

**Planning Committee/
Recycling Board Members**

Darby Hoover, **President**
Environmental Organization

Francisco Zermeno, **1st Vice President**
ACWMA

Laura McKaughan, **2nd Vice President**
Source Reduction Specialist

Bob Carling, ACWMA

Lillian Carrell, Recycling Materials Processing Industry

Deborah Cox, ACWMA

Eric Havel, Environmental Educator

Dan Kalb, ACWMA

Tianna Nourot, Solid Waste Industry Representative

Dave Sadoff, ACWMA

Recycling Programs, Vacant

Wendy Sommer, Executive Director

AGENDA

**MEETING OF THE
PLANNING COMMITTEE
AND**

ALAMEDA COUNTY RECYCLING BOARD

Thursday, January 14, 2021

4:00 P.M.

TELECONFERENCE MEETING

Teleconference/Public Participation Information to Mitigate the Spread of COVID-19.

This meeting will be entirely by teleconference. All Board members, staff, and the public will only participate via the Zoom platform using the process described below. The meeting is being conducted in compliance with the Governor's Executive Order N-29-20 suspending certain teleconference rules required by the Ralph M. Brown Act. The purpose of this order is to provide the safest environment for the public, elected officials, and staff while allowing for continued operation of the government and public participation during the COVID-19 pandemic.

Members of the public and staff who are not presenting an item may attend and participate in the meeting by:

1. Calling US: +1 669 900 6833 or +1 253 215 8782 or +1 346 248 7799 or +1 929 205 6099 or +1 301 715 8592 or +1 312 626 6799 and using the webinar id 838 7557 2876
2. Using the [Zoom](#) website or App and entering meeting code 838 7557 2876

Board members and any other individuals scheduled to speak at the meeting will be sent a unique link via email to access the meeting as a panelist. All Board members **MUST** use their unique link to attend the meeting. During the meeting the chair will explain the process for members of the public to be recognized to offer public comment. The process will be described on the StopWaste website at <http://www.stopwaste.org/virtual-meetings> no later than noon, Thursday, January 14, 2021. The public may also comment during the meeting by sending an e-mail to publiccomment@stopwaste.org prior to the close of public comment on the item being addressed. Each e-mail will be read into the record for up to three minutes.

In accordance with the Americans with Disabilities Act and the Governor's Executive Order, if you need assistance to participate in this meeting due to a disability, please contact the Clerk of the Board at (510) 891-6517. Notification 24 hours prior to the meeting will enable the agency to make reasonable arrangements to ensure accessibility to this meeting.

AGENDA

I. CALL TO ORDER

II. ROLL CALL OF ATTENDANCE

III. ANNOUNCEMENTS BY PRESIDENT

IV. OPEN PUBLIC COMMENT

An opportunity is provided for any member of the public wishing to speak on any matter within the jurisdiction of the Board, but not listed on the agenda. Each speaker is limited to three minutes.

Page V. CONSENT CALENDAR

1 1. Approval of the Draft Minutes of December 10, 2020 (Jeff Becerra)

5 2. Board Attendance Record (Jeff Becerra)

7 3. Written Report of Ex Parte Communications (Jeff Becerra)

VI. REGULAR CALENDAR

9 1. Fiscal Year 2019-20 Audit Report (Pat Cabrera & Jennifer Luong)
Staff recommends that the Recycling Board accept and file the FY 19-20 audit report.

67 2. Recycling Board "Five Year Audit" - Recommendation to Accept Phase I of the Five Year Financial & Compliance Audit Report – FY 2016-17 – FY 2018-19 (Meri Soll)
It is recommended that the Recycling Board accept Phase I of the Five Year Financial and Compliance Audit by Crowe Horwath LLP and approve the recommendations therein, subject to the qualifications enumerated in the staff report.

VII. MEMBER COMMENTS AND COMMUNICATIONS FROM THE EXECUTIVE DIRECTOR

VIII. ADJOURNMENT

DRAFT

**MINUTES OF THE REGULAR MEETING OF THE
PLANNING COMMITTEE
AND
ALAMEDA COUNTY RECYCLING BOARD**

Thursday, December 10, 2020

7:00 P.M.

TELECONFERENCE MEETING

I. CALL TO ORDER

President Deborah Cox called the meeting to order at 7:00 p.m. Wendy Sommer explained the process that would be utilized during the meeting. A link to the process is available here: [Virtual-Meetings-Instructions](#)

II. ROLL CALL OF ATTENDANCE

Bob Carling, ACWMA
Lillian Carrell, Recycling Materials Processing Industry
Deborah Cox, ACWMA
Eric Havel, Environmental Educator
Darby Hoover, Environmental Organization
Dan Kalb, ACWMA
Laura McKaughan, Source Reduction Specialist
Tianna Nouro, Solid Waste Industry Representative
Dave Sadoff, ACWMA
Francisco Zermeno, ACWMA
Vacant, Recycling Programs

Staff Present:

Wendy Sommer, Executive Director
Timothy Burroughs, Deputy Director
Pat Cabrera, Administrative Services Director
Jeff Becerra, Communications Manager
Justin Lehrer, Operations Manager
Meghan Starkey, Senior Management Analyst
Nisha Patel, Management Analyst
Arliss Dunn, Clerk of the Board
Farand Kan, Deputy County Counsel

Others Participating:

Jason Schmelzer, Shaw Yoder Antwih Schmelzer & Lange
Priscilla Quiroz, Shaw Yoder Antwih Schmelzer & Lange

III. ANNOUNCEMENTS BY THE PRESIDENT

President Cox extended best wishes for the holidays and thanked the board and staff for their service throughout the year.

DRAFT

IV. OPEN PUBLIC COMMENT

There were no public comments on the remote call and there were no public comments received in the public comment email address.

V. CONSENT CALENDAR

- 1. Approval of the Draft Joint WMA, EC & RB Minutes of November 18, 2020 (Jeff Becerra)**
- 2. Board Attendance Record (Jeff Becerra)**
- 3. Written Report of Ex Parte Communications (Jeff Becerra)**

There were no public comments for the consent calendar. Board member Sadoff made the motion to approve the consent calendar. Board member Carling seconded and the motion carried 10-0. The Clerk called the roll:

(Ayes: Carling, Carrell, Cox, Havel, Hoover, Kalb, McKaughan, Nouro, Sadoff, Zermeño. Nays: None. Abstain: None. Absent: None. Vacant: Recycling Programs)

VI. REGULAR CALENDAR

1. 2021 Meeting Schedule (Arliss Dunn)

It is recommended that the Planning Committee/Recycling Board adopt the regular meeting schedule for 2021.

Clerk Arliss Dunn presented the item. A link to the 2021 Meeting Schedule is available here: [2021-Meeting-Schedule.pdf](#)

There were no public comments for this item. Board member McKaughan made the motion to approve the 2021 Meeting Schedule. Board member Zermeño seconded and the motion carried 10-0. The Clerk called the roll:

(Ayes: Carling, Carrell, Cox, Havel, Hoover, Kalb, McKaughan, Nouro, Sadoff, Zermeño. Nays: None. Abstain: None. Absent: None. Vacant: Recycling Programs)

2. Election of Officers for 2021 (Arliss Dunn)

Elect Officers for 2021.

Clerk Arliss Dunn presented the item. A link to the staff report is available here: [2021-Election-Officers.pdf](#). President Cox recommended that the board continue the tradition of moving the First and Second Vice Presidents forward and to nominate a Second Vice President. The Board accepted the recommendation. Board member Hoover nominated Board member McKaughan to serve as Second Vice President. There were no other nominations. There were no public comments on this item. Board member Sadoff made the motion to elect the slate of officers; Hoover, President; Zermeño, First Vice President; and McKaughan, Second Vice President. Board member Zermeño seconded and the motion carried 10-0. The Clerk called the roll.

(Ayes: Carling, Carrell, Cox, Havel, Hoover, Kalb, McKaughan, Nouro, Sadoff, Zermeño. Nays: None. Abstain: None. Absent: None. Vacant: Recycling Programs)

3. Recycling Plan Recommendation for Approval (Meghan Starkey)

Staff recommends that the Recycling Board adopt the attached Plan, "Beyond Recycling: A Vision for Landfill Obsolescence."

DRAFT

Meghan Starkey provided an overview of the staff report and presented a PowerPoint presentation. A link to the report and the presentation is available here: [Recycling-Plan-2020.pdf](#).

Board member Zermeño inquired about the proposed target date for landfill obsolescence. Ms. Starkey stated that the target date is 2045, which aligns with the state target date for carbon neutrality. Board member Nourot inquired about plans for materials. Ms. Starkey replied that landfill obsolescence is an aspirational goal that focuses on preventing the creation of materials that would need to end up in the landfill. Board member Havel stated his appreciation for the aspirational goal of landfill obsolescence as it is more forward thinking in terms of cradle-to-cradle. Board member Havel inquired about the metrics and tonnage rates with regard to the progress towards the diversion goal of 75%. Ms. Starkey stated that it is the State methodology for the diversion rate that has been modified over time. The state is attempting to capture materials that are recycled as well as landfilled. Ms. Sommer expressed her appreciation for Board member Havel's comments regarding focusing on cradle-to-cradle and commented that the methodology also illustrates that the fluctuation in waste correlates to the fluctuation in the economy. Board member McKaughan stated her support for the Recycling Plan and added the onus is not on the facilities but rather a need to focus on upstream and designing for recyclability, usability, and reducing disposability. Also, not maximizing diversion but minimizing discards. Board member Hoover concurred with Board member McKaughan's comments and stated her support for the aspirational goal of landfill obsolescence. Board member Hoover commented that there are more complex materials entering the waste stream and inquired about any actions or legislation that staff is pursuing regarding producer responsibility. Mr. Becerra stated that we are working with strong partners with regard to any legislative efforts and it will be covered in the legislative report.

There were no public comments on this item. Board member Zermeño made the motion to accept the staff recommendation. Board member Kalb seconded and the motion carried 10-0:

(Ayes: Carling, Carrell, Cox, Havel, Hoover, Kalb, McKaughan, Nourot, Sadoff, Zermeño. Nays: None. Abstain: None. Absent: None. Vacant: Recycling Programs)

4. 2021 Legislative Priorities (Jeff Becerra)

Discuss legislative priorities for calendar year 2021 and provide a recommendation to the Waste Management Authority for adoption at its December 16 meeting. The staff recommendation is to join efforts with partners to introduce and support legislation seeking to modify SB 1383 implementation timelines.

Jeff Becerra provided an overview of the staff report. A link to the report is available here: [2021-Legislative-Priorities.pdf](#). The agency's lobbyists, Jason Schmelzer and Priscilla Quiroz, were present and available to answer any questions.

Ms. Sommer stated with regard to Board member Hoover's inquiry regarding the agency's efforts towards extended producer responsibility that the agency would continue to participate with the California Product Stewardship Council (CPSC). Ms. Sommer added agency staff, Justin Lehrer, is a member of their board and the agency's lobbyist is their lobbyist as well. Board member Kalb inquired if there is a way to leverage our efforts to delay implementation of SB1383 with other stakeholders (haulers, processors) that have the same interest. Mr. Schmelzer stated that it is primarily local governments that are seeking this type of relief but we will continue to explore other options. Board member McKaughan expressed concern about StopWaste championing efforts to soften the SB 1383 legislation. Mr. Becerra stated that we are aligned with the goals of the legislation, however, in light of the COVID-19 impacts on jurisdictions, we are seeking specific information from CalRecycle on time relief with respect to implementation of enforcement dates. CalRecycle has shared that implementation dates could only be delayed through legislation. Board member Kalb inquired if there

DRAFT

were safeguards in place in the event that there was a request to delay the timeline for an indefinite period. Mr. Becerra stated that if there were any discomfort or untenable situations StopWaste would simply withdraw from the group. However, it is to our advantage to be involved in helping to shape any legislative efforts.

There were no public comments on this item. Board member Zermeno made the motion to approve the staff recommendation. President Cox seconded. Board member McKaughan offered a friendly amendment to the motion to include language that safeguards against excessively prolonging the timeline for relief. The motion to amend the recommendation carried 10-0. The Clerk called the roll: (Ayes: Carling, Carrell, Cox, Havel, Hoover, Kalb, McKaughan, Nourof, Sadoff, Zermeno. Nays: None. Abstain: None. Absent: None. Vacant: Recycling Programs)

5. Landfill Tonnage and Associated Revenue (Pat Cabrera & Nisha Patel)

This item is for information only.

Pat Cabrera provided an overview of the staff report. A link to the report is available here: [Tonnage-Revenue-Report.pdf](#)

Board member Sadoff inquired about the core budget. Ms. Cabrera stated that the core budget is \$10.9 million and budgeted core revenues are slightly under \$11.4 million.

There were no public comments on this item. President Cox thanked Ms. Cabrera for the report.

VII. MEMBER COMMENTS AND COMMUNICATIONS FROM THE EXECUTIVE DIRECTOR

Ms. Sommer extended happy holidays to all.

VIII. ADJOURNMENT

The meeting adjourned at 8:15 p.m.

