changes in Net Position - Budget vs. Actual

Schedule 1 - Sewer Services - Operations and Maintenance 60

Schedule 2 - Sewer Services -, Operations and Maintenance - By Account Categories and Departments . . . . . 61 – 62

Schedule 3 - Sewer Services - Renewal and Replacement 63

Schedule 4 - Sewer Services - Capital Improvement Program 64

Schedule 5 - Solid Waste Services - Garbage. 65

Other Supplementary Information

Schedule 6 - Schedule of Net Position - All District Services . . . . . 68 – 71

Schedule 7 - Schedule of Revenues, Expenses, and Changes in Net Position - All District Services . . . . . 72 – 73

Other Independent Auditor's Reports . . . . .

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Audit Standards. 76

Independent Auditor's Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By The Uniform Guidance 78

Single Audit . . . . . .

Schedule of Expenditures of Federal Awards 80

Notes to the Schedule of Expenditures of Federal Awards 81

Status of Prior Audit Findings 82

Schedule of Findings and Questioned Costs 83

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Oro Loma Sanitary District

Report on the Audit of the Financial Statements

Opinions

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, 2026, and the related notes to the financial statements, which collectively comprise Oro Loma Sanitary District's basic financial statements as listed in the table of contents. The 2025 totals are presented for comparison purposes only.

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, 2026, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Oro Loma Sanitary District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that,

individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Oro Loma Sanitary District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Oro Loma Sanitary District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the District's Pension Contributions. Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of Changes in Net OPEB Liability & Related Ratios, Schedule of the District's OPEB Contributions, and all other schedules presented in the required supplementary information area of the report (as shown in the table of contents) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oro Lorna Sanitary District's basic financial statements. The accompanying combining and individual nonrnajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules and schedules of budgetary comparison with actual are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2026, 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 19, 2026

MANAGEMENT'S DISCUSSION & ANALYSIS

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, 2026. 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, 2026

- **Net Position:**

  The District's net position as of June 30, 2026 reached $158.6 million, representing an increase of $14.1 million (9.8%) from the prior year's net position of $144.5 million.

- **Total Assets:**

  Total assets increased by $28.4 million (14.3%) to $226.6 million, driven by a $21.0 million expansion in current and other assets alongside a net increase of $7.4 million in capitalized assets. The capital asset increase is primarily attributed to ongoing phases of the Sewer Collection System Pipeline Replacement Project. Within current and other assets, liquidity expansion included a $3.0 million increase in cash and cash equivalent and a $17.0 million increase in investments. This investment growth primarily reflects the placement of capital project reimbursements received from WIFIA and State Revolving Fund (SRF) funding, combined with increase sewer service fee revenue generated from the rate increase.

- **Total Liabilities:**

  Total liabilities were $68.1 million, reflecting an increase of $11.2 million (19.7%) from $56.9 million in the prior year. The increase was primarily driven by a $12.8 million increase in long term debt obligations resulting from active WIFIA and State Revolving Fund (SRF) loan funding drawdown. This growth was partially offset by a $3.5 million decrease in net pension liability and minor operational fluctuations across current obligations.

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.

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Financial Analysis of the District

Total District's net position increased by $14.1 million (9.8%) during FY 2025-26. Changes affecting net position are reflected in the following table.

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

			Change in 2026			Change in 2025	
Period Ended June 30,	**2026**	**2025**	**$**	**%**	**2024**	**$**	**%**
Current and other assets	$ 74,694,796	$ 53,655,901	$21,038,895	39.2%	$38,835,339	$14,820,562	38.2%
Capital assets	151,875,388	144,517,816	$ 7,357,572.00	5.1%	136,372,260	$8,145,556	6.0%
Total assets	226,570,184	198,173,717	$28,396,467	14.3%	175,207,599	22,966,118	13.1%
Deferred outflows of resources	3,721,318	6,322,233	($2,600,915)	-41.1%	8,021,118	($1,698,885)	-21.2%
Current liabilities	6,758,696	4,496,816	$2,261,880	50.3%	5,161,770	($664,954)	-12.9%
Non-current liabilities	61,355,216	52,423,440	$8,931,776	17.0%	41,297,559	$11,125,881	26.9%
Total liabilities	68,113,912	56,920,256	$11,193,656	19.7%	46,459,329	10,460,927	22.5%
Deferred inflows of resources	3,616,088	3,109,306	$506,782	16.3%	3,306,724	($197,418)	-6.0%
Net position							
Net investment in capital assets	98,479,836	104,647,733	($6,167,897)	-5.9%	107,795,518	($3,147,785)	-2.9%
Restricted net position	2,323,387	2,282,569	$40,818	1.8%	1,878,305	$404,264	21.5%
Unrestricted	57,758,279	37,536,086	$20,222,193	53.9%	23,788,909	$13,747,177	57.8%
Total net position	$158,561,502	$144,466,388	$14,095,114	9.8%	$133,462,732	11,003,656	8.2%

A comprehensive narrative discussion detailing the economic drivers behind the $28.4 million increase in total assets and the $11.2 million increase in total liability is presented in the Financial Highlights section of this report. The following analysis provides the required detailed evaluation of the remaining variations within the District's deferred resource flows and internal net position categories:

- **Deferred Outflows and inflows of Resources**: Deferred outflows decreased by $2.6 million (-41.1%) to $3.7 million while deferred inflows experienced a minor increase of $0.5 million (16.3%) to close the period at $3.6 million. Both fluctuations stem from updated pension and OPEB plan actuarial valuations.

- **Net Investment in Capital Assets**: This category decreased by $6.2 million (-5.9%) to $98.5 million as current year asset depreciation and the rapid accumulation of outstanding WIFIA and SRF long-term capital debt obligations outpaced the historical cost of capital additions. This was partially offset by a substantial volume of completed construction projects being formally closed out and capitalized into service during the fiscal year.

- **Restricted Net Position**: Restricted balance remained highly stable, posting a minor change of $0.04 million (1.8%) to end the fiscal year at $2.3 million.

- **Unrestricted Net Position**: Unrestricted net position expanded significantly by $20.2 million (53.9%) to finish at $57.8 million. This material growth in discretionary reserves mirrors the District's enhanced investment portfolio built from capital project reimbursement and utility rate adjustment.

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

Period Ended June 30	2026	2025	Change ($)	Change (%)	2024	Change ($)	Change (%)
Operating Revenues	$ 41,093,063	$36,783,334	$ 4,309,729	11.7%	$35,083,005	$1,700,329	4.8%
Operating Expenses	28,842,729	27,976,588	866,141	3.1%	30,401,100	(2,424,512)	-8.0%
Operating Income (Loss)	12,250,334	8,806,746	3,443,588	39.1%	4,681,905	4,124,841	-88.1%
Net Non-operating Revenue (Expenses)	1,671,667	2,068,676	(397,009)	-19.2%	1,559,387	509,289	32.7%
Capital Contribution & Additions	173,113	128,234	44,879	35.0%	470,648	(342,414)	-72.8%
Change in Net Position	14,095,114	11,003,656	3,091,458	28.1%	6,711,940	4,291,716	63.9%
Net Position – beginning	144,466,388	133,462,732	11,003,656	8.2%	126,750,792	6,711,940	5.3%
Net Position – ending	158,561,502	$144,466,388	$14,095,114	9.8%	$133,462,732	$11,003,656	8.2%

The following comparative summary presents the District's condensed financial results and operations for the fiscal year ended June 30, 2026, 2025, and 2024. In accordance with the updated reporting standards of GASB Statement No. 103, this table utilizes a streamlined, definition-driven layout to enhance scan ability and focus on broad economic drivers, replacing the detailed financial statement format presented in prior years. A thorough narrative evaluation of the primary operational and nonoperating fluctuations presents the table above.

- **Operating Revenue:** Operating revenue increased by $4.3 million (11.7%) to $41.1 million. This growth was primary driven by the Board-approved sewer service fee rate increase, which expanded core operational inflows from ratepayers to support ongoing infrastructure upgrades**.**
- **Operating Expenses:** Operating expenses grew by $0.9 Million (3.1%) to $28.8 million. This minor expansion reflects inflationary adjustments across standard operations and maintenance categories, which were successfully stabilized by a significant reduction in actuarial pension expenses during fiscal cycle.
- **Net Nonoperating Revenue (Expenses):** Net nonoperating items decreased by $0.4 million (19.2%) to 1.7 million. The decrease was due to the reductions in both projects grants and other miscellaneous revenues.
- **Change in Net Position:** Driven by strong operating performance and enhanced investment returns, the ultimate Change in New Position reached $14.1 million, representing a 28.1% acceleration over the prior fiscal year's results and cementing the District's long-term financial position.

Capital Assets and Debt Administration

Capital Assets

The following comparative tables present the District's total capital assets investment by classification at historical cost (Table 3), followed by a reconciliation of additions, retirements, and annual depreciation (Table 4) for the fiscal year ended June 30, 2026, 2025, and 2024.

Table 3: Oro Loma Sanitary District - Capital Assets, At cost

Period Ended June 30,	2026	2025	2024
Land	$ 1,906,273	$ 873,234	$ 873,234
Construction in Progress	11,582,677	30,308,190	19,875,443
Subsurface Lines	121,241,510	94,312,189	93,967,946
Collections	9,446,771	9,352,843	9,290,403
Operation	91,842,693	89,714,824	88,616,274
Maintenance	5,479,026	5,329,063	4,743,617
Engineering	167,511	167,511	167,511
Administration	2,158,489	2,158,587	2,145,517
District Vehicles	3,111,490	2,903,229	2,922,486
Subtotal - Sewer Services	233,447,490	203,938,249	201,853,754
Subtotal - Solid Waster/Recyling	6,484,155	6,484,155	6,484,155
Total Capital Assets	$ 253,420,595	$ 241,603,828	$ 229,086,587
Increase (decrease) over prior year	$ 11,816,767	$ 12,517,242	$ 11,182,990

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

Period Ended June 30,	2026	2025	2024
Balance at the beginning of the year	$ 241,603,828	$ 229,086,587	$ 217,903,597
Additions	11,919,945	13,796,790	16,866,300
Retirements, write-offs and transfers	(103,178)	(1,279,549)	(5,683,310)
Total Capital Assets	253,420,595	241,603,828	229,086,587
Accumulated depreciation at the beginning of the year	(97,086,012)	(92,714,327)	(88,636,859)
Depreciation - retired assets	100,895	19,257	107,711
Annual depreciation	(4,560,090)	(4,390,943)	(4,185,179)
Accumulated depreciation at the end of year	(101,545,207)	(97,086,012)	(92,714,327)
Capital assets at the end of the year, net of depreciation	$ 151,875,388	$ 144,517,816	$ 136,372,260
Increase (decrease) over prior year	$ 7,357,572	$ 8,145,555	$ 7,105,522

As of June 30, 2026, the District's net investment in capital assets reached $151.9 million, representing a net increase of $7.4 million (5.1%) over the prior fiscal year. This growth is evaluated across the following primary components:

- **Completion and capitalization of Infrastructure**: Gross capital assets grew by $11.8 million to finish at $253.4 million. This shift was heavily driven by a $26.9 million expansion in active subsurface lines, which reached $121.2 million. This significant addition reflects the successful closeout, completion, and formal capitalization of major multi-year pipeline projects out of Construction in Progress (CIP).

- **Construction in Progress (CIP) Rebound**: Concurrently, CIP decreased by $18.7 million to end the year at $11.6 million (down from $30.3 million in FY25), directly mirroring the massive volume of infrastructure transferred into active service. This next balance was supported by $10.8 million new project additions during the fiscal cycle.

- **Land and Facility Growth**: Strategic asset deployment included a $1.0 million increase in land holdings to reach $1.9 million, alongside steady operational improvements across facilities and solid waste/recycling assets.

- **Offsetting Accumulated Depreciation**: The overall increase in physical asset value was partially offset by $4.6 million in current-year annual depreciation expenses, bringing total ending accumulated depreciation to $101.5 million.

Long-Term Debt

Table 5: Oro Loma Sanitary District - Outstanding Long-Term Debt

Outstanding Debt Type	2026	2025	Total Change
WIFIA Loan	$ 17,764,862	$ 11,305,853	$ 6,459,009
State Revolving Fund (SRF) Loan	24,387,450	16,859,034	7,528,416
Revenue Bonds	11,243,240	11,705,196	(461,956)
Total Long-Term Debt	**$ 53,395,552**	**$ 39,870,083**	**$ 13,525,469**

As of June 30, 2026, the District's total outstanding long-term debt reached $53.4 million, reflecting a net increase of $13.5million (33.9%) over the prior year's balance of $39.9 million. This financial expansion was driven by the following specific credit activities:

- **Active Capital Project Financing**: The primary driver of debt expansion was the proactive drawdown of low-interest infrastructure financing to support the District's capital program. Funding disbursements under the federal WIFIA Loan program increased by $6.5 million to reach $17.8 million, while drawdown from the State Revolving Fund (SRF) Loan grew by $7.5 million to close the year at $24.4 million. These combined loan proceeds were utilized as direct reimbursements for ongoing construction costs associated with *Sewer Collection System Pipeline Replacement Projects.*

- **Routine Principal Amortization:** The new debt expansion was partially offset by routine principal paydowns on existing obligations. Outstanding Revenue Bonds decreased by $0.5 million (-3.9%) to end the fiscal year at $11.2 million, directly reflecting schedule annual debt service principal payments.

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

Economic Factors & Outlook for the Future

The District's Board and staff continue to uphold an organizational culture rooted in efficiency, accountability, customer service, entrepreneurial spirit, and ownership. These core values enable the District to deliver high quality wastewater and solid waste infrastructure services at a significantly lower cost than other service providers in Alameda County. For the fiscal year, Oro Loma's single-family and multi-family residential sewer service charge was $487, which continues to trend approximately 41.9% below the average municipal sewer service rate across Alameda County.

To ensure long-term infrastructure reliability, the Board has adopted a robust capital improvement program aimed at eliminating the backlog of defective sewer lines. The District is aggressively pursuing its 40-mile sewer line replacement goal, funded through a strategic combination of low cost financing headlined by active WIFIA and State Revolving Fund (SRF) credit allocations and programmatic rate adjustments. In support of this infrastructure initiative, the Board approved a five-year plan that establishes 15% annual sewer rate increases, beginning in FY 2024–25 through the 2028-2029 fiscal period.

The District also maintains a proactive approach to long-term pension liability management to control future fringe benefit costs. In FY 2020–21, it applied $1.9 million toward reducing the unfunded accrued liability (UAL) of $10.7 million, based on the 2019 CalPERS valuation. A 10-year accelerated amortization plan was subsequently adopted. While no discretionary payments were made in FY 2023–24, the District contributed an additional $1 million in July 2024. As of the 2025 CalPERS valuation, the District's pension plan is 82.43% funded.

The District updates its strategic plan every three years, aligning staffing and resources to advance its long-term vision and goals. Over the next decade, key initiatives include utilizing an existing near-shore outfall for peak flow discharge, achieving energy neutrality, implementing an office of the future, and transitioning the fleet to electric vehicles, supported by new charging stations. Additionally, the District is actively expanding community outreach through its communications plan, emphasizing public education on organic waste diversion, increased community event participation, and enhanced school engagement programs.

These forward-looking strategies reflect the District's ongoing commitment to sustainable growth, fiscal responsibility, and community partnership, ensuring that current capital investments build a stronger, more resilient future.

