

**DUBLIN SAN RAMON SERVICES DISTRICT  
BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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**DUBLIN SAN RAMON SERVICES DISTRICT  
BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2017**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Dublin San Ramon Services District  
Dublin, California

We have audited the accompanying financial statements of the Dublin San Ramon Services District, California, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 District'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 District'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.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information as listed in the Table of Contents 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 District's basic financial statements. The Introductory Section and Supplementary Information listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Prior Year Comparative Information***

The financial statements of the District as of June 30, 2016, were audited by other auditors whose report dated November 23, 2016, expressed an unmodified opinion on those statements.

*Maze + Associates*

Pleasant Hill, California  
November 2, 2017

DUBLIN SAN RAMON SERVICES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
BASIC FINANCIAL STATEMENTS  
Fiscal Years Ended June 30, 2017 and 2016

Financial Highlights for Fiscal Year 2017

- ✓ The District's net position increased \$13.8 million or 3.3% from \$411.4 million to \$425.1 million
- ✓ Service charge revenues increased \$3.9 million or 8.5% from \$45.4 million to \$49.2 million
- ✓ Capacity reserve fees decreased \$14.1 million or 41.0% from \$34.5 million to \$20.3 million
- ✓ Operating expenses (excluding depreciation) increased \$13.5 million or 30.6% from \$44.1 million to \$57.7 million

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Dublin San Ramon Services District's basic financial statements. The District's basic financial statements consists of the Statements of Net Position, Statements of Revenues and Expenses and Changes in Fund Net Position, Statements of Cash Flows, and Notes to Financial Statements. The notes to the financial statements provide narrative explanations or additional data as needed for full disclosure.

- The Statements of Net Position presents financial information on all of the Districts assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 District is improving or deteriorating.
- The Statements of Revenues and Expenses and Changes in Fund Net Position measures the success of District operations for the year and determines cost recovery through user fees and other charges, profitability, and credit worthiness.
- The Statements of Cash Flows provides information about District cash receipts and disbursements and net changes in cash that result from operating activities, non-capital financing activities, capital financing activities and investing activities. Thus, the Statements of Cash Flows shows sources and uses of cash.

The format of the District's financial statements is in accordance with business-type activities known as enterprise funds. Enterprise funds are self-supporting funds that charge fees to users to cover the costs of operation, maintenance, and recurring capital replacement, and are similar to the accounting methods used by private sector companies. Enterprise funds report on the accrual basis of accounting recognizing all assets, liabilities, revenues and expenses applicable as of the financial statement date.

The District is governed by a Board of Directors, which sets policy, adopts budgets and appoints a General Manager to direct operations. There are five Directors elected at-large to overlapping four-year terms.

Changes in Net Position

The following condensed statements, Statements of Net Position (Table 1) and Statements of Revenues and Expenses and Changes in Fund Net Position (Table 2), are presented in a comparative format together with dollar and percentage of change from the previous year, to help the reader analyze financial activity.

DUBLIN SAN RAMON SERVICES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
BASIC FINANCIAL STATEMENTS  
Fiscal Years Ended June 30, 2017 and 2016

TABLE 1

**Condensed Statements of Net Position**  
**(In millions of dollars)**

Period ended June 30	2017	2016	Change in 2017		2015	Change in 2016	
			\$ Change	% Change		\$ Change	% Change
Current and restricted assets	\$179.3	\$168.4	\$ 10.9	6.5%	\$147.3	\$ 21.1	14.3%
Capital assets	322.1	325.0	(2.9)	-0.9%	318.1	7.0	2.2%
Other assets	12.7	12.7	(0.0)	-0.1%	12.8	(0.1)	-0.4%
<b>Total assets</b>	<b>514.2</b>	<b>506.2</b>	<b>8.0</b>	<b>1.6%</b>	<b>478.2</b>	<b>28.0</b>	<b>5.9%</b>
<b>Deferred outflow of resources</b>	<b>15.0</b>	<b>10.5</b>	<b>4.5</b>	<b>42.8%</b>	<b>7.0</b>	<b>3.5</b>	<b>50.9%</b>
Current and restricted liabilities	12.7	12.9	(0.2)	-1.7%	12.1	0.8	6.4%
Long-term liabilities	86.1	88.5	(2.5)	-2.8%	91.2	(2.6)	-2.9%
<b>Total liabilities</b>	<b>98.8</b>	<b>101.5</b>	<b>(2.7)</b>	<b>-2.7%</b>	<b>103.3</b>	<b>(1.9)</b>	<b>-1.8%</b>
<b>Deferred inflow of resources</b>	<b>5.2</b>	<b>3.9</b>	<b>1.4</b>	<b>36.1%</b>	<b>4.8</b>	<b>(0.9)</b>	<b>-19.6%</b>
Net Position							
Net investment in capital assets	253.8	255.0	(1.1)	-0.4%	246.3	8.7	3.5%
Restricted for expansion	75.6	68.4	7.2	10.5%	52.5	15.9	30.4%
Restricted for assessment district	0.8	1.7	(0.9)	-54.5%	0.7	0.9	134.4%
Unrestricted	94.9	86.3	8.6	9.9%	77.5	8.8	11.4%
<b>Total net position</b>	<b>\$425.1</b>	<b>\$411.4</b>	<b>\$ 13.8</b>	<b>3.3%</b>	<b>\$377.0</b>	<b>\$ 34.4</b>	<b>9.1%</b>

During the fiscal year ended June 30, 2017 (FYE 2017) total assets increased 1.6% or \$8.0 million from June 30, 2016 (FYE 2016), which had an increase of 5.9% or \$28.0 million over June 30, 2015 (FYE 2015). The increases over the past two years has been primarily in cash and investments, due to capital reserve fees received in the past two years. While FYE2017 saw a drop in the amount fees received, construction remains strong in the area served by the District. For a more detailed look at the cash flows, see Statements of Cash Flows on page 11.

Total liabilities decreased \$2.7 million or 2.7% during the FYE 2017 and \$1.9 million or 1.8% during the FY2016. The decreases over the past two years is primarily due to the reduction in long-term debt (see Financial Statement Note #7 – Long-term Debt) and decreases to Unearned Revenues as developers use credits to offset capacity reserve fees (see Financial Statement Note #8 – Unearned Revenue and Other Liabilities).

Changes to the deferred inflows/outflows of resources is relate to the Districts pension plan with California Public Employees' Retirement, for additional information see Financial Statement Note #10 – Pension Plan.

Overall, the District's total net position increased \$13.8 million or 3.3% during FYE 2017; and \$34.4 million or 9.1% during FYE2016.