2020 - ALAMEDA COUNTY RECYCLING BOARD ATTENDANCE

	J	F	M	A	M	J	J	A	S	O	N	D
REGULAR MEMBERS												
J. Buckholz	X	X	X	X	X	X	X	X	X			
B. Camara	X	X	X	X	X	X						
B. Carling	X	X	X	X	X	X	X	X	X	X	X	X
L. Carrell							X	X	X	X	X	X
D. Cox	X	X	X	X	X	X	X	X	X	X	X	X
E. Havel						X	X	X	X	X	X	X
D. Hoover	X	X	X	X	X	X	X	X	X	X	X	X
D. Kalb							X	X	X	X	X	X
L. McKaughan			X	X	X	A	X	X	X	X	X	X
T. Nourot	A	X	X	X	X	X	A	X	X	X	A	X
J. Oddie	X	X	X	X	X	X						
D. Sadoff	X	X	X	X	X	X	X	X	X	X	X	X
F. Zermeño	X	X	X	X	X	X	X	X	X	X	X	X
INTERIM APPOINTEES												

Measure D: Subsection 64.130, F: Recycling Board members shall attend at least three fourths (3/4) of the regular meetings within a given calendar year. At such time, as a member has been absent from more than one fourth (1/4) of the regular meetings in a calendar year, or from two (2) consecutive such meetings, her or his seat on the Recycling Board shall be considered vacant.

X=Attended

A=Absent

I=Absent - Interim Appointed

This page intentionally left blank

DATE: January 14, 2021
TO: Recycling Board
FROM: Jeff Becerra, Communications Manager
SUBJECT: Written Reports of Ex Parte Communications

BACKGROUND

Section 64.130 (Q)(1)(b) of the Alameda County Charter requires that full written disclosure of ex parte communications be entered in the Recycling Board's official record. At the June 19, 1991 meeting of the Recycling Board, the Board approved the recommendation of Legal Counsel that such reports be placed on the consent calendar as a way of entering them into the Board's official record. The Board at that time also requested that staff develop a standard form for the reporting of such communications. A standard form for the reporting of ex parte communications has since been developed and distributed to Board members.

At the December 9, 1999 meeting of the Recycling Board, the Board adopted the following language:

Ex parte communication report forms should be submitted only for ex parte communications that are made after the matter has been put on the Recycling Board's agenda, giving as much public notice as possible.

Per the previously adopted policy, all such reports received will be placed on the consent calendar of the next regularly scheduled Recycling Board meeting.

This page intentionally left blank



DATE: January 14, 2021

TO: Programs and Administration Committee
Planning Committee/Recycling Board

FROM: Pat Cabrera, Administrative Services Director
Jennifer Luong, Financial Services Manager

SUBJECT: Fiscal Year 2019-20 Audit Report

SUMMARY

California state law requires that the Agency issue a complete set of financial statements annually and that an independent firm of certified public accountants audit the financial reports. The Agency's fiscal year (FY) closed on June 30, 2020, at which time staff prepared the financials in conformity with generally accepted accounting principles (GAAP), and the firm of Badawi and Associates audited the reports. At the January 14, 2021 meetings of the Programs and Administration Committee and the Planning Committee/Recycling Board, staff will present the audit report for review and acceptance.

DISCUSSION

The auditor's responsibility is to express opinions on the financial statements. The Agency received an unmodified (clean) audit opinion for FY 19-20 from the external auditors. In addition, there were no internal control weaknesses noted. The annual audit report for the fiscal year ending June 30, 2020 is attached. The Management's Discussion and Analysis section of the report (pages 5-7) provides an overview of the Agency's financial activities for the year. The report includes a total Agency (WMA, Recycling Board and Energy Council) Statement of Net Position (page 11); total Statement of Revenues, Expenses and Changes in Net Position (page 12); and total Statement of Cash Flows (page 13). On pages 43-48, the report shows the Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position by Board and by fund. The two boards and the Energy Council are distinct legal entities (but function as one agency); therefore, these statements are of particular importance as they separately outline their respective financial activity for the year.

Revenue and Expenses

The audit report shows total revenues of \$34 million. This is an 11% decrease in revenues compared to FY 18-19. The decrease is due in part to reduced business activity during the pandemic resulting in lower tonnage fees (which is the Agency's primary source of core revenue), compared to revised projections, but still above what was budgeted. Reduced tonnage based revenues were

anticipated at the time the FY 19-20 budget was developed because additional materials were expected to be diverted from the Altamont landfill due to the new Organics Materials Recovery Facility at Davis Street coming online last spring. In FY 18-19 there was also one-time revenue from NextEra for the conservation easement on Agency owned property at Altamont as well as one-time increases in tonnage of 410,119 tons, of which 162,000 tons were from out of county but disposed in an Alameda County landfill. Total expenses were \$31 million, a 5% reduction compared to budgeted expenses of \$32.5 million. The decrease is primarily due to lower costs than budgeted in the core budget and the Household Hazardous Waste Program.

Net Position

Net position is the Agency's net worth, which we generally refer to as fund balance. The Agency's total net position is \$63.0 million (Authority's portion \$52 million or 82.75%; Recycling Board's \$11 million or 16.95%; and Energy Council \$187,520 or 0.3%). The total net position is comprised of \$14.2 million for the net investment in capital assets (land, buildings, furnishings and equipment), \$9.1 million is reserved and designated for specific purposes by the Board, \$15.8 million for the Household Hazardous Waste Fund, while the remaining \$23.8 million may be used to meet the Agency's ongoing obligations, including outstanding contracts. The Agency's overall net position increased by approximately \$2 million or 3.3% compared to FY 18-19.

Additional Information

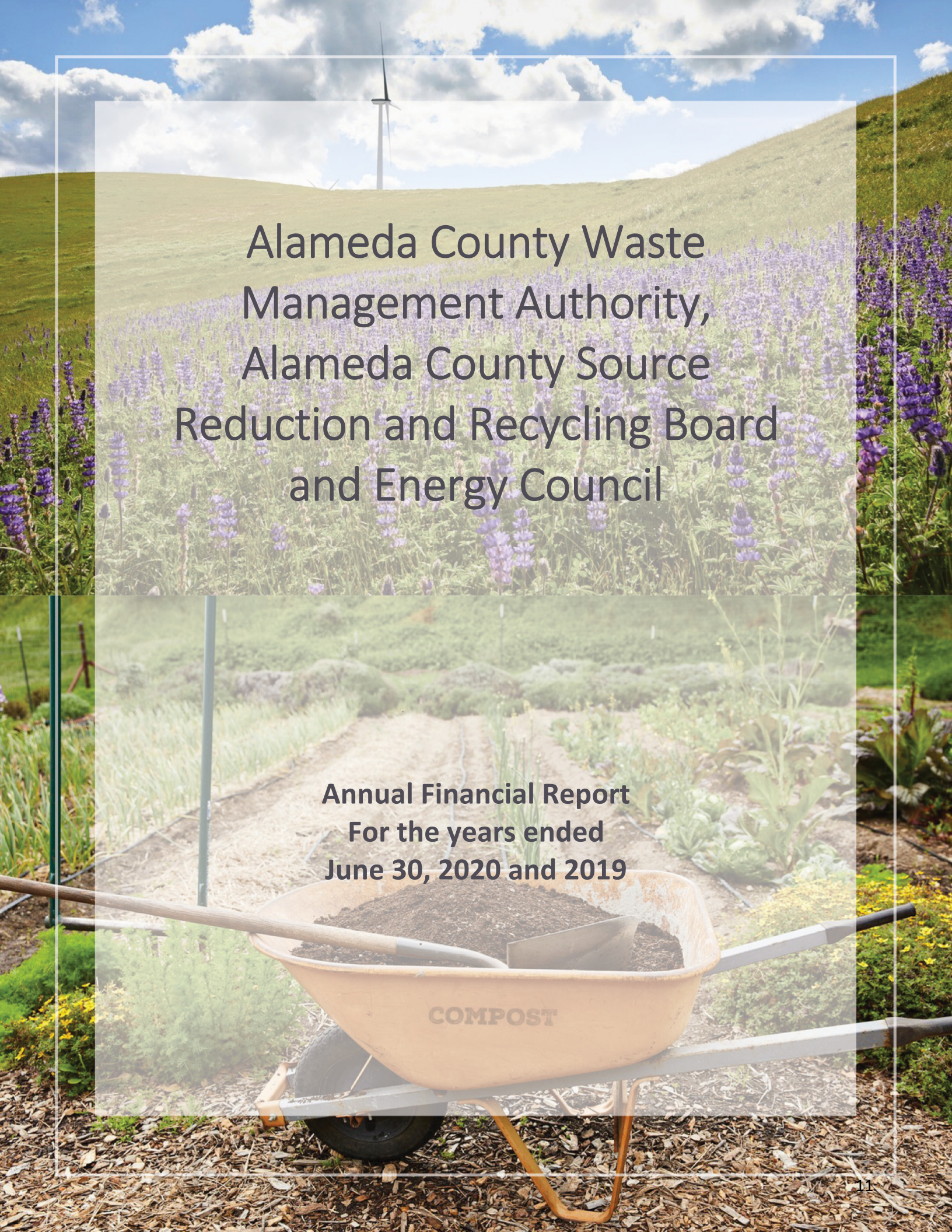
While recent Governmental Accounting Standards Board (GASB) pronouncements relating to debt and assets do not pertain to the Agency, significant accounting policies with respect to pension and other post-retirement benefits continue to be a focus for all public sector entities. We have solid financial positions in both areas. As shown on page 39 of the audit report, the Agency's funded status with respect to its post-retirement medical plan is at 106% as of the last actuarial valuation on June 30, 2020. We are managing this surplus by drawing on the trust to pay for post-retirement benefits which will in turn will lower the funded status to at or slightly below 100%. Furthermore, as shown on page 37 of the report (see footnote), the Agency's funded status with respect to its pension plan is 91% as of the June 30, 2019 actuarial valuation. This funded status is consistent with our goal to reach and maintain a 95% pension funded status as adopted by the Board in March of 2020. The information provided in the schedule on that page pertains to the pooled plan of which the Agency is a participant. This information shows that the Agency is in a much better financial position compared to other entities in the plan.

RECOMMENDATION

Staff recommends that the Programs and Administration Committee review and forward the FY 19-20 audit report to the Waste Management Authority Board for acceptance and filing.

Staff recommends that the Recycling Board accept and file the FY 19-20 audit report.

Attachment: Annual Audit Report and Financial Statements for the year ended June 30, 2020 and 2019



Alameda County Waste Management Authority, Alameda County Source Reduction and Recycling Board and Energy Council

**Annual Financial Report
For the years ended
June 30, 2020 and 2019**

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR

ENDED JUNE 30, 2020

Presented by:

Wendy Sommer, Executive Director
Pat Cabrera, Administrative Services Director

Prepared by:

Jennifer Luong, Financial Services Manager
Nisha Patel, Management Analysis II
Soudabeh Abbasi, Accountant
Jenny O'Brien, Senior Administrative Assistant

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council**
Basic Financial Statements
Table of Contents
For the years ended June 30, 2020 and 2019

	<u>Page</u>
Table of Contents	i
Board of Directors	iii
Independent Auditor’s Report	1
Management’s Discussion and Analysis	5
Basic Financial Statements:	
Statement of Net Position	11
Statement of Revenues, Expenses and Changes in Net Position	12
Statement of Cash Flows	13
Notes to Basic Financial Statements.....	15
Required Supplementary Information (Unaudited):	
Defined Benefit Pension Plans	
Schedule of Changes in Net Pension Liability and Related Ratios During the Measurement Period - Last 10 Years	37
Schedule of Plan Contribution – Last 10 Years	38
OPEB Plan	
Schedule of Changes in the Net OPEB Liability and Related Ratios - Last 10 Years.....	39
Schedule of Contributions - Last 10 Years	40
Other Supplementary Information:	
Supplementary Schedule of Net Position – Waste Management Authority	43
Supplementary Schedule of Revenues, Expenses and Changes in Net Position – Waste Management Authority	44
Supplementary Schedule of Net Position – Recycling Board.....	45
Supplementary Schedule of Revenues, Expenses and Changes in Net Position – Recycling Board.....	46
Supplementary Schedule of Net Position – Energy Council	47
Supplementary Schedule of Revenues, Expenses and Changes in Net Position – Energy Council	48

This page intentionally left blank

BOARD MEMBER ROSTER

WASTE MANAGEMENT AUTHORITY

County of Alameda	Keith Carson
City of Alameda	Jim Oddie
City of Albany	Nick Pilch
City of Berkeley	Susan Wengraf
Castro Valley Sanitary District	Dave Sadoff
City of Dublin	Melissa Hernandez
City of Emeryville	Dianne Martinez
City of Fremont	Jenny Kassin
City of Hayward	Francisco Zermeño
City of Livermore	Bob Carling
City of Newark	Michael Hannon
City of Oakland	Dan Kalb
Oro Loma Sanitary District	Shelia Young, Second Vice President
City of Piedmont	Tim Rood, President
City of Pleasanton	Jerry Pentin
City of San Leandro	Deborah Cox, First Vice President
City of Union City	Emily Duncan

SOURCE REDUCTION AND RECYCLING BOARD

Environmental Organization	Darby Hoover
Environmental Educator	Eric Havel
Recycling Materials Processing Industry	Bernie Camara
Recycling Programs	Jillian Buckholz, First Vice President
Solid Waste Industry Representative	Tianna Nourot
Source Reduction Specialist	Laura McKaughan
ACWMA	Bob Carling
ACWMA	Deborah Cox, President
ACWMA	Jim Oddie, Second Vice President
ACWMA	Dave Sadoff
ACWMA	Francisco Zermeño

ENERGY COUNCIL

County of Alameda	Keith Carson
City of Alameda	Jim Oddie
City of Albany	Nick Pilch
City of Berkeley	Susan Wengraf
City of Dublin	Melissa Hernandez, First Vice President
City of Emeryville	Dianne Martinez
City of Fremont	Jenny Kassin
City of Hayward	Francisco Zermeño
City of Livermore	Bob Carling
City of Newark	Michael Hannon
City of Oakland	Dan Kalb, Second Vice President
City of Piedmont	Tim Rood
City of Pleasanton	Jerry Pentin
City of San Leandro	Deborah Cox, President
City of Union City	Emily Duncan

This page intentionally left blank

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Alameda County Waste Management Authority
Alameda County Source Reduction and Recycling Board
and Energy Council
Oakland, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Alameda County Waste Management Authority, Alameda County Source Reduction and Recycling Board and Energy Council (Agency) as of and for the years ended June 30, 2020 and June 30, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Agency, as of June 30, 2020 and June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, defined benefit pension plan information, and OPEB plan information on pages 5 to 7 and pages 37 to 40 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

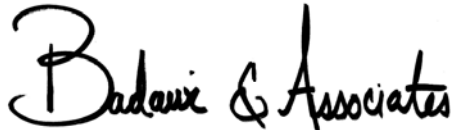
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The list of Board of Directors and the Supplementary Schedules for Waste Management, Recycling Board and Energy Council are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Board of Directors
of Alameda County Waste Management Authority
Alameda County Source Reduction and Recycling Board
and Energy Council
Oakland, California
Page Three

The list of Board of Directors has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates
Certified Public Accountants
Berkeley, California
December 24, 2020

This page intentionally left blank

**ALAMEDA COUNTY WASTE MANGEMENT AUTHORITY, ALAMEDA COUNTY SOURCE REDUCTION AND
RECYLING BOARD, AND ENERGY COUNCIL (“STOPWASTE”)
MANAGEMENT’S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2020**

This section presents management’s analysis of the Alameda County Waste Management Authority’s, the Alameda County Source Reduction and Recycling Board’s, and the Energy Council’s (herein referred to as the Agency) financial condition and activities as of and for the year ended June 30, 2020. Management’s Discussion and Analysis (MD&A) provides an overview of the Agency which is commonly known and identified as “StopWaste.” To obtain a complete understanding of the Agency’s financial condition, this document should be read in conjunction with the financial statements and the accompanying notes to those financial statements.