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.

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BASIC FINANCIAL STATEMENTS

ORO LOMA SANITARY DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2026
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2025

	2026	2025
ASSETS		
Current assets		
Cash and cash equivalents	$ 36,716,094	$ 33,617,948
Investments at fair value	26,198,904	9,031,939
Interest receivable	74,858	61,235
Accounts receivable	4,018,432	3,029,697
Lease receivable (current)	69,467	67,455
Prepaid and other items	286,479	174,422
Total current assets	67,364,234	45,982,696
Non-current assets		
Investment in effluent discharge facilities - EBDA	4,769,212	5,083,269
Lease receivable (non-current)	237,963	307,367
Net other post-employment benefits (OPEB) asset	2,323,387	2,282,569
Capital assets		
Land	1,906,273	873,234
Sewer service assets	233,447,490	203,938,249
Recycling assets	6,484,155	6,484,155
Construction in progress	11,582,677	30,308,190
Less: accumulated depreciation	(101,545,207)	(97,086,012)
Total capital assets (net of accumlated depreciation)	151,875,388	144,517,816
Total non-current assets	159,205,950	152,191,021
Total assets	$ 226,570,184	$ 198,173,717
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	3,232,377	6,092,461
Other post-employment benefits related	488,941	229,771
Total deferred outflows of resources	$ 3,721,318	$ 6,322,232

The accompanying notes are an integral part of these financial statements

ORO LOMA SANITARY DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2026
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2025

	2026	2025
LIABILITIES		
Current liabilities		
Accounts payable	$ 4,415,849	$ 2,288,220
Accrued salaries and wages	256,868	149,973
Customer deposits payable	133,759	895,440
Accrued compensated absences (current)	538,865	380,361
Accrued interest payable (current)	191,554	322,822
Bonds payable (current)	470,000	460,000
Loan Payable (current)	751,801	-
Total current liabilities	6,758,696	4,496,816
Non-current liabilities		
Accrued compensated absences (non-current)	136,013	117,691
Accrued interest payable (non-current)	-	389,316
Bonds payable - 2018 Sewer Bonds (non-current), net of premium	10,773,240	11,245,196
Bonds payable - 2021 WIFIA Bonds (non-current)	17,764,862	11,305,853
Loan payable - SRF (non-current)	23,635,649	16,859,034
Net pension liability	9,045,452	12,506,350
Total non-current liabilities	61,355,216	52,423,440
Total liabilities	$ 68,113,912	$ 56,920,256
DEFERRED INFLOWS OF RESOURCES		
Pension related	2,066,053	1,427,853
Other post-employment benefits related	1,242,605	1,306,631
Lease related	307,430	374,822
Total deferred inflows of resources	$ 3,616,088	$ 3,109,306
NET POSITION		
Net investment in capital assets (net of related debt)	98,479,836	104,647,733
Restricted net position	2,323,387	2,282,569
Unrestricted	57,758,279	37,536,086
Total net position	$ 158,561,502	$ 144,466,387

The accompanying notes are an integral part of these financial statements

ORO LOMA SANITARY DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2026
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	2026	2025
Operating revenues		
District service charges	$ 28,589,839	$ 24,914,017
Agency treatment charges	5,759,196	5,483,961
Permits and inspection fees	266,643	235,364
Sanitary truck waste charges	9,280	12,375
Grease receiving charges	122,429	126,401
Biosolid charges	72,756	-
Contract fees	3,360,791	4,970,938
Landfills fees - Measure D	357,525	358,038
District SB 1383 Fee	1,592,170	-
Other	962,434	682,240
Total operating revenues	41,093,063	36,783,334
Operating expenses		
Engineering	1,090,715	819,488
Sewage collections	3,397,404	3,112,367
Sewage treatment operations	9,362,106	8,377,431
Sewage treatment maintenance	3,511,605	3,271,042
Effluent disposal - EBDA	918,223	983,136
Administration and general	2,851,018	2,709,875
Pension expense	1,899,795	3,561,353
Other post-employment benefits (OPEB) expense	(325,594)	(220,570)
Depreciation	4,560,090	4,390,943
Solid waste & recycling - residential, green waste, commercial and industrial	1,577,367	971,523
Total operating expenses	28,842,729	27,976,588
Operating income	$ 12,250,334	$ 8,806,746

The accompanying notes are an integral part of these financial statements

ORO LOMA SANITARY DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2026
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	2026	2025
Non-operating revenues		
Investment income	$ 1,302,483	$ 920,367
Increase in the fair value of investments	(22,022)	268,787
Rents and leases	112,583	105,118
Gain on disposal of capital assets	17,425	-
Recovery of uncollectible accounts	75,702	66,999
Project grants	3,315	100,683
Other miscellaneous revenues	1,104,151	1,508,196
Total non-operating revenues	2,593,637	2,970,150
Non-operating expenses		
Grant expenses	41,936	221,611
Write-off of capital assets	2,283	(3,530)
Write-off of uncollectible accounts	6,902	900
Bond interest expense (Revenue Bonds)	378,955	392,670
Bond interest expense (WIFIA)	295,310	167,442
Loan interest expense (SRF)	196,584	122,381
Total non-operating expenses	921,970	901,474
Income before contributions and other items	13,922,001	10,875,422
Connection fees	173,113	128,234
Change in net position	14,095,114	11,003,656
Net position - beginning	144,466,388	133,462,732
Net position - ending	$ 158,561,502	$ 144,466,388

The accompanying notes are an integral part of these financial statements

ORO LOMA SANITARY DISTRICT
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	2026	2025
Cash flows from operating activities		
Receipts from customers and users	$ 40,104,328	$ 38,082,575
Payments to suppliers	(13,379,129)	(15,568,636)
Payments to employees and employee benefit plans	(9,356,423)	(7,734,549)
Net cash provided by operating activities	17,368,776	14,779,390
Cash flows from non-capital financing activities		
Agency reimbursements	1,104,151	1,508,196
Rents and leases	97,352	(269,703)
Recovery of uncollectible accounts	66,517	66,099
Net cash provided by non-capital and related financing activities	1,268,020	1,304,592
Cash flows from capital and related financing activities		
Additions to property, plant and equipment	(11,924,478)	(12,624,953)
Proceeds from sale of capital assets	17,425	-
Proceeds from revenue bonds	6,320,916	5,545,475
Principal payments on long-term debt	7,202,598	5,745,911
Interest payments on long-term debt	(1,389,479)	(394,053)
Capital grants	134,492	7,306
Net cash provided by (used for) capital and related financing activities	361,474	(1,720,313)
Cash flows from investing activities		
Interest on investments	1,288,860	906,064
Sale or Purchases of investments	(17,188,984)	(454,449)
Net cash provided by (used for) investing activities	(15,900,124)	451,615
Net increase in cash and cash equivalents	3,098,146	14,815,284
Cash and cash equivalents, beginning of year	33,617,948	18,802,664
Cash and cash equivalents, end of year	$ 36,716,094	$ 33,617,948

ORO LOMA SANITARY DISTRICT
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	2026	2025
Reconciliation of operating income to net cash provided by (used for) operating activities		
Operating income	$ 12,250,334	$ 8,806,746
Adjustments to reconcile operating income to net cash provided by (used for) operating activities		
Depreciation expense	4,560,090	4,390,943
Other post-employment benefit adjustments	-	107,711
Reclassification of line item from non-operating to operating revenues on the Statement of Cash Flows	6,815	(19,258)
(Increase) decrease in accounts receivables	(988,735)	1,299,241
(Increase) decrease in other current assets	(112,057)	(19,610)
Decrease in EBDA discharge facilities	314,057	152,622
(Increase) decrease in deferred outflows of resources	2,600,914	1,698,956
Increase (decrease) in deferred inflows of resources	589,405	(114,796)
Increase (decrease) in accounts payable	2,127,629	(1,339,290)
Increase (decrease) in deposits payable	(761,681)	391,459
Increase (decrease) in accrued salaries and compensated absences	283,721	12,199
Increase (decrease) in net pension liabilities	(3,460,898)	(183,270)
Increase (decrease) in OPEB liabilities (assets)	(40,818)	(404,263)
Increase (decrease) in benefits set-aside		
Net cash provided by (used for) operating activities	$ 17,368,776	$ 14,779,390
Schedule of non-cash investing and financing activities		
Change in fair value of investments not held as cash equivalents	$ (22,022)	$ 268,787

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NOTES TO FINANCIAL STATEMENTS

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, 2026, 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.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Lease Assets

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

Capital Assets

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

Depreciation

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

Capital Contributions

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

Debt Management

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

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Balance at June 30, 2025		$ 498,052
Addition for employees with accrued compensated absences earned	197,535	
Deduction for employees with accrued compensated absences used	(20,710)	
Net change in accrued compensated absences		176,826
Balance at June 30, 2026		$ 674,878

The current portion of the compensated absences liability to be used within the next year is estimated by management to be $538,865.

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, 2026.
- 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 7 and the Required Supplementary Information section for detailed disclosures.

Other Post-Employment Benefits (OPEB)

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

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

Valuation Date	June 30, 2025
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025

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, the funded ratio of the OPEB Plan was 129% as of 6/30/26. The District's OPEB valuations follow standards established by GASB Statement No. 75. See Note 8 and the Required Supplementary Information section for detailed disclosures.

Accounting Estimates

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

Subsequent Events

Management has reviewed subsequent events and transactions that occurred after the date of the financial statements through the date the audited statements were issued. The financial statements presented herein include all events and transactions required to be recognized in accordance with generally accepted accounting principles.

New Accounting Pronouncements

GASB Statement No. 103 - *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

also addresses certain application issues. This Statement addresses the following components of the financial reporting model: (1) Management's Discussion and Analysis, (2) Unusual or Infrequent Items, (3) Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position, (4) major Component Unit Information, and (5) Budgetary Comparison Information.

The Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units. These requirements for MD&A will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. The requirements for the separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflows and outflows of resources.

This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. The definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from government to government, thereby improving comparability. The addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position.

This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements. The requirement for presentation of major component unit information will improve comparability.

This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025 (fiscal year 2026), and all reporting periods thereafter. The implementation of this pronouncement did not have a material impact on the district's financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GASB Statement No. 104, *Disclosure of Certain Capital Assets.* State and local governments are required to provide detailed information about capital assets in notes to financial statements. Statement No. 34, B*asic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, requires certain information regarding capital assets to be presented by major class. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, P*ublic-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The requirement that budgetary comparison information be presented as RSI will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2025 (fiscal year 2026), and all reporting period thereafter. Implementation of this pronouncement did not have a material impact on the financial statements.

GASB Statement No. 105, *Subsequent Events*. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. This Statement defines subsequent events as transactions or other events that occur after the date of the financial statements but before the date the financial statements are available to be issued. This Statement describes the date the financial statements are available to be issued as the date at which (1) the financial statements are complete in a form and format that complies with generally accepted accounting principles and (2) approvals necessary for issuance have been obtained. That definition modifies the subsequent events time frame throughout the GASB literature. This Statement also requires the date through which subsequent events have been evaluated to be disclosed. This Statement clarifies the subsequent events that constitute recognized and nonrecognized events and establishes specific note disclosure requirements for nonrecognized events. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026 (fiscal year 2027), and all reporting periods thereafter. Earlier application is encouraged.

NOTE 3 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The District had $62,914,998 in cash, cash equivalents and investments, which are reported at fair value as of June 30, 2026. 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	$	6,794,108
Municipal Bonds		49,446
Corporate Bonds		2,112,099
Certificates of Deposit		243,251
California Asset Management		17,000,000
	$	26,198,904

The following table provides details on the District's cash, cash equivalents and investments at June 30, 2026, as reported in the Statement of Net Position of the basic financial statements:

Cash and cash equivalents	$	36,716,094
Investments		26,198,904
Total cash, cash equivalents and investments	$	62,914,998

Cash, cash equivalents and investments as of June 30, 2026 consist of:

Petty cash	$	1,500
Deposits with financial institutions		
Checking account - U.S. Bank		2,088,309
Money market account - UMB Bank		132,733
Cash with bond trustee - U.S. Bank Trust		26
California local agency investment fund - LAIF		67,248
California Asset Management - CAMP Pool		34,426,278
Subtotal cash and cash equivalents	$	36,716,094
Investments		
U.S. government bonds - UMB Bank	$	1,334,094
U.S. treasury notes - UMB Bank		5,460,014
Asset-backed security - UMB Bank		20,025
Commercial paper - UMB Bank		243,251
Corporate notes - UMB Bank		2,092,074
Municipal bonds - UMB Bank		49,446
California Asset Management - CAMP Term		17,000,000
Subtotal investments	$	26,198,904
Total cash, cash equivalents and investments	$	62,914,998

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:

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

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

[2] All certificates of deposit must be insured by the Federal Deposit Insurance Corporation (FDIC). The bank institution must have a minimum of three stars in the Bank Stars Rating System.

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

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, 2026 for each investment type are shown and are translated to the more common Standards & Poor's Global rating. (Source: Moody's & Fitch)

	Maturities of Instruments					
Investment Type	12 months or less	12 – 24 months	25 months or longer	Rating as of June 30, 2026	Total	% of Portfolio
U.S. Government bonds (FHLB/FFCB/FHLMC)	$ 676,333	$ 372,224	$ 285,537	AA+ to AAA	$ 1,334,094	2%
US Treasury notes	1,492,730	2,667,031	1,300,253	AA+	5,460,014	9%
Asset-backed security	-	20,025	-	AAA	20,025	0%
Commercial paper	243,251	-	-	P-1	243,251	0%
Corporate bonds	149,548	706,001	1,236,525	A to AAA	2,092,074	3%
Municipal bonds	-	-	49,446	AA	49,446	0%
California Asset Management – CAMP Term	17,000,000	-	-	AAA	17,000,000	27%
Total investments	$ 19,561,862	$ 3,765,281	$2,871,761		$26,198,904	41%
Cash and money market	2,222,568	-	-	Not required	2,222,568	4%
LAIF State investment pool	67,248	-	-	Not required	67,248	0%
CAMP investments	34,426,278	-	-	AAA	34,426,278	55%
Total cash and equivalents	36,716,094	-	-		36,716,094	59%
Total cash & investments	$ 56,277,956	$ 3,765,281	$ 2,871,761		$ 62,914,998	100%

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, 2026, 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, 2026, the ending balance in U.S. Bank 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. The District currently works with PFM Asset Management LLC to invest and manage District funds in compliance with the requirements of the investment policy. Securities are held with UMB Bank in the District's name under a custody agreement as well as with California Asset Management Program (CAMP). The combined UMB and CAMP balance as of June 30, 2026 was $60,757,915.

Investment in Local Agency Investment Fund (LAIF)

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, 2026 was $67,248.

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

Investment in California Asset Management Program (CAMP)

The District participates in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of CAMP participants to invest certain proceeds of debt issues and surplus funds. The Trust was later modified to provide for the investment of operating funds and capital reserves. CAMP investments are limited to investments permitted by subdivisions (a) to (n), inclusive of Section 53601 of the California Government Code. The District reports its investment in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share in accordance with GASB 72 requirements. The CAMP balance at June 30, 2026 was $51,426,278.