DUBLIN SAN RAMON SERVICES DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
BASIC FINANCIAL STATEMENTS  
Fiscal Years Ended June 30, 2017 and 2016

TABLE 2

**Condensed Statements of Revenues and Expenses and Changes in Fund Net Position**  
**(In millions of dollars)**

Period ended June 30	2017	2016	Change in 2017		2015	Change in 2016	
			\$ Change	% Change		\$ Change	% Change
Service charge revenues	\$ 49.2	\$ 45.4	\$ 3.9	8.5%	\$ 44.7	\$ 0.6	1.4%
Other revenues	10.3	9.1	1.2	13.5%	8.6	0.5	5.4%
Investment income	0.4	1.6	(1.3)	-78.4%	1.0	0.7	71.1%
Capacity reserve fees	20.3	34.5	(14.1)	-41.0%	29.9	4.6	15.2%
Contributions	4.5	1.5	3.0	207.1%	5.0	(3.5)	-70.7%
<b>Total revenues</b>	<u>84.7</u>	<u>92.0</u>	<u>(7.3)</u>	<u>-7.9%</u>	<u>89.2</u>	<u>2.8</u>	<u>3.2%</u>
Operating expenses (excluding depreciation)	57.7	44.1	13.5	30.6%	45.0	(0.8)	-1.8%
Depreciation	11.4	11.6	(0.2)	-1.8%	11.3	0.3	2.9%
Non-operating expenses	1.9	1.9	(0.0)	-0.6%	2.4	(0.4)	-18.4%
<b>Total expenses</b>	<u>71.0</u>	<u>57.7</u>	<u>13.3</u>	<u>23.1%</u>	<u>58.6</u>	<u>(0.9)</u>	<u>-1.6%</u>
<b>Changes in net position</b>	13.8	34.4	(20.6)	-60.0%	30.6	3.7	12.2%
<b>Beginning net position</b>	411.4	377.0	34.4	9.1%	363.6	13.4	3.7%
Prior period adjustment	-	-	-		(17.2)	17.2	
Beginning net position, as restated	<u>411.4</u>	<u>377.0</u>	<u>34.4</u>	<u>9.1%</u>	<u>346.4</u>	<u>30.6</u>	<u>8.8%</u>
<b>Ending net position</b>	<u>\$425.1</u>	<u>\$411.4</u>	<u>\$ 13.8</u>	<u>3.3%</u>	<u>\$377.0</u>	<u>\$ 34.4</u>	<u>9.1%</u>

In FYE 2017, the District had a decrease in total revenues of 7.9% or \$7.3 million compared to FYE 2016, while FYE2016 total revenues were 3.2% or \$2.8 million higher than FYE2015. The fluctuation in revenues over the past two years is partially due to capacity reserve fees and the cyclical nature of development and partially due to a change in policy of when capacity reserve fees are due. Prior to November 2016 developers could pay capacity reserve fees when building permits were issued, thus avoiding any fee increases in future years as a development was built out; now developers pay the capacity reserve fee when they actually connect to the system. FYE2017 did see an increase in service charge revenue of 8.5% or \$3.9 million over FYE2016 primarily due to an increase in water sales as the state removed water use restrictions implemented during the drought.

Total expenses increased over FYE2016 by \$13.3 million or 23.1% during FYE 2017, the increases were in Personnel costs, Materials costs and Contract Services. There was an increase of \$3.2 million in Personnel costs which reflects \$5.0 million the District paid to CalPERS towards the unfunded pension liability net of adjustments required by GASB 68 reporting (see Financial Statement Note #10 – Pension Plan). Materials cost increase of \$3.8 million was primarily due to the increase in water purchased due to higher water usage by customers. Contract services had an increase of \$6.6 million; of which \$3.3 million was payment to Joint Powers Authority DERWA for the Districts share of expansion costs to the recycled water treatment plant, \$2.5 million was payment to Zone 7 for reimbursement of state water project costs related to Dougherty Valley Assessment District and the remaining increase in contract services was related to updates to the water master plan and evaluation for supplemental water supply.

DUBLIN SAN RAMON SERVICES DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS OF  
BASIC FINANCIAL STATEMENTS  
Fiscal Years Ended June 30, 2017 and 2016

Capital Assets and Debt

During FYE 2017, the District purchased, had contributed, or transferred from construction in progress the following assets:

Contributed sub-surface lines	\$4,485,119
Wastewater treatment plant improvements	\$631,466
Computer software and equipment	\$400,385
Vehicles and equipment	\$345,080
Recycled water and water line improvements	<u>\$221,754</u>
	<u><u>\$6,083,804</u></u>

In FYE 2017, the District had 44,141 linear feet of potable water line, 20,294 linear feet of sewer line and 13,387 linear feet of recycled water line contributed by developers valued at over \$4million. The wastewater treatment plant improvements of over \$631,000 includes cost of several small repair projects and replacement of equipment that had reached the end of its useful life. In FYE2017, the District implemented new software for electronic content management (ECM) and software for agenda and minutes management. These software packages will help capture, store, retrieve and manage documents and records of the District. The process of converting to a paperless agency will be ongoing. The District also replaced seven vehicles that were over ten years old and completed small repair projects to the recycled water and water sub-surface lines. For additional information on capital assets see Financial Statement Note 4 – Capital Assets.

In FYE 2017 the District had the following additions to construction in progress:

Corporate yard and administrative facilities	\$1,863,930
Water system expansion and improvements	\$1,088,203
Wastewater system improvements	<u>\$692,330</u>
	<u><u>\$3,644,462</u></u>

The additions to construction in progress (CIP) reflect the cost of renovations to the corporate yard building in Pleasanton, CA, which was purchased in FYE2016; and the start of renovations to other administrative facilities. Water system expansion and improvement projects include improvements to the Supervisory Control and Data Acquisition (SCADA) which monitors instrumentation, pumps and valves at the Districts water and recycled water facilities and the wastewater system improvements reflects the start of the Dublin Trunk line Sewer Rehabilitation project which will cost over \$6 million when completed.

DUBLIN SAN RAMON SERVICES DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS OF  
BASIC FINANCIAL STATEMENTS  
Fiscal Years Ended June 30, 2017 and 2016

During FYE 2017, there were no additions to debt. Below is a recap of the Districts current outstanding debt payable. For additional information on the District’s debt obligations, see Financial Statement Note 7 – Long-term debt.

