

Manager's Report

**To the SC-OR Commissioners by Glen Sturdevant
on November 10, 2021**

Operations & Maintenance

There were no major operational or maintenance related issues this month.

Influent Pump Station Project

With the short turn-around time between meetings, and the rain slowing construction, we don't have a progress report for November for this meeting; we will present the November progress report at the December meeting.

Adoption of Covid Prevention Program

The state requires a covid prevention plan to be added to our IIPP. The revised example that Scott Huber sent us is on the agenda for adoption consideration.

Fiscal Year 2020/21 Audit

SC-OR staff has worked diligently with Fechter & Company, CPA's, to complete this past fiscal year's annual audit. We are bringing it to the board for adoption.

Resolution 09-21 and Board Policy No. 7305 (Establishing the Formulas for Determining I&I Surcharges)

This resolution and policy show a breakdown of what it costs to process 1 million-gallons-per-day (MGD); we multiply that cost by the amount of excess MGD to get the surcharge amount. At the direction of the Board, SC-OR attorney Scott Huber added some language to capture the spirit and intent of this annual resolution and policy that the board desired. It is again on the agenda for consideration of adoption.

**MINUTES OF THE REGULAR MEETING
OF THE SEWERAGE COMMISSION - OROVILLE REGION**
(Held at the Commission office on October 27, 2021 at 5:00 p.m.)

1. Call to Order ❖

Chairman Pittman called the meeting to order at 5:00 p.m.

2. Roll Call ❖

Commissioners present were Commissioners Fairbanks and Mastelotto from the Lake Oroville Area Public Utility District, Pittman and Reynolds from the City of Oroville, Hatley and Wristen from the Thermalito Water and Sewer District. Staff present was Manager Glen Sturdevant, Plant Supervisor Mikah Salsi, and SC-OR Attorney Scott Huber.

3. Salute to the Flag ❖

Commissioner Mastelotto led the Commissioners and staff in the salute to the flag.

4. Acknowledgment of Visitors ❖

None

5. Board Meeting Minutes of the Regular Meeting held on September 29, 2021 ❖

Upon motion by Commissioner Hatley to approve the minutes of the meetings, and seconded by Commissioner Reynolds, the minutes of the September 29, 2021 regular meeting were unanimously approved.

6. Authorization of Warrants ❖

Commissioner Reynolds met with Manager Sturdevant and reviewed the warrants, and having found everything to be in order made a motion for their approval. The motion was seconded by Commissioner Fairbanks. Warrants 27036-27094 in the total amount of \$1,367,572.04 from September 29 to October 27, 2021, including Commissioner fees and electronic fund transfers, were unanimously approved and ordered paid.

7. Fiscal Reports ❖

Manager Sturdevant stated the fiscal reports for September 2021 were in the packets for review. There were no questions and nothing further to report.

8. Review of I&I Peak Charge Resolution 09-21 (A Resolution Establishing the Formulas for Determining Infiltration/Inflow Surcharges) and Corresponding Policy No. 7305 ❖

Manager Sturdevant said that every year the board considers adopting a resolution setting the I&I peak charge formula. The intention of this resolution was for the entities to solve their I&I issues within their infrastructure. He doesn't know why giving SC-OR money for going over their peak I&I is beneficial. It should be going into the entity's infrastructure to fix their I&I problems. Commissioner Pittman said he thought the point of the resolution was to say, "If you don't fix your I&I issues then this will be the charge"; this resolution is an incentive to put the money into their systems rather than to pay SC-OR for treating the I&I overages.

All entities said they have made concerted efforts to repair their infrastructures to reduce their I&I.

It was the direction from the Board for Manager Sturdevant and Attorney Huber to change the wording of the resolution to put the spirit and intention of the resolution into the resolution so that future Commissioners don't have to guess as to what the intention is, and to bring it back to the November meeting for review and possible adoption.

9. Resolution 10-21 (A Resolution Ratifying the Determination of a Positive Annual Evaluation for the Manager, and Authorizing a Raise Pursuant to the Employment Agreement), and Approve a Letter Submitted by Chairman Pittman for His Personnel File) ❖

Attorney Huber said that he was directed at the last meeting to create a resolution to put in writing that: A) There was a positive evaluation of the manager and, B) There was a pay increase of 5% in his contract, so there is no question that the board voted and approved these. This resolution is to ratify these events.

A motion was made by Commissioner Reynolds to adopt Resolution 10-21 – A Resolution Ratifying the Determination of a Positive Annual Evaluation for the Manager, and Authorizing a Raise Pursuant to the Employment Agreement, and Approve a Letter Submitted by Chairman Pittman for his Personnel File. The motion was seconded by Chairman Hatley, and passed by the following vote: Fairbanks – Yes, Reynolds – Yes, Hatley – Yes.

10. Water Reuse ❖

Manager Sturdevant asked for direction on how to move forward on SC-OR water reuse. He heard from the County that they should have some planning grant funds available in November or December. SC-OR would like to apply for a feasibility study for reuse, but he wants to be sure the Board is fine with staff putting time and effort in pursuing this grant money for water reuse.

The Board gave direction to staff to pursue grant money for reuse.

11. Attorney's Report ❖

Attorney Huber had nothing more to report.

12. Manager's Report ❖

Manager Sturdevant said that on October 1, 2021 SC-OR began operating under our new NPDES permit. There were not a lot of changes to the permit because SC-OR has been and continues to be proactive with our upgrade to prepare for future State regulatory requirements.

The influent pump station construction is fully underway. Their hole filled with water during the storm, which is being pumped out. They are ahead of schedule to date.

He wanted to clarify that the board meeting reschedule in December 15, 2021 will be held at 11:00, and not 10:00 as stated at the September meeting. It will be followed by the Christmas luncheon.

He reported that both Mikah Salsi and Mitchell Maxwell passed their certification tests and are both now Grade IV operators.

13. Visitor Comments ❖

None

14. Commissioner and Staff Comments ❖

Commissioner Fairbanks reported that LOAPUD has been working with the State of California because the State wants LOAPUD to run sewer lines to Palermo and will pay the costs to do that. This will be a long project, and they would like to begin construction in 2024. One of questions they are asking is where they would dump the sewage from Palermo. Manager Sturdevant said he has been in communication with Keith, LOAPUD's engineer, regarding this project. The State is pushing for regional wastewater facilities, so he doesn't think they would be in favor of building a treatment plant in Palermo. The State would probably prefer that the septage come to SC-OR, but we may not have the capacity by that time. We are trying to see if the State would be willing to help with the cost of expansion of SC-OR to increase the capacity of our plant so we can handle the septage from Palermo. This will be an ongoing discussion.

Commissioner Mastelotto thanked Manager Sturdevant and Plant Supervisor Salsi for the tour they gave to the Board of Realtors. She said it went very well, and demonstrated how important laterals are, and gave the realtors a better perspective of how the treatment plant works and benefits the community.

15. Adjournment ❖

There being no further business, the meeting was adjourned at 5:47 p.m. to the continued regular meeting scheduled for November 17, 2021 at 5:00 p.m.

Respectfully submitted,



GLEN E. STURDEVANT, CLERK

Draft

SEWERAGE COMMISSION - OROVILLE REGION
BUDGETARY SUMMARY - FISCAL YEAR 2021/2022

DESCRIPTION	Adopted Budget 2021/22	Expended This Month	Expended Through 10.31.2021	Balance of Funds Remaining	Time Left 67%
SALARIES & WAGES	770,800	63,667.91	232,210.46	538,589.54	70%
EMPLOYEE BENEFITS	639,473	34,865.46	366,294.05	273,178.95	43%
COMMISSIONERS' FEES	43,200	3,600.00	14,400.00	28,800.00	67%
CMSNRS FICA & MEDICARE	3,305	275.40	1,101.60	2,203.40	67%
GAS, OIL & FUEL	30,000	764.22	10,109.72	19,890.28	66%
INSURANCE	81,000	0.00	77,616.82	3,383.18	4%
MEMBERSHIPS	8,850	250.00	442.00	8,408.00	95%
OFFICE EXPENSES	8,500	1,111.53	4,071.68	4,428.32	52%
OPERATING SUPPLIES	164,250	8,511.24	41,283.82	122,966.18	75%
PROFESSIONAL SERVICES	134,200	5,271.95	19,110.66	115,089.34	86%
PRINTING & PUBLICATIONS	3,000	0.00	0.00	3,000.00	100%
REPAIRS & MAINTENANCE	115,000	5,901.49	43,484.36	71,515.64	62%
BIOSOLIDS DISPOSAL	35,000	0.00	0.00	35,000.00	100%
MONITORING & COMPLIANCE	70,000	11,918.01	25,614.92	44,385.08	63%
TRAINING & MEETINGS	16,000	2,555.23	5,034.40	10,965.60	69%
UTILITIES	404,650	36,712.38	145,665.11	258,984.89	64%
TOTAL OPERATING	2,527,228	175,404.82	986,439.60	1,540,788.40	61%
Engineering Fees	0.00				
Legal Fees	0.00				
Auditing Fees	0.00				
Permits	5,271.95				
Miscellaneous	0.00				
	<u>5,271.95</u>				

SEWERAGE COMMISSION - OROVILLE REGION

REVENUE SUMMARY - FISCAL YEAR 2021/2022

DESCRIPTION	Received	Received	Unrestricted	Restricted	Regulatory &	Restricted	Restricted	Restricted
	This Month	Through 10.31.21	Funds	W.C.R.F. Funds	Capital Acct. Funds	Cap. Outlay Funds	Ann. M&O Funds	Fines&Pen. Funds
SERVICE CHARGES	684,836.25	684,836.25	684,836.25					
SEPTAGE DUMPERS	6,869.16	20,756.52	20,756.52					
EX. PEAK FLOWS	0.00	0.00				0.00		
EX. MO. FLOWS	0.00	0.00	0.00					
OTHER AGENCIES	5,280.65	10,294.05	10,294.05					
RFC CHARGES	53,104.00	79,656.00				79,656.00		
INTEREST	0.00	9,027.97	542.49	539.33	1,047.69	6,892.68		5.78
R&CA (Regulatory & capital ac	293,501.25	293,501.25			293,501.25			
WCRF	19,566.75	19,566.75		19,566.75				
TOTALS	1,063,158.06	1,117,638.79	716,429.31	20,106.08	294,548.94	86,548.68	0.00	5.78

**SEWERAGE COMMISSION - OROVILLE REGION
ACTIVE & INACTIVE CASH - MONTHLY RECAP
FISCAL YEAR 2021/2022**

	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	APRIL	MAY	JUNE
Cash - Unrestricted	3,393,318.95	3,180,641.16	3,048,225.09	3,604,012.45								
Cash - Restricted												
WCRF	785,169.15	785,169.15	785,708.48	805,275.23								
R&CA	1,611,095.10	1,609,185.40	1,526,150.70	1,809,513.71								
Cap. Outlay	9,785,784.73	9,785,784.73	9,740,812.59	8,586,646.84								
Annl. M & O	300,000.00	300,000.00	300,000.00	300,000.00								
Fines&Pen	8,470.32	8,470.32	8,476.10	8,476.10								
TOTAL CASH	15,884,438.25	15,669,250.76	15,409,372.96	15,113,924.33								
INTEREST ALLOCATED:												
Unrestricted												
Reserve/WCRF												
Reserve/CO												
Reserve/M&O												
Reserve/F&P												
Reserve/RCA												
CONSISTING OF:												
Checking Account	1,806,282.75	21,095.26	70,189.49	1,061,740.86								
L.A.I.F. Account	14,078,155.50	15,648,155.50	15,339,183.47	14,052,183.47								
TOTAL CASH	15,884,438.25	15,669,250.76	15,409,372.96	15,113,924.33								
% of Funds Invested	88.63%	99.87%	99.54%	92.98%								

Sewerage Commission - Oroville Region

Bank Reconciliation - Bank of America

Fiscal Year Ended 30 June 2022

BALANCE PER BANK

Ending Balance on Bank Statement	31-Oct-21	1,157,688.41
Less Outstanding Warrants		(95,947.55)
Equals Adjusted Bank Balance at	31-Oct-21	<u>1,061,740.86</u>

BALANCE PER BOOKS

Beginning Prior Checkbook Balance	1-Oct-21	<u>70,189.49</u>
Deposits		2,351,530.34
Less Warrants Written		(1,314,747.10)
Less Net Payroll Warrants		(45,231.87)
Equals Adjusted Checkbook Balance	31-Oct-21	<u>1,061,740.86</u>

COVID-19 PREVENTION PROGRAM (CPP) FOR THE SEWERAGE COMMISSION – OROVILLE REGION

All California employers and places of employment are required to establish and implement an effective written COVID-19 Prevention Program (CPP) pursuant to an Emergency Temporary Standard in place for COVID-19 (California Code of Regulations (CCR), Title 8, section 3205(c)). This policy is adopted to ensure that the SEWERAGE COMMISSION-OROVILLE REGION (the "Agency") is compliant with these regulations and with the requirements of California AB 685 (2020). It further provides guidance on best practices to minimize the risks and spread of COVID-19 and provides procedures for the Agency and all employees to follow in the event of instances of potential COVID-19 illness.