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2026 is summarized as follows:

	Useful Life	Balance June 30, 2025	Increases	Decreases	Balance June 30, 2026
Non-depreciable capital assets					
Land		$ 873,234	$ 1,033,039	$ -	$ 1,906,273
Construction in progress		30,308,190	10,768,283	(29,493,796)	11,582,677
Total non-depreciable capital assets		**31,181,424**	**11,801,322**	**(29,493,796)**	**13,488,950**
Depreciable capital assets					
Sewer Service					
Subsurface lines	20-80 yrs	94,312,189	26,929,321	-	121,241,510
Collections	5-20 yrs	9,352,846	93,925	-	9,446,771
Operations	2-20 yrs	89,714,824	2,127,869	-	91,842,693
Maintenance	2-20 yrs	5,329,063	149,963	-	5,479,026
Engineering	5-20 yrs	167,511	-	-	167,511
Administration	5-20 yrs	2,158,587	11,162	(11,260)	2,158,489
District vehicles	5-10 yrs	2,903,229	300,179	(91,918)	3,111,490
Subtotal - Sewer Service		203,938,249	29,612,419	(103,178)	233,447,490
Solid Waste & Recycling					
Subtotal - Solid Waste & Recycling	10 yrs	6,484,155	-	-	6,484,155
Total depreciable capital assets		**210,422,404**	**29,612,419**	**(103,178)**	**239,931,645**
Total capital assets		**$ 241,603,828**	**$ 41,413,741**	**$ (29,596,974)**	**$ 253,420,595**

NOTE - 4 CAPITAL ASSETS (CONTINUED)

	Balance June 30, 2025	Increases	Decreases	Balance June 30, 2026
Less: accumulated depreciation				
Sewer Service				
Subsurface lines	$ (36,744,611)	$ (1,184,757)	$ -	$ (37,929,368)
Collections	(6,178,329)	(211,213)	-	(6,389,542)
Operations	(44,601,620)	(2,284,712)	-	(46,886,332)
Maintenance	(3,887,654)	(321,859)	-	(4,209,513)
Engineering	(72,738)	(12,161)	-	(84,899)
Administration	(2,066,547)	(26,443)	11,260	(2,081,730)
District vehicles	(2,216,846)	(88,403)	89,635	(2,215,614)
Subtotal - Sewer Service	(95,768,345)	(4,129,549)	100,895	(99,796,999)
Solid Waste & Recycling				
Subtotal – Solid Waste & Recycling	(1,317,667)	(430,541)	-	(1,748,208)
Total accumulated depreciation	**(97,086,012)**	**(4,560,090)**	**100,895**	**(101,545,207)**
Net depreciable capital assets	**113,336,392**	**25,052,329**	**-**	**138,386,438**
Net capital assets	**$ 144,517,816**	**$ 36,853,651**	**$ (29,496,079)**	**$ 151,875,388**

Construction commitments

The District has active construction projects as of June 30, 2026. Significant work in progress includes various sewer line repairs and replacements, treatment plant battery storage system project, aeration basin fiberglass grating replacement, digesters no. 8 & no. 9, and fencing for parking lot. As of June 30, 2026, the total outstanding construction commitments was $24,827,649.

NOTE 5 – LEASES

The District has lease agreements with AT&T and Verizon Wireless for the rental of the District's property at 2536 Grant Avenue, San Lorenzo, CA 94580. Both lessees utilize the property as communication sites on which their cellular reception towers are installed. AT&T's lease term ends on August 16, 2030 with annual rent adjustments based on CPI (estimated at 5% per year). Verizon Wireless' lease term ends on October 31, 2030 with annual rent adjustments set at 3% per year. The ending lease receivable and deferred inflow of resources from leases were $307,430 at June 30, 2026.

NOTE 5 – LEASES (CONTINUED)

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

For the Year Ending June 30,	Future Payments
2027	$ 69,467
2028	71,551
2029	73,616
2030	75,908
2031	16,888

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

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

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

The EBDA Joint Powers Agreement expired on December 31, 2019. The five member agencies of the JPA unanimously extended the current terms of the agreement until June 30, 2020, and reached an amended and restated agreement which took effect on July 1, 2020, with a term extending until June 30, 2040. 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 $4,769,212 for 2026 and $5,083,269 for 2025. The 2026 decrease of $314,057 and 2025 decrease of $152,662 were included in investment revenue under non-operating revenues.

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

- The District's share of payments to EBDA is reported as Effluent Disposal - EBDA, an operating expense on the financial statements. Payments were $918,223 and $983,136 respectively during the fiscal years ended 2026 and 2025.

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.

	Fiscal Year Ended June 30, 2025	Fiscal Year Ended June 30, 2024
Net position at beginning of year	$ 26,588,355	$ 27,355,753
Net income/(loss) before depreciation	(99,411)	115,090
Depreciation	(876,021)	(912,488)
Changes in net position	(975,432)	(797,398)
Prior period adjustment	(665,410)	-
Net position at end of year	$ 24,917,513	$ 26,558,355
Comprised of		
Total assets	$ 26,619,141	$ 28,326,326
Deferred outflow of resources	456,132	643,488
Total liabilities	(1,935,691)	(2,140,134)
Deferred inflow of resources	(222,069)	(271,325)
Total net position	$ 24,917,513	$ 26,558,355

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

	Fiscal Year Ended June 30, 2026	Fiscal Year Ended June 30, 2025
Investment in effluent discharge facilities (EBDA) - beginning of year	$ 5,083,269	$ 5,235,891
Change in carrying value of effluent discharge facilities of EBDA	(314,057)	(152,622)
Investment in effluent discharge facilities (EBDA) - end of year (listed as a non-current asset on the Statement of Net Position)	$ 4,769,212	$ 5,083,269

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

Plan Description

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

Benefits Provided

CalPERS administers service and disability retirement benefits, annual cost of living adjustments, and death benefits to the Plans' members and beneficiaries, based on the pension formula of the Plans, the member's years of service, age, and final compensation. Benefit levels are established by State statute and based on the contract between CalPERS and the District. Members may elect to retire at an earlier age with statutorily reduced benefits. Cost of living adjustments are applied as specified by the Public Employees' Retirement Law. Eligibility for disability retirement applies after five years of service with the District. The Plans' provisions and benefits for FY 2025-26 are summarized as follows:

Plan Information	Tier 1	Tier 2	Tier 3
Date of employment	Before 11/14/2011	Between 11/15/2011 & 12/31/2012	On or After 1/1/2013
Benefit formula	2.5% @55	2.0% @60	2.0% @62
Benefits vesting schedule	5 Years	5 Years	5 Years
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	55	60	62
Eligible age for early retirement	50	50	52
Benefits as a % of eligible compensation (applied to each year of service)	2.0% (age 50) to 2.5% (age 55)	1.092% (age 50) to 2.0% (age 60)	1.0% (age 52) to 2.0% (age 62)
Required employee contributions	8%	7%	7.25%
Required employer contributions	15.05%	10.97%	8.27%

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

Employees Covered

Participant Status	Number of Participants
Inactive employees receiving benefits	91
Inactive employees entitled to but not receiving benefits	-
Active members	49
Total	140

Employer Contribution History

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

Employer Contributions	Tier 1	Tier 2	Tier 3	Total
FY 2023-24	$ 1,087,048	$ 91,664	$ 264,314	$ 1,443,026
FY 2024-25	2,238,721	105,328	321,814	2,665,863
FY 2025-26	1,365,864	110,706	385,781	1,862,351

Total and Net Pension Liabilities

The District's net pension liability (NPL) is measured as a proportionate share of the Risk Pool's net pension liability (NPL), measured as of June 30, 2025. The total pension liability of the Plan used to calculate the net pension liability was determined by CalPERS' actuarial valuation as of June 30, 2024, rolled forward to June 30, 2025, using standard actuarial roll forward methods. The proportionate share of the Risk Pool's net pension liability was based on a projection of the District's long-term share of contributions relative to the projected contributions of all participating employers (actuarially determined). The net pension liability has decreased by $3.5 million from last year due to the favorable investment returns in FY 2024-25. As of June 30, 2024 and June 30, 2025, the proportionate shares of the Risk Pool's net pension liability and changes during the measurement period were as follows:

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

Net Pension Liability as of Measurement Date	Proportionate Share of Risk Pool's NPL ($)	Proportionate Share of Risk Pool's NPL (%)
June 30, 2025	$ 9,045,452	0.08842%
June 30, 2024	12,506,350	0.10312%
Change	$ (3,460,898)	-0.01470%

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, 2025	$ 77,410,519	$ 68,365,067	$ 9,045,452
Balance at Measurement Date June 30, 2024	73,582,014	61,075,664	12,506,350
Net Changes	$ 3,828,505	$ 7,289,403	$ (3,460,898)

Pension Expenses and Deferred Outflows/Inflows of Resources

For the fiscal year ended June 30, 2026, the District recognized a pension expense of $1,899,795, a net decrease in deferred outflows of resources of $2,860,084, and a net increase in deferred inflows of resources of $638,200 The detailed balances of various deferred outflows and inflows at June 30, 2026 are as follows:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,083,863	$ -
Changes in assumptions	-	-
Net differences between projected and actual earnings on plan investments	-	1,223,949
Change in employer's proportion	254,168	227,407
Differences between the employer's contributions and the employer's proportionate share of contributions	31,995	614,697
Pension contributions subsequent to measurement date	1,862,351	-
Financial statement balances at June 30, 2026	$ 3,232,377	$ 2,066,053

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

The $1,862,351 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2025 measurement date will be recognized as a reduction of the net pension liability during the fiscal year ending June 30, 2026.

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
2027	$ 782,108
2028	(425,467)
2029	(585,436)
2030	(467,232)

Applicable Dates and Periods

Valuation Date	June 30, 2024
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025

Actuarial Assumptions

Discount Rate	6.90%
Inflation	2.30%
Salary increases	Varies by entry age and service
Mortality	Derived using CalPERS' Membership Data for all Funds. The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries.
Post-retirement benefit increase	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.

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

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

The following presents the District's proportionate share of the Risk Pool's net pension liability, calculated using the discount rate of 6.90%, as well as what it would be if the discount rate is 1% lower (5.90%) or 1% higher (7.90%). The 6.90% discount rate was from CalPERS' GASB 68 Accounting Valuation Report for June 30, 2026.

Changes in Discount Rate	Discount Rate	Proportionate Share of Risk Pool's NPL
1% decrease	5.90%	$ 19,491,826
Current discount rate	6.90%	9,045,452
1% increase	7.90%	448,196

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 6.90%. 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

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The expected real rates of return by asset class are on the following page.

Asset Class	Assumed Asset Allocation	Real Return Years 1 – 20
Public Equity	37.0%	4.56%
Private Equity	17.0%	5.56%
Fixed Income	28.0%	2.53%
Real Assets	15.0%	3.03%
Private Debt	8.0%	4.93%
Strategic Leverage	(5.0%)	1.40%

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

Projected Employer Contributions

		Required Contributions	Projected Future Employer Contributions				
		2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Tier 1	Normal cost %	15.03%	15.0%	15.0%	15.0%	15.0%	15.0%
Tier 2	Normal cost %	10.96%	11.0%	11.0%	11.0%	11.0%	11.0%
Tier 3	Normal cost %	8.24%	8.2%	8.2%	8.2%	8.2%	8.2%
Tier 1-3	UAL Payment	$ 1,317,869	$ 1,372,000	$ 1,577,000	$ 1,572,000	$ 1,560,000	$ 1,584,000

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

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

Valuation Date	June 30, 2025
Measurement Date	June 30, 2025
Measurement Period	July 1, 2024 to June 30, 2025

Plan Description

The Oro Loma Sanitary District Retiree Healthcare Plan provides benefits as approved by the Board and subject to the requirements of California Government Code Section 22892. In January 2008, the District established an account with CalPERS' California Employees' Retiree Benefit Trust (CERBT) with an initial deposit of $5 million to prefund its OPEB costs. For purposes of reporting under GASB Statements 74 and 75, the plan is an agent multiple-employer plan. The objective of this trust is to seek favorable returns through a diverse asset allocation and market exposure. Participating employers own units of the portfolio that invests in accordance with the approved strategic asset allocation. The unit value changes with market condition. The CERBT is a self-funded program. The program cost is currently 10 basis points charged to each participating employers based on average daily balance of assets. The OPEB plan reports under GASB Statement 74 as part of CalPERS' ACFR which is available here: https://www.calpers.ca.gov/documents/acfr-2025/download?inline.

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.

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

Employees Covered

As of the measurement date June 30, 2025, 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	50
Retired employees or survivors entitled to, but not receiving benefits	4
Total	97

Contributions

The District intends to continue reimbursing pay-as-you-go benefits from the Trust. For the fiscal year ended June 30, 2026, the District's cash contributions were $430,404 in premium payments made on behalf of retirees and implied subsidy payments of $38,420. The District requested reimbursement of $430,404 from the Trust, resulting in contributions of $38,420 for the year.

Long-Term Expected Rate of Return

Asset Class	Target Allocation CERBT- Strategy 1	Expected Real Rate of Return
Global Equity	49%	4.56%
Fixed Income	23%	1.56%
Treasury Inflation-Protected Securities (TIPS)	5%	(0.08%)
Commodities	3%	1.22%
Real Estate Investment Trusts (REITs)	20%	4.06%
Assumed Long-Term Rate of Inflation		2.50%
Expected Long-Term Rate of Return, Rounded		6.25%

Actuarial Assumptions

The District's net OPEB liability was measured as of June 30, 2025. It was determined in the actuarial valuation dated June 30, 2025 based on the following actuarial methods and assumptions:

Discount rate	6.25%
Inflation	2.50%
Salary Increases	2.75% annually/Merit – CalPERS 2000-2023 Experience Study
Long term rate of return on investments	6.25%

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

Contribution Policy	The District contributes the Actuarially Determined Contribution (ADC) net of implicit subsidy costs and requests reimbursements from the trust of cash benefits only.
Medical Trend	Non-Medicare – 7.35% for 2027, decreasing to an ultimate rate of 3.45% in 2076. Medicare (non-kaiser) -6.50% for 2027, decreasing to an ultimate rate of 3.45% in 2076. Medicare (Kaiser) – 5.45% for 2027, decreasing to an ultimate rate of 3.45% in 2076.
Participation at retirement	Years – Participation; 15yrs - 75%; 16yrs – 80%; 17yrs - 85%; 18yrs – 90%; 19yrs – 95%; 20yrs -100%. 50% for PEMHCA minimum (less than 15 years of service)
Mortality, Disability, Retirement, Termination	CalPERS 2000-2023 Experience Study

Discount Rate

The assumed discount rate was set to be equal to the long-term expected rate of return (6.25%). 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.

Net OPEB Liability/(Asset)

Fiscal Year Ended: **Measurement Date:**	**6/30/2026** **6/30/2025**	**6/30/2025** **6/30/2024**
Total OPEB Liability (TOL)	$ 8,019,979	$ 7,302,943
Fiduciary Net Position (FNP)*	10,343,366	9,585,512
Net OPEB Liability (Asset)	$ (2,323,387)	$ (2,282,569)
Funded Status (FNP/TOL)	**129.0%**	**131.3%**

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

Net OPEB Liability

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

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2025 (Measurement Date 6/30/24)	$ 7,302,943	9,585,512	$ (2,282,569)
Changes recognized for measurement period:			
Service cost	192,099	-	192,099
Interest	453,714	-	453,714
Differences between actual and expected experience	250,770	-	250,770
Assumption changes	291,694	-	291,694
Contributions - employer	-	54,114	(53,114)
Net investment income	-	1,178,993	(1,178,993)
Benefit payments	(471,241)	(471,241)	-
Administrative expense	-	(3,012)	3,012
Net changes	717,036	757,854	(40,818)
Balance at June 30, 2026 (Measurement Date 6/30/25)	**$ 8,019,979**	**$10,343,366**	**$(2,323,387)**

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, 2025.