<u>Debt Payable</u>	Balance at 6/30/2016	Additions	Principal Payments	Balance at 6/30/2017
LAVWMA Obligation	\$35,276,816		\$1,497,499	\$33,779,317
Water Revenue Refunding Bonds	34,810,000		290,000	34,520,000
	<u>\$70,086,816</u>	<u>\$ -0-</u>	<u>\$1,787,499</u>	<u>\$68,299,317</u>

Rates and Other Economic Factors

The District is not subject to variations in general economic conditions, such as increases or declines in property tax values or sales taxes. Accordingly, the District sets its rates to cover the costs of operations, maintenance, replacement (OM&R), and debt-financed capital improvements.

Contacting the District

This financial report is designed to provide our customers, investors and creditors with a general overview of the District’s finances and to show accountability for the money it receives. If you have questions about this report, or need any additional financial information, contact the Financial Services Department at 7051 Dublin Blvd., Dublin, California 94568 or call 925-828-0515.

DUBLIN SAN RAMON SERVICES DISTRICT  
 COMPARATIVE STATEMENTS OF NET POSITION  
 JUNE 30, 2017  
 WITH SUMMARIZED TOTALS AS OF JUNE 30, 2016

	2017			2016
	Wastewater	Water	Totals	
<b>ASSETS</b>				
<b>Current assets:</b>				
Pooled cash	\$3,950,277	\$2,230,439	\$6,180,716	\$3,120,948
Pooled investments	101,744,356	57,390,872	159,135,228	153,146,845
Restricted investments		162,501	162,501	-
Accounts receivable	4,067,490	9,134,806	13,202,296	11,658,130
Interest receivable	337,123	198,853	535,976	338,548
Employee notes receivable	5,291		5,291	2,521
Deferred capacity reserve fees receivable	76,285		76,285	161,156
Prepaid expenses	5,973	3,602	9,575	5,810
<b>Total current assets</b>	<b>110,186,795</b>	<b>69,121,073</b>	<b>179,307,868</b>	<b>168,433,958</b>
<b>Non-current assets:</b>				
<b>Capital assets:</b>				
Property, plant and equipment	250,968,098	193,888,282	444,856,380	439,151,272
Less accumulated depreciation	95,690,718	55,576,719	151,267,437	140,141,739
<b>Net property, plant and equipment</b>	<b>155,277,380</b>	<b>138,311,563</b>	<b>293,588,943</b>	<b>299,009,533</b>
Land and construction in progress	8,944,275	19,606,882	28,551,157	26,038,157
<b>Total capital assets</b>	<b>164,221,655</b>	<b>157,918,445</b>	<b>322,140,100</b>	<b>325,047,690</b>
<b>Other assets:</b>				
Net OPEB asset	8,484,359	3,917,244	12,401,603	12,309,239
Deferred capacity reserve fees receivable - long term	307,668		307,668	410,707
<b>Total other assets</b>	<b>8,792,027</b>	<b>3,917,244</b>	<b>12,709,271</b>	<b>12,719,946</b>
<b>Total non-current assets</b>	<b>173,013,682</b>	<b>161,835,689</b>	<b>334,849,371</b>	<b>337,767,636</b>
<b>Total assets</b>	<b>283,200,477</b>	<b>230,956,762</b>	<b>514,157,239</b>	<b>506,201,594</b>
<b>Deferred outflows of resources</b>				
Deferred outflows pension related amounts	5,260,345	3,326,718	8,587,063	3,378,648
Deferred employer pension contributions	3,870,334	2,530,961	6,401,295	7,120,251
<b>Total deferred outflows of resources</b>	<b>9,130,679</b>	<b>5,857,679</b>	<b>14,988,358</b>	<b>10,498,899</b>

DUBLIN SAN RAMON SERVICES DISTRICT  
 COMPARATIVE STATEMENTS OF NET POSITION  
 JUNE 30, 2017  
 WITH SUMMARIZED TOTALS AS OF JUNE 30, 2016

	2017			2016
	Wastewater	Water	Totals	
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable	\$763,603	\$5,779,548	\$6,543,151	\$6,736,041
Contractor bonds and deposits	544,213	515,633	1,059,846	1,073,667
Accrued expenses	696,094		696,094	762,586
Accrued compensated absences	802,469	460,701	1,263,170	1,208,714
Interest payable		798,195	798,195	803,029
Current portion of long-term debt	1,575,292	305,000	1,880,292	1,787,500
Unearned revenue and other liabilities	458,978		458,978	553,052
Total current liabilities	<u>4,840,649</u>	<u>7,859,077</u>	<u>12,699,726</u>	<u>12,924,589</u>
<b>Long term liabilities:</b>				
Long-term debt				
less current portion	32,204,025	34,215,000	66,419,025	68,299,316
Net pension liability	8,399,083	4,558,739	12,957,822	12,698,750
DLD remediation reserve	1,637,877		1,637,877	1,613,600
Unearned revenue	307,668	4,728,761	5,036,429	5,916,140
Total long term liabilities	<u>42,548,653</u>	<u>43,502,500</u>	<u>86,051,153</u>	<u>88,527,806</u>
Total liabilities	<u>47,389,302</u>	<u>51,361,577</u>	<u>98,750,879</u>	<u>101,452,395</u>
<b>Deferred inflows of resources</b>				
Deferred inflows of resources - Pension	3,309,590	1,939,795	5,249,385	3,856,663
Total deferred inflows of resources	<u>3,309,590</u>	<u>1,939,795</u>	<u>5,249,385</u>	<u>3,856,663</u>
<b>NET POSITION</b>				
Net investment in capital assets	130,442,338	123,398,445	253,840,783	254,960,874
Restricted for:				
Expansion	58,561,207	17,080,697	75,641,904	68,444,392
Assessment district		752,674	752,674	1,655,331
Unrestricted	52,628,719	42,281,253	94,909,972	86,330,838
Total net position	<u>\$241,632,264</u>	<u>\$183,513,069</u>	<u>\$425,145,333</u>	<u>\$411,391,435</u>