The purpose of this policy, including its enactment, is so that the Agency can take all reasonable steps that a responsible employer would take to prevent and eliminate employee exposure to COVID-19 in an expedited manner and to mitigate any hazards associated with such exposure.

Where required by this policy, the Agency has identified the specific provisions that apply by placing an "X" or completing the additional information in the spaces provided.

TO ALL EMPLOYEES: COVID-19 is an infectious disease that can be spread through the air. COVID-19 may also be transmitted when a person touches a contaminated object and then touches their eyes, nose, or mouth. An infectious person may have no symptoms.

Date Adopted: November 17, 2021

1. AUTHORITY AND RESPONSIBILITY

The Plant Manager, Glen Sturdevant, has overall authority and responsibility for implementing the provisions of this CPP in the SC-OR workplace, and is designated as the Agency's Workplace Infection Prevention Coordinator. In addition, all supervisors are responsible for implementing and maintaining the CPP in their assigned work areas, and for ensuring employees receive answers to questions about the program in a language they understand.

All employees are responsible for using, and must use, safe work practices; following all directives, policies, and procedures; and assisting in maintaining a safe work environment.

2. IDENTIFICATION AND EVALUATION OF COVID-19 HAZARDS

The Agency shall employ the following procedures to aid in the identification and evaluation of Covid-19 hazards within the Agency workplaces:

- Conduct workplace-specific evaluations using the Appendix A: Identification of COVID-19 Hazards form.
- Evaluate employees' potential workplace exposures to all persons at, or who may enter, our workplaces.
- Review applicable orders and general and industry-specific guidance from the State of California, Cal/OSHA, and the local health department related to COVID-19 hazards and prevention.
- Evaluate existing COVID-19 prevention controls in the workplace and the need for different or additional controls.
- Conduct periodic inspections using the Appendix B: COVID-19 Inspections form as needed to identify unhealthy conditions, work practices, and work procedures related to COVID-19 and to ensure compliance with our COVID-19 policies and procedures.

3. DEFINITIONS

The definitions section is critical to your understanding of this policy. Some definitions include definitions in combination. Wherever a definition includes a previously defined term, those previously defined terms are shown in *italics*.

a) "Infectious Period" means the time period a COVID-19 positive individual is infectious as defined by the State Department of Public Health.

b) "Notice of Potential Exposure" means (any of):

1. Notification from a public health official or licensed medical provider that an employee was exposed to a qualifying individual at the worksite.
2. Notification from an employee or an employee representative or emergency contact that the employee is a qualifying individual.
3. Notification from an employer-provided testing protocol that the employee is a qualifying individual.
4. Notification from a subcontracting employer that a qualifying individual was on the worksite.

c) "Qualifying Individual" means any person who has (any of):

1. A lab-confirmed case of COVID-19
2. A Positive COVID-19 diagnosis from a licensed health care provider
3. A COVID-19 related order to isolate provided to them by a public health official.
4. Died due to COVID-19.

d) "Worksite" means the building, facility, or other location where a worker worked during the infectious period. It does not include buildings or other locations that a qualified individual did not enter.

e) "Exposed Workplace" means any work location, work area or common area at a worksite used or accessed by a qualifying individual during the high-risk period, including bathrooms, walkways, hallways, aisles, meal, and rest areas, and waiting areas.

f) "High Risk Period" means, the "*infectious period*" and any of the following:

1. For persons who develop COVID-19 symptoms: from two days before they first develop symptoms until at least 10 days after symptoms first appeared and until 24 hours have passed after symptoms have disappeared and no fever (without taking fever-reducing medication) is present.
2. For persons who test positive for COVID-19 but do not develop symptoms, from two days before the specimen for their first positive test was collected until 10 days after the test was collected.

g) "COVID-19 Outbreak" means in non-residential, non-healthcare settings, three probable or confirmed COVID-19 cases within any 14-day period, of people who are epidemiologically linked in the setting, not from the same household and not identified as close contacts in any other investigation.

h) "Close Contact" means being within 6 feet of another person for an aggregate of 15 minutes in any 24-hour period."

i) "Epidemiologically Linked" means those who are connected because they were in "Close Contact" or those that are members of a risk cohort as defined by public health authorities and including those that have identifiable connections between them such as shared office space or other contact indicating a higher risk of spread than arises from incidental community contact.

j) "COVID-19 Symptoms" means fever of 100.4 degrees or higher, chills, cough, shortness of breath or difficulty breathing, fatigue, muscle or body aches, headache, new loss of taste or smell, sore throat, congestion or runny nose, nausea, vomiting or diarrhea, unless these symptoms are determined by a licensed health care professional to be caused by a known condition other than COVID-19.

k) "Possible Exposure" means direct contact for more than 15 minutes (in total) in any 24-hour period with a person who is a *qualifying individual* during their *high-risk period* OR having direct contact with another person who is a *qualifying individual* and to whom they are *epidemiologically linked* during their *high-risk period*.

4. EMPLOYEE PARTICIPATION

Employees and their authorized employees' representatives are encouraged to participate in the identification and evaluation of COVID-19 hazards. Employees are not compelled to disclose medical information unless required by law and specified in this Prevention Program Policy. Employees will not be subject to retaliation for disclosing a positive COVID-19 test or diagnosis or an order to quarantine or isolate.

Employee personally identifying information shall not be released and is exempt from disclosure under the California Public Records Act, as the privacy interests of employees in this personally identifiable information outweighs the interest in public disclosure of such information.

5. EMPLOYEE SCREENING

Employees are required to pre-screen themselves by deliberately assessing the following, daily, prior to or upon arrival at their worksite.

Screening processes include **Check all that apply**:

- Sanitize hands**
- Verify they have a mask**
- Self-assessment for any COVID-19 Symptoms**
- Self-assess any contact resulting in "possible exposure" (see definition)**
- Temperature Check (must be below 100.3F)**

If an employee has symptoms of COVID-19, a temperature above 100.3 degrees or had a "possible exposure, they must not enter the worksite and must contact their supervisor to report their absence related to failing pre-screening procedures.

6. CORRECTION OF COVID-19 HAZARDS

Unsafe or unhealthy work conditions, practices or procedures will be documented on the **Appendix B: COVID-19 Inspections** form, and corrected in a timely manner based on the severity of the hazards, as follows **Check all that apply**:

- All identified hazards will be reported to the Plant Manager within 24 hours
- The Plant Manager will take appropriate remedial action immediately or as soon as possible after the hazard becomes known.

- X Once an immediate hazard has been mitigated, the Plant Manager will ensure that COVID-19 Hazards transition into the Agency's control model in 7), below.

7. CONTROL OF COVID-19 HAZARDS

a) Physical Distancing

Where possible, all persons present on Agency property must ensure at least six feet of physical distance is maintained at all times from anyone who is not a member of their immediate household. When six feet of distancing cannot be achieved, individuals are to maintain as much distance as possible.

To the extent possible, the Agency evaluates the operational needs to assess whether remote work arrangements are possible, it limits the number of persons in any one area at any given time including visitors and members of the public.

Employees should, to the extent possible, avoid all face-to-face gatherings, including meetings even in small groups and use teleconferencing tools to interact with other staff. Meals and breaks should be taken in a staggered fashion at different times. Arrival and departure times for employees may be adjusted, along with work schedules, if that is needed to reduce interpersonal contact and to maintain delivery of Agency services to the public.

b) Face Coverings

The Agency provides clean, undamaged, disposable face coverings (masks) when necessary, and will ensure they are properly worn by employees over the nose and mouth when indoors, if appropriate, and when outdoors and less than six feet away from another person, including non-employees, if necessary, and where required by orders from the California Department of Public Health (CDPH) or local health department.

Face coverings will be available at the public entryway to all Agency buildings. When arriving at a workplace, employees and members of the public are encouraged to wear a face covering before entering or immediately upon entry if using an agency-provided mask.

When necessary, the following are exceptions to the use of face coverings in the workplace:

- When an employee is alone in their own office if that office is a private, fully enclosed space with the door closed.
- While eating and drinking at the workplace.

- Employees who cannot wear face coverings due to a medical or mental health condition or disability, or who are hearing-impaired or communicating with a hearing-impaired person. Alternatives will be considered on a case-by-case basis.
- When performing specific tasks that cannot feasibly be performed with a face covering.

Any employee not wearing a face covering, face shield with a drape or other effective alternative, or respiratory protection, shall be at least six feet apart from all other persons when possible.

c) Engineering controls

The Agency will maximize, to the extent feasible, the quantity of outside air circulated in our buildings with mechanical or natural ventilation systems by ensuring the exchange with outside air unless doing so is unreasonable due to exterior air quality or outdoor temperatures falling outside the range of 50 degrees to eighty-five degrees Fahrenheit.

The Agency uses air exchange filters that provide the maximum filtration efficiency compatible with the existing central ventilation system in each location.

d) Cleaning and Disinfecting

The Agency utilizes the following cleaning and disinfection measures for frequently touched surfaces {Check all that apply}:

- Sanitizing using a commercial grade sanitizer or other disinfectant solution designed to eliminate bacteriological or viral agents including coronavirus-type viruses.
- Weekly Semi-weekly and as-needed deep cleaning of all surfaces, doorknobs, switches, buttons, handles, elevator buttons, touchscreen surfaces with a commercial-grade sanitizer or other disinfectant solution designed to eliminate bacteriological or viral agents including coronavirus-type viruses.

In the event of a documented COVID-19 case in our workplace, we will implement the following procedures {Check All that Apply}:

- The workspace of the affected individual when a single case is discovered will be closed to use for a period of 72 hours.

- X Deep cleaning of all surfaces, handles, switches, buttons, and other touch surfaces in the workspace will be conducted prior to re-opening the area for use by any employee. Deep cleaning shall only be conducted by staff trained to perform maintenance functions that include training in the use of chemical disinfectant agents or by outside vendors with the same training.
- X In the event that a single workplace has three or more documented, epidemiologically linked cases within any 14-day period, an outside vendor will be contracted to provide deep-cleaning / disinfection services for affected employee workstations/offices and common areas. That worksite will be closed to use until the deep cleaning has been completed.

e) Shared vehicles, tools, equipment, and personal protective equipment (PPE)

PPE must not be shared, e.g., masks, respirators, gloves, goggles, and face shields.

Items that employees come in regular physical contact with, such as phones, headsets, desks, keyboards, writing materials, instruments and tools must also not be shared, to the extent feasible. Where there must be sharing, the items will be disinfected between uses. Each user of shared materials is responsible for disinfection of the item before and after use, using disinfectant agents and disposable paper towels provided by the Agency. If supplies are needed to perform disinfection tasks, employees shall contact their supervisor to obtain such supplies.

Sharing of vehicles will be minimized to the extent feasible, and high-touch points (for example, steering wheel, door handles, seatbelt buckles, armrests, shifter, etc.) will be disinfected between users.

Employees shall, in addition to disinfecting surfaces described herein, use hand sanitizer before and after touching shared items (see below).

f) Hand sanitizing

Handwashing with warm water and soap for a minimum of 20 seconds is the preferred method to sanitize hands. When an employee is unable to wash their hands for at least 20 seconds, the use of an effective hand sanitizer is an effective and acceptable alternative.

To implement effective hand sanitizing procedures, the Agency will allow employees to use lavatory facilities for handwashing on an as-needed basis. Handwashing should always be for a period greater than 20 seconds in each session, using soap, and drying with disposable towels immediately after. The agency will provide effective hand sanitizer and a sanitation station inside each workplace.

Employees may choose and are encouraged to use their own hand-sanitizer according to preference. Do not use disinfectant sprays or wipes designed for cleaning or disinfection of non-porous surfaces on your skin. Acceptable hand sanitizer includes only those that meet the following parameters:

- **MUST** contain at least 60% ethanol (ethyl alcohol) or isopropyl alcohol (isopropanol or 2-propanol)
- **DO NOT** contain Methanol and/or 1-propanol which can be toxic to humans and which may be absorbed through the skin.

g) Personal protective equipment (PPE) used to control employees' exposure to COVID-19

We evaluate the need for PPE (such as gloves, goggles, and face shields) as required by CCR Title 8, section 3380, and provide such PPE as needed.

When it comes to respiratory protection, we evaluate the need in accordance with CCR Title 8 section 5144 when the physical distancing requirements are not feasible or maintained.