		Discount Rate	
	1% Decrease 5.250%	Current Rate 6.25 %	1% Increase 7.25 %
Net OPEB Liability (Asset)	$ (1,409,946)	$ (2,323,387)	$ (3,087,315)

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, 2025.

		Healthcare Cost	
	1% Decrease	Current Trend	1% Increase
Net OPEB Liability (Asset)	$ (3,126,362)	$ (2,323,387)	$ (1,356,578)

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

Pension Expense, Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2026, the District recognized OPEB income of $325,594. At fiscal year end June 30, 2026, the District reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 208,267	$ 822,282
Changes of assumptions	242,254	137,263
Net difference between projected and actual earnings on OPEB plan investments	-	283,060
District contributions subsequent to the measurement date	38,420	-
Total	$ 488,941	$ 1,242,605

The $38,420 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2025 measurement date will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2027	$ (27,662)
2028	(336,344)
2029	(281,508)
2030	(81,075)
2031	25,731
Thereafter	(91,226)

NOTE 9 – OTHER DEFERRED COMPENSATION & DEFINED CONTRIBUTION PLANS

Section 457(b) Deferred Compensation Plan

The District maintains a deferred compensation plan, qualified under section 457(b) of the Internal Revenue Code, in which all full-time employees may participate. Employees and the District each contributes 0.32% of gross salary into the plan. In addition, $0.50 for each $1.00 of employee voluntary contributions is matched, up to a maximum of $750 per employee per calendar year. Employees may defer additional amounts up to the Internal Revenue Code limits (from all sources). Generally, deferred compensation is available for withdrawal upon retirement, termination of employment, disability, or death. Contributions are made to, and accumulated in, a trust maintained by the administrator for the benefit of individual participants. Neither the assets nor the liabilities of this plan are those of the District. Changes in total plan assets for fiscal years ended June 30, 2026 and 2025 are summarized as follows:

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

Mission Square – 457(b)	2026	2025
Plan assets – beginning of year	$ 10,454,440	$ -
Contributions by:		
Employer	72,280	18,715
Employee pre-tax deductions	371,344	97,308
Employee Roth post-tax deductions	139,548	40,863
Investment earnings	1,488,359	576,407
Withdrawals and fees	(2,112,716)	(71,000)
Rollovers by employees from other plans	41,443	3,000
Plan assets transferred in from T. Rowe Price	-	9,789,147
Plan assets – end of year	$ 10,454,698	$ 10,454,440

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, 2026 and 2025 are summarized as follows:

PARS-ARS – 457(b)	2026	2025
Plan assets – beginning of year	$ 62,354	$ 50,485
Contributions by:		
Employer	2,137	1,982
Employee (pre-tax)	6,022	5,586
Investment earnings	5,837	4,308
Withdrawals and fees	(10)	(7)
Plan assets – end of year	$ 76,340	$ 62,354

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

Section 401(a) Defined Contribution Plan

The defined contribution plan (IRS Section 401(a)) was established in 1997. Eligible participants include the General Manager, management and confidential employees, and Board members. The plan was amended in 2007 in accordance with current Internal Revenue Service regulations. The administrator of the plan is Mission Square Retirement Corporation, formerly known as ICMA. Neither the assets nor the liabilities of this plan are those of the District. Changes in the plan assets for fiscal years ended June 30, 2026 and 2025 are summarized as follows:

Mission Square Retirement/ICMA – 401(a)	2026	2025
Plan assets – beginning of year	$ 4,222,126	$ 3,648,918
Contributions by:		
Employer	127,446	125,204
Employee (pre-tax)	52,555	46,230
Employee loan repayments	-	-
Investment earnings	688,124	433,222
Withdrawals and fees	(199,855)	(31,448)
Plan assets – end of year	$ 4,890,396	$ 4,222,126

NOTE 10 – RISK MANAGEMENT AND INSURANCE

The District is exposed to various risks of loss related to torts, theft and damage of assets, errors and omissions, injuries to employees and natural disasters. It is a member of the California Sanitation Risk Management Authority (CSRMA), a joint powers authority (JPA) and a public entity risk pool currently operating as a common risk management and insurance program for its member entities. The purpose of CSRMA is to spread the adverse effects of losses among its member entities and to purchase excess insurance as a group, thereby reducing costs. The layers of coverage within the general and automobile liability program in 2026 are as follows:

Coverage Limits			Coverage Provided By
$0	to	$1,000,000	Clean Water Insurance Captive, Inc. with $250,000 deductible
$1,000,001	to	$11,000,000	Munich Reinsurance America, Inc.
$11,000,000	to	$16,000,000	Berkley Insurance Company
$16,000,001	to	$26,000,000	Great American Insurance Co. & Starstone National Insurance Co.
$26,000,001	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.

NOTE 10 – RISK MANAGEMENT AND INSURANCE (CONTINUED)

The District paid $161,212, $219,103, and $118,688 in insurance claims during fiscal years ended June 30, 2026, 2025 and 2024, respectively, and has no outstanding claims, or carried no liabilities related thereto in its financial statements. The claims paid were within the $250,000 deductible limit.

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

	2026	2025	2024
Administration	$ 244,532	$ 252,506	$ 235,428
Insurance premiums	602,991	580,112	486,835
Losses and settlements	161,212	219,103	118,688
	$ 1,008,735	$ 1,051,721	$ 840,951

Since no liabilities for claims has been provided in the financial statements as of June 30, 2026, 2025, and 2024, the indicated claims paid above represent the claims experience for the last three fiscal years.

As of June 30, 2026, the District has no current or anticipated litigation.

Insurance related expenses are distributed to the following departments:

	2026	2025	2024
Engineering	$ 53,763	$ 43,760	$ 28,587
Collections	385,535	360,026	306,997
Operations	367,249	414,390	333,665
Maintenance	138,718	163,577	122,991
Administration	63,470	69,968	48,711
	$ 1,008,735	$ 1,051,721	$ 840,951

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

Since 1997, the District has contracted with Waste Management of Alameda (WMAC) to provide solid waste collection services. On December 8, 2022, the District and WMAC entered into a new agreement, which took effect on January 1, 2023 and has an expiration date of December 31, 2037. The District may extend this agreement for an additional 24-month period. After that, both parties will have the option to extend the agreement for up to two additional five-year periods. The first amendment to this contract was signed and effective on 9/1/23. The amendment added the Smart Truck (Container Monitoring Program) and adds residential and commercial charges for overage and contamination of recycle and organics. An overage charge existed with original contract for commercial customers, the first amendment added contamination charges for recycle and organics overages. Additionally a franchise fee will be paid on Smart Truck charges.

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

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

Customer-related:

- The agreement provided for an initial 16.71% increase in solid waste rates effective January 1, 2023.
- Thereafter, all solid waste rates except the per unit District Cart fee shall be adjusted every September 1st as follows: [0.5 x (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 x (Weighted average of Teamsters Wage, benefits and pension contract increases for the following year)].

District-related:

- District purchased new solid waste carts for all the Oro Loma customers (residential and commercial) that use carts for their solid waste services.
- 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 $9,143,087, adjusted every September 1 by a combination factor as follows: [0.5 x (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 x (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, 2026 was $232,436.

NOTE 12 – LONG-TERM DEBT

The long-term debt obligations for the year ended June 30, 2026 are as follows:

	Balance July 1, 2025	Increases	Decreases	Balance June 30, 2026	Due Within One Year
2018 Bond Principal	$ 11,670,000	$ -	$ 460,000	$ 11,210,000	$ 470,000
2018 Bond Premium (Unamortized)	35,196	-	1,956	33,240	-
2018 Sewer Revenue Bonds	11,705,196	-	461,956	11,243,240	470,000
2021 WIFIA Bond Principal	11,305,853	6,459,009	-	17,764,862	-
2021 SRF Loan Principal	16,859,034	8,120,318	591,902	24,387,450	751,801
Total Long-Term Debt	$ 39,870,083	$ 14,579,327	$ 1,053,858	$ 53,395,552	$ 1,221,801

NOTE 12 – LONG-TERM DEBT (CONTINUED)

2018 Sewer Revenue Bonds

In October 2018, the District issued the 2018 Sewer Revenue Bonds through the California Public Finance Authority. The Bonds are AA+ rated and have an aggregate principal of $14,160,000, payable over a 25-year term with a true interest cost of 3.482%. There was an associated bond premium of $48,883, amortized over the life of the bonds. U.S. Bank National Association is the Trustee and Dissemination Agent. Installment payments are pledged with the District's Net Revenues. Bond interest expense for FY 2025-26 was $378,955, of which $94,372 was accrued at June 30, 2026. A principal payment of $460,000 was paid on October 1, 2025. Annual debt service including principal and interest is approximately $850,000.

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

Fiscal Year Ending June 30,	Bond Principal Payments	Bond Interest Payments
2027	$ 470,000	$ 370,438
2028-2032	2,575,000	1,628,314
2033-2037	3,005,000	1,196,858
2038-2042	3,550,000	635,235
2043-2045	1,610,000	60,938
	$ 11,210,000	$ 3,891,783

2021 SRF Loan & WIFIA Bond

In summer 2021, the District entered into two separate financial obligations to provide funding for the Sewer Collection System Pipeline Rehabilitation & Replacement Project. Borrowing from both sources are on a quarterly reimbursement basis. The State Water Resources Control Board's State Revolving Fund (SRF) authorized up to $25 million in project cost reimbursements with an annual rate of 0.9%; and, through the Federal Water Infrastructure Finance & Innovation Act (WIFIA), a maximum principal of $24.5 million was approved at an annual rate of 1.91%. Both obligations are payable over 30 years. SRF principal repayment went into effect in 2025. WIFIA principal payments are expected to commence in 2031. As of June 30, 2026, principal and capitalized interest amounts for SRF and WIFIA financing were $24,387,450 and $17,764,862 respectively.

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REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's OPEB Contributions
Last Ten Fiscal Years*

	2026	2025	2024	2023	2022	2021	2020	2019
Actuarially determined contributions (ADC)	$ 33,957	$ 32,966	$ 38,278	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the ADC	38,420	53,114	54,310	84,162	68,453	77,813	94,680	104,008
Contribution deficiency (excess)	**$ (4,463)**	**$ (20,148)**	**$ (16,032)**	**$ (84,162)**	**$ (68,453)**	**$ (77,813)**	**$ (94,680)**	**$ (104,008)**
Covered-employee payroll	$ 7,807,220	$ 7,036,182	$ 6,989,868	$ 5,640,912	$ 5,436,476	$ 5,436,476	$ 5,464,743	$ 5,138,980
Contributions as a percentage of covered-employee payroll	0.49%	0.75%	0.78%	1.49%	1.26%	1.43%	1.73%	2.02%

Methods and Assumptions for FY 2024-25 Actuarially determined Contributions

The District's net OPEB asset was measured as of June 30, 2024, and the following actuarial assumptions were used by the actuary:

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal, Level % of pay
Amortization Method	Level % of pay
Amortization Period	13-year fixed period for 2025/26
Asset Valuation Method	Market value of assets
Discount Rate	6.25%
General Inflation	2.50%
Medical Trend	Non-Medicare - 8.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Non-Kaiser) - 7.50% for 2025, decreasing to an ultimate rate of 3.45% in 2076 Medicare (Kaiser) - 6.25% for 2025, decreasing to an ultimate rate of 3.45% in 2076
Mortality	CalPERS 2000 - 2019 Experience Study
Mortality Improvement	Mortality Projected fully generational with Scale MP-2021

ORO LOMA SANITARY DISTRICT

As REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2026

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. It further decreased to 6.90% in FY 2021-22.

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

	Fiscal Year End June 30 ,									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Measurement date	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016
District's proportion of net pension liability	0.88420%	0.10312%	0.10172%	0.09964%	0.01440%	0.09509%	0.08700%	0.07849%	0.07920%	0.08229%
District's proportionate share of the net pension liability	$ 9,045,452	$ 12,506,350	$ 12,689,620	$ 11,509,244	$ 778,860	$ 10,346,242	$ 8,914,943	$ 7,563,209	$ 7,854,489	$ 7,120,287
District's covered payroll	$ 6,843,331	$ 6,709,103	$ 6,574,555	$ 5,997,809	$ 5,370,984	$ 5,243,641	$ 5,340,309	$ 4,928,629	$ 4,590,299	$ 4,373,734
Proportionate share of the net pension liability as a percentage of covered payroll	132.18%	186.41%	193.01%	191.89%	14.50%	197.31%	166.94%	153.45%	171.11%	162.80%
Plan's fiduciary net position as a percentage of the Plan's total pension liability	82.43%	78.08%	76.21%	76.68%	88.29%	75.10%	75.26%	75.26%	73.31%	74.06%

Schedule of District's Pension Plan Contributions

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Actuarially determined contribution	$ 1,862,351	$ 1,665,863	$ 1,443,026	$ 1,467,336	$ 1,369,130	$ 1,163,112	$ 973,891	$ 834,403	$ 640,827	$ 561,577
Contributions in relation to actuarially determined contributions	1,862,351	2,665,863	1,443,026	1,467,336	1,369,130	3,097,112	973,891	834,403	640,827	1,561,577
Contribution deficiency (excess)	$ -	$ (1,000,000)	$ -	$ -	$ -	$ (1,934,000)	$ -	$ -	$ -	$ (1,000,000)
	$ 7,313,580	$ 6,843,331	$ 6,709,103	$ 6,574,555	$ 5,997,809	$ 5,370,984	$ 5,243,641	$ 5,340,309	$ 4,928,629	$ 4,590,299
Contributions as a percentage of covered payroll	25.46%	38.96%	21.51%	22.32%	22.83%	57.66%	18.57%	15.62%	13.00%	34.02%

ORO LOMA SANITARY District
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2026

Other Post-Employment Benefits (OPEB)

Historical information is required only for measurement periods for which GASB Statement No. 75 is applicable.