ORGANIZATION AND BUSINESS

The Agency operating as StopWaste is comprised of three separate legal entities: The Alameda County Waste Management Authority, the Alameda County Source Reduction and Recycling Board, and the Energy Council. StopWaste helps local governments, businesses, schools and residents with projects and initiatives that improve recycling and reduce waste; develop and expand markets for recycled materials, provide technical and implementation assistance to improve recycling; motivate people to make recycling and waste reduction part of their everyday routines, increase energy efficiency, and increase community resilience to climate change.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The Agency operates as an Enterprise Fund and presents its financial statements using the full accrual basis of accounting. Revenues are recorded when earned and expenses recorded at the time liabilities are incurred, regardless of when cash is received or paid.

The Agency's financial reports include three basic financial statements: the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows.

The Statement of Net Position includes information about the Agency’s assets, liabilities, deferred outflows and inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents the results of the Agency’s operations over the course of the fiscal year and information as to how the net position changed during the year. All of the fiscal year’s revenues and expenses are accounted for in this statement.

The Statement of Cash Flows provides information about the Agency’s cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities. The statement shows what the sources and uses of cash were and what the change in the cash balance was during the fiscal year.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the basic Financial Statements can be found on pages 15-34 of this report.

Alameda County Waste Management Authority, Alameda County Source Reduction and Recycling Board and Energy Council
Table 1 - Statement of Net Position
June 30, 2020

As of June 30,	2020	2019	Change (\$)	Change (%)	2018	Change (\$)	Change (%)
Assets							
Cash and Cash Equivalents	\$ 52,208,153	\$ 48,756,908	\$ 3,451,245	7.1%	\$ 40,896,276	\$ 7,860,632	19.2%
Other Current Assets	3,817,513	4,980,475	(1,162,962)	-23.4%	4,084,728	895,747	21.9%
Capital Assets	14,208,618	14,263,940	(55,322)	-0.4%	14,105,354	158,586	1.1%
Net OPEB Asset	334,330	373,968	(39,638)	-10.6%	515,799	(141,831)	-27.5%
Loans Receivable, non-current	-	26,364	(26,364)	-100.0%	70,347	(43,983)	-62.5%
Total Assets	70,568,614	68,401,655	2,166,959	3.2%	59,672,504	8,729,151	14.6%
Deferred Outflows	4,237,888	3,946,545	291,343	7.4%	6,882,232	(2,935,687)	-42.7%
Liabilities							
Current Liabilities	6,615,973	7,035,986	(420,013)	-6.0%	6,015,940	1,020,046	17.0%
Net Pension Liability	3,070,404	1,873,012	1,197,392	63.9%	6,256,106	(4,383,094)	-70.1%
Accrued Vacation, non-current	24,626	10,518	14,108	134.1%	23,724	(13,206)	-55.7%
Net OPEB Liability	-	-	-	-	-	-	-
Total Liabilities	9,711,003	8,919,516	791,487	8.9%	12,295,770	(3,376,254)	-27.5%
Deferred Inflows	2,113,068	2,467,177	(354,109)	-14.4%	736,747	1,730,430	234.9%
Net Position:							
Restricted for:							
Investment in Capital Assets	14,208,618	14,263,940	(55,322)	-0.4%	14,105,354	158,586	1.1%
Total Restricted	14,208,618	14,263,940	(55,322)	-0.4%	14,105,354	158,586	1.1%
Unrestricted							
Unavailable	2,375,143	2,309,241	65,902	2.9%	4,747,391	(2,438,150)	-51.4%
Reserves	9,100,191	9,000,191	100,000	1.1%	7,205,696	1,794,495	24.9%
Encumbrances	2,518,680	1,978,741	539,939	27.3%	2,184,936	(206,195)	0.0%
Net Position Available Fund Balance (Core)	18,771,833	17,748,804	1,023,029	5.8%	11,695,343	6,053,461	51.8%
Net Position Available Fund Balance (HHW)	15,836,378	15,312,248	524,130	3.4%	13,244,189	2,068,059	15.6%
Net position Available Fund Balance Other	171,588	348,342	(176,754)	-50.7%	339,310	9,032	2.7%
Total Unrestricted	48,773,813	46,697,567	2,076,246	4.4%	39,416,865	7,280,702	18.5%
Total Net Position	\$ 62,982,431	\$ 60,961,507	\$ 2,020,924	3.3%	\$ 53,522,219	\$ 7,439,288	13.9%

Cash and Cash Equivalents increased \$3.5 million (7.1%) in 2020 from 2019, this was primarily due to revenues exceeding expenses by \$2 million and \$1 million in interest income. Current assets increased \$2.2 million (3.2%) reflecting the various fees, rental and grant activity. As of June 30, 2020, the outstanding balance in the Revolving Loan Fund has been paid in full.

Current liabilities increased \$0.8 million (8.9%) in 2020 from 2019, this was primarily due to the increase of Net Pension Liability of \$1.2 million and decrease of \$.4 million due to timing of Due to Other Government.

Deferred Pension Outflows, Net Pension Liability and Deferred Pension Inflows reflect the Agency's proportionate share of CalPERS' Miscellaneous Risk Pool Pension Liabilities and Assets as of the annual measurement date. These amounts are impacted largely by investment performance, actuarial assumptions and gains or losses.

Cash and Cash Equivalents increased \$7.9 million (19.2%) in 2019 from 2018, this was primarily due to a one time revenue from California Range trust of \$1.8 million for the use of the Altamont Pass property, an increase in \$4.1 million in revenues, a \$1.3 million decrease payments to suppliers, and a \$3.7 million decreased payment to employee wages and benefits mainly to CalPERS to reduce the Authority's Unfunded Pension Liability in 2018. Current assets increased \$0.9 million (21.9%) reflecting the various fees, rental and grant activity. As of June 30, 2019, there was one outstanding loan in the Revolving Loan Fund.

Current liabilities increased \$1 million (17%) in 2019 from 2018, this was primarily due to the timing of the HHW six months reimbursement to the county of \$2.5 million, the BayRen first-time rebate lump sum of \$677k, and payment of Measure D \$1.4 million in Measure D to various cities.

Alameda County Waste Management Authority, Alameda County Source Reduction and Recycling Board and Energy Council
Table 2 - Statement of Revenues, Expenses and Changes in Net Position
June 30, 2020

Period Ended June 30	2020	2019	Change (\$)	Change (%)	2018	Change (\$)	Change (%)
Operating Revenues							
In County Facility Fees	\$ 5,531,287	\$ 5,878,000	\$ (346,713)	-5.9%	\$ 5,416,761	\$ 461,239	8.5%
Measure D Municipality Allocation	5,247,806	5,570,885	(323,079)	-5.8%	5,164,136	406,749	7.9%
Other Tonnage Fees	5,247,806	5,570,885	(323,079)	-5.8%	5,164,136	406,749	7.9%
Other Counties Mitigation Fees	571,961	1,096,353	(524,392)	-47.8%	564,434	531,919	94.2%
Out of County Facility Fees	471,167	387,433	83,734	21.6%	378,598	8,835	2.3%
Benchmark Fees	-	-	-	-	5,506	(5,506)	-100.0%
Household Hazardous Waste Fees and Grants	6,712,118	7,336,109	(623,991)	-8.5%	7,678,014	(341,905)	-4.5%
Other Fees and Revenue	669,784	2,707,829	(2,038,045)	-75.3%	715,113	1,992,716	278.7%
	24,451,929	28,547,494	(4,095,565)	-14.3%	25,086,698	3,460,796	13.8%
Non-operating Revenues							
Energy Council	7,908,623	8,397,907	(489,284)	-5.8%	7,592,965	804,942	10.6%
Externally Funded	740,981	669,510	71,471	10.7%	1,191,923	(522,413)	-43.8%
Interest Income	969,551	790,123	179,428	22.7%	443,430	346,693	78.2%
Other Income	56,697	25,197	31,500	125.0%	-	25,197	0.0%
	9,675,852	9,882,737	(206,885)	-2.1%	9,228,318	654,419	7.1%
Total Revenues	34,127,781	38,430,231	(4,302,450)	-11.2%	34,315,016	4,115,215	12.0%
Operating Expenses							
Salaries and Benefits	10,483,956	8,926,741	1,557,215	17.4%	7,707,059	1,219,682	15.8%
Program Expenses	21,147,798	21,524,291	(376,493)	-1.7%	22,945,914	(1,421,623)	-6.2%
Legal and Accounting	253,050	306,814	(53,764)	-17.5%	151,697	155,117	102.3%
Board Expenses	48,150	51,555	(3,405)	-6.6%	51,450	105	0.2%
Depreciation Expense	173,903	181,542	(7,639)	-4.2%	154,022	27,520	17.9%
Total Expenses	32,106,857	30,990,943	1,115,914	3.6%	31,010,142	(19,199)	-0.1%
Change in Net Position	2,020,924	7,439,288	(5,418,364)	-72.8%	3,304,874	4,134,414	125.1%
Net Position - Beginning, as adjusted	60,961,507	53,522,219	7,439,288	13.9%	50,217,344	7,439,289	14.8%
Net Position - Ending	\$ 62,982,431	\$ 60,961,507	\$ 2,020,924	3.3%	\$ 53,522,218	\$ 7,439,289	13.9%

Total revenues decreased \$4.3 million (11%) in 2020 from 2019, primarily due to a one time revenue of \$1.8 million from the California Rangeland Trust for the use of the Altamont Pass property that was received in 2019. Also in 2019, one time tonnage of 410,119 tons in Facilities and 162,221 tons from Altamont Landfill was more than originally projected. Other Counties Mitigation Fees were under budget in 2020 by 34k tons, mainly reflecting the period in May where many business shutdown due to COVID. Household Hazardous Waste Fees decreased from \$7.4 to \$6.64 per residential property unit. Energy Council's revenues decreased \$0.5 million representing a lower number of projects. Interest income increased \$0.19 million in 2020 from 2019 due to higher market interest rates earned on short-term investments.

Total expenses increased \$1.1 million (3.6%) in 2020 from 2019. This was primarily due to an increase of \$1.6 million in salaries and benefits from additional payments to CalPERS for UAL pension and premium Health Cost Retiree. Program expenses decreased by \$.4 million.

Total revenues increased \$4.1 million (12%) in 2019 from 2018, this was primarily due to a one time revenue of \$1.8 million from the California Rangeland Trust for the use of the Altamont Pass property. One time tonnage increase of 410,119 tons in Facilities and 162,221 tons from Altamont Landfill more than originally projected. Energy Council's revenues increased \$0.8 million representing a higher number of projects. Interest income increased \$0.3 million in 2019 from 2018 due to higher market interest rates earned on short-term investments.

Total expenses decreased \$.02 million (-.1%) in 2019 from 2018, this was primarily due to a reduction of \$0.2 million in salaries and benefits related to vacant positions and a \$0.2 million increase in legal fees.

Request for information

The Agency's financial statements are designed to provide a general overview its finances and to show accountability of the resources it receives and expends. If you have questions about this report, or need additional information, contact the Administrative Services Director or Financial Services Manager at the StopWaste office, located at 1537 Webster Street, Oakland CA 94612.