8. INVESTIGATING AND RESPONDING TO COVID-19 CASES

When the Agency receives Notice of a Potential Exposure to COVID-19 it shall, within one business day:

- a) Provide a **written** notice to all employees, and the employer of any subcontracted employees, who were present in the workplace (worksite) with the qualifying individual within the period of time they may have been infectious that they may have been exposed to COVID-19. Copies of these notices shall be retained for at least three (3) years.
- b) Provide a written notice to the exclusive representative (if applicable) of any employee receiving a notice in section 8 a) (above). This notice shall include the same information as is required for a Cal/OSHA Form 300 injury log unless that information is inapplicable or unknown.
- c) The notices in a) and b) (above) shall provide information regarding COVID-19 related benefits that the employee may be entitled to under Federal State or local laws including worker's compensation, COVID-19 leave, Employer-provided sick leave, or other state-mandated leave, and shall explain any anti-retaliation and anti-discrimination protections the employee may have.

d) The notices in a) and b) (above) shall include a copy of this policy and provide information about the specific disinfection and safety plan that will be completed per the then current Centers for Disease Control (CDC) guidelines.

This will be accomplished by using the **Appendix C: Investigating COVID-19 Cases** form.

Employees who had potential COVID-19 exposure in our workplace will be required to take a COVID-19 test. The Agency will pay for the cost of the first test. Employees who have had a potential exposure may be required to stay home until they satisfy any applicable return-to-work requirements. Where feasible, employees will be assigned work remotely if they are unable to be physically present in the workplace.

9. RESPONSE TO COVID-19 OUTBREAK

If the Agency is notified that the number of cases meet the California Department of Public Health definition of a "COVID-19 Outbreak", the Agency will, within 48 hours, notify the Local Public Health Agency of the names, number, occupation, and worksite of each employee who is a qualifying individual along with the business address and NAICS code of the worksite(s) where the qualifying individuals work. The Agency will supplement this notification by providing the same information for each subsequent lab-confirmed case of COVID-19 at the worksite(s).

CDPH has defined a COVID-19 Outbreak, in non-residential, non-healthcare settings as: "Three probable or confirmed COVID-19 cases within any 14-day period of people who are epidemiologically linked in the setting, not from the same household and not identified as close contacts in any other investigation."

10. SYSTEM FOR COMMUNICATING

The Agency has implemented a two-way communication system to ensure that information is shared promptly with and from all employees and, when required, to recognized employee representatives in a form that is readily understood.

a) Employees should immediately inform their supervisor verbally or in writing if they are suffering from COVID-19 symptoms (see definition), if they have had any COVID-19 possible exposure (see definition) in or away from the workplace that they become aware of, or of possible COVID-19 hazards at the workplace. Retaliation or discriminatory treatment for making a report under this policy is prohibited.

b) Employees making such a report will be provided with a copy of this policy, and direction regarding whether they must remain away from the worksite, what the conditions must be met to allow their return to the worksite, any available leave, or other benefits during the period of absence from work, and information about how and where they can get tested for COVID-19 if a test has not yet been taken.

c) Our procedures or policies for accommodating employees with documented medical or other conditions that put them at increased risk of severe COVID-19 illness may include staggering work hours, remote or partially remote work, to ensure minimized contact with other employees. In cases where a medical provider for an employee with a qualifying disability has disclosed the need for restrictions and the employee's essential functions are impacted by these restrictions, the Agency will engage in an Interactive Process with the employee to evaluate accommodations that may be made that will allow the employee to perform the essential functions of their job, and whether such accommodation(s) are reasonable.

d) If an employee is concerned that they have had possible exposure to COVID-19 as defined in this policy, away from the worksite, they should immediately contact their medical provider for information on where testing may be available to them. If recommended by their medical provider, they should self-isolate until test results are returned to them. If an employee receives a recommendation to self-isolate from a medical provider while awaiting COVID-19 test results, they must not come to work and must contact their supervisor to report a COVID-19-related need for absence from work. The purpose of this subsection is to reduce the likelihood that an employee may, without their knowledge bring COVID-19 into the workplace without their knowledge, such as prior to experiencing symptoms.

e) In the event the Agency is required to provide testing because of a workplace exposure or outbreak, we will communicate the plan for providing testing and inform affected employees of the reason for the testing and the possible consequences of a positive test. As noted in this policy, the first test mandated by the Agency will be at no cost to the employee.

f) When an employee tests positive for COVID-19 or has possible exposure, the employee is requested and strongly encouraged to disclose the following: When they had a positive test, when (if applicable) they first experienced symptoms of COVID-19, a description of all times they were present in the workplace from the period of time two days prior to the positive test or experiencing symptoms – whichever is earlier, and a listing of all other individuals that they had more than a total of 15 minutes of close contact with at the workplace during that time period.

g) When necessary, the Agency will share information relating to possible exposure with any affected employee. The Agency does so to prevent further spread and will only share the information needed to accomplish that goal. To the extent possible, the Agency will not disclose any private medical information or the identity of any employee who tests positive or is unable to come to work due to possible exposure.

11. TRAINING AND INSTRUCTION

We will provide effective training and instruction that includes {Check All That Apply}:

- Distribution of this and any other COVID-19 policies and procedures designed to protect employees from COVID-19 hazards.
- Distribution of information regarding COVID-19-related benefits to which the employee may be entitled under applicable federal, state, or local laws.
- Methods of physical distancing of at least six feet and the importance of combining physical distancing with the wearing of face coverings.
- The fact that particles containing the virus can travel more than six feet, especially indoors, so physical distancing must be combined with other controls, including face coverings and hand hygiene, to be effective.
- The importance of frequent hand washing with soap and water for at least 20 seconds and using hand sanitizer when employees do not have immediate access to a sink or hand washing facility, and that hand sanitizer does not work if the hands are soiled.
- Proper use of face coverings and the fact that face coverings are not respiratory protective equipment - face coverings are intended to primarily protect other individuals from the wearer of the face covering.
- COVID-19 symptoms, and the importance of obtaining a COVID-19 test and not coming to work if the employee has COVID-19 symptoms.

If you have questions about any of the topic areas listed above and have not been provided with information such that you clearly understand each, please first review this Coronavirus Preparedness Plan in detail and request to discuss the plan and the above guidance with your supervisor.

Appendix D: COVID-19 Training Roster will be used to document this training.

12. EXCLUSION OF COVID-19 CASES

13. REPORTING, RECORDKEEPING AND ACCESS

It is our policy to report information about COVID-19 cases at our workplace to the local health department whenever required by law, and provide any related information requested by the local health department. The Agency also will make a report immediately to Cal/OSHA any COVID-19-related serious illnesses or death, as defined under CCR Title 8 section 330(h), of an employee occurring in our place of employment or in connection with any employment.

The Agency maintains records of the steps taken to implement our written COVID-19 Prevention Program for three (3) years in accordance with CCR Title 8 section 3203(b).

The Agency also makes written COVID-19 Prevention Program available at the workplace to employees, authorized employee representatives, and to representatives of Cal/OSHA immediately upon request.

The Agency uses the attached form: **Appendix C: Investigating COVID-19 Cases** to keep a record of and track all COVID-19 cases. The information will be made available to employees, authorized employee representatives, or as otherwise required by law, with personal identifying information removed.

14. RETURN TO WORK CRITERIA

Positive COVID-19 cases with COVID-19 symptoms will not return to work until at least 72 hours have passed since the employee is no longer symptomatic, and at least 10 days have passed since the date of the positive test or COVID-19 symptoms first appeared, whichever is later.

COVID-19 cases who tested positive but never developed COVID-19 symptoms will not return to work until a minimum of 10 days have passed since the date of specimen collection of their first positive COVID-19 test.

A negative COVID-19 test will not be required for an employee to return to work; however, an employee who had a positive COVID-19 test, has no symptoms, or no longer has symptoms, and has two subsequent consecutive negative COVID-19 tests spaced 24 hours apart may return to work before the 10 days waiting time (above) has elapsed.

If an order to isolate or quarantine an employee is issued by a local or state health official, the employee will not return to work until the period of isolation or quarantine is completed or the order is lifted. If no period was specified, then the period will be 10 days from the time the order to isolate was effective, or 14 days from the time the order to quarantine was effective.

By: _____

GLEN E. STURDEVANT

EMPLOYEE ACKNOWLEDGEMENT

I, _____ acknowledge receipt of this policy and confirm that I have read and understand the contents and will follow the policy as written. I further acknowledge that if I have questions about this policy or about COVID-19, prevention of COVID-19, impacts upon the workplace or other questions related to COVID-19 that I will address those questions to my direct supervisor.

Date: _____

By: _____

Appendix A: Identification of COVID-19 Hazards

All persons, regardless of symptoms or negative COVID-19 test results, may be considered potentially infectious. Particular attention will be paid to areas where people may congregate or encounter one another, regardless of whether employees are performing an assigned work task or not. For example: meeting spaces, entrances, bathrooms, hallways, aisles, walkways, elevators, break or eating areas, cool-down areas, and waiting areas.

Evaluation of potential workplace exposure will be for all persons at the workplace or those who may enter the workplace, including coworkers, employees of other entities, members of the public, customers or clients, and independent contractors. We will consider how employees and other persons enter, leave, and travel through the workplace, in addition to addressing fixed work locations.

Person conducting the evaluation:

Date:

Name(s) of other participating employees and authorized employee representatives:

Interaction, area, activity, work task, process, equipment, and material that potentially exposes employees to COVID-19 hazards	Places and times	Potential for COVID-19 exposures and employees affected, including members of the public and employees of other employers	Existing and/or additional COVID-19 prevention controls, including barriers, partitions, and ventilation

Appendix B: COVID-19 Inspections

Date:

Name of person conducting the inspection:

Work location evaluated:

Exposure Controls	Status	Person Assigned to Correct	Date Corrected
Engineering			
Barriers/partitions			
Ventilation (amount of fresh air and filtration maximized)			
Additional room air filtration			
Administrative			
Physical distancing			
Surface cleaning and disinfection (frequently enough and adequate supplies)			
Hand washing facilities (adequate numbers and supplies)			
Disinfecting and hand sanitizing solutions being used according to manufacturer instructions			
PPE (not shared, available and being worn)			
Face coverings (cleaned sufficiently often)			
Gloves			
Face shields/goggles			
Respiratory protection			

Appendix C: Investigating COVID-19 Cases

All personal identifying information of COVID-19 cases or symptoms will be kept confidential. All COVID-19 testing or related medical services provided by us will be provided in a manner that ensures the confidentiality of employees, except for unredacted information on COVID-19 cases that will be provided immediately upon request to the local health department, CDPH, Cal/OSHA, the National Institute for Occupational Safety and Health (NIOSH), or as otherwise required by law.

All employees' medical records will also be kept confidential and not disclosed or reported without the employee's express written consent to any person within or outside the workplace, with the following exceptions: (1) Unredacted medical records provided to the local health department, CDPH, Cal/OSHA, NIOSH, or as otherwise required by law immediately upon request; and (2) Records that do not contain individually identifiable medical information or from which individually identifiable medical information has been removed.

Date:

Name of person conducting the investigation:

Employee (or non-employee*) name:		Occupation (if non-employee, why they were in the workplace):	
Location where employee worked (or non-employee was present in the workplace):		Date investigation was initiated:	
Was COVID-19 test offered?		Name(s) of staff involved in the investigation:	
Date and time the COVID-19 case was last present in the workplace:		Date of the positive or negative test and/or diagnosis:	
Date the case first had one or more COVID-19 symptoms:		Information received regarding COVID-19 test results and onset of symptoms (attach documentation):	
Results of the evaluation of the COVID-19 case, all locations at the workplace that may have been visited by the COVID-19 case during the high-risk exposure period, and who may have been exposed:			

Notice given (within one business day, in a way that does not reveal any personal identifying information of the COVID-19 case) of the potential COVID-19 exposure to:			
All employees who may have had COVID-19 exposure and their authorized representatives.	Date:		
	Names of employees that were notified:		
Independent contractors and other employers present at the workplace during the high-risk exposure period.	Date:		
	Names of individuals that were notified:		
What were the workplace conditions that could have contributed to the risk of COVID-19 exposure?		What could be done to reduce exposure to COVID-19?	
Was local health department notified?		Date:	

*If an employer is made aware of a non-employee infection source and their COVID-19 status.

Appendix D: COVID-19 Training Roster

Date:

Person that conducted the training (see Policy Section 11):

Employee Name	Signature

Multiple COVID-19 Infections and COVID-19 Outbreaks – ADDITIONAL POLICIES

This section of CPP will be added to the Agency's Coronavirus Prevention Policy if a COVID-19 Outbreak occurs, and will stay in effect until there are no new COVID-19 cases detected in our workplace for a 14-day period.