Schedule of Changes in Net OPEB Liability and Related Ratios

		2026	2025	2024	2023	2022	2021	2020	2019	2018
Measurement period ended		6/30/25	6/30/24	6/30/23	6/30/22	6/30/21	6/30/20	6/30/19	6/30/18	6/30/17
Total OPEB Liability										
Service cost		$ 192,099	$ 186,958	$ 145,711	$ 141,467	$ 150,905	$ 146,510	$ 168,413	$ 163,508	$ 158,746
Interest on the OPEB liability		453,714	440,704	524,035	496,223	545,967	528,039	561,608	542,444	526,742
Differences between actual and expected experience		250,770	-	(719,885)	-	(1,015,749)	-	(533,373)	-	-
Changes of assumptions		291,694	-	(40,259)	-	-	-	(242,069)	-	-
Benefits paid to retirees		(471,241)	(378,050)	(393,525)	(378,658)	(404,858)	(432,008)	(436,273)	(428,076)	(494,273)
Net change in total OPEB liability		717,036	249,612	(483,923)	259,032	(723,735)	242,541	(481,694)	277,876	191,215
Total OPEB Liability - beginning		7,302,943	7,053,331	7,537,254	7,278,222	8,001,957	7,759,416	8,241,110	7,963,234	7,772,019
Total OPEB Liability - ending	**(a)**	$ 8,019,979	$ 7,302,943	$ 7,053,331	$ 7,537,254	$ 7,278,222	$ 8,001,957	$ 7,759,416	$ 8,241,110	$ 7,963,234
Plan Fiduciary Net Position										
Employer contributions		$ 53,114	$ 54,310	$ 84,162	$ 68,453	$ 77,813	$ 94,680	$ 104,008	$ 110,252	$ 407,206
Net investment income		1,178,993	980,537	574,645	(1,382,322)	2,324,566	297,096	510,132	631,004	766,432
Benefits paid to retirees		(471,241)	(378,050)	(393,525)	(378,658)	(404,858)	(432,008)	(436,273)	(428,076)	(494,273)
Administrative expense		(3,012)	(2,921)	(2,531)	(2,634)	(3,184)	(4,124)	(1,771)	(4,126)	(3,726)
Net change in plan fiduciary position		757,854	653,876	262,751	(1,695,161)	1,994,337	(44,356)	176,096	309,054	675,639
Plan fiduciary net position- beginning		9,585,512	8,931,636	8,668,885	10,364,046	8,369,709	8,414,065	8,237,969	7,928,915	7,253,276
Plan fiduciary net position- ending	**(b)**	$ 10,343,366	$ 9,585,512	$ 8,931,636	$ 8,668,885	$ 10,364,046	$ 8,369,709	$ 8,414,065	$ 8,237,969	$ 7,928,915
Net OPEB liability- ending	**(a) - (b)**	$ (2,323,387)	$ (2,282,569)	$ (1,878,305)	$ (1,131,631)	$ (3,085,824)	$ (367,752)	$ (654,649)	$ 3,141	$ 34,319
Plan fiduciary net position as a percentage of the total OPEB liability		128.97%	131.26%	126.63%	115.01%	142.40%	104.60%	108.44%	99.96%	99.57%
Covered-employee payroll*		$ 7,036,182	$ 6,989,868	$ 6,279,488	$ 5,640,912	$ 5,436,476	$ 5,464,743	$ 5,138,980	$ 4,900,932	$ 4,729,479
Net OPEB liability as a percentage of covered-employee payroll		-33.02%	-32.66%	-29.91%	-20.06%	-56.76%	-6.73%	-12.74%	0.06%	0.73%

* The term Covered-employee payroll is used because there are employees receiving benefits not based on wages.

ORO LOMA SANITARY DISTRICT
DESCRIPTION OF FUNDS UTILIZED
JUNE 30, 2026

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

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

Sewer Services

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

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

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

Solid Waste / Garbage Services

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

Recycling Services

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

ORO LOMA SANITARY DISTRICT

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, 2026

SCHEDULE 1

	Budgeted Amounts		Budget Change Increase/	Actual	Variance with Final Budget
	Original	Final	(Decrease)	Amounts	Over/(Under)
Operating revenues					
District service charges	$ 21,606,800	$ 21,606,800	$ -	$ 21,589,839	$ (16,961)
Agency treatment charges	5,444,600	5,444,600	-	4,827,549	(617,051)
Permits and inspection fees	210,000	210,000	-	266,643	56,643
Sanitary truck waste charges	20,000	20,000	-	9,280	(10,720)
Grease receiving charges	150,000	150,000	-	122,429	(27,571)
Biosolids charges	100,000	100,000	-	72,756	(27,244)
Other	825,000	825,000	-	962,434	137,434
Total operating revenues	28,356,400	28,356,400	-	27,850,930	(505,470)
Operating expenses					
Engineering	1,436,900	1,436,900	-	1,090,715	(346,185)
Sewage collections	3,030,200	3,018,200	(12,000)	2,331,778	(686,422)
Sewage treatment operations	8,825,800	8,835,800	10,000	6,729,465	(2,106,335)
Sewage treatment maintenance	3,831,500	3,843,500	12,000	3,173,138	(670,362)
Effluent disposal - EBDA	1,076,700	1,076,700	-	751,723	(324,977)
Administration and general	2,908,000	2,933,000	25,000	2,371,904	(561,096)
Pension expense	-	-	-	1,899,795	1,899,795
OPEB expense	-	-	-	(325,594)	(325,594)
Depreciation	4,900,000	4,900,000	-	4,129,549	(770,451)
Decrease in carrying value of EBDA	100,000	100,000	-	-	(100,000)
Total operating expenses	26,109,100	26,144,100	35,000	22,152,473	(3,991,627)
Operating income (loss)				5,698,457	
Non-operating revenues					
Investment income	200,000	200,000	-	987,248	787,248
Rents and leases	100,000	100,000	-	112,583	12,583
Gain on disposal of capital assets	-	-	-	17,425	17,425
Other miscellaneous revenues	50,000	50,000	-	104,356	54,356
Total non-operating revenues	350,000	350,000	-	1,221,612	871,612
Non-operating expenses					
Loss on disposal of capital assets	-	-	-	2,283	(2,283)
Write-off of uncollectible accounts	10,000	10,000	-	6,902	(3,098)
Bond interest expense - 2018 Sewer Revenue Bonds	385,000	385,000	-	378,955	(6,045)
Bond interest expense - 2021 WIFIA Bonds	200,000	200,000	-	295,310	95,310
Loan interest expense - 2021 SRF	225,000	225,000	-	196,584	(28,416)
Contingency	300,000	300,000	-	-	(300,000)
Total non-operating expenses	1,120,000	1,120,000	-	880,034	(244,532)
Income (loss) before contributions and transfers	$ 1,477,300	$ 1,442,300	$ (35,000)	$ 6,040,035	$ 4,602,301
Transfers of plant and equipment from Capital Improvement Program				30,622,479	
Equity transfers for WIFIA and SRF proceeds				(5,767,629)	
Change in net position				30,894,885	
Net position - beginning				92,798,071	
Net position - ending				$ 123,692,956	

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, 2026
SCHEDULE 2

	Budgeted Amounts		Budget Change Increase/	Actual Amounts by Account	Variance with Final Budget
	Original	Final	(Decrease)	Category	Over/(Under)
Operating expenses					
Salaries	$ 6,701,300	$ 6,701,300	$ -	$ 6,784,609	$ 83,309
Employee benefits	5,002,600	5,002,600	-	1,905,586	(3,097,014)
Directors' benefits and fees	302,100	302,100	-	190,332	(111,768)
Gasoline, oil and fuel	124,000	124,000	-	74,958	(49,042)
Insurance	1,101,500	1,116,500	15,000	1,008,735	(107,765)
Office and laboratory expenses	87,100	91,100	4,000	71,896	(19,204)
Operating supplies	2,458,400	2,464,400	6,000	1,988,093	(476,307)
Safety supplies	42,700	42,700	-	38,523	(4,177)
Contractual services	1,313,400	1,235,400	(78,000)	1,193,199	(42,201)
Professional services	245,100	282,600	37,500	297,754	15,154
Memberships and publications	77,800	138,300	60,500	138,017	(283)
Public outreach	125,000	95,000	(30,000)	74,460	(20,540)
Rents and leases	53,000	41,000	(12,000)	8,597	(32,403)
Repairs and maintenance	616,200	658,200	42,000	622,569	(35,631)
Research and monitoring	247,600	247,600	-	212,975	(34,625)
Travel, meetings and training	168,000	168,000	-	136,086	(31,914)
Recognition program	46,500	36,500	(10,000)	16,570	(19,930)
Utilities	1,320,100	1,320,100	-	934,041	(386,059)
Departmental expenses	20,032,400	20,067,400	35,000	15,697,000	(4,370,400)
Effluent disposal - EBDA	1,076,700	1,076,700	-	751,723	(324,977)
Pension expense	-	-	-	1,899,795	1,899,795
OPEB expense	-	-	-	(325,594)	(325,594)
Depreciation	4,900,000	4,900,000	-	4,129,549	(770,451)
Contingency Reserve	300,000	300,000	-	-	(300,000)
Decrease in carrying value of EBDA	100,000	100,000	-	-	(100,000)
Non-departmental expenses	6,376,700	6,376,700	-	6,455,473	78,773
Total operating expenses	26,409,100	26,444,100	35,000	22,152,473	(4,291,627)
Non-operating expenses					
Loss on disposal of capital assets		-		2,283	2,283
Write-off of uncollectible accounts	10,000	10,000	-	6,902	(3,098)
Bond interest expense - 2018 Sewer Revenue Bonds	385,000	385,000	-	378,955	(6,045)
Bond interest expense - 2021 WIFIA Bonds	200,000	200,000	-	295,310	95,310
Loan interest expense - 2021 SRF	225,000	225,000	-	196,584	(28,416)
Total non-operating expenses	820,000	820,000	-	880,034	60,034
Total expenses	$ 27,229,100	$ 27,264,100	$ 35,000	$ 23,032,507	$ (4,231,593)

SCHEDULE OF BUDGETARY COMPARISON WITH ACTUAL EXPENSES
SEWER SERVICES - OPERATIONS AND MAINTENANCE
BY ACCOUNT CATEGORIES AND DEPARTMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2026
SCHEDULE 2 (continued)

	Annual Departmental Expenses vs. Budget				
	Engineering Department	Sewage Collections Department	Sewage Treatment Operations Department	Sewage Treatment Maintenance Department	Administration and General Department
Operating expenses					
Salaries	$ 629,622	$ 1,252,694	$ 2,499,101	$ 1,524,195	$ 878,997
Employee benefits	225,581	301,313	534,781	413,764	430,147
Directors' benefits and fees	-	-	-	-	190,332
Gasoline, oil and fuel	231	44,959	10,115	19,424	229
Insurance	53,763	385,535	367,249	138,718	63,470
Office and laboratory expenses	8,824	3,814	8,459	9,412	41,387
Operating supplies	(74)	48,115	1,904,025	36,027	-
Safety supplies	1,129	15,206	12,651	9,062	475
Contractual services	103,884	81,248	355,426	414,133	238,508
Professional services	16,549	2,639	10,050	3,769	264,747
Memberships and publications	20,205	4,154	5,844	8,719	99,095
Public outreach	-	-	-	-	74,460
Rents and leases	-	-	-	5,965	2,632
Repairs and maintenance	3,052	54,485	1,375	561,775	1,882
Research and monitoring	-	25,217	187,758	-	-
Travel, meetings and training	13,040	17,458	21,571	12,965	71,052
Recognition program	1,490	1,990	3,338	3,000	6,752
Utilities	13,419	92,951	807,722	12,210	7,739
Departmental expenses	$ 1,090,715	$ 2,331,778	$ 6,729,465	$ 3,173,138	$ 2,371,904
Department budget - Original	$ 1,436,900	$ 3,030,200	$ 8,825,800	$ 3,831,500	$ 2,908,000
Department budget - Final	1,436,900	3,018,200	8,835,800	3,843,500	2,933,000
Department budget change	$ -	$ (12,000)	$ 10,000	$ 12,000	$ 25,000
% of budget used	76%	77%	76%	83%	81%
Departmental expenses - prior year	$ 819,489	$ 2,167,949	$ 7,674,560	$ 3,066,662	$ 2,521,136
Change from prior year ($)	$ 271,226	$ 163,829	$ (945,095)	$ 106,476	$ (149,232)
Change from prior year (%)	33.1%	7.6%	-12.3%	3.5%	-5.9%

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, 2026
SCHEDULE 3

		Budgeted Amounts		Budget Change Increase/	Actual	Variance with Final Budget
		Original	Final	(Decrease)	Amounts	Over/(Under)
	Operating revenues					
	District service charges	$ 7,000,000	$ 7,000,000	$ -	$ 7,000,000	$ -
	Agency treatment charges	940,300	940,300	-	931,647	(8,653)
	Total operating revenues	7,940,300	7,940,300	-	7,931,647	(8,653)
Project #	**Project costs**					
	Collections system					
100.00/01	Lift Stations - General/Trojan	84,000	84,000	-	49,212	(34,788)
100.15	Canyon Ridge Lift Station	158,000	158,000	-	-	(158,000)
104.00	Lift Stations - Asset Management	35,000	35,000	-	-	(35,000)
126.00	Maintenance Hole Adjustments	105,000	280,610	175,610	15,366	(265,244)
126.06	Infectious Vector Protocols Study	11,000	26,000	15,000	25,222	(778)
141.00	Collections Asset Repair and Maintenance	1,313,000	1,033,000	(280,000)	740,994	(292,006)
144.00	Collections Source Detection/Hydraulic Model Update	210,000	210,000	-	-	(210,000)
144.10	Collections System GIS & Asset Management	42,000	58,860	16,860	16,657	(42,203)
145.01	Collections Vehicle Maintenance	53,000	98,000	45,000	7,579	(90,421)
145.05	Force Main Condition Assessment	210,000	210,000	-	27,485	(182,515)
151.10	Easement Clearing & Road Maintenance	57,000	57,000	-	37,550	(19,450)
155.01	Lateral Inspection Program - Public Outreach	89,000	89,000	-	6,111	(82,889)
161.00	Collections Cctv Camera Replacement	-	-	-	15,293	15,293
161.01	Camera Equipment Repair & Major Maintenance	74,000	94,000	20,000	112,716	18,716
900.91	Critical Renewal & Replacements	18,000	17,000	(1,000)	11,441	(5,559)
		2,459,000	2,450,470	(8,530)	1,065,626	(1,384,844)
	Treatment plant					
202.00	O&M Manuals & CBT Updates	37,000	79,600	42,600	25,425	(54,175)
203.05	Ebmud Well Demolition	-	843,000	843,000	399,237	(443,763)
204.00	Treatment Plant GIS Updates & Asset Management Plan	12,000	12,000	-	-	(12,000)
213.00	Pre-Design Studies	53,000	109,800	56,800	63,866	(45,934)
213.05	San Francisco Bay Water Quality Improvement (Microvi Grant Fund	-	7,500	7,500	-	(7,500)
213.13	Interim Flood Protection Levee Grant Application	-	206,400	206,400	12,021	(194,379)
213.17	Treatment Plant Landscape Improvements	-	95,550	95,550	-	(95,550)
213.18	Local Hazard Mitigation Plan	63,000	63,000	-	49,330	(13,670)
213.30	Cloth Filters Study	-	150,000	150,000	89,278	(60,722)
214.00	Iron Sponge Study	27,000	27,000	-	-	(27,000)
217.01	Blower Repairs & Maintenance; Aeration Basin	95,000	132,760	37,760	21,390	(111,370)
220.03	Aeration Basins Inspection/Rehabilitation Coating	630,000	630,000	-	-	(630,000)
226.03	Belt Filter Pree Conveyor Parts	-	74,000	74,000	-	(74,000)
226.05	Belt Filter Press Bearing Replacements	154,000	185,650	31,650	19,284	(166,366)
226.06	Belt Filter Press Rehab	315,000	315,000	-	2,497	(312,503)
227.02	Water Champ Control Panel Replacement	315,000	250,000	(65,000)	-	(250,000)
230.01	Operations Janitor Closet	53,000	53,000	-	-	(53,000)
239.00	Safety Improvements	35,000	35,000	-	14,888	(20,112)
241.01	Primary Clarifier Rehabilitation (Paint/add Anodes)	-	3,825,270	3,825,270	1,283,706	(2,541,564)
245.01	Hypochlorite Manifold	53,000	53,000	-	13,750	(39,250)
242.00	Process Instrumentation Replacement	40,000	67,760	27,760	16,860	(50,900)
262.01	Plant Well Rehabilitation	105,000	105,000	-	-	(105,000)
280.00	Arc Flash Review	42,000	42,000	-	-	(42,000)
281.03	Digester Gas Pm Prvs And Flame Arresters	40,000	40,000	-	-	(40,000)
266.00	CEPT System Rehabilitation	37,000	37,000	-	-	(37,000)
264.04	Fuel Tank Coatings Rehabilitation	-	27,000	27,000	7,449	(19,551)
289.00	Concrete Assessment & Rehabilitation	21,000	21,000	-	-	(21,000)
293.05	Shoreline Adaptation Demonstration Laboratory	-	124,000	124,000	94,210	(29,790)
294.08	Biosolids Hauling And Pond Maintenance	861,000	861,000	-	519,450	(341,550)
301.00	Plant Security Upgrades	29,000	49,400	20,400	-	(49,400)
305.00	Gate & Valve Replacements	168,000	178,000	10,000	116,345	(61,655)
312.00	Flare Repairs	-	27,000	27,000	-	(27,000)
313.00	Grease System Rehabilitation	42,000	110,760	68,760	109,069	(1,691)
321.00	Truck Wash Drainage Pump	-	-	-	270	270
395.01	Painting & Coating	158,000	78,000	(80,000)	39,032	(38,968)
395.02	Roof Maintenance	29,000	29,000	-	2,705	(26,295)
395.06	Landscaping and Grounds	29,000	29,000	-	-	(29,000)
395.07	Roadway & Berm Maintenance	114,000	154,680	40,680	29,909	(124,771)
900.93	Critical Renewal and Replacements	80,000	80,000	-	41,137	(38,863)
		3,637,000	9,208,130	5,571,130	2,971,108	(6,237,022)
	Administration & Engineering					
595.45	IT & Network Upgrades	42,000	84,600	42,600	35,738	(48,862)
524.00	Fiscal Agent Fees	8,000	8,000	-	6,300	(1,700)
524.05	Redistricting	-	55,000	55,000	45,000	(10,000)
524.06	Strategic Planning	-	50,000	50,000	-	(50,000)
526.05	Staffing Study	105,000	79,100	(25,900)	79,070	(30)
535.00	Open House	84,000	-	(84,000)	-	-
594.00	Engineering Building Remodel	315,000	365,000	50,000	274,099	(90,901)
900.90/95	Critical Renewal and Replacements	43,000	64,000	21,000	38,907	(25,093)
626.00	EBDA replacement assessment	175,000	175,000	-	166,500	(8,500)
		772,000	880,700	108,700	645,614	(235,086)
	Total project costs	6,868,000	12,539,300	5,671,300	4,682,348	(7,856,952)
	Operating expenses					
	Engineering				$ -	
	Sewage collections				1,065,626	
	Sewage treatment operations				2,632,641	
	Sewage treatment maintenance				338,467	
	Sewage disposal - EBDA				166,500	
	Administration				479,114	
	Total operating expenses				4,682,348	
	Operating income (loss)				3,249,299	
	Non-operating revenues (expenses)					
	Investment income	10,000	10,000	-	7,459	(2,541)
	Other miscellaneous revenues	-	-	-	688,371	688,371
	Total non-operating revenues (expenses)	10,000	10,000	-	695,830	685,830
	Income before contributions and transfers	$ 1,082,300	$ (4,589,000)	$ (5,671,300)	$ 3,945,129	$ 8,534,129
	Change in net position				3,945,129	
	Net position - beginning				9,889,489	
	Net position - ending				$ 13,834,618	