This page intentionally left blank

BASIC FINANCIAL STATEMENTS

This page intentionally left blank

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council**
Statement of Net Position
June 30, 2020 and 2019

	2020	2019
ASSETS		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 52,208,153	\$ 48,756,908
Receivables:		
Accounts receivable	2,340,055	2,441,131
Interest receivable	196,189	252,944
Grants receivable	1,192,508	2,129,066
Prepaid expenses	88,761	113,338
Loans receivable (Note 3)	-	43,996
Total current assets	56,025,666	53,737,383
Noncurrent assets:		
Nondepreciable capital assets	9,230,922	9,230,922
Capital Assets - net of accumulated depreciation (Note 4)	4,977,696	5,033,018
Loans receivable (Note 3)	-	26,364
Net OPEB asset (Note 8)	334,330	373,968
Total noncurrent assets	14,542,948	14,664,272
Total assets	70,568,614	68,401,655
DEFERRED OUTFLOWS OF RESOURCES		
Related to OPEB (Note 8)	302,580	172,058
Related to pension (Note 7)	3,935,308	3,774,487
Total deferred outflows of resources	4,237,888	3,946,545
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 3,701,591	\$ 3,795,753
Accrued expenses	335,929	226,029
Accrued vacation (Note 6)	372,510	261,584
Due to other governmental agencies (Note 5)	1,151,235	1,720,386
Unearned revenue	1,054,708	1,032,234
Total current liabilities	6,615,973	7,035,986
Noncurrent Liabilities:		
Net pension liability (Note 7)	2,907,825	1,822,849
Accrued expenses	162,579	50,163
Accrued vacation (Note 6)	24,626	10,518
Total noncurrent liabilities	3,095,030	1,883,530
Total liabilities	9,711,003	8,919,516
DEFERRED INFLOWS OF RESOURCES		
Related to OPEB (Note 8)	38,403	31,782
Related to Pension (Note 7)	2,074,665	2,435,395
Total deferred inflows of resources	2,113,068	2,467,177
NET POSITION		
Net investment in capital assets	14,208,618	14,263,940
Unrestricted	48,773,813	46,697,567
Total net position	\$ 62,982,431	\$ 60,961,507

See accompanying notes to financial statements

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council**
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2020 and 2019

	2020	2019
OPERATING REVENUES		
Disposal and waste import mitigation fees	\$ 17,070,029	\$ 20,375,604
Household hazardous waste fees	6,712,118	7,336,109
Other	669,782	835,781
Total operating revenues	24,451,929	28,547,494
OPERATING EXPENSES		
Salaries and benefits	10,483,956	8,926,741
Program expenses	21,147,798	21,524,291
Legal and accounting	253,050	306,814
Board expenses	48,150	51,555
Depreciation (Note 4)	173,903	181,542
Total operating expenses	32,106,857	30,990,943
Operating income (loss)	(7,654,928)	(2,443,449)
NONOPERATING REVENUES (EXPENSES)		
Grants	8,599,604	9,067,417
Interest income	969,551	790,123
Other income	106,697	25,197
Total nonoperating revenues (expenses), net	9,675,852	9,882,737
CHANGES IN NET POSITION	2,020,924	7,439,288
NET POSITION:		
Beginning of year	60,961,507	53,522,219
End of year	<u>\$ 62,982,431</u>	<u>\$ 60,961,507</u>

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council**
Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers and users	\$ 24,645,839	\$ 29,369,754
Cash payments to suppliers	(21,786,534)	(22,725,566)
Cash payments to employees for wages and benefits	(9,958,644)	(7,567,345)
Net cash provided (used) by operating activities	(7,099,339)	(923,157)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Grants	9,536,163	8,436,535
Net cash provided by noncapital financing activities	9,536,163	8,436,535
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of capital assets	(118,582)	(340,127)
Net cash provided (used) by capital and related financing activities	(118,582)	(340,127)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest income	1,133,003	687,381
Net cash provided by investing activities	1,133,003	687,381
Net change in cash and cash equivalents	3,451,245	7,860,632
CASH AND CASH EQUIVALENTS:		
Beginning of year	48,756,908	40,896,276
End of year	<u>\$ 52,208,153</u>	<u>\$ 48,756,908</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (7,654,928)	\$ (2,443,449)
Adjustments to reconcile operating income (loss) to net cash provided by Operating activities:		
Depreciation	173,903	181,542
(Increase) decrease in assets :		
Accounts receivable	101,076	(26,804)
Loans receivable	70,360	42,557
Prepaid expenses	24,577	(108,697)
OPEB asset	39,638	141,831
Increase (decrease) in liabilities:		
Accounts payable	(94,162)	477,465
Accrued expenses	222,316	(41,117)
Amount due to other governments	(569,151)	(136,889)
Unearned revenue	22,474	806,507
Accrued vacation	125,034	(48,963)
Net pension liabilities, deferred inflows and deferred outflows	439,524	232,860
Net cash provided by operating activities	<u>\$ (7,099,339)</u>	<u>\$ (923,157)</u>

See accompanying notes to financial statements

This page intentionally left blank

Alameda County Waste Management Authority, Alameda County Source Reduction and Recycling Board and Energy Council
Notes to Basic Financial Statements
For the years ended June 30, 2020 and 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Reporting Entity*

Alameda County Waste Management Authority, Alameda County Source Reduction and Recycling Board and Energy Council are three separate legal entities:

The Alameda County Waste Management Authority (Agency) is a public agency formed in 1976 by a Joint Exercise of Powers Agreement among the County of Alameda, each of the fourteen cities within the county, and two sanitary Districts that provide refuse and recycling collection services. The Agency has a seventeen-member board composed of elected officials appointed by each member agency.

The Agency is responsible for preparation of the Alameda County Integrated Waste Management Plan and Alameda County Hazardous Waste Management Plan. It manages a long-range program for development of solid waste facilities and offers a wide variety of other programs in the areas of source reduction and recycling, market development, technical assistance and public education. Funding is provided by per ton disposal and waste import mitigation fees.

The Alameda County Source Reduction and Recycling Board (Recycling Board) was created in 1990 by the voters of Alameda County through a ballot initiative, "Measure D". The eleven member board includes six citizen experts appointed by the Alameda County Board of Supervisors and five elected officials from the Alameda County Waste Management Authority.

The Recycling Board is responsible for programs that promote source reduction, residential and commercial recycling, recycled product procurement and market development. Program funding is provided from a per ton disposal surcharge at the Altamont and Vasco Road landfills.

The Energy Council was formed in Spring 2013 as a Joint Powers Agency to seek funding on behalf of its member agencies to develop and implement programs and policies that reduce energy demand, increase energy efficiency, advance the use of clean, efficient and renewable resources, and help create climate resilient communities. The Energy Council assists its members in strengthening staff capacity, providing technical expertise, and securing funds to implement local sustainable energy strategies. To date, fifteen members serve on the Board. Funding for projects comes from external sources, mainly grants.

B. *Basis of Accounting and Measurement Focus*

The Agency's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

The Agency accounts for its activities as a proprietary fund. The financial statements are accounted for on a flow of economic resources measurement focus, using the accrual basis of accounting. Under this method all assets, deferred outflows and inflows of resources, and liabilities associated with operations are included on the balance sheet, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred. Grants and similar items are recognized as revenue as soon as all eligibility requirements are met.

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council**
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2020 and 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

The Agency distinguishes operating revenues and expenses from non-operating items. Operating revenues include revenues generated from the primary operations of the fund; operating expenses include all expenses essential to the primary operations of the fund. Nonoperating revenue and expenses include revenue and expenses not associated with the Agency's normal business of waste management. Non-operating revenues and expenses include interest income and expense, gain and loss on disposition of property and equipment, grants, and other peripheral activities. Although capital contributions, as well as special and extraordinary items when there are any, are shown separately, technically they are subcategories of non-operating revenues and expenses.

C. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expense and a liability. Generally, earned vacation may be accumulated up to a maximum of 400 hours by all personnel. Agency employees do not receive compensation for accumulated sick leave unless they retire, in which case they have the option of cashing out half of their sick leave or converting sick leave to service credit. To date all but one eligible employees have chosen the latter option. Accordingly, no sick leave has been accrued.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency considers all highly liquid investments purchased with an original maturity to three months or less to be cash equivalents, including the Agency investment in the State of California Local Agency Investment Fund (LAIF) and the Alameda County investment pool.

E. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Agency categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2020 and 2019**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

F. Net Position

In the statements of net position, net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the capital assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position.”

G. Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management, at the date of the financial statements, to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets, deferred inflows and outflows of resources, and liabilities as well as the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

H. 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 Agency’s California Public Employees’ Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan’s fiduciary net position has been determined on the same basis as it is 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.

I. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council**
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2020 and 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Other Postemployment Benefits (OPEB)

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

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

K. New Pronouncements

In 2020, the Agency adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* - The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

2. CASH AND INVESTMENTS

The Agency maintains cash and investments as summarized below:

	2020	2019
Cash on hand and in banks	\$ 1,926,037	\$ 1,285,785
Investment Pool	50,282,116	47,471,123
Total	\$ 52,208,153	\$ 48,756,908

A. Deposits

The carrying amount of the Agency's deposits as of June 30, 2020 and 2019 was \$1,926,037 and \$1,285,785 respectively. The bank balance of deposits as of June 30, 2020 and 2019 was \$3,520,080 and \$2,542,399, of which \$250,000 was covered by federal depository insurance. The difference between the carrying amount and the bank balance is primarily due to checks outstanding at June 30, 2020 and 2019. The remaining balance above \$250,000 was collateralized with securities held by the pledging financial institutions in the Agency's name.

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council**
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2020 and 2019

2. CASH AND INVESTMENTS, Continued

B. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a depositor 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 custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g., broker-dealer) to a transaction, a depositor 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 Agency'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 provisions for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governments units by pledging securities in an undivided collateral pool held by a depository regulated under state law. 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.

C. Investment

The Agency pools its cash and investments for investment purposes. Certain cash and investments are segregated for specific purposes.

Under the provisions of the Agency's investment policy, and in accordance with California Government Code, the following investments are authorized:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage of Portfolio
Alameda County Investment Pool	N/A	N/A	No limit
Local Agency Investment Fund (LAIF)	N/A	N/A	No limit

Investments are stated at fair value. Included in investment income (loss) on the accompanying statement of activities and changes in net position is the net change in the fair value of investments, which consists of realized gains or losses and the unrealized appreciation (depreciation) of those investments.

Measurement of the fair value of investments is based upon quoted market prices, if available. The estimated fair value of investments that have no quoted market price is determined based on equivalent yields for such securities or on securities of comparable maturity, quality, and type as obtained from market makers.

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council**
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2020 and 2019

2. CASH AND INVESTMENTS, Continued

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Agency's investment policy follows the Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Information about the sensitivity of the fair values of the Agency's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the Agency's investments by maturity as of June 30, 2020 and 2019:

Investment Type	Remaining Maturity (in Months) at June 30, 2020		Remaining Maturity (in Months) at June 30, 2019	
	Fair Value	12 Months Or Less	Fair Value	12 Months Or Less
Local Agency Investment Fund(LAIF)	\$ 14,642,784	\$ 14,642,784	\$ 14,745,087	\$ 14,745,087
Alameda County Investment Pool	35,639,332	35,639,332	32,726,036	32,726,036
Total	\$ 50,282,116	\$ 50,282,116	\$ 47,471,123	\$ 47,471,123

E. Credit Risk

This is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. It is measured by the assignment of a rating by a nationally recognized credit rating organization. The State and County investment pools are not rated.

F. Concentration of Credit Risk

The California Government Code limits the amount the Agency may invest in any one issuer, with the exception of U.S. Treasury obligations, U.S. Agency securities and LAIF. The Agency has no investments in any one issuer (other than external investment pools) that represent 5% or more of total Agency investments.

G. Investment Valuation

Investments are measured at fair value on a recurring basis. Recurring fair value measurements, are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of June 30, 2020 and 2019, there were no investments that were subject to leveling.

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council**
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2020 and 2019

3. LOANS RECEIVABLE

The Agency has loaned funds to businesses in order to improve their recycling and waste management programs. The Revolving Loan Fund was designed to encourage businesses to reduce the amount of waste going to Alameda County landfills by providing low interest loans for source reduction, recycling, composting, processing or recycled market development efforts. Loan funds were available to existing and startup businesses with projects that reduce waste disposed in Alameda County landfills. To be eligible, businesses must be located in Alameda or an adjacent county or be relocating to Alameda County. Loans were available from \$10,000 to \$300,000 with interest rates ranging from Wall Street Journal (WSJ) prime to prime plus 6%. Loan terms did not exceed 5 years. As of June 30, 2020 and 2019, outstanding loans totaled \$0 and \$70,360, respectively. The final outstanding loan amount was paid in full in September 2019. This Program sunsetted at the end of FY 16/17.

4. CAPITAL ASSETS

Capital assets are stated at cost less accumulated depreciation, which is provided on the straight-line basis over the estimated useful lives of the respective assets. The estimated useful lives of the assets and capitalization thresholds are listed below:

Asset Type	Asset Life	Capitalization Thresholds
Building and improvement	25 to 50 years	\$5,000
Vehicles, furniture and equipment	5 to 10 years	\$5,000

The Agency's capital assets at June 30, 2019 and June 30, 2020 consisted of:

	Balance June 30, 2018	2019		Balance June 30, 2019	2020		Balance June 30, 2020
		Additions	Reductions		Additions	Reductions	
Capital assets not being depreciated,							
Land	\$ 9,230,922	\$ -	\$ -	\$ 9,230,922	\$ -	\$ -	\$ 9,230,922
Total	9,230,922	-	-	9,230,922	-	-	9,230,922
Capital assets being depreciated:							
Buildings and improvements	6,278,660	157,776	-	6,436,436	118,582	-	6,555,018
Furniture and equipment	320,256	182,351	(143,060)	359,546	-	-	359,546
Total assets being depreciated	6,598,916	340,127	(143,060)	6,795,982	118,582	-	6,914,564
Total capital assets	15,829,838	340,127	(143,060)	16,026,904	118,582	-	16,145,486
Less accumulated depreciation for:							
Buildings and improvements	(1,498,288)	(137,233)	-	(1,635,521)	(135,708)	-	(1,771,229)
Furniture and equipment	(226,196)	(44,308)	143,060	(127,444)	(38,196)	-	(165,640)
Total accumulated depreciation	(1,724,484)	(181,541)	143,060	(1,762,965)	(173,904)	-	(1,936,869)
Total capital assets being depreciated, net	4,874,432	158,586	-	5,033,018	(55,322)	-	4,977,696
Total capital assets, net	\$ 14,105,354	\$ 158,586	\$ -	\$ 14,263,940	\$ (55,322)	\$ -	\$ 14,208,618

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council**
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2020 and 2019

5. DUE TO OTHER GOVERNMENTAL AGENCIES

The Agency provides direct funding to member agencies through the mandated allocation of funds to municipalities. The majority of the balance in Due to Other Governmental Agencies is comprised of Measure D amounts. Measure D requires the Agency to disburse 50% of Measure D fees on a per capita basis to municipalities for the continuation and expansion of municipal recycling programs. On June 30, 2020 and 2019, \$1,138,832 and \$1,390,560, respectively, represented the last quarter of Measure D fees that had not yet been remitted.