COVID-19 testing

- The Agency will provide COVID-19 testing to all employees in our exposed workplace except for employees who were not present during the period of an outbreak identified by a local health department or the relevant 14-day period. COVID-19 testing will be provided at no cost to employees during employees' working hours.
- COVID-19 testing consists of the following:
 - All employees in an exposed workplace will be immediately tested and then tested again one week later. Negative COVID-19 test results of employees with COVID-19 exposure will not impact the duration of any quarantine period required by, or orders issued by, the local health department.
 - After the first two COVID-19 tests, we will continue to provide COVID-19 testing of employees who remain at the workplace at least once per week, or more frequently if recommended by the local health department, until there are no new COVID-19 cases detected in the workplace for a 14-day period.
 - We will provide additional testing when deemed necessary by Cal/OSHA.

Exclusion of COVID-19 cases

We will ensure COVID-19 cases and employees who had COVID-19 exposure are excluded from the workplace in accordance with our CPP **Exclusion of COVID-19 Cases** and **Return to Work Criteria** requirements, and local health officer orders if applicable.

Investigation of workplace COVID-19 illness

We will immediately investigate and determine possible workplace-related factors that contributed to the COVID-19 outbreak in accordance with our CPP **Investigating and Responding to COVID-19 Cases**.

COVID-19 investigation, review, and hazard correction

In addition to our CPP **Identification and Evaluation of COVID-19 Hazards** and **Correction of COVID-19 Hazards**, we will immediately perform a review of potentially relevant COVID-19 policies, procedures, and controls and implement changes as needed to prevent further spread of COVID-19.

The investigation and review will be documented and include:

- Investigation of new or unabated COVID-19 hazards including:
 - Our leave policies and practices and whether employees are discouraged from remaining home when sick.
 - Our COVID-19 testing policies.
 - Insufficient outdoor air.

- Insufficient air filtration.
- Lack of physical distancing.
- Updating the review:
 - Every thirty days that the outbreak continues.
 - In response to new information or to new or previously unrecognized COVID-19 hazards.
 - When otherwise necessary.
- Implementing changes to reduce the transmission of COVID-19 based on the investigation and review. We will consider:
 - Moving indoor tasks outdoors or having them performed remotely.
 - Increasing outdoor air supply when work is done indoors.
 - Improving air filtration.
 - Increasing physical distancing as much as possible.
 - Respiratory protection.
 - [describe other applicable controls].

Notifications to the local health department

- Immediately, but no longer than 48 hours after learning of three or more COVID-19 cases in our workplace, we will contact the local health department for guidance on preventing the further spread of COVID-19 within the workplace.
- We will provide to the local health department the total number of COVID-19 cases and for each COVID-19 case, the name, contact information, occupation, workplace location, business address, the hospitalization and/or fatality status, and North American Industry Classification System code of the workplace of the COVID-19 case, and any other information requested by the local health department. We will continue to give notice to the local health department of any subsequent COVID-19 cases at our workplace.

**SEWERAGE COMMISSION
OROVILLE REGION**

**FINANCIAL STATEMENTS
With
Independent Auditor's Report Thereon**

JUNE 30, 2021 AND 2020

SEWERAGE COMMISSION – OROVILLE REGION

Financial Statements
June 30, 2021 and 2020

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SEWERAGE COMMISSION – OROVILLE REGION

Annual Financial Statements
For the Years Ended June 30, 2021 and 2020

BOARD OF COMMISSIONERS

City of Oroville:

Chuck Reynolds (voting)
David Pittman (non-voting)

Lake Oroville Area Public Utility District:

Dee Fairbanks, Chair (voting)
Larry Kuehner (non-voting)

Thermalito Water and Sewer District:

Trevor Hatley, Vice-Chair (voting)
Susan Latulippe (non-voting)

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Sewerage Commission – Oroville Region
Oroville, California 95965

We have audited the accompanying financial statements of the Sewerage Commission – Oroville Region, as of and for the years ended June 30, 2021 and 2020, and the related notes to financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Sewerage Commission – Oroville Region as of June 30, 2021 and 2020, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller’s Office and State regulations governing special districts.

Other Matters

Management has omitted management’s discussion and analysis that accounting principles generally accepted in the United States require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the supplementary information on pages 26-27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying other supplementary information on pages 28 through 30 is presented for the purpose of additional analysis and is not a required part of the financial statements. The other supplementary 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Board of Commissioners
Sewerage Commission – Oroville Region
Oroville, California 95965

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 15, 2021, on our consideration of the Commission’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit in accordance with Government Auditing Standards in considering the Commission’s internal control over financial reporting and compliance.

Fechter & Company
Certified Public Accountants

A handwritten signature in black ink that reads "Fechter & Company, CPAs". The signature is written in a cursive, flowing style.

Sacramento, California
October 15, 2021

SEWERAGE COMMISSION - OROVILLE REGION
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 12,218,439	\$ 11,154,510
Member entities receivable	1,668,321	812,211
Interest receivable	11,250	50,254
Inventory	19,818	17,100
Prepaid expenses	3,711	3,206
Deposits	8,000	8,000
Restricted assets:		
Restricted cash and cash equivalents	2,545,328	2,634,082
Capital assets, net of accumulated depreciation	10,544,109	9,345,147
Total Assets	27,018,976	24,024,510
 DEFERRED OUTFLOWS OF RESOURCES		
CalPERS deferred pension outflows	512,322	548,891
Total Deferred Outflows of Resources	512,322	548,891
 LIABILITIES		
Accounts payable	212,743	317,182
Accounts payable - power	137,913	96,097
Accrued salaries and wages	38,679	12,984
Noncurrent liabilities:		
Due within one year	65,024	102,010
Due in more than one year	56,803	63,729
Net pension liability	2,067,986	1,981,952
Total Liabilities	2,579,148	2,573,954
 DEFERRED INFLOWS OF RESOURCES		
CalPERS deferred pension inflows	65,860	116,338
Total Deferred Inflows of Resources	65,860	116,338
 NET POSITION		
Net investment in capital assets	10,544,109	9,345,147
Restricted	2,545,328	2,634,082
Unrestricted	11,796,853	9,903,880
Total Net Position	\$ 24,886,290	\$ 21,883,109

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

SEWERAGE COMMISSION - OROVILLE REGION
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
OPERATING REVENUES		
Domestic sewage treatment	\$ 3,519,486	\$ 3,059,825
Industrial sewage treatment	1,046	2,161
Excess flow charges	-	-
Septage dumpers' fees	105,320	586,777
Disposal of supernate fees	-	266,305
	3,625,852	3,915,068
OPERATING EXPENSES		
Administration	583,734	567,732
Sewage treatment	1,986,918	1,899,476
Sewage collection	213,113	217,261
	2,783,765	2,684,469
Total Operating Revenues	3,625,852	3,915,068
Total Operating Expenses	2,783,765	2,684,469
Operating income	842,087	1,230,599
NON-OPERATING REVENUES		
Interest income	75,720	266,866
Revenue from other agencies:		
Regional facilities charges	2,077,694	643,886
Other non-operating revenues	7,680	7,679
	2,161,094	918,431
Non-Operating Revenues	2,161,094	918,431
CHANGE IN NET POSITION	3,003,181	2,149,030
NET POSITION - BEGINNING OF YEAR	21,883,109	19,734,079
NET POSITION - END OF YEAR	\$ 24,886,290	\$ 21,883,109

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

**SEWERAGE COMMISSION - OROVILLE REGION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash received from customers	\$ 2,769,742	\$ 4,241,800
Cash paid to suppliers	(1,030,987)	(551,919)
Cash paid to employees	(1,231,480)	(1,194,740)
	<u>507,275</u>	<u>2,495,141</u>
Cash Flows from non-capital financing activities:		
Other income received	<u>7,680</u>	<u>7,679</u>
	<u>7,680</u>	<u>7,679</u>
Cash flows from capital and related financing activities:		
Cash received from regional facilities charges	2,077,694	643,886
Purchase/construction of property, plant, and equipment	(1,732,198)	(1,144,618)
	<u>345,496</u>	<u>(500,732)</u>
Cash flows from investing activities:		
Cash received from interest	<u>114,724</u>	<u>286,061</u>
	<u>114,724</u>	<u>286,061</u>
Net increase in cash and cash equivalents	975,175	2,288,149
Cash and cash equivalents, beginning of year	<u>13,788,592</u>	<u>11,500,443</u>
Cash and cash equivalents, end of year	<u>\$ 14,763,767</u>	<u>\$ 13,788,592</u>
Reconciliation of Cash and Cash Equivalents:		
Cash and cash equivalents	\$ 12,218,439	\$ 11,154,510
Restricted:		
Cash and cash equivalents	<u>2,545,328</u>	<u>2,634,082</u>
Total Cash and Cash Equivalents	<u>\$ 14,763,767</u>	<u>\$ 13,788,592</u>

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

SEWERAGE COMMISSION - OROVILLE REGION
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Reconciliation of operating (loss) to net cash provided by operating activities:		
Operating income (loss)	\$ 842,087	\$ 1,230,599
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	533,236	533,925
Changes in assets and liabilities:		
Accounts receivable	(856,110)	326,732
Prepaid expenses	(505)	(849)
Inventory	(2,718)	(507)
Accounts payable	(62,623)	297,463
Accrued salaries and benefits	25,695	(17,618)
Compensated absences	(26,587)	14,908
Other postemployment benefits asset/liability	(17,325)	(15,768)
Net pension liability and related inflows/outflows	72,125	126,256
Net cash provided by operating activities	\$ 507,275	\$ 2,495,141

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

SEWERAGE COMMISSION – OROVILLE REGION

Notes to the Financial Statements
June 30, 2021 and 2020

Note 1: Summary of Significant Accounting Policies

The Sewerage Commission – Oroville Region (Commission) was formed under a joint powers agreement in March 1973, for the construction and operation of a regional wastewater facility. The participating members include the City of Oroville, Thermalito Water and Sewer District, and Lake Oroville Area Public Utility District.

A. Reporting Entity

The Commission's financial statements include all transactions of the Commission for which the Commission is financially accountable. Financial accountability is defined as appointment of a majority of a component unit's board and either the ability to impose the will of the Commission or the possibility that the component unit will provide a financial benefit to or impose a financial burden on the Commission. Based on these criteria, the Commission has determined that there are no component units which come under the criteria for inclusion. The Commission is not a component unit of any other government entity.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The transactions of the Commission are accounted for on a flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether the Commission is better or worse off economically as a result of events and transactions of the period.

The Commission uses the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

The activities of the Commission are accounted for within a single proprietary (enterprise) fund. An enterprise fund is used to account for activities similar to those found in private business enterprises, where the determination of net income is necessary or useful to sound financial management and services are provided to outside parties.

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the Commission are charges for services. Operating expenses for the Commission include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Commission's financial statements are presented in conformance with Generally Accepted Accounting Principles (GAAP). The Commission applies all relevant Governmental Accounting Standard Board (GASB) pronouncements.

SEWERAGE COMMISSION – OROVILLE REGION

Notes to the Financial Statements
June 30, 2021 and 2020

Note 1: Summary of Significant Accounting Policies - continued

C. Budget Basis of Accounting

It is the Commission's policy to prepare and adopt an annual budget to plan and monitor its revenues and cost of operations. The budget is primarily prepared using a basis consistent with generally accepted accounting principles, except for the following items:

- Depreciation is not budgeted as an expense
- Capital outlays are budgeted as a current expense, and
- Certain non-operating revenues are not budgeted.

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

E. Cash and Cash Equivalents

Cash and cash equivalents, for purposes of the statement of cash flows, include restricted and unrestricted cash on hand or on deposit, demand deposits in the Local Agency Investment Fund (LAIF), or other highly liquid investments with a maturity of three months or less.

F. Accounts Receivable

Doubtful accounts are written off as deemed appropriate by management. Uncollectible amounts have historically been immaterial and this method of reporting does not result in a material difference from the allowance method.

G. Inventory and Prepaid Items

Inventory is valued at cost using the first-in, first-out method and consists of expendable supplies and fuel. The cost of such inventory is recorded as an expense when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. The cost of prepaid items will be recorded as an expense when consumed rather than when purchased.

SEWERAGE COMMISSION – OROVILLE REGION

Notes to the Financial Statements
June 30, 2021 and 2020

Note 1: Summary of Significant Accounting Policies - continued

H. Capital Assets

All capital assets of the Commission are recorded at historical cost. Generally, it is the Commission's policy to capitalize individual items costing more than \$2,500 with an estimated useful life in excess of two years. Costs incurred to repair or maintain facilities and equipment are not capitalized unless they significantly improve or extend the life of the repaired item.