ORO LOMA SANITARY DISTRICT

SCHEDULE OF BUDGETARY COMPARISON WITH ACTUAL REVENUES, EXPENSES AND CHANGES IN NET POSITION SEWER SERVICES - CAPITAL IMPROVEMENT PROGRAM FOR THE FISCAL YEAR ENDED JUNE 30 , 2026 SCHEDULE 4

Project #	Project costs	Budgeted Amounts Original	Budgeted Amounts Final	Budget Change Increase/ (Decrease)	Actual Amounts	Variance with Final Budget Over/(Under)
	Collections system					
100.00	Lift Stations - General	$ 57,000	$ 78,070	$ 21,070	$ 34,168	$ (43,902)
107.00	Lift Station Rehabilitation	158,000	158,000	-	-	(158,000)
146.00	Sewer Collection System Pipeline Replacement (General)	6,300,000	1,523,000	(4,777,000)	13,000	(1,510,000)
146.01	Sewer Collection System Pipeline Replacement (Phase 1)	-	4,530	4,530	4,530	-
146.03	Sewer Collection System Pipeline Replacement (Phase 3)	-	9,060	9,060	9,060	-
146.04	Sewer Collection System Pipeline Replacement (Phase 4)	-	99,000	99,000	98,593	(407)
146.05	Sewer Collection System Pipeline Replacement (Phase 5)	-	1,014,090	1,014,090	205,969	(808,121)
146.07	Sewer Collection System Pipeline Replacement (Phase 7)	-	446,500	446,500	281,448	(165,052)
146.08	Sewer Collection System Pipeline Replacement (Phase 8)	-	7,000,000	7,000,000	6,424,564	(575,436)
146.09	Sewer Collection System Pipeline Replacement (Phase 9)	-	6,500,000	6,500,000	52,197	(6,447,803)
146.10	Sewer Coll Sys Pipeline Rpl- Phase 10	-	4,300,000	4,300,000	94,833	(4,205,167)
161.02	Collections/Maintenance Cmms System Replacement	32,000	32,000	-	-	(32,000)
166.01	Collections Vehicle Replacements	741,000	741,000	-	199,490	(541,510)
900.91	Critical Equipment - Collections	16,000	17,450	1,450	-	(17,450)
		7,304,000	21,922,700	14,618,700	7,417,852	(14,504,848)
201.00	Operations Training Program	-	81,000	81,000	-	(81,000)
215.00	Nannobubble Pilot Project	-	270,000	270,000	64,621	(205,379)
220.02	Aeration Basin Fiberglass Grating Replacement	-	324,280	324,280	11,674	(312,606)
221.04	Eq Basin Gate Atuator (Eq Diversion Structure)	87,000	87,000	-	-	(87,000)
222.06	Sodium Biosulfate Secondary Tank Replacments	27,000	27,000	-	-	(27,000)
223.00	78" Plant Influent Pipeline Lining	-	3,096,980	3,096,980	2,697,839	(399,141)
228.02	Gravity Belt Thickener Polymer System Rehabilitation	37,000	-	(37,000)	-	-
228.03	Mixed Liquor Polymer System	137,000	47,000	(90,000)	-	(47,000)
249.01	No. 4 Water Suction Valve Replacement	53,000	53,000	-	-	(53,000)
281.08	Digesters No. 8 & No. 9	3,150,000	12,645,800	9,495,800	785,513	(11,860,287)
295.00	Pond Drainage Pump Replacements	-	38,000	38,000	-	(38,000)
299.00	Cogeneration Engine Overhaul	-	306,500	306,500	201,999	(104,501)
307.00	Grit Detritor Rehabilitation	-	102,000	102,000	-	(102,000)
311.00	Plant Battery Energy Storage System	-	99,800	99,800	89,486	(10,314)
316.00	Vehicle Replacements	84,000	347,490	263,490	301,682	(45,808)
319.00	SCADA Network Upgrades	105,000	247,610	142,610	42,972	(204,638)
328.01	Electrical System Masterplan	-	34,240	34,240	16,500	(17,740)
328.02	Critical Electrical Distrib System Replacement	210,000	307,100	97,100	3,337	(303,763)
335.00	West Switchgear Circuit Breaker Replacement	-	11,000	11,000	-	(11,000)
395.03	Fencing for Parking Lot	-	266,500	266,500	213,489	(53,011)
900.93	Critical Equipment - Treatment Plant	80,000	61,400	(18,600)	61,302	(98)
		3,970,000	18,453,700	14,483,700	4,490,414	(13,963,286)
	Administration & Engineering			-		
595.06	Administrative Buildings Bathroom Updates	-	90,000	90,000	82,161	(7,839)
595.07	2541 Grant Ave Property	-	-	-	1,033,039	1,033,039
595.45	IT & Network Upgrades - District Wide	21,000	29,800	8,800	-	(29,800)
900.90/.95	Critical Equipment -Administration & Engineering	22,000	-	(22,000)	11,162	11,162
		43,000	119,800	76,800	1,126,362	1,006,562
				-		
	Total project costs	11,317,000	40,496,200	29,179,200	13,034,628	(27,461,572)
	Less:					
	Additions to plant and equipment				(4,084,961)	
	Additions to construction in progress				(7,812,274)	
	Castro Valley Sanitary District capital assets				(1,137,393)	
	Operating income (loss)				-	
	Non-operating revenues (expenses)					
	Investment income	90,000	90,000	-	307,776	217,776
	Increase (decrease) in the fair value of investments	-	-	-	(22,022)	(22,022)
	Other miscellaneous revenues	-	-	-	274,954	274,954
	Total non-operating revenues (expenses)	90,000	90,000	-	560,708	470,708
	Income before contributions, transfers and other items	$ 90,000	$ 90,000	$ -	$ 560,708	$ 470,708
	Connection fees				173,113	
	Transfer of plant and equipment to Operations & Maintenance				(30,622,479)	
	Equity transfers for WIFIA and SRF proceeds				5,767,629	
	Change in net position				(24,121,029)	
	Net position - beginning				25,027,920	
	Net position - ending				$ 906,891	

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, 2026
SCHEDULE 5

	Budgeted Amounts		Budget Change Increase/	Actual	Variance with Final Budget
	Original	Final	(Decrease)	Amounts	Over/(Under)
Operating revenues					
Contract fees	$ 2,272,600	$ 2,272,600	$ -	$ 3,360,791	$ 1,088,191
District SB 1383 Fee	1,622,900	1,622,900	-	1,592,170	(30,730)
Landfill fees - Measure D	370,000	370,000	-	357,525	(12,475)
Grant Revenues	-	-	-	3,315	3,315
Total operating revenues	4,265,500	4,265,500	-	5,313,801	1,044,986
Operating expenses					
Salaries	453,200	453,200	-	441,807	(11,393)
Overtime	1,000	1,000	-	3,204	2,204
Directors' fees	9,100	9,100	-	6,413	(2,687)
Overhead	509,600	509,600	-	541,709	32,109
Office expenses	5,000	5,000	-	163	(4,837)
Safety supplies	500	500	-	-	(500)
Contractual services	211,500	211,500	-	187,046	(24,454)
Professional services	82,000	82,000	-	50,589	(31,411)
Memberships, printing and publications	10,000	10,000	-	220	(9,780)
Public outreach	570,000	570,000	-	291,414	(278,586)
San Leandro Measure D	46,000	46,000	-	39,328	(6,672)
Repairs and maintenance	500	500	-	-	(500)
Recognition program	25,000	25,000	-	14,250	(10,750)
Utilities	2,200	2,200	-	1,224	(976)
Depreciation	430,600	430,600	-	430,541	(59)
Contingency and other reserves	40,000	40,000	-	-	(40,000)
Total operating expenses	2,396,200	2,396,200	-	2,007,908	(388,292)
Operating income (loss)				3,305,893	
Non-operating revenues (expenses)					
Recovery of uncollectible accounts	40,000	40,000	-	75,702	35,702
Other miscellaneous revenues	5,000	5,000	-	36,470	31,470
Write-off of uncollectible accounts	(5,000)	(5,000)	-	-	5,000
Grant expenses	-	-	-	(41,936)	(41,936)
Total non-operating revenues (expenses)	40,000	40,000	-	70,236	70,236
Income before contributions and transfers	$ 1,909,300	$ 1,909,300	-	3,376,129	$ 3,376,129
Change in net position				3,376,129	
Net position - beginning				16,750,908	
Net position - ending				$ 20,127,037	

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OTHER SUPPLEMENTAL INFORMATION

ORO LOMA SANITARY DISTRICT

COMBINING SCHEDULE OF NET POSITION
ALL DISTRICT SERVICES
AS OF JUNE 30, 2026
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2025
SCHEDULE 6

	Sewer Services		
	Operations and Maintenance	Renewal and Replacement	Capital Improvement
ASSETS			
Current assets			
Cash and cash equivalents	$ 24,609,265	$ 14,690,613	$ (18,018,305)
Investments at fair value	17,000,000	-	9,198,904
Interest receivable	648	-	74,210
Accounts receivable	3,203,889	780,613	-
Lease receivable (current)	69,467	-	-
Prepaid and other items	250,190	-	36,289
Total current assets	45,133,459	15,471,226	(8,708,902)
Non-current assets			
Investment in effluent discharge facilities - EBDA	4,769,212	-	-
Lease receivable (non-current)	237,963	-	-
Net other post-employment benefits (OPEB) asset	2,323,387	-	-
Capital assets			
Land	1,906,273	-	-
Sewer service assets	233,447,490	-	-
Solid waste & recycling assets	-	-	-
Construction in progress	-	-	11,582,677
Less: accumulated depreciation	(99,796,999)	-	-
Total capital assets	135,556,764	-	11,582,677
Total non-current assets	142,887,326	-	11,582,677
Total assets	$ 188,020,785	$ 15,471,226	$ 2,873,775
DEFERRED OUTFLOWS OF RESOURCES			
Pension related	3,232,377	-	-
Other post-employment benefits related	488,941	-	-
Total deferred inflows of resources	$ 3,721,318	$ -	$ -

COMBINING SCHEDULE OF NET POSITION
ALL DISTRICT SERVICES
AS OF JUNE 30, 2026
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2025
SCHEDULE 6 (continued)

Solid Waste & Recycling Services Garbage Collection & Disposal Green Waste & Recyling	Combined June 30, 2026	Combined June 30, 2025	$ Change	% Change
$ 15,434,521	$ 36,716,094	$ 33,617,948	$ 3,098,146	9.2%
-	26,198,904	9,031,939	17,166,965	190.1%
-	74,858	61,235	13,623	22.2%
33,930	4,018,432	3,029,697	988,735	32.6%
-	69,467	67,455	2,012	3.0%
-	286,479	174,422	112,057	64.2%
15,468,451	67,364,234	45,982,696	21,381,538	46.5%
-	4,769,212	5,083,269	(314,057)	-6.2%
		-		
-	237,963	307,367	(69,404)	-22.6%
		-		
-	2,323,387	2,282,569	40,818	1.8%
-	1,906,273	873,234	1,033,039	118.3%
-	233,447,490	203,938,249	29,509,241	14.5%
6,484,155	6,484,155	6,484,155	-	0.0%
-	11,582,677	30,308,190	(18,725,513)	-61.8%
(1,748,208)	(101,545,207)	(97,086,012)	(4,459,195)	4.6%
4,735,947	151,875,388	144,517,816	7,357,572	5.1%
4,735,947	159,205,950	152,191,021	7,014,929	4.6%
$ 20,204,398	$ 226,570,184	$ 198,173,717	$ 28,396,468	14.3%
-	3,232,377	6,092,461	(2,860,084)	-46.9%
-	488,941	229,771	259,170	112.8%
$ -	$ 3,721,318	$ 6,322,232	$ (2,600,914)	-41.1%