6. LONG-TERM LIABILITIES

A summary of long-term liability activities for the year ended June 30, 2020 is as follows:

	Balance	2019		Balance	2020		Ending	Due within
	June 30, 2018	Additions	Reductions	June 30, 2019	Additions	Reductions	June 30, 2020	One year
Accrued vacation	\$ 321,065	\$ 398,449	\$ (447,412)	\$ 272,102	\$ 413,993	\$ (288,959)	\$ 397,136	\$ 372,510

7. EMPLOYEE RETIREMENT PLANS

A. Plan Descriptions

All qualified permanent, limited term and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a risk pool. Plan assets may be used to pay benefits for any employer rate plan of the pool. Accordingly, rate plans within the pool are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the risk pool. The Agency sponsors two rate plans (miscellaneous classic and miscellaneous PEPR). Benefit provisions under the Plan are established by State statute and Agency resolution. 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.

B. 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 one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council**
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2020 and 2019

7. EMPLOYEE RETIREMENT PLANS, Continued

B. Benefits Provided, Continued

The rate plans' provisions and benefits in effect at June 30, 2020 and 2019 are summarized as follows:

	Miscellaneous - Classic	Miscellaneous - PEPR
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit vesting schedule	5 years service	5 years service
Benefit payment	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits, as a % of annual salary	2.50%	2.00%
Required employee contribution rates	8.00%	6.25%
Required employer contribution rates (2019)	10.61%	6.84%
Required unfunded liability payment (2019)	\$ 323,887	\$ 1,399
Required employer contribution rates (2020)	11.43%	6.99%
Required unfunded liability payment (2020)	\$ 125,070	\$ 1,587

C. Contributions

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 are effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The Agency's contributions to the Plan for the measurement periods ended June 30, 2019 and 2018 were \$493,620 and \$4,797,958, respectively.

D. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2020, and 2019, the Agency reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$2,907,825 and \$1,822,849, respectively.

The Agency's net pension liability for the Plans is measured as the proportionate share of the total net pension liability of the Plan. The net pension liability of the Plan for the fiscal year 2020 is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The net pension liability of the Plan for the fiscal year 2019 is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The Agency's proportionate share of the net pension liability was based on the Agency's plan liability and asset-related information where available, and proportional allocations of plan amounts as of the valuation date where not available.

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council**
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2020 and 2019

7. EMPLOYEE RETIREMENT PLANS, Continued

D. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions, Continued

The Agency's proportionate share of the net pension liability for the plan as of measurement dates June 30, 2017, 2018, and 2019 was as follows:

Proportion - June 30, 2017	0.063080%	Proportion - June 30, 2018	0.018920%
Proportion - June 30, 2018	<u>0.018920%</u>	Proportion - June 30, 2019	<u>0.028380%</u>
Change - Increase (Decrease)	-0.044160%	Change - Increase (Decrease)	0.009460%

For the year ended June 30, 2020 and 2019, the Agency recognized pension expense of \$1,719,886 and \$941,037, respectively. At June 30, 2020 and 2019, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,156,409	\$ -	\$ 493,620	\$ -
Changes in employer's proportion	660,839	1,378,833	130,613	2,269,937
Differences between the employer's contribution and the employer's proportionate share of contributions	1,777,441	580,193	2,863,493	90,728
Changes of assumptions	138,659	49,153	207,810	50,930
Differences between expected and actual experiences	201,960	15,648	69,939	23,800
Net differences between projected and actual earnings on plan investments	-	50,838	9,012	-
Total	<u>\$ 3,935,308</u>	<u>\$ 2,074,665</u>	<u>\$ 3,774,487</u>	<u>\$ 2,435,395</u>

\$1,156,409 and \$493,620 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021 and 2020, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30:	2020	2019
2020	\$ -	\$ 396,191
2021	475,623	342,887
2022	176,293	122,789
2023	42,045	(16,395)
2024	10,273	-

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council**
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2020 and 2019

7. EMPLOYEE RETIREMENT PLANS, Continued

E. Actuarial Assumptions

The total pension liabilities in the June 30, 2018 and 2017 actuarial valuations were determined using the following actuarial assumptions:

	2020	2019
Valuation Date	June 30, 2018	June 30, 2017
Measurement Date	June 30, 2019	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Projected Salary Increase	Varies by entry age and service	Varies by entry age and service
Investment Rate of Return ⁽¹⁾	7.15%	7.15%
Mortality	Derived by CalPERS membership data for all funds	Derived by CalPERS membership data for all funds
Post-retirement benefit increase	Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies	Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

(1) Net of pension plan investment expenses, including inflation

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018 valuation were based on a mortality table developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% and scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website. The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Studies can found on the CalPERS website.

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council**
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2020 and 2019

7. EMPLOYEE RETIREMENT PLANS, Continued

F. Discount Rate

The discount rate used to measure the total pension liability was 7.15% for the Plan for the measurement periods ended June 30, 2019 and 2018. The rate includes investment expenses and inflation. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments 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.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	2020			2019		
	New	Real	Real	New	Real	Real
	Strategic	Return Years	Return Years	Strategic	Return Years	Return Years
	Allocation	1 - 10(a)	11+(b)	Allocation	1 - 10(a)	11+(b)
Global Equity	50.00%	4.80%	5.98%	50.00%	4.80%	5.98%
Global Fixed						
Income	28.00%	1.00%	2.62%	28.00%	1.00%	2.62%
Inflation Sensitive	-	0.77%	1.81%	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%	13.00%	3.75%	4.93%
Liquidity	1.00%	-	-0.92%	1.00%	-	-0.92%
Total	100%			100%		

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council**
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2020 and 2019

7. EMPLOYEE RETIREMENT PLANS, Continued

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

The following presents the Agency's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	2020	2019
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 7,279,554	\$ 5,782,556
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 2,907,825	\$ 1,822,849
1% Increase	8.15%	8.15%
Net Pension Liability	\$ (700,728)	\$ (1,445,825)

H. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

I. Payable to the Pension Plan

At June 30, 2020 and 2019 the Agency reported a payable of \$0 for outstanding amount of required contributions to the pension plan required.

8. OTHER POSTEMPLOYMENT BENEFITS PLAN

A. Plan Description

The Agency participates in the CALPERS sponsored health care plan, an agent multiple-employer defined benefit plan, for its employees and long service retirees and/or their dependents. In addition, the Agency sponsors and administers dental and vision coverage for its employees and/or their dependents.

The Agency provides post-retirement health care defined benefits to eligible retirees. Prior to January 1, 2007, eligible employees retiring at or after age 50 with a minimum of 5 years of service credit, may opt to continue health care coverage, including spouse and dependents, with a monthly premium paid by the Agency. Vesting requirements have been implemented for employees hired after January 1, 2007.

The Agency has elected to set up a trust fund with the California Employers' Retiree Benefit Trust (CERBT) to fund their plan. The Agency does not have a stand-alone financial statement to their plan. Financial activity of the plan will be included as part of the CERBT's financial statements available through their executive office.

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council**
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2020 and 2019

8. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued

B. Employees Covered

As of the June 30, 2020 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	39
Inactive employees or beneficiaries currently receiving benefits	21
Inactive employees entitled to, but not yet receiving benefits	-
	<u>60</u>

C. Contributions

The OPEB Plan and its contribution requirements are established by and may be amended by the Agency. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2020 and June 30, 2019, the Agency's contributions were \$263,790 and \$238,948.

D. Net OPEB Liability

The Agency's net OPEB liability was measured as of June 30, 2020 and 2019 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2019, based on the following actuarial methods and assumptions:

Actuarial Assumption	2020	2019
Discount Rate	7.00%	7.00%
General Inflation	2.75% per annum	2.75% per annum
Salary Increases	2.75% per year	2.75% per year
Investment Rate of Return	7.00%	7.00%
Mortality Rate	The mortality assumptions are based on the 2014 CalPERS Active Mortality for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables.	The mortality assumptions are based on the 2014 CalPERS Active Mortality for Miscellaneous Employees table created by CalPERS. CalPERS periodically studies mortality for participating agencies and establishes mortality tables that are modified versions of commonly used tables.
Healthcare Trend Rate	4.00%	4.00%

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council**
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2020 and 2019

8. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued

D. Net OPEB Liability, Continued

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB 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:

Investment Class	Target Allocation	Long-Term Expected Rate of Return
All Equities	59.00%	7.79%
All Fixed Income	25.00%	4.50%
TIPS	5.00%	3.25%
US Real Estate	8.00%	7.50%
All Commodities	3.00%	7.80%
TOTAL	100.00%	

E. Discount Rate

The discount rate used to measure the total OPEB liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that Agency 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 current active and 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.

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council**
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2020 and 2019

8. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued

F. Changes in the OPEB Liability

The changes in the net OPEB liability for the OPEB Plan for the year ended June 30, 2020 are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2019 (Measurement Date June 30, 2019)	\$5,022,717	\$ 5,396,685	\$ (373,968)
Changes recognized for the measurement period:			
Service cost	156,975	-	156,975
Interest	347,407	-	347,407
Difference between expected and actual experience	(12,708)	-	(12,708)
Changes in Assumption	-	-	-
Contributions - employer	-	263,790	(263,790)
Net investment income	-	192,891	(192,891)
Benefit payment	(263,790)	(263,790)	-
Administrative expenses	-	(4,645)	4,645
Net Changes	227,884	188,246	39,638
Balance at June 30, 2020 (Measurement Date June 30, 2020)	<u>\$5,250,601</u>	<u>\$ 5,584,931</u>	<u>\$ (334,330)</u>

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council**
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2020 and 2019

8. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued

F. Changes in the OPEB Liability, Continued

The changes in the net OPEB liability for the OPEB Plan for the year ended June 30, 2019 are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2018 (Measurement Date June 30, 2018)	\$4,569,125	\$ 5,084,924	\$ (515,799)
Changes recognized for the measurement period:			
Service cost	126,654	-	126,654
Interest	318,028	-	318,028
Difference between expected and actual experience	187,291	(60,567)	247,858
Changes in Assumption	-	-	-
Contributions - employer	-	238,948	(238,948)
Net investment income	-	316,094	(316,094)
Benefit payment	(178,381)	(178,381)	-
Administrative expenses	-	(4,333)	4,333
Net Changes	453,592	311,761	141,831
Balance at June 30, 2019 (Measurement Date June 30, 2019)	\$5,022,717	\$ 5,396,685	\$ (373,968)

G. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Agency if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020 and 2019 respectively:

	2020		
	1% Decrease	Discount Rate	1% Increase
Net OPEB Liability/(Asset)	\$ 263,216	\$ (334,330)	\$ (835,770)
	2019		
	1% Decrease	Discount Rate	1% Increase
Net OPEB Liability/(Asset)	\$ 199,021	\$ (373,968)	\$ (855,036)

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council**
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2020 and 2019

8. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued

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

The following presents the net OPEB liability of the Agency if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2020 and 2019 respectively:

	2020		
	1% Decrease	Healthcare Trend Rate	1% Increase
Net OPEB Liability/(Asset)	\$ (895,082)	\$ (334,330)	\$ 321,074
	2019		
	1% Decrease	Healthcare Trend Rate	1% Increase
Net OPEB Liability/(Asset)	\$ (858,914)	\$ (373,968)	\$ 184,690

I. Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 Years
All other amounts	Expected average remaining services lifetime (EARS�) (10 years at June 30, 2020 and June 30, 2019)

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council**
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2020 and 2019

8. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued

J. OPEB Expense and Deferred Outflows/ (Inflows) of Resources Related to OPEB

For the fiscal year ended June 30, 2020 and June 30, 2019, the Agency recognized OPEB expense of \$179,527 and \$105,655, respectively. For the fiscal year ended June 30, 2020 and 2019, the Agency reported deferred outflows of resources related to OPEB from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience in the measurement of TOL	\$ 149,831	\$ (38,403)	\$ 168,561	\$ (31,782)
Net difference between projected and actual earnings of OPEB plan investments	152,749	-	3,497	-
TOTAL	\$ 302,580	\$ (38,403)	\$ 172,058	\$ (31,782)

Amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

2020		2019	
Fiscal Year Ended June 30:	Deferred Outflows/ (Inflows) of Resources	Fiscal Year Ended June 30:	Deferred Outflows/ (Inflows) of Resources
2021	\$ 48,105	2020	\$ 12,433
2022	48,106	2021	12,433
2023	57,525	2022	12,433
2024	49,585	2023	21,853
2025	12,643	2024	6,212
Thereafter	48,213	Thereafter	74,912

9. RISK MANAGEMENT

The Agency carries commercial insurance coverage for its general liability, property damage, and workers' compensation insurance. The Agency also carries public officials and employee liability insurance, as well as employee dishonesty and forgery/alteration insurance, for those employees who have check signing Agency, as well as those employees who handle funds in any manner.