See accompanying notes to basic financial statements

DUBLIN SAN RAMON SERVICES DISTRICT  
 COMPARATIVE STATEMENTS OF REVENUES AND EXPENSES  
 AND CHANGES IN FUND NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2017  
 WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Wastewater	Water	Total	
<b>OPERATING REVENUES</b>				
Wastewater service charges	\$21,408,029		\$21,408,029	\$22,092,217
Water sales		\$27,831,941	27,831,941	23,280,944
Other revenues	2,908,169	7,460,757	10,368,926	9,057,589
Total operating revenues	<u>24,316,198</u>	<u>35,292,698</u>	<u>59,608,896</u>	<u>54,430,750</u>
<b>OPERATING EXPENSES</b>				
Personnel	12,719,365	7,467,619	20,186,984	16,894,079
Materials	2,481,188	13,790,427	16,271,615	12,404,304
Contractual services	8,997,301	11,732,331	20,729,632	14,363,125
Other	239,669	237,870	477,539	487,478
Depreciation	6,997,671	4,406,616	11,404,287	11,607,463
Total operating expenses	<u>31,435,194</u>	<u>37,634,863</u>	<u>69,070,057</u>	<u>55,756,449</u>
OPERATING INCOME (LOSS)	<u>(7,118,996)</u>	<u>(2,342,165)</u>	<u>(9,461,161)</u>	<u>(1,325,699)</u>
<b>NONOPERATING REVENUES (EXPENSE)</b>				
Investment income	200,857	153,472	354,329	1,639,420
Gain (loss) on sale of assets	(61,835)	25,103	(36,732)	47,906
Interest expense		(1,917,985)	(1,917,985)	(1,928,719)
Total non-operating revenues (expense), net	<u>139,022</u>	<u>(1,739,410)</u>	<u>(1,600,388)</u>	<u>(241,393)</u>
(LOSS) BEFORE CONTRIBUTIONS	(6,979,974)	(4,081,575)	(11,061,549)	(1,567,092)
Non-cash contributions	1,016,280	3,468,839	4,485,119	1,460,660
Capital contributions - capacity reserve fees	10,720,952	9,609,376	20,330,328	34,462,453
Transfers in				179,936
Transfers (out)				(179,936)
Changes in net position	<u>4,757,258</u>	<u>8,996,640</u>	<u>13,753,898</u>	<u>34,356,021</u>
TOTAL NET POSITION, BEGINNING OF YEAR	<u>236,875,006</u>	<u>174,516,429</u>	<u>411,391,435</u>	<u>377,035,414</u>
TOTAL NET POSITION, END OF YEAR	<u>\$241,632,264</u>	<u>\$183,513,069</u>	<u>\$425,145,333</u>	<u>\$411,391,435</u>

See accompanying notes to basic financial statements

DUBLIN SAN RAMON SERVICES DISTRICT  
STATEMENTS OF CASH FLOWS  
PROPRIETARY FUNDS - ENTERPRISE  
FOR THE YEAR ENDED JUNE 30, 2017  
WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2016

	2017			2016
	Wastewater	Water	Total	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers, users and joint powers authorities	\$24,841,941	\$33,219,024	\$58,060,965	\$54,806,827
Payments for services and supplies	(11,765,838)	(25,961,874)	(37,727,712)	(25,299,908)
Payments to or on behalf of employees	(14,459,137)	(8,606,190)	(23,065,327)	(22,509,101)
Net Cash Provided (Used) by Operating Activities	(1,383,034)	(1,349,040)	(2,732,074)	6,997,818
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Due to other funds				(217,785)
Due from other funds				217,785
Net Cash Provided (Used) by Noncapital Financing Activities				
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal paid on long-term debt	(1,497,499)	(290,000)	(1,787,499)	(1,703,596)
Interest paid on long-term debt		(1,922,819)	(1,922,819)	(1,933,385)
Acquisition and construction of capital assets	(2,769,030)	(1,242,548)	(4,011,578)	(17,061,017)
Capacity reserve fees collected	10,711,749	8,832,704	19,544,453	33,876,429
Net Cash Provided (Used) by Financing Activities	6,445,220	5,377,337	11,822,557	13,178,431
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	1,046,555	510,880	1,557,435	1,148,369
Purchase of investment securities	(58,834,000)	(33,166,000)	(92,000,000)	(95,621,000)
Redemptions of investment securities	54,200,822	30,554,178	84,755,000	72,000,000
Proceeds (purchase) of other investments				45,393
Proceeds of LAIF investments	467,644	(810,794)	(343,150)	(214,191)
Net Cash Provided (Used) by Investing Activities	(3,118,979)	(2,911,736)	(6,030,715)	(22,641,429)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>1,943,207</b>	<b>1,116,561</b>	<b>3,059,768</b>	<b>(2,465,180)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>2,007,070</b>	<b>1,113,878</b>	<b>3,120,948</b>	<b>5,586,128</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$3,950,277</b>	<b>\$2,230,439</b>	<b>\$6,180,716</b>	<b>\$3,120,948</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>				
Operating income (loss)	(\$7,118,996)	(\$2,342,165)	(\$9,461,161)	(\$1,325,699)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	6,997,671	4,406,616	11,404,287	11,607,463
Decrease (increase) in accounts receivable	528,091	(2,072,257)	(1,544,166)	379,067
(Increase) decrease in employees notes receivable	(2,770)		(2,770)	1,929
(Increase) in prepaid expenses	(2,348)	(1,417)	(3,765)	(2,990)
(Increase) in net OPEB asset	(58,615)	(33,749)	(92,364)	(113,864)
Decrease (increase) in deferred outflows of resources - employer contributions	420,706	298,250	718,956	(404,027)
(Increase) in deferred outflows of resources - pension related amounts	(3,149,007)	(2,059,407)	(5,208,414)	(3,137,776)
Increase (decrease) in accounts payable	13,845	(206,735)	(192,890)	721,561
(Decrease) increase in contractor bonds and deposits payable	(19,310)	5,489	(13,821)	51,616
(Decrease) increase in accrued expenses	(66,492)		(66,492)	274,222
Increase in compensated absences	37,375	17,081	54,456	2,505
Increase in DLD remediation reserve	24,277		24,277	907,600
Increase (decrease) in net pension liability	170,500	88,572	259,072	(1,021,507)
Increase (decrease) in deferred inflows of resources - pension related amounts	842,039	550,682	1,392,721	(942,282)
Total adjustments	5,735,962	993,125	6,729,087	8,323,517
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>(\$1,383,034)</b>	<b>(\$1,349,040)</b>	<b>(\$2,732,074)</b>	<b>\$6,997,818</b>
<b>NON CASH TRANSACTIONS:</b>				
Fair market value adjustment increase	\$1,046,555	\$589,666	\$1,636,221	\$374,462
Contributed assets	1,016,280	3,468,839	4,485,119	1,460,660
Uncollected capacity reserve fee				586,024

See accompanying notes to basic financial statements

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# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. General

Dublin San Ramon Services District (the District) is organized under the Community Services District Act provisions of the general laws of the State of California and is governed by a five-member Board of Directors. The District, which was established in 1953 and became active in 1960, provides water, recycled water and wastewater collection and treatment services. The District's jurisdiction is approximately 26 square miles in the counties of Alameda and Contra Costa, California.