ORO LOMA SANITARY DISTRICT

COMBINING SCHEDULE OF NET POSITION
ALL DISTRICT SERVICES
AS OF JUNE 30, 2026
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2025
SCHEDULE 6 (continued)

	Sewer Services		
	Operations and Maintenance	Renewal and Replacement	Capital Improvement
LIABILITIES			
Current liabilities			
Accounts payable	$ 1,047,027	$ 1,606,114	$ 1,685,347
Accrued salaries and wages	256,868	-	-
Customer deposits payable	(178,272)	30,494	281,537
Accrued compensated absences (current)	538,865	-	-
Accrued interest payable (current)	191,554	-	-
Bonds payable (current)	470,000	-	-
Loan payable - SRF (current)	751,801	-	-
Total current liabilities	3,077,843	1,636,608	1,966,884
Non-current liabilities			
Accrued compensated absences (non-current)	136,013	-	-
Accrued interest payable (non-current)	-	-	-
Bonds payable - 2018 Sewer Bonds (non-current), net of premium	10,773,240	-	-
Bonds payable - 2021 WIFIA Bonds (non-current)	17,764,862	-	-
Loan payable - SRF (non-current)	23,635,649	-	-
Net pension liability	9,045,452	-	-
Net other post-retirement benefit (OPEB) liability	-	-	-
Total non-current liabilities	61,355,216	-	-
Total liabilities	$ 64,433,059	$ 1,636,608	$ 1,966,884
DEFERRED INFLOWS OF RESOURCES			
Pension related	2,066,053	-	-
Other post-employment benefits related	1,242,605	-	-
Lease related	307,430	-	-
Total deferred inflows of resources	$ 3,616,088	$ -	$ -
NET POSITION			
Net investment in capital assets (net of related debt)	82,161,212	-	11,582,677
Restricted net position	2,323,387	-	-
Unrestricted	39,208,357	13,834,618	(10,675,786)
Total net position	$ 123,692,956	$ 13,834,618	$ 906,891

COMBINING SCHEDULE OF NET POSITION
ALL DISTRICT SERVICES
AS OF JUNE 30, 2026
WITH COMPARATIVE TOTALS AS OF JUNE 30, 2025
SCHEDULE 6 (continued)

Solid Waste & Recycling Services Garbage Collection & Disposal Green Waste & Recyling	Combined June 30, 2026	2025	$ Change	% Change
$ 77,361	$ 4,415,849	$ 2,288,220	$ 2,127,629	93.0%
-	256,868	149,973	106,895	71.3%
-	133,759	895,440	(761,681)	-85.1%
-	538,865	380,361	158,504	41.7%
-	191,554	322,822	(131,268)	-40.7%
-	470,000	460,000	10,000	2.2%
-	751,801	-	751,801	100.0%
77,361	6,758,696	4,496,816	2,261,880	50.3%
-	136,013	117,691	18,322	15.6%
-	-	389,316	(389,316)	-100.0%
-	10,773,240	11,245,196	(471,956)	-4.2%
-	17,764,862	11,305,853	6,459,009	57.1%
-	23,635,649	16,859,034	6,776,615	40.2%
-	9,045,452	12,506,350	(3,460,898)	-27.7%
-	-	-	-	0.0%
-	61,355,216	52,423,440	8,931,776	17.0%
		-		
$ 77,361	$ 68,113,912	$ 56,920,256	$ 11,193,656	19.7%
-	2,066,053	1,427,853	638,200	44.7%
-	1,242,605	1,306,631	(64,026)	-4.9%
-	307,430	374,822	(67,392)	-18.0%
$ -	$ 3,616,088	$ 3,109,306	$ 506,782	16.3%
4,735,947	98,479,836	104,647,733	(6,167,897)	-5.9%
-	2,323,387	2,282,569	40,818	1.8%
15,391,090	57,758,279	37,536,086	20,222,193	53.9%
$ 20,127,037	$ 158,561,502	$ 144,466,388	$ 14,095,115	9.8%

ORO LOMA SANITARY DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ALL DISTRICT SERVICES
FOR THE FISCAL YEAR ENDED JUNE 30, 2026
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2025
SCHEDULE 7

	Sewer Services		
	Operations and Maintenance	Renewal and Replacement	Capital Improvement
Operating revenues			
District service charges	$ 21,589,839	$ 7,000,000	$ -
Agency treatment charges	4,827,549	931,647	-
Permits and inspection fees	266,643	-	-
Sanitary truck waste charges	9,280	-	-
Grease receiving charges	122,429	-	-
Biosolid charges	72,756	-	-
Contract fees	-	-	-
Landfills fees - Measure D	-	-	-
District SB 1383 Fee	-	-	-
Other	962,434	-	-
Total operating revenues	27,850,930	7,931,647	-
Operating expenses			
Engineering	1,090,715	-	-
Sewage collections	2,331,778	1,065,626	-
Sewage treatment operations	6,729,465	2,632,641	-
Sewage treatment maintenance	3,173,138	338,467	-
Effluent disposal - EBDA	751,723	166,500	-
Administration and general	2,371,904	479,114	-
Pension expense	1,899,795	-	-
OPEB expense	(325,594)	-	-
Depreciation	4,129,549	-	-
Solid waste & recycling - residential, green waste, commercial and industrial	-	-	-
Total operating expenses	22,152,473	4,682,348	-
Operating income (loss)	5,698,457	3,249,299	-
Non-operating revenues			
Investment income	987,248	7,459	307,776
Increase in the fair value of investments	-	-	(22,022)
Rents and leases	112,583	-	-
Gain on disposal of capital assets	17,425	-	-
Recovery of uncollectible accounts	-	-	-
Project Grants	-	-	-
Other miscellaneous revenues	104,356	688,371	274,954
Total non-operating revenues	1,221,612	695,830	560,708
Non-operating expenses			
Grant expenses (net)	-	-	-
Loss on disposal of capital assets	2,283	-	-
Write-off of uncollectible accounts	6,902	-	-
Bond interest expense - 2018 Sewer Revenue Bonds	378,955	-	-
Bond interest expense - 2021 WIFIA Bonds	295,310	-	-
Loan interest expense - 2021 SRF	196,584	-	-
Total non-operating expenses	880,034	-	-
Income (loss) before contributions, transfers and other items	6,040,035	3,945,129	560,708
Connection fees	-	-	173,113
Change in net position	30,894,885	3,945,129	(24,121,029)
Net position - beginning	92,798,071	9,889,489	25,027,920
Net position - ending	$ 123,692,956	$ 13,834,618	$ 906,891

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
ALL DISTRICT SERVICES
FOR THE FISCAL YEAR ENDED JUNE 30, 2026
WITH COMPARATIVE TOTALS FOR THE FISCAL YEAR ENDED JUNE 30, 2025
SCHEDULE 7 (continued)

Solid Waste & Recycling Services Garbage Collection & Disposal Green Waste & Recyling	Combined June 30, 2026	Combined June 30, 2025	Change $	Change %
$ -	$ 28,589,839	$ 24,914,017	$ 3,675,822	14.8%
-	5,759,196	5,483,961	275,235	5.0%
-	266,643	235,364	31,279	13.3%
-	9,280	12,375	(3,095)	-25.0%
-	122,429	126,401	(3,972)	-3.1%
-	72,756	-	72,756	100.0%
3,360,791	3,360,791	4,970,938	(1,610,147)	-32.4%
357,525	357,525	358,038	(513)	-0.1%
1,592,170	1,592,170	-	1,592,170	100.0%
-	962,434	682,240	280,194	41.1%
5,310,486	41,093,063	36,783,334	4,309,729	11.7%
-	1,090,715	819,488	271,227	33.1%
-	3,397,404	3,112,367	285,037	9.2%
-	9,362,106	8,377,431	984,675	11.8%
-	3,511,605	3,271,042	240,563	7.4%
-	918,223	983,136	(64,913)	-6.6%
-	2,851,018	2,709,875	141,143	5.2%
-	1,899,795	3,561,353	(1,661,558)	-46.7%
-	(325,594)	(220,570)	(105,024)	-47.6%
430,541	4,560,090	4,390,943	169,147	3.9%
1,577,367	1,577,367	971,523	605,844	62.4%
2,007,908	28,842,729	27,976,588	866,141	3.1%
3,302,578	12,250,334	8,806,746	3,443,588	39.1%
-	1,302,483	920,367	382,116	41.5%
-	(22,022)	268,787	(290,809)	-108.2%
-	112,583	105,118	7,465	7.1%
-	17,425	-	17,425	100.0%
75,702	75,702	66,999	8,703	13.0%
3,315	3,315	100,683	(97,368)	-96.7%
36,470	1,104,151	1,508,196	(404,045)	-26.8%
115,487	2,593,637	2,970,150	(376,513)	-12.7%
41,936	41,936	221,611	(179,675)	-81.1%
-	2,283	(3,530)	5,813	-164.7%
-	6,902	900	6,002	666.9%
-	378,955	392,670	(13,715)	-3.5%
-	295,310	167,442	127,868	76.4%
-	196,584	122,381	74,203	60.6%
41,936	921,970	901,474	20,496	2.3%
3,376,129	13,922,001	10,875,422	3,046,579	28.0%
-	173,113	128,234	44,879	35.0%
3,376,129	14,095,114	11,003,656	3,091,458	28.1%
		-		
16,750,908	144,466,388	133,462,732	11,003,656	8.2%
$ 20,127,037	$ 158,561,502	$ 144,466,388	$ 14,095,114	9.8%

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OTHER INDEPENDENT AUDITORS' REPORT

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

To the Board of Directors
Oro Loma Sanitary District

We have audited, in accordance with 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, 2026, 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 19, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Cropper Accountancy Corporation

CROPPER ACCOUNTANCY CORPORATION
Walnut Creek, California
October 19, 2026

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

To the Board of Directors
Oro Loma Sanitary District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Oro Loma Sanitary District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Oro Loma Sanitary District's major federal programs for the year ended June 30, 2026. Oro Loma Sanitary District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Oro Loma Sanitary District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2026.

Basis/or Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Cropper Accountancy Corporation

CROPPER ACCOUNTANCY CORPORATION

Walnut Creek, California
October 19, 2026

ORO LOMA SANITARY DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2026

Federal Grantor/Program or Cluster Title	*Federal CFDA Number*	*Federal Expenditures($)*
Other Programs		
United States Environmental Protection Agency		
Water Infrastructure Finance and Innovation (WIFIA)	66.958	6,866,043
Total Water Infrastructure Finance and Innovation (WIFIA)		6,866,043
Capitalization Grants for Clean Water State Revolving Funds	66.458	318,152
Total Capitalization Grants for Clean Water State Revolving Funds		318,152
Total United States Environmental Protection Agency		7,184,194
Total Other Programs		7,184,194
Total Expenditures of Federal Awards		$ 7,184,194

The accompanying notes are an integral part of this schedule

ORO LOMA SANITARY DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2026

1. The Schedule of Expenditures of Federal Awards presents the activities of federal award programs expended by the Oro Loma Sanitary District (the "District"). The District's reporting entity is defined in Note 1 to the financial statements.

2. The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District under programs of the federal government for the year ended June 30, 2026. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

3. The Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting. This is the same method of accounting as was used in the preparation of the District's basic financial statements.

4. The District did not pass-through any federal awards to subrecipients during the fiscal year ended June 30, 2026.

5. The total amount expended for this project through June 30, 2026 was $7,184,794. Total federal funds expended on this project were $7,184,194.

ORO LOMA SANITARY DISTRICT
STATUS OF PRIOR AUDIT FINDINGS
JUNE 30, 2026

The previous audit report for the year ended June 30, 2025 contained no audit findings

ORO LOMA SANITARY DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2026

Financial Statements

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

Federal Awards

Internal control over major programs:	
Material weaknesses identified?	No
Reportable conditions identified not considered material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reporting in accordance with 2 CFR Section 200.516?	No
Identification of major programs:	
Environmental Protection Agency	
Water Infrastructure Finance and Innovation (WIFIA)	$ 6,866,043
Capitalization Grants for Clean Water State Revolving Funds	$ 318,152
Total Environmental Protection Agency	$ 7,184,194
Dollar threshold to distinguish between Type A and Type B programs	$ 1,000,000
Auditee qualified as low risk auditee?	Yes
Section II - Financial Statement Findings	N/A
Section III - Federal Award Findings	N/A

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REQUIRED COMMUNICATIONS

October 19, 2026

Board of Directors and Management
Oro Loma Sanitary District

We have audited the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Oro Loma Sanitary District for the year ended June 30, 2026. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 19, 2026. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Oro Loma Sanitary District are described in Note 1 to the financial statements. The District adopted Statement of Governmental Accounting Standards GASB Statement No. 103, *Financial Reporting Model Improvements* and GASB Statement No. 104, *Disclosure of Certain Capital Assets*. Any adjustments to this new standard were immaterial to the District. We noted no transactions entered into by Oro Loma Sanitary District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The *most sensitive estimates* affecting the District's financial statements were:

- Management's estimate of the pension related deferred inflows, deferred outflows, net pension liability, and pension expense is based on actuarial valuation and the requirements of GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. We evaluated the key factors and assumptions used to develop the pension related estimates in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the OPEB related deferred inflows, deferred outflows, net OPEB liability, and OPEB expense is based on actuarial valuation and the requirements of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. We evaluated the key factors and assumptions used to develop the OPEB related estimates in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the depreciation expense and accumulated depreciation is based on the estimated useful lives of the underlying assets. We evaluated the key factors and assumptions used to develop the depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the present value of the leases, both assets and obligations. We evaluated the key factors and assumptions used to develop the lease valuations, including the deferred inflows

and outflows, in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The *most sensitive disclosures* affecting the financial statements were:

- Financial Statement Note 4 - Capital Assets increased by $38.5 million in fiscal 2026. $26.6 million in CIP was transferred to depreciable assets during the year. Outstanding project commitments were estimated to be $24.8 million.
- Financial Statement Note 6 - East Bay Dischargers Authority (EBDA) is an investment for the District. It also represents a liability for future repairs, maintenance, and construction projects.
- Financial Statement Note 7 & 8 (also Required Supplementary Information (RSI)) - The Pension Plan and Other Post-Employment Benefits (OPEB) has disclosures and RSI regarding deferred inflows, deferred outflows, net pension liability, and pension expense as well as District OPEB and pension policies.
- Financial Statement Note 12 - Long-term debt increased due to the Federal Water Infrastructure Finance and Innovation Act (WIFIA) and State Revolving Fund (SRF) by $6.5 million and $8.1 million, respectively. The long-term debt is expected to increase until the Sewer Collection System Pipeline Rehabilitation and Replacement Project is complete. The District has lined up debt financing of $49.5 million.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Attached are Journal Entries made during the audit as well as well as past adjustments that were not reflected in the past financial statements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 19, 2026.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Oro Loma Sanitary District's financial statements or a determination of the type of

auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Oro Loma Sanitary District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required pension and OPEB supplementary schedules, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on combining schedules and budget to actual schedules which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of Oro Loma Sanitary District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Cropper Accountancy Corporation

CROPPER ACCOUNTANCY CORPORATION
Walnut Creek, California

Client: ORO LOMA SANITARY DISTRICT
Engagement: 2026 Oro Loma
Current Period: 06/30/2026
Workpaper: Adjusting Journal Entries