The Commission has provided for depreciation on the collector system, treatment plant, and outfall system using the straight-line method based on useful lives of fifty years. Depreciation on all other assets has been provided on the straight-line method based on useful lives of three to thirty years. The costs of normal maintenance and repairs that do not add to the value of an asset, or materially extend asset lives, are not capitalized.

Construction in Progress – Expenses incurred for construction projects and major repairs and betterments are accumulated and, when projects are completed, are capitalized and subsequently depreciated over the project's estimated useful life.

The Commission did not incur any construction period interest expense for either year.

I. Accumulated Compensated Absences

The employees of the Commission may accumulate vacation, which is based upon length of service, up to a maximum of 52 days. Supervisory employees receive 40 hours annually of compensatory time with no carryover of unused amounts. The Manager/Superintendents accrued administration time is fully vested, but may not exceed 200 hours. Accumulated sick-leave does not vest with the employee, however, upon leaving the Commission in good standing; an employee may convert 50% of accumulated sick-leave to continue health insurance coverage. This liability has been accrued in the financial statements.

J. Other Post-Employment Benefits – Governmental Accounting Standards Board Statement No. 45 and No. 75

The Commission has agreed to provide the former Manager/Superintendent with medical insurance coverage (including covered dependents) from the date of retirement through December 1, 2021. Beginning in the fiscal year ended June 30, 2009, the Commission implemented GASB Statement 45 for accrual of the liability for other post-employment benefits (OPEB) offered to the Manager. For the year ended June 30, 2018, the Commission implemented the new GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

SEWERAGE COMMISSION – OROVILLE REGION

Notes to the Financial Statements
June 30, 2021 and 2020

Note 1: Summary of Significant Accounting Policies - continued

K. Net Position Flow Assumption

Sometimes the Commission will fund outlays for a particular purpose from both restricted (e.g., Wastewater Capital Reserve Fund) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Commission's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

The Commission restricts assets to fund the Wastewater Capital Reserve Fund (WCRF) and the Regulatory and Capital Account Fund (R&CA) through allocations of investment earnings, a portion of sewer service charges, and proceeds from the sale of capital assets. Disbursements from the WCRF and R&CA are restricted to approved replacements of property, plant, and equipment.

L. Revenues and Expenses

Revenues and expenses are distinguished between operating and non-operating items. Operating revenues generally result from providing services in connection with the Commission's principal ongoing operations. The principal operating revenues of the Commission are fees and charges for wastewater treatment services. Nearly all of the Commission's operating revenues are collected and remitted by its three member entities. Operating expenses include the costs associated with the conveyance and treatment of the wastewater, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

M. Pension

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 Commission's California Public Employees' Retirement System (CalPERS) plan (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.

SEWERAGE COMMISSION – OROVILLE REGION

Notes to the Financial Statements
June 30, 2021 and 2020

Note 2: Cash and Investments

Cash and investments as of June 30, 2021 and 2020, are classified in the accompanying financial statements as follows:

	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash and cash equivalents	\$ 12,218,439	\$ 11,154,510
Restricted Assets:		
Cash and cash equivalents	2,545,328	2,634,082
Total Cash and Cash Equivalents	<u>\$ 14,763,767</u>	<u>\$ 13,788,592</u>

Cash and investments as of June 30, 2021 and 2020, consist of the following:

	<u>2021</u>	<u>2020</u>
Cash on hand	\$ 161	\$ 161
Deposits with financial institutions	696,700	124,249
LAIF	14,066,906	13,664,182
Total Cash and Cash Equivalents	<u>\$ 14,763,767</u>	<u>\$ 13,788,592</u>

Investment Policies – The Commission may invest in the following types of investments:

- Passbook savings account demand deposits
- Money market accounts
- Certificates of deposit with commercial banks and/or savings and loan companies
- Local Agency Investment Fund (State Pool) demand deposits
- Mutual funds

The Commission has, in practice, limited deposits and investments to insured and/or collateralized demand deposit accounts, the State Treasurer’s Local Agency Investment Fund (LAIF), and certificates of deposit. The Commission does not enter into reverse repurchase agreements.

Restricted Cash and Cash Equivalents

Cash and investments that are restricted by legal or contractual requirements at June 30, 2021 and 2020, consist of the following:

	<u>2021</u>	<u>2020</u>
Wastewater Capital Reserve Fund	\$ 785,169	\$ 731,544
Regulatory and Capital Account Fund	1,760,159	1,902,538
Total Restricted Cash and Cash Equivalents	<u>\$ 2,545,328</u>	<u>\$ 2,634,082</u>

SEWERAGE COMMISSION – OROVILLE REGION

Notes to the Financial Statements
June 30, 2021 and 2020

Note 2: Cash and Investments - continued

Credit Risk

Generally, 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. LAIF does not have a rating provided by a nationally recognized statistical rating organization. The Commission does not hold direct investments; therefore, there is no concentration of credit risk.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Commission's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. For 2021 and 2020, none of the Commission's deposits with financial institutions were in excess of federal depository insurance limits and were held in collateralized accounts.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Commission's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Investment in State Investment Pool (LAIF)

The Commission is a voluntary participant in LAIF. LAIF is a special fund of the California State Treasury through which local governments may pool investments. The participating entity may invest up to \$50,000,000 in the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. Funds deposited in LAIF are invested in accordance with Government Code Sections 16430 and 16480. Oversight of LAIF is provided by the Pooled Money Investment Board whose members are the California State Treasurer, California Director of Finance, and the California State Controller. Fair values of the fund are determined monthly. For the purpose of these financial statements, the fair value of amounts in LAIF are deemed equivalent to the dollars held in the accompanying financial statements.

SEWERAGE COMMISSION – OROVILLE REGION

Notes to the Financial Statements June 30, 2021 and 2020

Note 3: Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Retirements/ Transfers	Balance June 30, 2021
Nondepreciable Capital Assets:				
Land	\$ 384,532	\$ -	\$ -	\$ 384,532
Property rights	26,829	-	-	26,829
Construction in progress	2,098,046	1,539,719	-	3,637,765
Total Nondepreciable Capital Assets	<u>2,509,407</u>	<u>1,539,719</u>	<u>-</u>	<u>4,049,126</u>
Depreciable Capital Assets:				
Collection facilities	3,183,448	-	-	3,183,448
Treatment facilities	9,536,608	-	-	9,536,608
Disposal facilities	2,450,093	-	-	2,450,093
Buildings and structures	735,816	-	-	735,816
Vehicles and equipment	4,333,313	192,479	(47,398)	4,478,394
Grounds and landscaping	33,615	-	-	33,615
Capacity and management plans	691,359	-	-	691,359
Total Depreciable Capital Assets	<u>20,964,252</u>	<u>192,479</u>	<u>(47,398)</u>	<u>21,109,333</u>
Less: Accumulated Depreciation:				
Collection facilities	(1,613,936)	(89,535)	-	(1,703,471)
Treatment facilities	(6,993,455)	(228,479)	-	(7,221,934)
Disposal facilities	(1,860,032)	(77,688)	-	(1,937,720)
Buildings and structures	(322,532)	(15,646)	-	(338,178)
Vehicles and equipment	(2,741,650)	(90,562)	47,398	(2,784,814)
Grounds and landscaping	(30,803)	(324)	-	(31,127)
Capacity and management plans	(566,104)	(31,002)	-	(597,106)
Total Accumulated Depreciation	<u>(14,128,512)</u>	<u>(533,236)</u>	<u>47,398</u>	<u>(14,614,350)</u>
Depreciable Capital Assets, Net	<u>6,835,740</u>	<u>(340,757)</u>	<u>-</u>	<u>6,494,983</u>
Total Capital Assets, Net	<u>\$ 9,345,147</u>	<u>\$ 1,198,962</u>	<u>\$ -</u>	<u>\$10,544,109</u>

Depreciation expense for the year ended June 30, 2021 was \$533,236.

SEWERAGE COMMISSION – OROVILLE REGION

Notes to the Financial Statements
June 30, 2021 and 2020

Note 3: Capital Assets - continued

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Retirements/ Transfers	Balance June 30, 2020
Nondepreciable Capital Assets:				
Land	\$ 384,532	\$ -	\$ -	\$ 384,532
Property rights	26,829	-	-	26,829
Construction in progress	1,009,783	1,110,471	(22,208)	2,098,046
Total Nondepreciable Capital Assets	1,421,144	1,110,471	(22,208)	2,509,407
Depreciable Capital Assets:				
Collection facilities	3,183,448	-	-	3,183,448
Treatment facilities	9,514,400	-	22,208	9,536,608
Disposal facilities	2,450,093	-	-	2,450,093
Buildings and structures	735,816	-	-	735,816
Vehicles and equipment	4,300,963	34,147	(1,797)	4,333,313
Grounds and landscaping	33,615	-	-	33,615
Capacity and management plans	691,359	-	-	691,359
Total Depreciable Capital Assets	20,909,694	34,147	20,411	20,964,252
Less: Accumulated Depreciation:				
Collection facilities	(1,524,021)	(89,915)	-	(1,613,936)
Treatment facilities	(6,764,976)	(228,479)	-	(6,993,455)
Disposal facilities	(1,782,344)	(77,688)	-	(1,860,032)
Buildings and structures	(307,418)	(15,114)	-	(322,532)
Vehicles and equipment	(2,652,045)	(91,402)	1,797	(2,741,650)
Grounds and landscaping	(30,479)	(324)	-	(30,803)
Capacity and management plans	(535,101)	(31,003)	-	(566,104)
Total Accumulated Depreciation	(13,596,384)	(533,925)	1,797	(14,128,512)
Depreciable Capital Assets, Net	7,313,310	(499,778)	22,208	6,835,740
Total Capital Assets, Net	\$ 8,734,454	\$ 610,693	\$ -	\$ 9,345,147

Depreciation expense for the year ended June 30, 2020 was \$533,925.

Note 4: Changes in Long-Term Liabilities

Long-term liability activity for the fiscal year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year
Compensated absences	\$ 140,777	\$ 31,987	\$ (58,574)	\$ 114,190	\$ 57,387
Other post-employment benefits - insurance	24,962	-	(17,325)	7,637	7,637
Net pension liability	1,981,952	86,034	-	2,067,986	-
Total Long-Term Liabilities	\$ 2,147,691	\$ 118,021	\$ (75,899)	\$ 2,189,813	\$ 65,024

SEWERAGE COMMISSION – OROVILLE REGION

Notes to the Financial Statements
June 30, 2021 and 2020

Note 4: Changes in Long-Term Liabilities - continued

Long-term liability activity for the fiscal year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020	Due Within One Year
Compensated absences	\$ 125,869	\$ 124,054	\$ (109,146)	\$ 140,777	\$ 84,466
Other post-employment benefits - insurance	40,730	-	(15,768)	24,962	17,544
Net pension liability	1,885,217	96,735	-	1,981,952	-
Total Long-Term Liabilities	\$ 2,051,816	\$ 220,789	\$ (124,914)	\$ 2,147,691	\$ 102,010

Note 5: Joint Powers Agreement

Pursuant to California Government Code, Section 6500, et seq., and Section 990, et. seq., Sewerage Commission – Oroville Region joined the Special District Risk Management Authority (referred hereafter as “Authority”) under a joint powers agreement. The Authority is comprised of various special districts within the State of California and provides its member districts general liability, automotive liability, and property damage insurance, and errors and omissions risk financing.

Summary financial information for the Authority as of and for the fiscal year ended June 30, 2020 (latest available), is presented below:

Cash and investments	\$ 119,353,349
Other assets	11,323,522
Deferred outflows of resources	595,599
Total assets and deferred outflows of resources	\$ 131,272,470
Total liabilities	\$ 70,083,643
Deferred inflows of resources	246,193
Net position	60,942,634
Total liabilities, deferred inflows of resources, and net position	\$ 131,272,470
Total revenues	\$ 82,177,782
Total expenses	77,599,711
Changes in net position	\$ 4,578,071

Note 6: Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Commission’s cost-sharing multiple employer defined benefit pension plan (Plan) which is administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and local government resolution.