#### B. Basis of Accounting

The District is a proprietary entity; it uses an enterprise fund format to report its activities for financial statement purposes. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent of the governing body is that costs and expenses, including depreciation, and providing goods or services to the general public on a continuing basis, be financed or recovered primarily through user charges.

A Major fund is a fund whose revenues, expenditures/ expenses, assets, or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all enterprise funds and at least 5 percent of the aggregate amount for all enterprise funds.

The District reports the following major Proprietary Funds:

Water Enterprise – This enterprise accounts for the operation, maintenance and capital improvement projects of the water system, which is funded by user charges and other fees.

Wastewater Enterprise – This enterprise accounts for the operation, maintenance and capital improvement projects of the sewer system, which are funded by user charges and other fees.

#### C. Measurement Focus

Enterprise funds are accounted for on a cost of services or *economic resources* measurement focus, which means that all assets and all liabilities associated with their activity are included on their balance sheets. Enterprise fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### D. Reporting Entity

In evaluating how to define the government for financial purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria prescribed by Generally Accepted Accounting Principles (GAAP). As required by GAAP, these financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. Financial accountability is interpreted to mean appointment of a voting majority of the component unit's board and either the ability to impose will by the primary government or the possibility that there is a financial benefit or burden on the primary government.

In evaluating the financial reporting entity for purpose of preparing the basic financial statements, the District has determined it is financially accountable for the DSRSD Financing Corporation. The Corporation is a separate government entity whose purpose is to assist with the financing of certain public capital facilities for the District through the issuance of bonds or other forms of debt. The Corporation is controlled by the District and has the same governing body as the District, which also performs all accounting and administrative functions for the Corporation. The Corporation is included as a blended component unit in these basic financial statements.

#### E. Capital Assets

Capital assets, which include property, plant, and equipment are recorded at historical costs or estimated historical cost, if actual cost is not available. Contributed assets are recorded at estimated fair value on the date of contribution. Donated capital asset, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

The District defines capital assets as assets with an initial, individual cost of \$10,000 or more and an estimated useful life in excess of one year.

Depreciation is computed by the straight-line method based on the estimated useful lives of related asset classifications. The District has assigned the useful lives listed below to capital assets:

Land Improvements	15-25 years
Buildings	10-50 years
Equipment	5-25 years
Sub-surface lines	25-50 years
Intangibles - Reclaimed Water Rights	41 years
Intangibles – Sewer Capacity Rights	20 years

#### F. Cash Flows Defined

For purpose of the statements of cash flows the District defines cash and cash equivalents to include all cash in deposit accounts and cash on hand but does not include cash held in escrow for restricted purposes.

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **G. Accounts Receivable**

The District bills its water consumption and sewer usage on a cycle billing method. Cycle billing results in an amount of services rendered but not yet billed at year-end. The District has recorded this revenue by estimating the unbilled amount. The estimate was calculated by using the billing subsequent to the balance sheet date (June 30) and calculating the amount of service provided prior to June 30. This calculated amount is included in accounts receivable.

#### **H. Accrued Compensated Absences**

The liability for vested vacation pay is calculated and accrued on an annual basis. The amount is computed using current employee accumulated leave hours (excluding sick leave which does not vest) at current pay rates. Full-time employees accrue sick leave at the rate of eight (8) hours per month credited in hour increments per pay period.

#### **I. Estimates**

The District's management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses and the disclosure of contingent liabilities to prepare these financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Actual results could differ from those estimates.

#### **J. 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 so will *not* be recognized as an outflow of resources expense 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 so will *not* be recognized as an inflow of resources (revenue) until that time.

#### **K. Prior Year Summarized Information**

The financial statements for the prior year are included for comparative purposes only.

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### L. Pension

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

### NOTE 2 - CASH AND INVESTMENTS

#### A. Policies

California Law generally requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the District's cash on deposit, or first trust deed mortgage notes with a market value of 150% of the deposit, as collateral for these deposits. Under California Law this collateral is held in a separate investment pool by another institution in the District's name and places the District ahead of general creditors of the institution. As of June 30, 2017, the District's cash in bank was insured or collateralized as discussed above.

The District invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable securities instruments, or by an electronic entry registering the owner in the records of the institution issuing the security, called the book entry system. In order to increase security, the District employs the Trust Department of a bank as the custodian of certain District managed investments, regardless of their form.

The District's investments are carried at fair value, as required by generally accepted accounting principles. The District adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it includes the effects of these adjustments in income for that fiscal year.

#### B. Classification

Cash and investments are classified in the financial statements as shown below, based on whether or not their use is restricted under the terms of District debt instruments or Agency agreements.

Cash and cash equivalents	\$6,180,716
Investments	159,135,228
Restricted cash	162,501
Total cash and investments	<u>\$165,478,445</u>

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### NOTE 2 - CASH AND INVESTMENTS (Continued)

#### C. Investments Authorized by the California Government Code and the District's Investment Policy

The District's Investment Policy and the California Government Code allow the District to invest in the following investment types provided the credit ratings of the issuers are acceptable to the District; and approved percentages and maturities are not exceeded.

The table below identifies those investments authorized by the Board of Directors in the District's investment policy, which was last adopted August 19, 2014. Maturities on investments are limited to five years except that up to 10% of the portfolio is deemed the "long-term" portfolio and may be invested up to seven years.

Limit	Maximum Rating	Minimum Credit Quality	Authorized Investment Type
None	None	5 years	Bonds issued by the District
None	None	5 years	U.S. Treasury Notes, Bills, or Certificates of Indebtness
None	None	5 years	Registered state warrants or treasury notes or bonds of this state
None	None	5 years	Registered treasury notes or bonds of the other 49 United States
None	None	5 years	Bonds , notes, warrants or evidences of indebtness of a local agency within the state
30%	None	5 years	Negotiable Certificates of Deposit by nationally or state chartered bank or a savings association or federal association or a state or general credit union or by a state licenses branch of a foreign bank
30%	A	5 years	Medium-term notes, defined as all corporate and depository institution debt securities
None	None	5 years	Deposits with bank and savings and loan associations, including certificates of deposits, where deposits are insured by FDIC
Maximum Allowed by			
LAIF	None	N/A	The State of California Local Agency Investment Fund
None	None	N/A	Shares in California Asset Management Program (CAMP)

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### NOTE 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. Normally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District generally manages its interest rate risk by holding investments to maturity.