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council**
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2020 and 2019

9. RISK MANAGEMENT, Continued

The following types of loss risks are covered through commercial insurance policies as follows:

Type of Coverage (Deductible)	Coverage Limits
General Liability (\$1,000)	\$ 2,000,000
Property (\$1,000)	\$ 350,000,000
Workers' Compensation (\$0)	\$ 1,000,000

During the past three fiscal years none of the above programs of protection have had settlements or judgments that exceeded insured coverage. There have been no significant reductions in insured liability coverage from coverage in the prior year.

10. COMMITMENTS AND CONTINGENCIES

The Agency's Federal and State grant programs are subject to the provisions of the Federal Single Audit Act as amended and applicable State requirements. In addition, these programs are still subject to further examinations by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The Agency expects such amounts, if any, to be immaterial.

The Agency is subject to litigation arising in the normal course of business. In the opinion of the Agency attorney's there are no pending litigation which is likely to have a material adverse effect on the financial position of the Agency.

REQUIRED SUPPLEMENTARY INFORMATION

This page intentionally left blank

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council
Required Supplementary Information
For the years ended June 30, 2020 and 2019**

1. DEFINED BENEFIT PENSION PLANS

A. *Schedule of Changes in Net Pension Liability and Related Ratios During the Measurement Period -Last 10 Years**

Fiscal Year	2020	2019	2018	2017	2016	2015
Measurement Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the net pension liability	0.02838%	0.01892%	0.06308%	0.15144%	0.06748%	0.05627%
Proportionate share of the net pension liability	\$2,907,825	\$1,822,849	\$6,256,106	\$5,260,783	\$4,631,507	\$3,501,440
Covered payroll	\$4,820,484	\$4,672,775	\$4,652,096	\$4,638,785	\$4,477,977	\$4,307,146
Proportionate Share of the net pension liability as percentage of covered payroll	60.32%	39.01%	134.48%	113.41%	103.43%	81.29%
Plan fiduciary net position as a percentage of the total pension liability ⁽¹⁾	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

Notes to Schedule:

*- Fiscal year 2015 was the 1st year of implementation.

(1) - This represents the Plan's (PERF C) information not the Agency's funded status. As of June 30, 2019 measurement date, the funded ratio of the Agency was 91.1% per CALPERS actuarial valuation dated June 30, 2019.

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council
Required Supplementary Information
For the years ended June 30, 2020 and 2019**

1. DEFINED BENEFIT PENSION PLANS, Continued

B. Schedule of Plan Contributions – Last 10 Years*

Fiscal Year	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 633,255	\$ 493,620	\$ 668,957	\$ 600,645	\$ 599,151	\$ 638,765
Contribution in relation to the actuarially determined contributions	(1,156,461)	(493,620)	(4,797,958)	(600,645)	(1,199,151)	(638,765)
Contribution deficiency (excess)	<u>\$ (523,206)</u>	<u>\$ -</u>	<u>\$ (4,129,001)</u>	<u>\$ -</u>	<u>\$ (600,000)</u>	<u>\$ -</u>
Covered payroll	\$ 5,113,721	\$ 4,820,484	\$ 4,672,775	\$ 4,652,096	\$ 4,638,785	\$ 4,477,977
Contributions as a percentage of covered payroll	22.61%	10.24%	102.68%	12.91%	25.85%	14.26%
Note to Schedule						
Valuation date:	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013

* - Fiscal year 2015 was the 1st year of implementation.

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council
Required Supplementary Information
For the years ended June 30, 2020 and 2019**

2. OTHER POSTEMPLOYMENT BENEFIT PLAN

A. Schedule of Changes in the Net OPEB Liability and Related Ratios - Last 10 Years*

<i>Measurement Period</i>	2020	2019	2018	2017
Total OPEB Liability				
Service Cost	\$ 156,975	\$ 126,654	\$ 123,264	\$ 119,965
Interest on the total OPEB liability	347,407	318,028	301,530	284,652
Differences between expected and actual experience	(12,708)	187,291	(41,414)	-
Changes of assumptions	-	-	-	-
Benefit payments, including refunds of employee contributions	(263,790)	(178,381)	(161,807)	(130,383)
Net change in total OPEB liability	227,884	453,592	221,573	274,234
Total OPEB liability - beginning	5,022,717	4,569,125	4,347,552	4,073,318
Total OPEB liability - ending (a)	\$ 5,250,601	\$ 5,022,717	\$ 4,569,125	\$ 4,347,552
Plan Fiduciary Net Position				
Contributions - employer	\$ 263,790	\$ 238,948	\$ 203,221	\$ 392,105
Net investment income	192,891	316,094	376,820	416,097
Differences between expected and actual experience	-	(60,567)	-	-
Benefit payments, including refunds of employee contributions	(263,790)	(178,381)	(203,221)	(130,383)
Administrative expense	(4,645)	(4,333)	(4,245)	(3,522)
Net change in plan fiduciary net position	188,246	311,761	372,575	674,297
Plan fiduciary net position - beginning	5,396,685	5,084,924	4,712,349	4,038,052
Plan fiduciary net position - ending (b)	\$ 5,584,931	\$ 5,396,685	\$ 5,084,924	\$ 4,712,349
Net OPEB liability/(asset) - ending (a) - (b)	\$ (334,330)	\$ (373,968)	\$ (515,799)	\$ (364,797)
Plan fiduciary net position as a percentage of the total OPEB liability	106%	107%	111%	108%
Covered-employee payroll	\$ 5,113,721	\$ 4,820,484	\$ 4,672,775	\$ 4,652,096
Net OPEB liability as a percentage of covered-employee payroll	-6.54%	-7.76%	-11.04%	-7.84%

Notes to Schedule:

*Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council
Required Supplementary Information
For the years ended June 30, 2020 and 2019**

2. OTHER POSTEMPLOYMENT BENEFIT PLAN, Continued

B. Schedule of Contributions - Last 10 Years*

Fiscal Year Ended June 30:	2020	2019	2018	2017
Actuarially Determined Contribution (ADC)	\$ 263,790	\$ 238,948	\$ 203,221	\$ 142,105
Contributions in relation to the ADC	(263,790)	(238,948)	(203,221)	(392,105)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (250,000)
Covered-employee payroll	\$ 5,113,721	\$ 4,820,484	\$ 4,672,775	\$ 4,652,096
Contributions as a percentage of covered-employee payroll	5.16%	4.96%	4.35%	8.43%

Notes to Schedule:

Methods and assumptions used to determine contributions:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method/Period	Level Percent Amount, Open 22 year amortization period
Amortization in Years	30 years
Asset Valuation Method	Investment gains and losses spread over 5-year period
Inflation	2.75%
Payroll Growth	2.75% per year
Discount Rate	7.00%
Healthcare cost-trend rates	4.00%
Mortality	Mortality assumptions are based on the 2014 CalPERS Active Mortality for Miscellaneous

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

SUPPLEMENTARY INFORMATION

This page intentionally left blank

Alameda County Waste Management Authority, Alameda County
Source Reduction and Recycling Board and Energy Council
Supplementary Schedule of Net Position - Waste Management Authority
June 30, 2020 and 2019

	Solid waste	Mitigation Fees	Benchmark Fees	Household Hazardous Waste	Total	
					2020	2019
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 9,980,048	\$ 10,903,175	\$ -	\$ 18,119,991	\$ 39,003,214	\$ 34,036,492
Accounts receivable	568,501	444,467	-	475,683	1,488,651	1,527,299
Interest Receivable	29,606	39,009	-	68,940	137,555	176,185
Prepaid Expenses	88,761	-	-	-	88,761	113,338
Grants Receivable	338,917	-	-	-	338,917	700,533
Total Current Assets	11,005,833	11,386,651	-	18,664,614	41,057,098	36,553,847
NON-CURRENT ASSETS						
Capital Assets, Net of Accumulated Depreciation	651,353	13,557,265	-	-	14,208,618	14,263,940
Net OPEB Asset	334,330	-	-	-	334,330	373,968
Due from Other Funds	1,378,686	1,199	-	-	1,379,884	2,168,632
Total Non-current Assets	2,364,369	13,558,464	-	-	15,922,832	16,806,540
TOTAL ASSETS	13,370,202	24,945,115	-	18,664,614	56,979,930	53,360,387
DEFERRED OUTFLOWS OF RESOURCES						
Related to OPEB	302,580	-	-	-	302,580	172,058
Related to Pension	3,935,308	-	-	-	3,935,308	3,774,487
Total Deferred Outflows of Resources	4,237,888	-	-	-	4,237,888	3,946,545
LIABILITIES						
CURRENT LIABILITIES						
Accounts Payable	179,682	9,894	-	2,717,061	2,906,637	3,132,607
Accrued Expenses	335,929	-	-	-	335,929	226,030
Accrued Vacation	372,510	-	-	-	372,510	261,584
Unearned revenue	129,893	-	-	-	129,893	124,151
Due to Other Funds	20,175	119,422	-	6,918	146,515	358,775
Total Current Liabilities	1,038,189	129,316	-	2,723,979	3,891,484	4,103,147
LONG-TERM LIABILITIES						
Accrued Vacation	24,626	-	-	-	24,626	10,518
Accrued Expenses	162,579	-	-	-	162,579	50,163
Net Pension Liability	2,907,825	-	-	-	2,907,825	1,822,849
Total Long-term Liability	3,095,030	-	-	-	3,095,030	1,883,530
TOTAL LIABILITIES	4,133,219	129,316	-	2,723,979	6,986,514	5,986,677
DEFERRED INFLOWS OF RESOURCES						
Related to OPEB	38,403	-	-	-	38,403	31,782
Related to Pension	2,074,665	-	-	-	2,074,665	2,435,395
Total Deferred Inflows of Resources	2,113,068	-	-	-	2,113,068	2,467,177
NET POSITION						
Net Investment in Capital Assets	651,353	13,557,265	-	-	14,208,618	14,263,940
Unrestricted	10,710,450	11,258,534	-	15,940,635	37,909,618	34,589,138
TOTAL NET POSITION	\$ 11,361,803	\$ 24,815,799	\$ -	\$ 15,940,635	\$ 52,118,236	\$ 48,853,078

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council**

**Supplementary Schedule of Revenues, Expenses, and Changes in Net Position -
Waste Management Authority**

For the Years Ended June 30, 2020 and 2019

	Solid waste	Mitigation Fees	Benchmark Fees	Household Hazardous Waste	Total	
					2020	2019
OPERATING REVENUES						
Fees	\$ 6,002,455	\$ 571,961	\$ -	\$ -	\$ 6,574,416	\$ 7,443,362
Easement Fee	-	-	-	-	-	1,790,470
Household Hazardous Fees	-	-	-	6,712,118	6,712,118	7,336,109
Other	131,940	537,606	-	-	669,546	785,796
Total Operating Revenues	6,134,395	1,109,567	-	6,712,118	13,956,080	17,355,737
OPERATING EXPENSES						
Salaries and Benefits	3,870,411	637,259	-	43,589	4,551,259	2,939,904
Program Expenses	632,442	143,346	4,620	6,390,831	7,171,239	7,988,829
Legal and Accounting	205,777	14,351	-	7,489	227,617	275,917
Board Expenses	40,350	-	-	-	40,350	41,755
Depreciation	51,560	122,344	-	-	173,904	181,541
Total Operating Expenses	4,800,540	917,300	4,620	6,441,909	12,164,369	11,427,946
OPERATING INCOME (LOSS)	1,333,855	192,267	(4,620)	270,209	1,791,711	5,927,791
NONOPERATING REVENUES						
Grants	740,982	-	-	-	740,982	669,511
Interest Income	140,483	190,586	-	344,699	675,768	544,376
Other Income	53,697	3,000	-	-	56,697	25,197
Total Nonoperating Revenues	935,162	193,586	-	344,699	1,473,447	1,239,084
NET INCOME (LOSS) BEFORE TRANSFERS	2,269,017	385,853	(4,620)	614,908	3,265,158	7,166,875
Transfer in (out)	-	111,705	(111,705)	-	-	-
NET INCOME (LOSS) AFTER TRANSFERS	2,269,017	497,558	(116,325)	614,908	3,265,158	7,166,875
NET POSITION, BEGINNING OF YEAR	9,092,786	24,318,241	116,325	15,325,727	48,853,078	41,686,203
NET POSITION, ENDING OF YEAR	\$ 11,361,803	\$ 24,815,799	\$ -	\$ 15,940,635	\$ 52,118,236	\$ 48,853,078

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council
Supplementary Schedule of Net Position - Recycling Board
June 30, 2020 and 2019**