SEWERAGE COMMISSION – OROVILLE REGION

Notes to the Financial Statements
June 30, 2021 and 2020

Note 6: Defined Benefit Pension Plan – continued

Plan Description - continued

CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2021, are summarized as follows:

	<u>Prior to 1/1/2013</u>	<u>On or After 1/1/2013</u>
Hire date		
Benefit formula	2.5% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefits payments	Monthly for life	Monthly for life
Monthly benefits as % of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contributions	8%	8%
Required employer contribution rates	11.432%	50% of Total Normal Costs

Funding Policy

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Commission is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the year ended June 30, 2021, the contributions recognized as part of pension expense for the Plan was as follows:

Contributions - employer	\$ 230,482
Contributions - employee (paid by employer)	44,790

SEWERAGE COMMISSION – OROVILLE REGION

Notes to the Financial Statements
June 30, 2021 and 2020

Note 6: Defined Benefit Pension Plan – continued

Funding Policy – continued

As of June 30, 2021, the Commission reported net pension liability of \$2,067,986 for its share of the net pension liability of the Plan. The Commission’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2020, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, using standard update procedures. The Commission’s proportion of the net pension liability was based on a projection of the Commission’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Commission’s proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2021, were as follows:

Proportion - June 30, 2020	0.04949%
Proportion - June 30, 2021	0.04903%
Change - Increase (Decrease)	-0.00046%

For the fiscal year ended June 30, 2021, the Commission recognized pension expense of \$323,913 in its financial statements. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

Actuarial Assumptions

The total pension liabilities in the June 30, 2020, actuarial valuations were determined using the following actuarial assumptions:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Actuarial cost method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount rate	7.15%
Inflation	2.50%
Payroll growth	2.75%
Projected salary increase ⁽¹⁾	Varies by Entry Age and Service
Investment rate of return ⁽²⁾	7.15%
Mortality ⁽³⁾	CalPERS Table

⁽¹⁾ Depending on age, service, and type of employment.

⁽²⁾ Net of pension plan investment expenses, including inflation.

⁽³⁾ 20 years of mortality improvement – Society of Actuaries Scale AA.

SEWERAGE COMMISSION – OROVILLE REGION

Notes to the Financial Statements
June 30, 2021 and 2020

Note 6: Defined Benefit Pension Plan – continued

Actuarial Assumptions - continued

The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2016 experience study report.

The long-term expected rate of return on pension plan investments (7.15%) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	50.0%	5.98%
Fixed Income	28.0%	2.62%
Inflation Sensitive	0.0%	1.81%
Private Equity	8.0%	7.23%
Real Estate	13.0%	4.93%
Liquidity	1.0%	(0.92)%

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the Commission will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension fund's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension fund's fiduciary net position, the discount rate is equal to the long-term expected rate of return on pension plan investments, and was applied to all periods of projected benefit payments to determine the total pension liability.

SEWERAGE COMMISSION – OROVILLE REGION

Notes to the Financial Statements
June 30, 2021 and 2020

Note 6: Defined Benefit Pension Plan – continued

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

The following presents what the Commission’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.15%) or 1 percentage point higher (8.15%) than the current rate:

	<u>1% Decrease</u> <u>6.15%</u>	<u>Discount Rate</u> <u>7.15%</u>	<u>1% Increase</u> <u>8.15%</u>
District’s proportionate share of the net pension plan liability	\$ 2,918,012	\$ 2,067,986	\$ 1,365,636

Detailed information about the pension fund’s fiduciary net position is available in the separately issued CalPERS comprehensive annual financial report which may be obtained by contacting CalPERS.

Deferred Inflows and Outflows

At June 30, 2021, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred</u> <u>Outflows</u> <u>of Resources</u>	<u>Deferred</u> <u>Inflows</u> <u>of Resources</u>
Change of assumptions	\$ -	\$ 14,750
Differences between expected and actual experience	106,569	-
Differences between projected and actual investment earnings	61,433	-
Differences between employer's contributions and proportionate share of contributions	92,532	-
Change in employer's proportion	-	51,110
Pension contributions made subsequent to measurement date	251,788	-
Total	\$ 512,322	\$ 65,860

SEWERAGE COMMISSION – OROVILLE REGION

Notes to the Financial Statements
June 30, 2021 and 2020

Note 6: Defined Benefit Pension Plan – continued

As of June 30, 2021, the Commission reported \$251,788 as deferred outflows of resources related to pensions resulting from Commission contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the year-end June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2022	\$ 34,235
2023	77,546
2024	53,428
2025	29,465
Total	<u>\$ 194,674</u>

Note 7: Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Commission provides property, comprehensive and collision, and workers' compensation insurance through the Special District Risk Management Authority (SDRMA), a public entity risk pool currently operating as an intergovernmental risk sharing joint powers authority for special districts and joint powers authorities throughout California. The Commission pays annual premiums to SDRMA for liability, property, comprehensive and collision, and workers' compensation insurance.

Through SDRMA, the Commission has a total of \$10,000,000 in general and auto liability, public officials' and employees' errors and omissions, and employment practices coverage. The Commission's deductible is \$500 (\$1,000 auto) and 50% co-insurance costs expended by SDRMA in excess of \$10,000, up to \$50,000 for employment related claims (may be waived if certain criteria are met).

SDRMA provides the Commission \$400,000 per loss in public employee dishonesty, forgery or alteration, theft, and disappearance and destruction coverage. SDRMA also provides property loss coverage of \$1 billion (\$1,000 deductible); boiler and machinery coverage of \$100 million (\$1,000 deductible); comprehensive and collision coverage for selected vehicles; and \$500,000 per occurrence of officials' personal liability coverage (\$500 deductible).

The Commission's workers' compensation and employer's liability coverages are also provided through SDRMA. The Commission is provided coverage at the statutory limits per occurrence for workers' compensation and \$5 million for employer's liability coverage.

SEWERAGE COMMISSION – OROVILLE REGION

Notes to the Financial Statements
June 30, 2021 and 2020

Note 7: Risk Management – continued

During the fiscal years ended June 30, 2021 and 2020, the Commission paid SDRMA \$66,680 and \$51,158 for property/liability coverage and \$46,971 and \$36,390 for workers' compensation coverage, respectively. Under the terms of the joint powers agreement, SDRMA members are subject to dividends and/or assessments. However, no dividends were declared, nor any assessments levied, for the years ended June 30, 2021 and 2020.

The Commission continues to carry commercial insurance for all other risks of loss, such as employee health and accident. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 8: Accounts Payable – Power

The Commission has accrued a liability for estimated electric usage of \$137,913 and \$96,097 as of June 30, 2021 and 2020, respectively. The liability is based on the Pacific Gas & Electric Company's estimated cumulative charges and credits for electricity as of June 30, 2021 and 2020. Pacific Gas & Electric Company has an annual billing cycle for customers that self-generate electricity. Each January, there will be a "true-up" of charges and credits for actual electricity consumed and the liability will be adjusted at that time.

Note 9: Other Post-Employment Benefits (OPEB) Plan

Background. Beginning in the fiscal year ended June 30, 2009, the Commission implemented GASB Statement 45 for OPEB offered to a former manager at retirement. This standard addresses how local governments should account for and report their costs related to post-employment healthcare and other non-pension benefits, such as the Commission's retiree health benefit subsidy. Beginning in the year ended June 30, 2018, the Commission implemented GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*. GASB 75 has many accounting and reporting features that are similar to the recently implemented GASB 68 pension statement.

Plan Description. The Commission administers a single-employer defined benefit healthcare plan. The plan provides healthcare insurance for the former manager and his covered dependents through the Commission's group health insurance plan, which covers both active and retired members. The benefit plan agreement for healthcare insurance coverage will terminate on December 1, 2021 (when the retiree becomes 65 years of age).

Funding Policy. The contribution requirements of the Commission are established and may be amended by the Board of Commissioners. While GASB Statement 75 requires that the liability for all post-employment benefits be measured, it does not require that an agency "pre-fund" the accrued liability. The Commission will pay for the post-employment healthcare cost on a "pay-as-you-go" basis. The provisions of GASB Statement 75 determine the amount that must be presented as an annual expense and accrued liability on the Commission's financial statements. The contributions made on behalf of the former manager for the year ended June 30, 2021 were \$17,806.

SEWERAGE COMMISSION – OROVILLE REGION

Notes to the Financial Statements
June 30, 2021 and 2020

Note 9: Other Post-Employment Benefits (OPEB) Plan – continued

Net OPEB Liability. The Commission’s net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined as of June 30, 2021, based on the following actuarial methods and assumptions:

Actuarial Assumptions:

Discount rate	3.0%
Inflation	2.75%
Healthcare trend rate	0.0%

Discount Rate. The discount rate used to measure the total OPEB liability was 3.00 percent. The projection of cash flows used to determine the discount rate assumes that Commission contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

The table below shows the changes in the total OPEB liability, the Plan Fiduciary Net Position, and the net OPEB liability during the measurement period ending on June 30, 2021, for the Commission.

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (c) = (a) - (b)
Balance at June 30, 2020	\$ 24,962	\$ -	\$ 24,962
Changes recognized for the measurement period:			
Change of assumptions	481	-	481
Employer contribution	-	17,806	(17,806)
Benefit payments	(17,806)	(17,806)	-
Net changes	(17,325)	-	(17,325)
Balance at June 30, 2021	\$ 7,637	\$ -	\$ 7,637

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

Since the future health care costs for the retiree are known and not expected to change before the benefits terminate, there is no sensitivity of the Net OPEB Liability to changes in health care cost trend rates.

SEWERAGE COMMISSION – OROVILLE REGION

Notes to the Financial Statements
June 30, 2021 and 2020

Note 9: Other Post-Employment Benefits (OPEB) Plan – continued

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan member) and include the type of benefit provided at the time of each valuation. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Under the alternative measurement method used to compute the value of the liability for the Commission's post-employment healthcare benefits, it was necessary to make certain assumptions. The significant assumptions used for the Commission's valuation were as follows:

Retirement Date:	June 15, 2012
Discount Rate:	3.00%
Investment Rate of Return:	3.00%
Average Salary Increase:	n/a
Actuarial Cost Method:	Entry Age Cost Method
Amortization Method:	n/a

Note 10: COVID-19

In January 2020, the virus SARS -CoV-2 was transmitted to the United States from overseas sources. This virus, responsible for the Coronavirus disease COVID-19, has proven to be extremely virulent. Although the financial impact on the Commission thus far has been minimal, the long-term economic impact in the State of California and the County of Butte, as yet has not been determined. Therefore, any potential impact on the Commission is not yet known.

Note 11: Subsequent Event

Management has evaluated subsequent events through October 15, 2021, the date which the financial statements were available to be issued. Based upon this evaluation, except for the following, it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.

In July of 2021, the Commission began construction of a new influent pump station, an \$8 million dollar project. This project will be partially funded (\$3.78 million dollars) by the Water Quality, Supply, and Infrastructure Improvement Act of 2014, and through an agreement with the State Department of Water Resources. The projected completion date of this project is August 2022.

REQUIRED SUPPLEMENTARY INFORMATION

SEWERAGE COMMISSION - OROVILLE REGION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2021

Last 10 Fiscal Years*:

Measurement date	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Proportion of the collective net pension liability	0.01969%	0.05447%	0.04979%	0.04902%	0.05002%
Proportionate share of the net pension liability	\$ 1,225,137	\$ 1,357,329	\$ 1,729,515	\$ 1,932,214	\$ 1,885,217
Covered employee payroll	\$ 572,157	\$ 597,910	\$ 646,734	\$ 589,435	\$ 693,706
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	214.13%	227.01%	267.42%	327.81%	271.76%
Plan Fiduciary net position	\$ 3,885,566	\$ 3,259,440	\$ 3,256,288	\$ 3,617,520	\$ 3,888,179
Plan Fiduciary net position as a percentage of the total pension liability	76.03%	68.56%	65.31%	65.18%	70.06%
Valuation date	June 30, 2013	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017
Measurement date	<u>June 30, 2019</u>	<u>June 30, 2020</u>			
Proportion of the collective net pension liability	0.04949%	0.05002%			
Proportionate share of the net pension liability	\$ 1,981,952	\$ 2,067,986			
Covered employee payroll	\$ 615,293	\$ 681,315			
Proportionate share of the net pension liability as a percentage of its covered-employee payroll	322.12%	303.53%			
Plan Fiduciary net position	\$ 3,999,589	\$ 4,319,554			
Plan Fiduciary net position as a percentage of the total pension liability	66.87%	67.62%			
Valuation date	June 30, 2018	June 30, 2017			

Benefit changes. Above amounts do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2013, as they have a minimal cost impact. This applies to voluntary benefit changes as well as any offers of Two Year Additional Service Credit (aka Golden Handshakes).

Changes in assumptions. None

* Fiscal year ended June 30, 2015, was the first year of implementation.
 Additional years will be presented as they become available.