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity or earliest call date:

Investment Type	12 Months or less	13 - 24 Months	25 - 60 Months	Total
Securities of U.S. Government Agencies				
Callable		\$14,891,900	\$58,804,565	\$73,696,465
Corporate Bonds	\$12,596,101	3,003,564	4,755,428	20,355,093
State of California Securities			7,076,258	7,076,258
<i>Not rated</i>				
California Asset Management Program	3,982,693			3,982,693
California Local Agency Investment Fund	49,521,340			49,521,340
Negotiable Certificates of Deposit	749,970	2,241,927	1,511,482	4,503,379
<b><i>Total Unrestricted Investments</i></b>	<b>\$66,850,104</b>	<b>\$20,137,391</b>	<b>\$72,147,733</b>	<b>\$159,135,228</b>

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2017, these investments matured in an average of 167 days.

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### NOTE 2 - CASH AND INVESTMENTS (Continued)

The District is a voluntary participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act (California Government Code Sections 6500 et seq., or the "Act") for the purpose of exercising the common power of its Participants to invest certain proceeds of debt issues and surplus funds. The Pool's investments are limited to investments permitted by subdivisions (a) to (n), inclusive, of Section 53601 of the California Government Code. The District reports its investments in CAMP at the fair value amounts provided by CAMP, which is the same as the value of the pool share. At June 30, 2017, the fair value approximated is the District's cost. At June 30, 2017, these investments have an average maturity of 49 days.

#### E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2017 for each investment type as provided by Standard and Poor's.

Investment Type	AAA	AA+	AA	AA-	A+	A	Total
Corporate Bond	\$1,994,068	\$4,383,885	\$5,972,898	\$6,002,814		\$2,001,428	\$20,355,093
Callable	4,927,065	68,769,400					73,696,465
State of California Securities			5,091,458		\$1,984,800		7,076,258
<i>Not rated</i>							
California Local Agency Investment Fund	49,521,340						49,521,340
California Asset Management Program	3,982,693						3,982,693
Negotiable Certificates of Deposit	4,503,379						4,503,379
<b>Total Unrestricted Investments</b>	<b>\$64,928,545</b>	<b>\$73,153,285</b>	<b>\$11,064,356</b>	<b>\$6,002,814</b>	<b>\$1,984,800</b>	<b>\$2,001,428</b>	<b>\$159,135,228</b>

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### NOTE 2 - CASH AND INVESTMENTS (Continued)

#### F. Concentration Risk

Significant District investments in the securities of any individual issuers, other than U.S. Treasury securities, LAIF, and mutual funds, are set forth below:

Reporting Unit	Issuer	Investment Type	Reported Amount
District-Wide			
	Federal Home Loan Mortgage Corporation	Federal Agency Securities	\$ 23,668,890
	Federal Home Loan Bank	Federal Agency Securities	21,804,842
	Federal National Mortgage Association	Federal Agency Securities	14,774,945
	Federal Farm Credit Bank	Federal Agency Securities	13,381,110

#### G. Investment Valuation

Investments (except for money market accounts, time deposits, and commercial paper) 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. Investment fair value measurements at June 30, 2017 are described below.

	Level 2	Total
<b>Investments by Fair Value</b>		
Corporate Bonds	\$20,355,093	
US Agency Securities	73,696,465	
State of California Securities	7,076,258	
Negotiable Certificates of Deposit	4,503,379	
	<u>\$105,631,195</u>	\$105,631,195
<b>Investments Measured at Net Asset Value Per Share:</b>		
California Asset Management Program		3,982,693
<b>External Investment Pool (Exempt):</b>		
California Local Agency Investment Fund		49,521,340
<b>Cash in Banks and On Hand</b>		<u>6,343,217</u>
Total Cash and Investments		<u>\$165,478,445</u>

Federal Agency Securities, Corporate Notes, State Securities, and Negotiable Certificates of Deposits categorized as Level 2 are valued based on matrix pricing which uses observable market inputs such as yield curves and market indices that are derived principally from or corroborated by observable market data by correlation to other means.



# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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### NOTE 3 - RESTRICTED ASSETS AND RESTRICTED NET POSITION

The District has restricted its net position for capital expansion, asset replacement and other purposes in the amounts set forth below:

<u>Capital Expansion</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Local Sewer Expansion	\$7,277,035	\$6,670,439
Regional Sewer Expansion	51,284,172	48,274,728
Water Expansion	17,080,697	13,499,225
	<u>75,641,904</u>	<u>68,444,392</u>
 <u>Assessment District</u>		
Dougherty Valley Assessment District	752,674	1,655,331
	<u>752,674</u>	<u>1,655,331</u>
 <b>Total Restriction on Net Position</b>	<b><u><u>\$145,512,121</u></u></b>	<b><u><u>\$70,099,723</u></u></b>

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### NOTE 4 - CAPITAL ASSETS

Changes in capital assets accounts are summarized below:

	Balance at June 30, 2016	Additions	Retirements	Transfers	Balance at June 30, 2017
Capital assets being depreciated:					
Improvements	\$9,399,287			\$163,113	\$9,562,400
Buildings	131,360,773				131,360,773
Equipment	82,845,379	\$467,222	(\$378,695)	746,596	83,680,502
Sub-surface lines	150,569,953	4,485,118		221,754	155,276,825
Intangibles	64,975,880				64,975,880
<b>Total capital assets being depreciated:</b>	<b>439,151,272</b>	<b>4,952,340</b>	<b>(378,695)</b>	<b>1,131,463</b>	<b>444,856,380</b>
Less accumulated depreciation for:					
Improvements	(5,156,994)	(329,630)			(5,486,624)
Buildings	(39,499,670)	(2,830,629)			(42,330,299)
Equipment	(38,736,352)	(2,435,213)	278,591		(40,892,974)
Sub-surface lines	(44,309,710)	(3,174,675)			(47,484,385)
Intangibles	(12,439,015)	(2,634,140)			(15,073,155)
<b>Total accumulated depreciation</b>	<b>(140,141,741)</b>	<b>(11,404,287)</b>	<b>278,591</b>		<b>(151,267,437)</b>
<b>Net capital assets being depreciated</b>	<b>299,009,531</b>	<b>(6,451,947)</b>	<b>(100,104)</b>	<b>1,131,463</b>	<b>293,588,943</b>
Capital assets not being depreciated:					
Land	7,712,945				7,712,945
Construction in progress	18,325,213	3,644,462		(1,131,463)	20,838,212
<b>Total capital assets not being depreciated</b>	<b>26,038,158</b>	<b>3,644,462</b>		<b>(1,131,463)</b>	<b>28,551,157</b>
<b>Total capital assets, net</b>	<b>\$325,047,689</b>	<b>(\$2,807,485)</b>	<b>(\$100,104)</b>		<b>\$322,140,100</b>

The District has included as intangible assets in the above table \$24,000,786 for DERWA capacity rights (see Note 7A) and \$40,975,094 for LAVWMA transmission rights (see Note 7C).