	Municipality Allocation	Revolving Loan Fund	Pre-March 1995	Discretionary	Grants to Non-Profits	Source Reduction	Market Development	Recycled Product Price	Total	
									2020	2019
ASSETS										
CURRENT ASSETS										
Cash and Cash Equivalents	\$ 725,828	\$ -	\$ 694,981	\$ 2,746,388	\$ 3,079,091	\$ 869,272	\$ 3,557,895	\$ 206,543	\$ 11,879,998	\$ 13,377,083
Accounts receivable	417,738	-	-	125,339	83,542	83,542	83,542	41,771	835,474	897,902
Interest Receivable	3,461	-	-	51,152	-	-	-	-	54,613	71,350
Loan Receivable-current	-	-	-	-	-	-	-	-	-	43,996
Due from other funds	-	-	-	-	-	-	-	-	-	333
Total Current Assets	1,147,027	-	694,981	2,922,879	3,162,633	952,814	3,641,437	248,314	12,770,085	14,390,664
NON-CURRENT ASSETS										
Loan receivable-non current	-	-	-	-	-	-	-	-	-	26,364
Total Non-current Assets	-	-	-	-	-	-	-	-	-	26,364
TOTAL ASSETS	1,147,027	-	694,981	2,922,879	3,162,633	952,814	3,641,437	248,314	12,770,085	14,417,028
LIABILITIES										
CURRENT LIABILITIES										
Accounts Payable	-	-	-	38,191	75,438	60,102	25,702	139,042	338,475	304,838
Due to Other Funds	-	-	-	171,684	67,706	256,885	107,802	-	604,077	768,591
Due to Other Government	1,150,858	-	-	-	-	-	-	-	1,150,858	1,402,586
Total Current Liabilities	1,150,858	-	-	209,875	143,144	316,987	133,504	139,042	2,093,410	2,476,015
TOTAL LIABILITIES	1,150,858	-	-	209,875	143,144	316,987	133,504	139,042	2,093,410	2,476,015
NET POSITION										
Unrestricted	(3,831)	-	694,981	2,713,004	3,019,489	635,827	3,507,933	109,272	10,676,675	11,941,013
TOTAL NET POSITION	\$ (3,831)	\$ -	\$ 694,981	\$ 2,713,004	\$ 3,019,489	\$ 635,827	\$ 3,507,933	\$ 109,272	\$ 10,676,675	\$ 11,941,013

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council
Supplementary Schedule of Revenues, Expenses, and Changes in Net Position - Recycling Board
For the Years Ended June 30, 2020 and 2019**

	Municipality Allocation	Revolving Loan Fund	Pre-March 1995	Discretionary	Grants to Non-Profits	Source Reduction	Market Development	Recycled Product Price	Total	
									2020	2019
OPERATING REVENUES										
Fees	\$ 5,247,806	\$ -	\$ -	\$ 1,574,342	\$ 1,049,561	\$ 1,049,561	\$ 1,049,561	\$ 524,781	\$ 10,495,612	\$ 11,141,770
Other	-	235	-	-	-	-	-	-	235	(15)
Total Operating Revenues	5,247,806	235	-	1,574,342	1,049,561	1,049,561	1,049,561	524,781	10,495,847	11,141,755
OPERATING EXPENSES										
Salaries and Benefits	-	209	-	1,393,506	534,340	1,919,598	810,141	60,791	4,718,585	3,433,434
Program Expenses	5,267,959	60	-	454,282	470,846	418,986	188,614	491,344	7,292,091	7,650,831
Legal and Accounting	-	-	-	3,686	5,319	-	6,383	-	15,388	21,024
Board Expenses	-	-	-	7,800	-	-	-	-	7,800	9,800
Total Operating Expenses	5,267,959	269	-	1,859,274	1,010,505	2,338,584	1,005,138	552,135	12,033,864	11,115,089
OPERATING INCOME (LOSS)	(20,153)	(34)	-	(284,932)	39,056	(1,289,023)	44,423	(27,354)	(1,538,017)	26,666
NONOPERATING REVENUES										
Interest Income	17,305	2,217	-	254,157	-	-	-	-	273,679	232,428
Total Nonoperating Revenues	17,305	2,217	-	254,157	-	-	-	-	273,679	232,428
NET INCOME (LOSS) BEFORE TRANSFERS	(2,848)	2,183	-	(30,775)	39,056	(1,289,023)	44,423	(27,354)	(1,264,338)	259,094
Transfer in (out)	-	(129,977)	-	-	-	-	129,977	-	-	-
NET INCOME (LOSS) AFTER TRANSFERS	(2,848)	(127,794)	-	(30,775)	39,056	(1,289,023)	174,400	(27,354)	(1,264,338)	259,094
NET POSITION, BEGINNING OF YEAR	(983)	127,794	694,981	2,743,779	2,980,433	1,924,850	3,333,533	136,626	11,941,013	11,681,919
NET POSITION, ENDING OF YEAR	\$ (3,831)	\$ -	\$ 694,981	\$ 2,713,004	\$ 3,019,489	\$ 635,827	\$ 3,507,933	\$ 109,272	\$ 10,676,675	\$ 11,941,013

**Alameda County Waste Management Authority, Alameda County Source Reduction
and Recycling Board and Energy Council**
Supplementary Schedule of Net Position - Energy Council
June 30, 2020 and 2019

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,324,941	\$ 1,343,333
Accounts receivable	15,930	15,930
Interest Receivable	4,021	5,409
Due from other funds	17,716	12,349
Grants Receivable	853,591	1,428,533
TOTAL ASSETS	2,216,199	2,805,554
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	456,854	676,108
Due to Other Funds	647,010	1,053,947
Unearned revenue	924,815	908,083
TOTAL LIABILITIES	2,028,679	2,638,138
NET POSITION		
Unrestricted	187,520	167,416
TOTAL NET POSITION	\$ 187,520	\$ 167,416

**Alameda County Waste Management Authority, Alameda County Source
Reduction and Recycling Board and Energy Council
Supplementary Schedule of Revenues, Expenses, and Changes in Net Position - Energy Council
For the Years Ended June 30, 2020 and 2019**

	Total	
	2020	2019
OPERATING EXPENSES		
Salaries and Benefits	\$ 1,214,108	\$ 1,120,253
Program Expenses	6,684,468	7,317,784
Legal and Accounting	10,046	9,872
Total Operating Expenses	7,908,622	8,447,909
NONOPERATING REVENUES		
Grants	7,858,623	8,397,906
Other revenue	50,000	50,000
Interest Income	20,103	13,319
Total Nonoperating Revenues	7,928,726	8,461,225
NET INCOME (LOSS)	20,104	13,316
NET POSITION, BEGINNING OF YEAR	167,416	154,100
NET POSITION, ENDING OF YEAR	\$ 187,520	\$ 167,416



DATE: January 14, 2021

TO: Alameda County Source Reduction and Recycling Board

FROM: Meri Soll, Senior Program Manager

SUBJECT: Recycling Board "Five Year Audit" - Recommendation to Accept Phase I of the Five Year Financial & Compliance Audit Report – FY 2016-17 – FY 2018-19

SUMMARY

Subsection 64.040 (C) of Measure D requires a comprehensive financial, statistical and programmatic audit and analysis to be performed within four years of the effective date of the Act and every five years thereafter. At the January Recycling Board meeting, staff will present Phase I of the Five Year Financial & Compliance Audit Report – FY 2016-17 through FY 2018-19 for Board acceptance.

BACKGROUND

The current Five Year Financial and Compliance Audit covers Fiscal Years FY 2016-17 – FY 20-21 and is broken into Phase I (FY 16-17 to 18-19) and Phase II (FY 19-20 and 20-21). A competitive RFP process in the fall of 2019 resulted in award of the contract to the firm of Crowe Horwath LLP for a total not-to-exceed amount of \$188,432, per their proposal to the Board. Phase I work is complete and a synopsis of the findings and recommendations can be found in the attached Executive Summary. The full report is available [here](#). At the January 14, 2021 Recycling Board meeting, Mendi Julien and Jason Chan of Crowe Horwath LLP will present the findings and recommendations to the Board.

As noted in the Executive Summary, the auditors "...found no significant Measure D compliance issues after examining the finances of the Recycling Board, member agencies, and grant recipients." Past Financial & Compliance Reports have contained recommendations regarding development of Board fiscal policies, procedures and requirements aimed at easier and smoother audit reviews in the future. Recommendations for the recently completed Phase I are summarized in Exhibit ES-2. Staff is supportive of the recommendations with the following qualifications:

Recommendation RB-2a: Automatically Link and Transfer Measure D Tonnage Data Captured in Disposal Reporting System (DRS) to Measure D Revenues in MUNIS System.

Staff Response: Will implement. Finance staff will incorporate the capability within the DRS (potentially as a separate module) to automate the linkage and transfer of Measure D tonnage data from the DRS to the revenues that the Board receives from landfill companies. Current internal

capacity to create this linkage is limited; proposed timeframe for recommendation implementation is late FY 21-22.

Recommendation RB-2b: Perform More Frequent and Regular Audits of Measure D Tonnage Reports to Test Validity of Transactions to Company Weight Tickets.

Staff Response: Will implement. Finance staff, in coordination with Code Enforcement staff, will request data from landfills on an annual basis. Data from landfills will be audited against the data found in the Agency Financial Management System.

Recommendation RB-4a: Further Refine and Maintain Written Guidance on Measure D Expense Applicability and Indicate Preferences for Expenses.

Staff Response: Will implement with modifications. Staff will continue to refine and maintain written guidance relating to Measure D allowable expenses, including updating and revising a comprehensive list of both allowable/non allowable expenses, implement version control for the guidance document(s) as well as add start/end date for allowable expenditures. In lieu of creating expense preference indicators for member agencies to follow, staff will increase dialogue with TAC and key member agency staff to better disseminate Measure D goals and funding approaches.

Recommendation RB-4b: Develop a Comprehensive Measure D Guidance Document and Submission Checklist for Member Agencies.

Staff Response: Will implement. Staff continues to update and refine current Measure D guidance documents and will utilize audit recommendations to further amend documents and checklists to improve member agency submittal data to align with Measure D/agency requirements.

Recommendation RB-5a: Refine Measure D Electronic Reporting Process to Reduce Inconsistencies and Missing Information.

Staff Response: Will implement. Per previous audit recommendation, staff developed and implemented a reporting Measure D Portal that allows member agencies to electronically submit Measure D expenses, reports and tonnage data online. This was the first audit that relied solely on Portal data due to COVID restrictions for any on-site meetings (as conducted in past audits). The Portal continues to evolve based on member agency feedback and use; staff will implement recommended refinements such as pre-populating starting fund balances, automatic mathematical summations, and upon submission, prompt the user about missing required fields.

Recommendation RB-5b: Add Prompts to Measure D Electronic Reporting Process for Invoices of Expenses Over \$2,000 and Require Revenue and Expenditure Accounting Reports.

Staff Response: Will implement (see recommendation RB-5a response regarding Portal). Staff will make prompts in the Measure D Portal more prominent when inputted expenses are over \$2,000, notifying the member agency to upload the supporting invoices or provide an explanation if individual expenses are less than \$2,000. In addition, a dedicated field will be added to the Measure

D portal to require member agencies to upload their Measure D revenue and expenditure accounting reports (or an equivalent spreadsheet) to support all reported payments and expenses.

Recommendation MA-1: (For Member Agencies) Further Track Labor Costs Based on Actual Time Reporting Where Possible, or Provide Current Data Supporting Labor Allocations to Measure D Activities.

Staff Response: Currently implemented, will add review for adequate labor documentation. Several past audits have included this recommendation/preference for member agency staff to track on time cards the hours spent on Measure D-related tasks and billed to Recycling Fund revenues. Some agencies already do this, but some do not, as the recommendation may involve changes to their payroll systems. The auditor again states a preference for actual time tracking, but proposes that alternative methods of labor cost allocation be supported by current (i.e. within the last year, at a minimum) real data. Staff has created two sample *Staff Hours Synopsis* reports for member agencies to utilize as part of reporting requirements, which utilizes actual hours tracked for a short period relating to Measure D activities. Per auditor's recommendation, prior to approving the annual report, staff will confirm the member agency provided adequate labor support, as applicable, and work with the member agency staff to obtain a satisfactory submission or develop a plan to achieve adequate tracking going forward.

Recommendation MA-1b: Withhold Funds and Increase Monitoring and Tracking Once a Member Agency's Second Expenditure Plan Extension has been approved.

Staff Response: Staff to review and develop policy recommendations for the Recycling Board to discuss at a future board meeting. Policy recommendations will address the need to revise current requirements set forth in Resolution 2006-12, which is the policy for accumulated Measure D fund balances. Recommendations will include additional controls to help member agencies follow through with their expenditure plans, requirement of quarterly progress reports to assess compliance, parameters for withholding future member agency Measure D funds, as well as a limitation to the number of annual extensions to an agency's expenditure plan.

Recommendation G-2a: Standardize Use of a Centralized Electronic Grant Storage and Filing System.

Recommendation G-2b: Utilize a Grant Management Tracking Tool.

Staff Response: In the process of implementation. Staff is currently working on new software and online tools to improve grant reporting, filing and tracking systems.

RECOMMENDATION

That the Recycling Board accept Phase I of the Five Year Financial and Compliance Audit by Crowe Horwath LLP and approve the recommendations therein, subject to the qualifications enumerated above.

Attachment A: Executive Summary, Five Year Financial & Compliance Audit, Crowe Horwath LLP

This page intentionally left blank

Executive Summary

Crowe LLP (Crow) conducted this first phase of the Five Year Financial and Compliance Audit of funds raised through the Alameda County Waste Reduction and Recycling Initiative Charter Amendment (“Measure D”). This Five Year Audit will be conducted in two (2) phases. The Phase I portion of the audit covered the three (3) fiscal years of 2016/17, 2017/18, 2018/19. The Phase II audit will cover the two (2) fiscal years of 2019/20 and 2020/21.

For Phase I, we found no significant Measure D compliance issues after examining the finances of the Recycling Board, member agencies, and grant recipients. Our work included reviews of the Recycling Board, each of the sixteen (16) member agencies, and a total of twenty-four (24) grants. We conducted our Phase I outreach between March 2020, and October 2020.