SEWERAGE COMMISSION - OROVILLE REGION
SCHEDULE OF PENSION CONTRIBUTIONS
JUNE 30, 2021

Last 10 Fiscal Years*:

Measurement date	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2017</u>	<u>June 30, 2018</u>
Actuarially determined contribution	\$ 192,069	\$ 196,361	\$ 205,084	\$ 224,436	\$ 235,022
Total actual contributions	<u>192,069</u>	<u>196,361</u>	<u>205,084</u>	<u>224,436</u>	<u>235,022</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 572,157	\$ 597,910	\$ 646,734	\$ 589,435	\$ 693,706
Contributions as a percentage of covered employee payroll	33.57%	32.84%	31.71%	38.08%	33.88%
Measurement date	<u>June 30, 2019</u>	<u>June 30, 2020</u>			
Actuarially determined contribution	\$ 252,219	\$ 251,788			
Total actual contributions	<u>252,219</u>	<u>251,788</u>			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>			
Covered employee payroll	\$ 615,293	\$ 681,315			
Contributions as a percentage of covered employee payroll	40.99%	36.96%			

* Fiscal year ended June 30, 2015, was the first year of implementation. Additional years will be presented as they become available.

**SEWERAGE COMMISSION - OROVILLE REGION
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
OPERATING REVENUES				
Domestic sewage treatment	\$ 3,516,608	\$ 3,516,608	\$ 3,520,532	\$ 3,924
Excess flow charges	6,500	6,500	-	(6,500)
Septage dumpers' fees	265,000	265,000	105,320	(159,680)
Disposal of supernate fees	-	-	-	-
Total Operating Revenues	<u>3,788,108</u>	<u>3,788,108</u>	<u>3,625,852</u>	<u>(162,256)</u>
OPERATING EXPENSES				
Administration	600,392	600,392	532,808	67,584
Sewage treatment	1,718,211	1,718,211	1,680,484	37,727
Sewage collection	60,669	60,669	37,237	23,432
Total Operating Expenses	<u>2,379,272</u>	<u>2,379,272</u>	<u>2,250,529</u>	<u>128,743</u>
Operating income	<u>1,408,836</u>	<u>1,408,836</u>	<u>1,375,323</u>	<u>(33,513)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest income	256,480	256,480	75,720	(180,760)
Revenue from other agencies:				
Regional facilities charges	398,280	398,280	2,077,694	1,679,414
Total Non-Operating Revenues and (Expenses)	<u>654,760</u>	<u>654,760</u>	<u>2,153,414</u>	<u>1,498,654</u>
OTHER BUDGETED ITEMS				
Capital outlay and major projects	(2,174,500)	(2,174,500)	(1,732,198)	442,302
Total Other Budgeted Items	<u>(2,174,500)</u>	<u>(2,174,500)</u>	<u>(1,732,198)</u>	<u>442,302</u>
CHANGE IN NET POSITION	<u>\$ (110,904)</u>	<u>\$ (110,904)</u>	<u>\$ 1,796,539</u>	<u>\$ 1,907,443</u>
Reconciliation of Budgetary Increase in Net Assets to GAAP Increase in Net Position				
Change in Net Position (Budgetary Basis)			\$ 1,796,539	
Depreciation is not budgeted as an expense			(533,236)	
Other non-operating income (expense) not budgeted			7,680	
Equipment purchases capitalized on financial statements			<u>1,732,198</u>	
Change in Net Position (GAAP)			<u>\$ 3,003,181</u>	

SEWERAGE COMMISSION - OROVILLE REGION
COMPARATIVE SCHEDULES OF OPERATING EXPENSES BY DEPARTMENT
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
ADMINISTRATION		
Salaries and wages	\$ 191,705	\$ 198,804
Employee benefits	129,767	99,472
Postemployment insurance benefits	(17,486)	1,288
Depreciation	50,926	50,753
Office expenses	6,020	3,901
Travel and meetings	3,719	2,158
Utilities	1,003	874
Insurance	66,680	51,158
Commissioners' fees	43,200	37,800
Engineering fees	12,470	28,292
Legal fees	12,619	24,000
Audit and accounting services	23,449	12,295
Other professional services	1,251	929
Miscellaneous	7,528	7,773
Permits	50,883	52,203
Reimbursable expense	-	(3,968)
Total Administration	583,734	567,732
SEWAGE TREATMENT		
Salaries and wages	466,844	457,157
Employee benefits	501,081	525,463
Depreciation	306,434	306,789
Gas, oil, and fuel	17,031	16,962
Office expenses	2,195	-
Operating expenses	133,499	126,593
Repairs and maintenance	131,360	120,849
Laboratory testing and analysis	45,218	44,580
Travel and meetings	712	97
Utilities	382,261	300,705
Miscellaneous	283	281
Total Sewage Treatment	1,986,918	1,899,476
SEWAGE COLLECTION		
Salaries and wages	8,941	15,756
Employee benefits	4,536	4,578
Depreciation	175,876	176,383
Repairs and maintenance	2,470	626
Utilities	21,290	19,918
Total Sewage Collection	213,113	217,261
TOTAL OPERATING EXPENSES	\$ 2,783,765	\$ 2,684,469

SEWERAGE COMMISSION - OROVILLE REGION
SCHEDULE OF CHANGES IN RESTRICTED AND COMMISSION RESERVED NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	Restricted and District Reserved Net Position					Net Position			
	Restricted For WCRF	Restricted For R&CA	Reserved For Capital Outlay	Reserved For Annual O & M	Reserved For Penalties & Fines	Reserved For Flexible Spending	Unreserved	Total 2021	Total 2020
Balance, July 1	\$ 731,544	\$ 1,902,538	\$ 7,475,729	\$ 300,000	\$ 8,423	\$ 25,156	\$ 11,439,719	\$ 21,883,109	\$ 19,734,079
Change in Net Position	-	-	-	-	-	-	3,003,181	3,003,181	2,149,030
Transfers from WCRF for:									
Purchase of capital assets	(28,326)	-	-	-	-	-	28,326	-	-
Transfers to WCRF for:									
Interest income	4,191	-	-	-	-	-	(4,191)	-	-
Purchase of capital assets	-	-	-	-	-	-	-	-	-
Portion of sewer service charges	77,760	-	-	-	-	-	(77,760)	-	-
Transfers from R&CA for:									
Purchase of capital assets	-	(1,319,133)	-	-	-	-	1,319,133	-	-
Transfers to R&CA for:									
Interest income	-	10,351	-	-	-	-	(10,351)	-	-
Portion of sewer service charges	-	1,166,403	-	-	-	-	(1,166,403)	-	-
Transfers from Capital Outlay for:									
Purchase of capital assets	-	-	(1,081,386)	-	-	-	1,081,386	-	-
Transfers to Capital Outlay for:									
Regional facility charges	-	-	2,077,694	-	-	-	(2,077,694)	-	-
Interest income	-	-	44,582	-	-	-	(44,582)	-	-
WWTP upgrade final design	-	-	1,066,269	-	-	-	(1,066,269)	-	-
Bypass station improvements	-	-	102,897	-	-	-	(102,897)	-	-
Solar savings	-	-	100,000	-	-	-	(100,000)	-	-
Transfers to Penalties & Fines for:									
Interest income	-	-	-	-	47	-	(47)	-	-
Balance, June 30	\$ 785,169	\$ 1,760,159	\$ 9,785,785	\$ 300,000	\$ 8,470	\$ 25,156	\$ 12,221,551	\$ 24,886,290	\$ 21,883,109

Note: The Wastewater Capital Reserve Fund (WCRF) is restricted externally by the State of California. The reserves for Capital Outlay, Annual O&M, Penalties & Fines and Flexible Spending were established by the District to accumulate funds to assist in financing future facility expansions and betterments, provide an emergency reserve for operations and unexpected fines and penalties, and accumulate resources for the Section 125 Flexible Spending Plan.

**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***

Board of Commissioners
Sewerage Commission – Oroville Region
Oroville, California 95965

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 Governmental Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Sewerage Commission – Oroville Region, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2021, which was modified for the omission of management's discussion and analysis.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Sewerage Commission – Oroville Region's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sewerage Commission – Oroville Region's internal control. Accordingly, we do not express an opinion on the effectiveness of Sewerage Commission – Oroville Region'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 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness as described in item 2021-1 below.

Board of Commissioners
Sewerage Commission – Oroville Region
Oroville, California 95965

2021-1 Reliance Upon Auditor For Preparation of Financial Statements and Footnote Disclosures

Condition: Management relies on the independent auditor to determine and prepare the proper presentation of the annual financial statements and related footnote disclosures.

Criteria: A system of internal control over financial reporting includes controls over financial statement presentation, including note disclosures, in conformity with U.S. generally accepted accounting principles. In considering a system of internal control over financial reporting, Statement of Auditing Standards state that the auditor may not be considered as part of the system. Specifically, someone from the Sewerage Commission – Oroville Region must be knowledgeable enough in generally accepted accounting principles to know if a misstatement has occurred in the financial statements, including the notes to the financial statements.

Cause: The Sewerage Commission – Oroville Region does not have an employee experienced in generally accepted accounting principles to the degree required to make a determination a misstatement has occurred, nor has an outside accountant been engaged by the Sewerage Commission – Oroville Region to provide the additional expertise.

Effect: Undetermined.

Recommendation: We recommend that management consider the cost benefit of hiring an accountant familiar with generally accepted accounting principles or engaging an independent Certified Public Accounting firm to compile full disclosure financial statements.

Management's Response: Management has considered the cost-benefit of hiring an individual familiar with generally accepted accounting principles or engaging an accounting firm to prepare full disclosure financial statements and have determined that the cost of such an action would exceed the resulting benefits derived.

Compliance and Other Matters

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

Board of Commissioners
Sewerage Commission – Oroville Region
Oroville, California 95965

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. The report is an integral part of the 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.

Fechter & Company
Certified Public Accountants

A handwritten signature in black ink that reads "Fechter & Company, CPAs". The signature is written in a cursive, flowing style.

Sacramento, California
October 15, 2021

RESOLUTION 09-21

SEWERAGE COMMISSION–OROVILLE REGION RESOLUTION ESTABLISHING THE FORMULAS FOR DETERMINING INFILTRATION/INFLOW SURCHARGES

WHEREAS, the amended Joint Powers Agreement of May 4, 2010 provides, in paragraph 6 (e)(2), that the SEWERAGE COMMISSION–OROVILLE REGION shall establish by resolution a formula for the determination of excess flows of Infiltration/Inflow originating in the respective service areas of the member entities, and shall establish a reasonable charge to be paid for processing such excess flows of Infiltration/Inflow; and

WHEREAS, Resolution 04-08 identifies and specifies the operational parameters of the SC-OR Wastewater Treatment and Disposal facilities in total terms and in Equivalent Dwelling Unit (EDU's) terms, together with the total cost of the expanded cost of the facilities; and

WHEREAS, the Sewerage Commission–Oroville Region has adopted a fiscal policy that provides for the long-term ability to maintain a prepaid treatment and disposal facility expansion to assure capacity to the member entities.

WHEREAS, the Commission recognizes the cost of excess flows will increase in the future years at a great cost to the member entities.

WHEREAS, the Commission directed the manager to investigate I&I formulas based on actual cost to pump and treat excess flows that result in a reasonable charge.

NOW, THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. Resolution 11-20 is hereby rescinded and shall have no further force or effect.
2. The treatment and disposal facility's operational parameters identified in Resolution 04-08 is incorporated by this reference as restated in full herein.
3. The following criteria and definitions shall govern applications of the Infiltration/Inflow surcharge policy promulgated by this resolution:
 - a. Infiltration/Inflow constitutes that wastewater flow in excess of the allowable average and peak flows.
 - b. Allowable average flow for each EDU shall be 260 gallons per day or 7,908 gallons per month. All flows in excess of 7,908 gallons per month per EDU shall constitute excess average flows.
 - c. Allowable peak flows shall be based on a peak to average flow ratio of four (4) so that each entity is entitled to a peak flow rate of 1,040 gallons per day per EDU.

- d. Excess average Infiltration/Inflow surcharge shall be calculated on the basis of related operational and maintenance costs, including power, chemicals, and wages and benefits.
- e. Excess peak Infiltration/Inflow shall be calculated on the basis of current variable budget charges, capital equipment charges (pumping, screening, and storage), connected EDU's (at time of budget), peak flow based on connected EDU's, and allowable peak flow per EDU (Exhibit A).
- f. The peak surcharge rate schedule in Exhibit A will be effective for fiscal year 2021/22.