The District had outstanding construction commitments on capital projects totaling \$20,228,290 at June 30, 2017.

Depreciation expense for the District for June 30, 2017 and June 30, 2016 are as follows:

	June 30, 2017	June 30, 2016
Water fund	\$4,406,616	\$4,461,474
Sewer Fund	6,997,671	7,145,989
<b>Total Depreciation expense</b>	<b>\$11,404,287</b>	<b>\$11,607,463</b>

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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### NOTE 5 - DEFERRED CAPACITY RESERVE FEES RECEIVABLE

In fiscal year ended June 30, 1997, the District implemented a deferred payment program for regional sewer capacity reserve fees as a means to attract new business to the area. The program was modified in subsequent years and is now designed for commercial and affordable housing with regional sewer capacity reserve fees owed between \$25,000 and \$100,000. Loans bear an interest rate of 5%. Customers make a 20% down payment of regional sewer capacity reserve fees owed and enter into an agreement with the District to pay the balance over a maximum of ten years. The capacity reserve fee revenue is recognized as it is received. The portions outstanding are recorded as deferred capacity reserve fees receivable, which amounted to \$383,953 at June 30, 2017, of which \$76,285 is the current portion.

### NOTE 6 - JOINT POWERS AUTHORITIES

#### A. LAVWMA

The District is one of three participants in the Livermore Amador Valley Water Management Agency (LAVWMA), a joint powers authority formed in 1974, which constructed and operates an export pumping facility through which all wastewater in the area is discharged. The other two participants are the Cities of Livermore and Pleasanton, each also having a one-third representation in LAVWMA's Board of Directors, composed of two representatives from each participating agency. The LAVWMA's Board of Directors approves LAVWMA's annual budget, which is prepared by LAVWMA's general manager. The Agency charges its members for project costs in proportion to their rights to the Agency's capacity.

The District contracts with the City of Pleasanton ("City") to provide wastewater treatment. The District establishes user charges for these wastewater services. The City then establishes those same charges in its service area and remits the charges they collect to the District on a monthly basis. A portion of the user charge is for the services provided by LAVWMA. LAVWMA bills the District for both the District's and Pleasanton's share of these costs (which includes both operations and debt service). Financial statements for LAVWMA may be obtained from DSRSD, 7051 Dublin Boulevard, Dublin, California 94568.

During the year ended June 30, 2012, LAVWMA issued \$105,345,000 principal amount of 2011 Sewer Revenue Refunding Bonds on September 28, 2011. Proceeds of the issuance were used to refund and retire the Series A Sewer Revenue Bonds and to pay costs of issuance.

Under the Amended And Restated Sewer Service Contract dated October 1, 2011, between LAVWMA and Members, the Members pledged and created, in favor of LAVWMA and the Trustee for the 2011 Bonds, a lien on the Net Revenues of their respective wastewater systems (the "Sewer Systems"), to pay to LAVWMA the amounts owed in order for LAVWMA to pay debt service on the 2011 Bonds. (See Note 7.)

Effective October 17, 2016, the LAVWMA Board entered into an agreement to retain the District's Administrative Services Manager as LAVWMA's Treasurer.

## DUBLIN SAN RAMON SERVICES DISTRICT

### NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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#### NOTE 6 - JOINT POWERS AUTHORITIES (Continued)

Financial information for LAVWMA summarized below is as of and for the year ended June 30, 2017:

Total liabilities	\$99,377,334
Total net position	35,016,064
Total operating revenue	11,775,413
Total operating expenses	(6,486,239)
Total non-operating revenue	106,112
Total non-operating expenses	<u>(3,797,649)</u>
Net gain	<u><u>\$1,597,637</u></u>

#### B. DERWA

The District is also a participant (along with East Bay Municipal Utility District) in the DSRSD/EBMUD Recycled Water Authority (DERWA), a joint powers authority formed in 1995 to plan, design, construct, own and operate various facilities which together will maximize the volume of recycled water deliveries while recovering its costs. Each member provides two representatives to DERWA's Board of Directors which approves the annual budget prepared by DERWA's Treasurer. The Authority began its operations on June 28, 1995.

DERWA constructed a water recycling system, including treatment, conveyance, pumping and storage facilities which became operational on February 1, 2006. Operation and maintenance expenses are allocated based on each member's actual usage. Capital costs, including debt service, are allocated based on each member's proportional share of capital assets.

Financial statements may be obtained from DERWA, P.O. Box 24055 Oakland, California 94623.

DERWA has outstanding state loans totaling \$12,317,919 The District's share of the total debt is 49.23% or \$6,064,111.

Financial information for DERWA summarized below is as of and for the year ended June 30, 2017:

Total assets	\$69,608,539
Total liabilities	14,372,902
Total net position	55,235,637
Total operating revenue	12,502,492
Total operating expenses	(5,315,228)
Total non-operating expenses	<u>(340,572)</u>
Net gain	<u><u>\$6,846,692</u></u>

**DUBLIN SAN RAMON SERVICES DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

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**NOTE 7 - LONG-TERM DEBT**

	Original Issue Amount	Balance June 30, 2016	Retirements	Balance June 30, 2017	Amount due within one year
2011 LAVWMA Obligation 2% - 5%, due 8/1/2031	\$40,975,094	\$35,276,816	\$1,497,499	\$33,779,317	\$1,575,292
2011 Water Revenue Refunding Bonds 4%-6%, due 8/1/2041	35,620,000	<u>34,810,000</u>	<u>290,000</u>	<u>34,520,000</u>	<u>305,000</u>
Total long-term debt		<u>\$70,086,816</u>	<u>\$1,787,499</u>	<u>\$68,299,317</u>	<u>\$1,880,292</u>

**A. 2011 LAVWMA Obligations**

The District's contribution toward debt service due on debt issued by LAVWMA (see Note 6) is payable from draws from a Rate Stabilization Fund (Regional Expansion Fund). At the end of each fiscal year, if the balance in the District's Regional Expansion Fund is in excess of two times maximum annual debt service on the District's contribution toward LAVWMA's debt, then the total amount paid from that fund towards debt service is considered a draw from reserves. Debt service not covered from the draw is included in Rate Covenant Debt Service subject to a coverage requirement of 1.1 times debt services. This coverage calculation is shown on the next page.