In Section 1 of this report, we provide an introduction and background of the audit. In Section 2 of this report, we identify the flow of Measure D monies, from collection by the Recycling Board from landfill operators, to distribution of Measure D monies for programs managed by the Recycling Board, and to the member agencies.

In Section 3 of this report, we provide our financial and compliance assessment results. For each financial and compliance provision of Measure D, we identify whether the applicable entity met the requirement and, if so, how the entity met the requirement (in Exhibit 3-1 and 3-2). We found Alameda County and the Recycling Board in full compliance with nine (9) Measure D compliance areas.

We found the member agencies in compliance with seven (7) Measure D compliance areas, with some minor exceptions. We found some minor variations between expenditure amounts reported by member agencies on their Annual Measure D Programs report and expenditure amounts we identified through our audit. These differences were not considered material. **Exhibit ES-1**, following this page, summarizes our financial and compliance findings.

In Section 4 of this report, we provide our review of Recycling Board waste diversion results for the audit period. We observed that the Recycling Board is using a range of methods to track changes in waste diversion levels, and the while Recycling Board’s use of the percentage of divertable materials within the refuse container concluded in 2017, the multi-year effort represented a progressive and focused approach for measuring and targeting reductions in curbside disposal volumes.

We found that it is likely that recent reductions in per capita disposal rates are related to economic factors (not program enhancements or increasing curbside recycling or organics participation levels). We found the Recycling Board in full compliance with AB 939 goals, and at 67 percent diversion Countywide in 2018 (on a weighted average basis across the sixteen member agencies), about eight (8) percent short of the aggressive 75 percent diversion goal set for 2010. The Recycling Board fully recognizes that diversion rates have leveled out over the past decade and has approved a plan in December 2020 titled *Beyond 75% Diversion: A Plan for Landfill Obsolescence*, which sets a goal for landfill obsolescence by 2045. This new strategy shifts focus away from diversion rates towards systematic improvements involving production, consumption, and disposal. By making fundamental enhancements, Alameda County aspires to win the battle against recycling market pressures and other related challenges, which will result in a natural rise in diversion rates over time.

In Section 5 of this report, we provide our recommendations from the audit. **Exhibit ES-2** provides a summary of our recommendations. We provide these recommendations in the spirit of simplifying the Measure D reporting and auditing process, clarifying Measure D expense applicability, mitigating risks, and to continue to improve overall use of Measure D funds towards goals.

There are seven (7) appendices to this report. These appendices provide such information as the Measure D text; related Recycling Board resolutions and memoranda; member agency background; supporting details for our compliance testing; and a summary of grant recipients reviewed.

Exhibit ES-1
Five Year Financial and Compliance Audit
Summary of Findings
(Phase I: Fiscal Years 2016/17, 2017/18, and 2018/19)

Entity	Findings
Recycling Board	<ul style="list-style-type: none"> • RB-1 – Alameda County and the Recycling Board Met Measure D Compliance Requirements • RB-2 – The Recycling Board Collected Measure D Monies from Landfill Operators in Accordance with Measure D Requirements, and Could Benefit from Two Additional Procedures • RB-3 – The Recycling Board Allocated Measure D Monies to Member Agencies, and Required Programs, Consistent with Measure D Requirements • RB 4 – The Recycling Board's Written Guidance on Measure D Expense Applicability and Supporting Documentation Requirements Could be Further Refined • RB 5 – Annual Measure D Programs Reporting and Associated Measure D Audit Processes Could be Further Streamlined and Enhanced
Member Agencies	<ul style="list-style-type: none"> • MA-1 – Member Agencies Met the Compliance Requirements of Measure D • MA-2 – Member Agencies Spent Measure D Funds on Legitimate Measure D Expenses • MA-3 – Member Agencies Correctly Reported Interest on Measure D Fund Balances
Grant Recipients	<ul style="list-style-type: none"> • G-1 – Grant Recipients Complied with Terms and Conditions of the Grants and With Measure D Requirements • G-2 – Grant Information Storage and Organization Could be Improved

Exhibit ES-2**Five Year Financial and Compliance Audit****Summary of Recommendations****(Phase I: Fiscal Years 2016/17, 2017/18, and 2018/19)***Page 1 of 4*

Entity	Recommendation	Summary of Recommendation
Recycling Board	<ul style="list-style-type: none"> Recommendation RB-2a – Automatically Link and Transfer Measure D Tonnage Data Captured in Disposal Reporting System to Measure D Revenues in MUNIS System 	<ul style="list-style-type: none"> Add the capability within the Disposal Reporting System (potentially as a separate module) to automate the linkage and transfer of Measure D tonnage data from the Disposal Reporting System to the revenues that the Board receives from landfill companies.
	<ul style="list-style-type: none"> Recommendation RB-2b – Perform More Frequent and Regular Audits of Measure D Tonnage Reports to Test Validity of Transactions to Company Weight Tickets 	<ul style="list-style-type: none"> Select a sample of tonnage data provided in the Measure D monthly reports and request landfill operators to furnish weight tickets in support of the tonnage data, performed quarterly or annually. Weight tickets would provide the Recycling Board real-time confirmation that landfill operators are capturing and reporting correct Measure D tonnage data. Given the direct and significant impact Measure D tonnage have on the Board's revenue, perform more frequent and regular audits, such as annually or quarterly.
	<ul style="list-style-type: none"> Recommendation RB-4a – Further Refine and Maintain Written Guidance on Measure D Expense Applicability and Indicate Preferences for Expenses 	<ul style="list-style-type: none"> Implement version control for the guidance document(s). Include a start or end date for expenses, especially those that move to the non-allowable list. Continue refining the list, as necessary. The wide variety of potential Measure D related expenses, and the constantly evolving nature of recycling programs and other related conservation programs (e.g., water recycling and management) necessitates an evolving list. Indicate preferences for expenses that offers the most benefit and impact to the Board's goals, two examples include: <ul style="list-style-type: none"> Expense preference indicators: Can be as simple as a single asterisk next to each preferred item, or as complex as multiple asterisks indicating a hierarchy of preference (e.g. scale of 0 to 3 asterisks, 3 being most preferred) Board staff check ins: Increased dialogue with TAC and key member agency staff (e.g., City Manager, Public Works Director) to better disseminate Measure D goals and funding approaches.

Exhibit ES-2**Five Year Financial and Compliance Audit****Summary of Recommendations****(Phase I: Fiscal Years 2016/17, 2017/18, and 2018/19) (continued)**

Page 2 of 4

Entity	Recommendation	Summary of Recommendation
Recycling Board (continued)	<ul style="list-style-type: none"> Recommendation RB-4b – Develop a Comprehensive Measure D Guidance Document and Submission Checklist for Member Agencies 	<ul style="list-style-type: none"> Develop and maintain a comprehensive Measure D guidance document for member agencies. Current Measure D guidance can be consolidated and expanded to cover all aspects of the mandatory Measure D tracking and annual report and data submission for member agencies. We envision a structured, coherent, and thorough guidance document, or handbook, that member agencies can easily reference as their “source of truth” for Measure D financial and programmatic compliance and guidance. The packet (collection of documents) should have, at the minimum, the following elements: <ul style="list-style-type: none"> Measure D overview, as it applies to member agencies Compliance requirements Measure D portal submission requirements (including optional versus mandatory fields/submission elements) Supporting expense documentation requirements Example good and bad (to avoid) submission and/or submission elements (e.g., quick tips, screenshots, Q&A, troubleshooting). Included or as a supplemental document, provide a one-page summary of Five-Year audit, associated activities, and what to generally expect. Develop and maintain a Measure D compliance traceability matrix, where it matches compliance areas to specific documents. Develop and maintain a Measure D reporting submission checklist to include everything required for a proper Measure D report submission, tying directly to the online portal. Establish a packet update and version control methodology. This process would include establishing frequency of document component reviews and a communication/distribution strategy. The Board should track changes by creating new versions and inventorying changes for each update. To keep member agencies apprised, member agencies should receive notifications with updated versions along with a summary of changes.
	<ul style="list-style-type: none"> Recommendation RB-5a – Refine Measure D Electronic Reporting Process to Reduce Inconsistencies and Missing Information 	<ul style="list-style-type: none"> Refine the electronic submission process for Measure D financial reports to reduce common errors. We recommend making a few modifications, such as auto- or pre-populating the beginning fund balance using the prior year’s ending fund balance, automatic mathematical summations, and upon submission, prompt the user about missing required fields or reports and either prevent submission or require an explanation if the field truly cannot be filled. Additionally, the process may also benefit from a confirmation step prior to submission such as an auto-generated a pre-submission summary checklist that provides an overview and potential issues with the contents of the report. Further, should the data from the online reporting populate a database, additional validation, or automation, would be possible such as prompting the need to report interest or provide an expenditure plan if member agencies hit the appropriate thresholds.

Exhibit ES-2**Five Year Financial and Compliance Audit****Summary of Recommendations****(Phase I: Fiscal Years 2016/17, 2017/18, and 2018/19) (continued)**

Page 3 of 4

Entity	Recommendation	Summary of Recommendation
Recycling Board (continued)	<ul style="list-style-type: none"> Recommendation RB-5b – Add Prompts to Measure D Electronic Reporting Process for Invoices of Expenses Over \$2,000 and Require Revenue and Expenditure Accounting Reports 	<ul style="list-style-type: none"> Add prompts to the Measure D portal when inputted expenses are over \$2,000, asking the member agency to upload the supporting invoices or provide an explanation if individual expenses are less than \$2,000. Add dedicated field/elements to the Measure D portal to require member agencies to upload their Measure D revenue and expenditure accounting reports (or an equivalent spreadsheet) to support all reported payments and expenses.
Member Agencies	<ul style="list-style-type: none"> Recommendation MA-1a – Further Track Labor Costs Based on Actual Time Reporting Where Possible, or Provide Current Data Supporting Labor Allocations to Measure D Activities 	<ul style="list-style-type: none"> Reinforce guidance for member agencies to capture the actual time that employees spend on Measure D related activities in time reporting systems. Continue to discourage member agencies from budgeting a percentage of each staff member's time and then "plugging" that budgeted percentage amount into the staff member's timesheet. If a member agency does not have the capability to record employee time by project/task, that member agency should provide evidence supporting current Measure D labor costs and/or cost allocations. Types of documentation supporting labor allocations could include: <ol style="list-style-type: none"> (1) supporting documentation for cost allocation methods used to allocate shared labor costs to the Measure D program for a recent representative period, (2) records of time worked on Measure D activities captured by employees, outside of time reporting systems, for a recent representative period. Encourage more member agencies, for employees less than 100 percent dedicated to Measure D in particular, to work towards providing actual records of time worked on Measure D captured by employees (described as number two above). Prior to approving the annual report, confirm the member agency provided adequate labor support, as applicable. Board staff should work with the member agency to obtain a satisfactory submission or work with the member agency to develop a plan to achieve adequate tracking going forward. The plan may include a check-in with the member agency midway through the subsequent fiscal year to ensure follow through. The Recycling Board should refine this process over time.

Exhibit ES-2**Five Year Financial and Compliance Audit****Summary of Recommendations****(Phase I: Fiscal Years 2016/17, 2017/18, and 2018/19) (continued)**

Page 4 of 4

Entity	Recommendation	Summary of Recommendation
Member Agencies (continued)	<ul style="list-style-type: none"> Recommendation MA-1b – Withhold Funds and Increase Monitoring and Tracking Once a Member Agency's Second Expenditure Plan Extension has been Approved 	<ul style="list-style-type: none"> Further revise Resolution 2006-12, which is the policy for accumulated Measure D fund balances, to add additional controls to help ensure member agencies follow through with their expenditure plans. Allow no more than two (2) annual extensions to a member agency's expenditure plan. After two extensions, future quarterly disbursements for the member agency should be held within a Board maintained interest bearing account. <ul style="list-style-type: none"> Require member agencies to submit quarterly status reports during quarterly check-ins with the Board, and allow plan modifications with Board staff approval. Further expand on this recommendation by specifying at what point, and how, the member agency would receive withheld funds. For example, the Board may consider a minimum percentage reduction (e.g. 50 percent) of the member agency's fund balance before releasing funds up to the member agency's threshold. Then, continuing to monitor balances through quarterly reporting and check-ins.
Grant Recipients	<ul style="list-style-type: none"> Recommendation G-2a – Standardize Use of a Centralized Electronic Grant Storage and Filing System 	<ul style="list-style-type: none"> Standardize the process to use an electronic storage and filing system to store and organize grant documentation such as: <ul style="list-style-type: none"> Grant application, executed contract, amended contracts, proof of insurance, W-9, approved invoices, special allowances/waivers, and supporting documentation for all grant deliverables. The Board should develop, or refine, procedures that include centralized document storage tasks, including which documents to store (examples above), standard file and document naming practices, and checklist sign-off of file completion upon closure of a contract. Reconciliation of grant files should occur at least during contract closure.
Grant Recipients	<ul style="list-style-type: none"> Recommendation G-2b – Utilize a Grant Management Tracking Tool 	<ul style="list-style-type: none"> Utilize a grant management tracking tool to centralize and track grants, that could include the following elements: <ul style="list-style-type: none"> A repository that centralizes and tracks key grant information such as start and end dates, deliverable due dates, grant activity schedule, deliverables, exceptions made, amendments, specific grantee requirements (licenses, certifications, insurance, etc.), and expiration dates. Provide triggers based on key dates such as end dates, deliverable due dates, or follow up by dates. Track status of deliverables to include deliverable submissions, number of days until due/past due, and review and acceptance statuses. Lastly, this tool could be integrated with, or provide, the grant storage and filing system.