Account	Description	Debit	Credit
CLIENT 01			
RL- PBC FY 26 Pension Expense (9.21.26)			
15-0-2052	TRACT DEPOSITS	27,255.94	0.00
15-0-2102	PUBLIC EMPLOYEES' RETIREMENT	0.00	57.53
15-0-3120	PERMITS & INSPECTION FEES-ENGINEERING	0.00	27,255.94
15-2-4021	PENSION EXPENSE - TIER 1	56.99	0.00
15-5-4021	PENSION EXPENSE - TIER 1	0.54	0.00
Total		**27,313.47**	**27,313.47**
CLIENT 02			
RL - PBC Final AJE FY 26 (9.23.26)			
45-0-1010	CASH-U.S. BANK CHECKING	300,000.00	0.00
45-0-1013	INVESTMENT-L.A.I.F.	0.00	300,000.00
40-0-1010	CASH-U.S. BANK CHECKING	0.00	300,000.00
40-0-1013	INVESTMENT-L.A.I.F.	300,000.00	0.00
15-0-2020	ACCOUNTS PAYABLE	240.00	0.00
15-0-1010	CASH-U.S. BANK CHECKING	0.00	240.00
77-0-2020	ACCOUNTS PAYABLE	0.00	492.07
77-0-1010	CASH U.S. BANK - CHECKING	492.07	0.00
77-0-1010	CASH U.S. BANK - CHECKING	680,829.79	0.00
77-0-2020	ACCOUNTS PAYABLE	0.00	680,829.79
45-0-3250	INVESTMENT INCOME	2,339.83	0.00
45-0-1019	INVESTMENT-TREASURY NOTES	0.00	2,339.83
45-0-3250	INVESTMENT INCOME	1,466.81	0.00
45-0-1019	INVESTMENT-TREASURY NOTES	0.00	1,466.81
45-0-1021	INVESTMENT-AGENCY COMM MBS	0.00	0.23
45-0-3250	INVESTMENT INCOME	0.23	0.00
45-0-1021	INVESTMENT-AGENCY COMM MBS	119.69	0.00
45-0-3250	INVESTMENT INCOME	0.00	119.69
45-0-1019	INVESTMENT-TREASURY NOTES	131.99	0.00
45-0-3250	INVESTMENT INCOME	0.00	131.99
45-0-1041	FAIR MKT VALUE ADJ-GASB 31	71,574.60	0.00
45-0-3251	FAIR MKT VAL INVESTMT INC/DECR	0.00	71,574.60
45-0-1051	INTEREST RECEIVABLE	3,563.99	0.00
45-0-3250	INVESTMENT INCOME	0.00	3,563.99
Total		**1,360,759.00**	**1,360,759.00**
CLIENT 03			
RL - PBC FLEX PLAN ADJ FY 25-26 (9.25.26)			
71-0-4706	MEDICAL REIMB-PRIOR YR (MEDIC)	582.73	0.00
71-0-1010	CASH-U.S. BANK CHECKING	0.00	582.73
15-0-1091	DUE FROM FLEX PLAN	0.00	582.73
15-0-1010	CASH-U.S. BANK CHECKING	582.73	0.00
71-0-4708	CASH WITHDRAWAL	0.00	265.53
71-0-1010	CASH-U.S. BANK CHECKING	265.53	0.00
15-4-4020	EMPLOYEE BENEFITS	265.53	0.00
15-0-1091	DUE FROM FLEX PLAN	0.00	265.53
71-0-4705	DEPENDENT CARE	5,000.00	0.00
71-0-1010	CASH-U.S. BANK CHECKING	0.00	5,000.00
15-0-1091	DUE FROM FLEX PLAN	0.00	5,000.00
15-0-1010	CASH-U.S. BANK CHECKING	5,000.00	0.00
71-0-3301	EMPLOYEE CONTRIBUTIONS	1,517.16	0.00
71-0-1010	CASH-U.S. BANK CHECKING	0.00	1,517.16
15-0-2110	FLEX PLAN P/R DEDUCTION	0.00	1,517.16
15-0-1010	CASH-U.S. BANK CHECKING	1,517.16	0.00
15-0-1091	DUE FROM FLEX PLAN	17,361.24	0.00
15-0-1010	CASH-U.S. BANK CHECKING	0.00	17,361.24
71-0-4708	CASH WITHDRAWAL	0.00	17,361.24
71-0-1010	CASH-U.S. BANK CHECKING	17,361.24	0.00
71-0-4707	MEDICAL REIMB-CURR YR (HLTU)	165.00	0.00

71-0-1010	CASH-U.S. BANK CHECKING	0.00	165.00
15-0-1091	DUE FROM FLEX PLAN	0.00	165.00
15-0-1010	CASH-U.S. BANK CHECKING	165.00	0.00
71-0-4707	MEDICAL REIMB-CURR YR (HLTU)	215.00	0.00
71-0-1010	CASH-U.S. BANK CHECKING	0.00	215.00
15-0-1091	DUE FROM FLEX PLAN	0.00	215.00
15-0-1010	CASH-U.S. BANK CHECKING	215.00	0.00
15-0-2110	FLEX PLAN P/R DEDUCTION	213.00	0.00
15-0-1010	CASH-U.S. BANK CHECKING	0.00	213.00
71-0-3301	EMPLOYEE CONTRIBUTIONS	0.00	213.00
71-0-1010	CASH-U.S. BANK CHECKING	213.00	0.00
71-0-4707	MEDICAL REIMB-CURR YR (HLTU)	213.00	0.00
71-0-1010	CASH-U.S. BANK CHECKING	0.00	213.00
15-0-1091	DUE FROM FLEX PLAN	0.00	213.00
15-0-1010	CASH-U.S. BANK CHECKING	213.00	0.00
Total		**51,065.32**	**51,065.32**

CLIENT 04

RL - PBC Transfer FR R&R to CIP (10.7.26)

45-1-4200	OTHER MISCELLANEOUS EXPENSES	84,752.33	0.00
45-0-1010	CASH-U.S. BANK CHECKING	0.00	84,752.33
40-1-4110	CONTRACTUAL SERVICES	0.00	84,752.33
40-0-1010	CASH-U.S. BANK CHECKING	84,752.33	0.00
45-5-4110	CONTRACTUAL SERVICES	11,162.09	0.00
45-0-1010	CASH-U.S. BANK CHECKING	0.00	11,162.09
40-5-4110	CONTRACTUAL SERVICES	0.00	11,162.09
40-0-1010	CASH-U.S. BANK CHECKING	11,162.09	0.00
Total		**191,828.84**	**191,828.84**

GRAND TOTAL	**1,630,966.63**	**1,630,966.63**

Client:	ORO LOMA SANITARY DISTRICT
Engagement:	2026 Oro Loma
Current Period:	06/30/2026
Workpaper:	Proposed Journal Entries

Account	Description	Debit	Credit
PAJE 1			
WR - Writing off interest receivable from PY not received in CY.			
45-0-1051	INTEREST RECEIVABLE	0.00	4,069.82
45-0-4210	WRITE-OFF OF UNCOLL ACCTS	4,069.82	0.00
Total		**4,069.82**	**4,069.82**
PAJE 2			
WR - To book difference on GASB 87 and book SBITA 96			
15-0-1055	Right of Use Asset	41,511.33	0.00
15-0-2705	SBITA GASB 96	0.00	41,511.33
Total		**41,511.33**	**41,511.33**
PAJE 3			
RL - PBC County of Alameda A/R adj			
15-0-1050	ACCOUNTS RECEIVABLE	34,261.06	0.00
15-0-3001	DISTRICT SEWER SERV CHG-ALAMEDA CO	0.00	34,261.06
Total		**34,261.06**	**34,261.06**
GRAND TOTAL		**79,842.21**	**79,842.21**

AGENDA ITEM REPORT

AGENDA ITEM NO: 7.2
AGENDA DATE:

Subject: **Authorization for General Manager to Execute an Agreement with Kennedy/Jenks Consultants in an Amount Not to Exceed $256,177 for the Wastewater Treatment Plant Strategic Planning Study**

BACKGROUND:

Oro Loma Sanitary District (OLSD) and Castro Valley Sanitary District (CVSan) jointly own the wastewater treatment plant operated by OLSD. Over the years, the Districts have completed numerous technical studies and evaluations addressing the treatment plant's infrastructure, operational needs, regulatory requirements, and long-term capital improvements.

As part of the ongoing planning efforts, the Districts agreed to conduct a comprehensive Strategic Planning Study to consolidate and validate existing technical studies, identify infrastructure risks and deficiencies, evaluate future regulatory requirements, and develop a prioritized roadmap for capital improvements over the next 10 years. The study will help both Districts make informed decisions regarding future investments while maintaining reliable and cost-effective wastewater treatment services.

Consultant Selection

Staff solicited proposals from qualified engineering consulting firms to perform the study. Three firms were shortlisted and interviewed by representatives from both OLSD and CVSan: HDR/Carollo, Kennedy/Jenks, and Hazen & Sawyer.

All three firms demonstrated the technical qualifications necessary to perform the work. However, Kennedy/Jenks distinguished itself through its detailed proposal, thorough review of the District's existing technical memoranda, and demonstrated understanding of the treatment plant's infrastructure and operational challenges.

Kennedy/Jenks proposed a practical approach focused on validating existing studies, identifying critical risks, evaluating future regulatory requirements, and prioritizing capital improvements. Their familiarity with the facility and emphasis on building upon previously completed work were particularly favorable.
The proposed fees are summarized below:

Consultant	Proposed Fee
Kennedy/Jenks	$256,177
HDR/Carollo	$289,751
Hazen & Sawyer	$293,310

Kennedy/Jenks also identified optional services totaling $43,663, which are not included in the recommended contract authorization.

Based on the evaluation of proposals, interviews, technical qualifications, and proposed fees, staff recommends selecting Kennedy/Jenks as the most qualified and best-value consultant to perform the study.

Fiscal Impact
The proposed agreement with Kennedy/Jenks is for an amount not to exceed $256,177. Project costs will be shared between OLSD and CVSan in accordance with the applicable cost-sharing agreement between the two Districts.

ISSUES:

No known issues.

OPTIONS:

1. Authorize the general manager to execute the agreement with Kennedy/Jenks for the Wastewater Treatment Plant Strategic Planning Study.
2. Do not authorize execution of the agreement – not recommended.

RECOMMENDED ACTION:

Authorize the General Manager to execute an agreement with Kennedy/Jenks Consultants in an amount not to exceed $256,177 for the Wastewater Treatment Plant Strategic Planning Study.

ORO LOMA SANITARY DISTRICT
POLICY AND STANDARD PROCEDURE

No.: IV.B.7
Effective: 02/03/2015
Adopted: 02/03/2015
Reviewed: 02/07/2020
Updated: 03/07/2023
Updated: 09/23/2025

SUBJECT: CODE OF ETHICS/CONDUCT FOR MEMBERS OF THE BOARD OF DIRECTORS

I. POLICY: The Board of Directors of Oro Loma Sanitary District is committed to providing excellence in legislative leadership that results in the provision of the highest quality services to its ratepayers and compliance with State laws including Assembly Bill 1234's requirement to undergo Ethics training every two years.

II. RESPONSIBILITY: It is the responsibility of each member of the Board of Directors to conduct themselves in accordance with the guidelines established by this policy and standard procedure.

III. PROCEDURE: In order to assist in the governance of the behavior of members of the Board of Directors, the following rules shall be observed.

A. The dignity, style, values and opinions of each Director shall be respected.

B. Responsiveness and attentive listening in communication is expected.

C. The needs of the District's ratepayers shall be the priority of the Board of Directors. When a Director believes there might be a conflict of interest, legal counsel shall be requested as soon as the potential conflict is discovered to offer written advice concerning whether one exists or not.

D. The primary responsibility of the Board of Directors is the formulation and evaluation of policy. Implementation of policy and the day-to-day operation of the District are to be delegated to the General Manager.

E. Directors should commit themselves to focusing on the business of the District, emphasizing the positive, and not participating in negative forms of communication and interaction, both internally and externally.

F. Directors should commit themselves to focusing on issues and not personalities. The presentation of the opinions of others should be encouraged.

G. Differing viewpoints are healthy in the decision-making process. Individuals have the right to disagree with ideas and opinions, without being unprofessional or impolite in their words, tone, or body language.

H. Directors should practice the following procedures:

i. In seeking clarification on informational items, Directors shall directly approach the General Manager to obtain information needed to supplement, upgrade, or enhance their knowledge to improve legislative decision-making.

ii. In handling complaints from residents and property owners of the District, said complaints shall be immediately referred directly to the General Manager. Nothing herein limits the ability of Board members to communicate directly with constituents in accordance with the adopted Board Guidelines.

iii. In handling items related to safety, concerns for safety or hazards shall be reported to the General Manager. Emergency situations shall be dealt with immediately by seeking appropriate assistance and reporting to the General Manager.

iv. In seeking clarification for policy-related concerns, said concerns shall be referred directly to the General Manager.

v. Directors shall direct all requests for work, studies, information or any task which is to be performed by District staff to the General Manager. Directors may direct requests for information to the General Manager, or may direct appropriate administrative requests to the District Secretary per the Board Guidelines. If the General Manager determines that an individual Director's request for staff services shall result in a substantial expenditure of time or District resources (greater than 2 hours), the General Manager shall refer the request to the Board for approval. This policy shall in no way limit the authority of individual Directors to contact the General Manager and District legal counsel for the purpose of inquiring about a Director's own potential conflicts of interest.

vi. Directors shall comply with the Board Guidelines in all communications with staff, the General Manager, and Legal Counsel.

I. If approached by District personnel concerning specific District policy, Directors shall direct inquiries to the General Manager.

J. Policy violations by a Board Member shall be referred to the District Counsel for evaluation and consideration of any appropriate action warranted. Reports, complaints, or concerns of perceived violations should be shared by the District Counsel with the entire Board, including the Board Member who is the subject of the referral, unless prohibited by applicable law. Thereafter, the District Counsel shall meet with the Board to discuss the process for investigating and/or addressing the alleged violation. If permitted by the Brown Act, such discussion shall occur in closed session and exclude the Board Member who committed the alleged violations. A violation of this policy may be addressed by remedies available in law, as approved by a four-fifths majority of the Board (excluding the Board Member who committed the alleged violation), including the following:

i. Informal discussion with the District Counsel and the Board Member with the alleged violation;

ii. Professional counseling/coaching for the Board Member with the alleged violation;

iii. An expression of admonition or disapproval of the conduct and/or censure of the Board Member. This could take place as follows:
    1. A verbal admonition (not a written action) carried out by the Board in a public meeting; and/or
    2. A formal censure in the form of a resolution, which may include actions up to and including removal from all committee assignments and any outside form of representation of the District.

iv. Injunctive relief; or

v. Referral of the violation to the Alameda County District Attorney and/or grand jury for investigation.

Nothing herein will be construed to prohibit a Board Member from exercising their First Amendment right to free speech or the Board's right to express its collective disapproval.

Formal Board actions to address violations will be taken in the public portion of a properly noticed Board meeting.

This policy shall not be applied retroactively to any Board Member for any conduct occurring prior to September 23, 2025.

Revised and Approved by Legal Counsel on 01/15/15
Reviewed By: Personnel/Safety/Public Information Committee on 01/26/15
Approved by: Board on 02/03/2015
Reviewed by Legal Counsel: 01/22/23
Reviewed by: Personnel/Safety/Public Information Committee on 02/22/23
Approved by: Board on 03/07/23
Approved by: Board on 09/23/25