The excess average Infiltration/Inflow surcharge component shall be calculated and billed to each entity for each monthly period utilizing the following formula:

$$7,908_1 \text{ gal} \times \text{EDU's} = \text{AF}$$

Then:

$$Q - \text{AF} = \text{Ea}$$

Then:

$$\frac{\text{Ea} \times \text{O\&M Cost}_2}{\text{Total Plant Flow}} = \text{Sa}$$

Where:

AF = Allowable Flow

Q = Metered Flow per month for each entity

Ea = Excess average Infiltration/inflow

Sa = Surcharge for average Infiltration/Inflow

The excess peak infiltration/inflow surcharge component shall be calculated and billed to each entity for each metered peak flow utilizing the following formula:

$$1040 \text{ gpd}_3 \times \text{EDU's} = \text{Ap}$$

Then:

$$Q_p - \text{Ap} = \text{Ep}$$

Then:

$$\text{Ep} \times \text{VBC} = \text{Sa}$$

Where:

Ap = Allowable peak flow for each entity

Qp = Metered peak flow (day = 24 hrs from 1st moment of exceedance)

Ep = Excess peak infiltration/inflow

VBC = Variable budget charges, capital equipment charges (pumping, screening, and storage), connected EDU's (at time of budget), peak flow based on connected EDU's (Exhibit A)

Sa = Surcharge for peak Infiltration/Inflow

1 See paragraph 3(b)

2 See paragraph 3(e)

3 See paragraph 3(c)

4. Questions relative to the correctness of the payment and related excess peak will be referred to the SC-OR Manager/Fiscal Officer, who shall confer with the entity representative and SC-OR Operations Foreman to resolve any differences by mutual agreement. Any differences unresolved will be referred to the SC-OR Commission for disposition.

The Infiltration/Inflow surcharge payable by the member entities shall be the sum of two (2) components, one covering the processing cost of the excess average flows and the other to cover the capital cost of providing the physical facilities to treat and pass through the excess peak flows.

Member entities will be notified in writing annually the amount owed no later than June 30th of each year. The contributing entity shall pay SC-OR the invoiced amount no later than close of business on July 31st. The written notice shall contain a reminder of:

- a. Entity's right to appeal excess peak determinations and payment.
 - b. Entity's appealing of peak charges must be submitted in writing no later than 4:00 p.m. on July 31st as to what peak charges are being appealed. Data submitted shall include at a minimum the date, time, and recorded peak being questioned, along with entity's reasoning for the appeal.
5. The Board may, by majority vote and in its sole discretion, waive an Infiltration/Inflow surcharge issued against a member entity if the Board makes a determination that the member entity has diligently attempted to curtail excess Infiltration/Inflow.
 6. If differences cannot be resolved by the SC-OR manager and member entity representative, the matter will be referred to the SC-OR Board of Commissioners.
 7. Payment for peaks being appealed can be withheld from original invoice until such time that the appeal is settled. Entity shall make payment to SC-OR no later than 4:00 p.m. on the 45th day of the date of the notice of remaining amount due.
 8. In the event the due date falls on a weekend or holiday, payment for the above will be due the next regularly scheduled business day by 4:00 p.m.

PASSED AND ADOPTED this 17th day of November 2021 at the regular meeting of the Sewerage Commission-Oroville Region by the following vote:

AYES:

NOES:

ABSTAINED:

David Pittman, Chairman

ATTEST:

Glen E. Sturdevant, Clerk

**Sewerage Commission - Oroville Region
I/I Surcharge**

Exhibit A

Fiscal year 2020/21

Connected EDU's (FY 21/22 Budget)	18,571	EDU's
Peak Flow / EDU (2009 MP & FA Study)	1,040	gpd/EDU
Peak Flow Capacity (based on FY 21/22 Budget)	19.31	MGD

FY 20/21 Budget Variable Charges

Capital Equipment Charge	\$208,495	(pumping, screening, storage)
Salaries & Wages	\$770,800	
Benefits	\$639,473	
Gas, Oil & Fuel	\$ 30,000	
Operating Supplies	\$164,250	
Repair & Maintenance	\$115,000	
Biosolids Disposal	\$35,000	
Electric Power	\$380,000	
	\$2,343,018	

Cost per MGD based on peak Flow	\$332.43	/MGD
Average Days of High Flow per Year (Max Month)	30	Days
Calculated I/I Surcharge	\$9,973.00/MG/I&I	

**Peak Cost in dollars per MG
for fiscal year 1921/22** **\$9,973.00**

BOARD POLICY
Sewerage Commission - Oroville Region

TITLE: Formulas for Determining I & I Surcharges

ADOPTION DATE: 24 February 2016
Resolution 09-21

NUMBER 7305
Amended November 17, 2021

The regulations contained herein regarding establishing the formulas for determining infiltration/inflow surcharges for the Sewerage Commission - Oroville Region were established by Resolution 09-21, rescinding Resolution 11-20.

1. The amended Joint Powers Agreement of May 2010 provides, in paragraph 6(e)(2), that the SEWERAGE COMMISSION-OROVILLE REGION shall establish by resolution a formula for the determination of excess flows of Infiltration/Inflow originating in the respective service areas of the member entities, and the determination of a reasonable charge for processing such excess flows of Infiltration/Inflow.

2. Resolution 04-08 identifies and specifies the operational parameters of the SC-OR Wastewater Treatment and Disposal facilities in total terms and in Equivalent Dwelling Unit (EDU's) terms, together with the total cost of the expanded cost of the facilities.

3. The Sewerage Commission-Oroville Region has adopted a fiscal policy that provides for the long-term ability to maintain a prepaid treatment and disposal facility expansion ability to assure capacity to the member entities.

4. The Treatment and Disposal facilities operational parameters identified in Resolution 04-08 are incorporated by this reference as restated in full herein.

5. The following criteria and definitions shall govern applications of the Infiltration/Inflow surcharge policy promulgated by this resolution:

- a. Infiltration/Inflow constitutes that wastewater flow in excess of the allowable average and peak flows.
- b. Allowable average flow for each EDU shall be 260 gallons per day or 7,908 gallons per month. All flows in excess of 7,908 gallons per month per EDU shall constitute excess average flows.
- c. Allowable peak flows shall be based on a peak to average flow ratio of four (4) so that each entity is entitled to a peak flow rate of 1,040 gallons per day per EDU.
- d. Excess average Infiltration/Inflow surcharge shall be calculated on the basis of related operational and maintenance costs, including power, chemicals, wages and benefits.

- e. Excess peak Infiltration/Inflow shall be calculated on the basis of current variable budget charges, capital equipment charges (pumping, screening, and storage), connected EDU's (at time of budget), peak flow based on connected EDU's, and allowable peak flow per EDU (Exhibit A).
- f. The peak surcharge rate schedule in Exhibit A will be effective for fiscal year 2021/22.

6. The excess average Infiltration/Inflow surcharge component shall be calculated and billed to each entity for each monthly period utilizing the following formula:

$$7,908_1 \text{ gal} \times \text{EDU's} = \text{AF}$$

Then:

$$Q - \text{AF} = \text{Ea}$$

Then:

$$\frac{\text{Ea} \times \text{O\&M Cost}_2}{\text{Total Plant Flow}} = \text{Sa}$$

Where:

- AF = Allowable Flow
- Q = Metered Flow per month for each entity
- Ea = Excess average Infiltration/inflow
- Sa = Surcharge for average Infiltration/Infill

The excess peak infiltration/inflow surcharge component shall be calculated and billed to each entity for each metered peak flow utilizing the following formula:

$$1040 \text{ gpd}_3 \times \text{EDU's} = \text{Ap}$$

Then:

$$Q_p - \text{Ap} = \text{Ep}$$

Then:

$$\text{Ep} \times \text{VBC} = \text{Sa}$$

Where:

- Ap = Allowable peak flow for each entity
- Op = Metered peak day flow (day=24 hrs from 1st moment of exceedance)
- Ep = Excess peak infiltration/inflow
- VBC = Variable budget charges, capital equipment charges (pumping, screening, and storage), connected EDU's (at time of budget), peak flow based on connected EDU's (Exhibit A)
- Sa = Surcharge for peak Infiltration/Infill

1 See paragraph 5(b)

2 See paragraph 5(e)

3 See paragraph 5(c)

7. Questions relative to the correctness of the payment and related excess peak will be referred to the SC-OR Manager/Fiscal Officer, who shall confer with the entity representative and SC-OR Operations Foreman to resolve any differences by mutual agreement. Any differences unresolved will be referred to the SC-OR Commission for disposition.

The Infiltration/Inflow surcharge payable by the member entities shall be the sum of two (2) components, one covering the processing cost of the excess average flows and the other to cover the capital cost of providing the physical facilities to treat and pass through the excess peak flows.

Member entities will be notified in writing annually the amount owed no later than June 30th of each year. The contributing entity shall pay SC-OR the invoiced amount no later than close of business on July 31st. The written notice shall contain a reminder of:

- a. Entity's right to appeal excess peak determinations and payment.
- b. Entity's appealing of peak charges must be submitted in writing no later than 4:00 p.m. on July 31st as to what peak charges are being appealed. Data submitted shall include at a minimum the date, time, and recorded peak being questioned, along with entity's reasoning for the appeal.

8. The Board may, by majority vote and in its sole discretion, waive an Infiltration/Inflow surcharge issued against a member entity if the Board makes a determination that the member entity has diligently attempted to curtail excess Infiltration/Inflow.

9. If differences cannot be resolved by the SC-OR manager and member entity representative, the matter will be referred to the SC-OR Board of Commissioners.

10. Payment for peaks being appealed can be withheld from original invoice until such time that the appeal is settled. Entity shall make payment to SC-OR no later than 4:00 p.m. on the 45th day of the date of the notice of remaining amount due.

11. In the event the due date falls on a weekend or holiday, payment for the above will be due the next regularly scheduled business day by 4:00 p.m.

**Sewerage Commission – Oroville Region
I & I Surcharge**

Exhibit A

Fiscal Year 2021/2022

Connected EDU's (FY 2021/22 Budget)	18,571	EDU's
Peak Flow / EDU (2009 MP & FA Study)	1,040	gpd/EDU
Peak Flow Capacity (Based on FY 21/22 Budget)	19.31	MGD

FY 21/22 Budget Variable Charges

Capital Equipment Charge	\$ 208,495	<small>(pumping, screening, storage)</small>
Salaries & Wages	\$ 770,800	
Benefits	\$ 639,473	
Gas, Oil & Fuel	\$ 30,000	
Operating Supplies	\$ 164,250	
Repair & maintenance	\$ 115,000	
Biosolids Disposal	\$ 35,000	
Electric Power	<u>\$ 380,000</u>	
	\$2,343,018	

Cost per MGD based on Peak Flow	\$ 332.43	/ MGD
Average Days of High Flow per year (Max Month)	30	Days
Calculated I&I Surcharge	\$ 9,973.00	

Peak Cost in dollars per MGD	
For fiscal year 2021/2022	\$9,973.00



Mr. Glen Sturdevant, Manager/Superintendent
Sewerage Commission – Oroville Region
P.O. Box 1350
Oroville, California 95965

November 5th, 2021

Subject: Progress Report – Engineering Services for WWTP Upgrade Final Design, General Consulting, and Influent Pump Station Design

Dear Glen,

This progress report for engineering services related to the Wastewater Treatment Plant Upgrade Design, and Influent Pump Station Design covers work performed from August 28th through October 1st, 2021. Our invoices for services performed during this period are provided in the associated email.

Work performed during this period includes the following:

- TO 29 – Auxiliary Influent Pump Station
 - Discussion/planning for integration
- TO 20 – General Consulting
 - Began work on additional capacity studies for Mitchell Ave. II
- WWTP Upgrade Final Design
 - Progression of 100% design, including:
 - Quality control review and responses for full design
 - Specs and drawings processing
 - Development of cost estimate
 - SCADA system design
- On-going project management and administrative tasks

If you have any questions regarding this progress report, please call me at 650-644-5948.

Regards,

Ted Couch

Ted Couch, P.E.
Project Manager

Environmental Compliance Report

To the SC-OR Commissioners and Staff from Kendra Morgan

November 24, 2021

INDUSTRIAL PRETREATMENT PROGRAM

INSPECTIONS

The dischargers submitted their monthly flow reports for October. All dischargers appear to be in compliance with their permits.

ENFORCEMENT

There are no enforcement items to report.

ACTIVITIES

We have received the annual permit renewal fee from two of our three Industrial users; the deadline is November 15. We will be coordinating with them next week to schedule annual sampling and inspections.

We submitted our ELAP Assessment Report corrective actions, and they have confirmed receipt of the response. We will continue to work towards implementing the said corrective actions.

Sewerage Commission - Oroville Region

Monthly Flows Report -

Oct-21

Name of Agency	Total Monthly Flow (MG)	Average Daily Flow (MG)	Total Peak Flow (MG)	Date of Peak Flow
<i>SC-OR Plant Total</i>	96.217	3.104	18.70	10.24.2021
<i>Lake Oroville Area P.U.D.</i>	27.608	0.891	6.50	10.24.2021
<i>Thermalito Water and Sewer</i>	16.008	0.516	4.10	10.24.2021
<i>City of Oroville</i>	52.601	1.697	8.10	10.24.2021

Septage Pumps 0.1018 Million Gallons/Month

Monthly Rainfall 6.75 Total Inches/Month