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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### NOTE 7 - LONG-TERM DEBT (Continued)

#### Rate Stabilization Fund/Regional Expansion Fund

Maximum Annual Debt Payments payable from the Rate Stabilization Fund:

2011 LAVWMA Bonds	\$4,332,552
	<u>\$4,332,552</u>
Target Level of Rate Stabilization Fund (2X)	<u>\$8,665,104</u>
Working Capital at June 30, 2017	<u>\$49,991,552</u>
Actual Debt Paid from the Rate Stabilization Fund:	
LAVWMA 2011 Bonds	\$4,312,509
	<u>\$4,312,509</u>

If the Working Capital balance exceeds the Target Level, all debt paid from the Rate Stabilization Fund is considered a draw and is excluded from the coverage requirement shown below.

Coverage Calculation (Total Sewer):

Sewer Operating Revenues	\$24,316,198
Sewer Non-Operating Revenues	200,857
Capacity Reserve Fees	10,720,952
Less Regional Expansion Capacity Reserve Fees	<u>(8,426,166)</u>
Total Available Revenues	<u>26,811,841</u>
Sewer Operating Expenses	31,435,194
Less Regional Expansion Costs for:	
Debt Payments to LAVWMA	(4,312,509)
Other Operating Costs	(3,508,921)
Less Depreciation	<u>(6,997,671)</u>
Operations & Maintenance Costs	<u>16,616,093</u>
Net Available Revenue	<u>\$10,195,748</u>
Rate Covenant Debt Service:	
LAVWMA 2011 Bonds (repair portion)	\$1,464,025
	<u>\$1,464,025</u>
Coverage on Rate Covenant Debt Service	<u>7.0</u>

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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### NOTE 7 - LONG-TERM DEBT (Continued)

#### B. 2011 Water Revenue Refunding Bonds

The District issued \$35,620,000 of 2011 Water Revenue Refunding Bonds on January 6, 2011. Proceeds of the issuance were used to fund a contribution to DERWA which it used to retire its commercial paper obligations (Note 6), to refund and retire the Water-Reuse Finance Authority Obligation, and to pay costs of issuance. Interest rates range from 4% to 6%. Principal payments are due annually beginning August 1, 2013 through August 1, 2041.

The issuance is payable from a pledge of fees, charges and other amounts received from the available Net Revenue of the water enterprise. The pledge of future Water Fund Revenues ends upon repayment of the \$67,841,395 in remaining debt service on the bonds that is scheduled to occur in 2041. Pursuant to the official statement, the District is required to set rates to achieve coverage of 1.2 times debt service. The computation of the Net Revenue and coverage amount is presented below.

#### WATER REVENUES:

Water Sales	\$ 27,831,941
Other Revenues (1)	7,460,757
Interest Income	153,472
Capacity Reserve Fees	9,609,376
Less Assessment District (2)	<u>(1,568,674)</u>
TOTAL WATER REVENUES	<u>\$43,486,872</u>

#### WATER OPERATION & MAINTENANCE COSTS:

Operating Expense	\$37,634,863
Less DERWA Debt (3)	(810,087)
Less Depreciation	(4,406,616)
Less Assessment District (2)	<u>(2,471,331)</u>

TOTAL WATER OPERATION & MAINTENANCE COSTS 29,946,829

NET WATER REVENUES \$13,540,043

#### DEBT SERVICE:

DERWA Debt	\$810,087
2011 Water Bonds	<u>2,211,469</u>
TOTAL DEBT SERVICE	<u>\$3,021,556</u>

DEBT SERVICE COVERAGE 4.48

(1) Includes Tax Revenues

(2) Assessments levied in the Dougherty Valley Standby Assessment District can be used only to pay for costs related to the Assessment District and are not available to pay debt service on the Bonds.

(3) The DERWA Payments are payable as Operation and Maintenance Costs prior to payment of debt service on the Bonds pursuant to the Indenture and the Recycled Water Sales Agreement. For purposes of the rate covenant established by the Indenture, the DERWA Payments will be excluded from Operation and Maintenance Costs, but included as Debt Service on Parity Debt.

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### NOTE 7 - LONG-TERM DEBT (Continued)

#### C. Segment Reporting

The Regional Wastewater Expansion Fund and Water Fund represent segments reported within the Wastewater Enterprise Fund and Water Enterprise Fund, respectively, which had debt outstanding, with the revenue pledge streams discussed above. In addition, the Regional Wastewater Expansion Fund's and Water Enterprise Fund's revenues, expenses, gains and losses, assets, and liabilities are required to be accounted for separately. Condensed financial information for each segment is presented below:

	Wastewater Expansion	Water
<b>Condensed Statement of Net Position</b>		
Assets:		
Current	\$51,369,714	\$68,183,868
Capital	27,946,426	157,918,445
Other non current	290,900	
Total assets	<u>79,607,040</u>	<u>226,102,313</u>
Deferred outflows of resources	<u>77,401</u>	<u>5,857,679</u>
Liabilities:		
Current liabilities	1,378,162	7,682,316
Long term liabilities	26,658,866	43,502,500
Total liabilities	<u>28,037,028</u>	<u>51,184,816</u>
Deferred inflows of resources	<u>22,004</u>	<u>1,939,795</u>
Net position:		
Net investment in capital assets	341,237	123,398,445
Restricted	51,284,172	17,080,697
Unrestricted		38,356,239
Total net position	<u>\$51,625,409</u>	<u>\$178,835,381</u>
<b>Condensed Statement of Revenues, Expenses and Changes in Net Position</b>		
Operating revenue	\$40,786	\$33,042,769
Operating expenses	(5,183,163)	(34,475,024)
Operating loss (gain)	<u>(5,142,377)</u>	<u>(1,432,255)</u>
Nonoperating revenues (expenses):		
Interest income	100,168	146,425
Gain on sale of assets		25,103
Interest expense		(1,917,985)
Non-cash contributions		3,468,839
Capital contributions - capacity reserve fees	8,426,166	9,609,376
Transfers in		5,801,000
Transfers out	(107,394)	(5,801,000)
Change in net position	<u>3,276,563</u>	<u>9,899,503</u>
Beginning net position	<u>48,348,846</u>	<u>168,935,878</u>
Ending net position	<u>\$51,625,409</u>	<u>\$178,835,381</u>
<b>Condensed Statement of Cash Flows</b>		
Net cash provided (used) by:		
Operating activities	(\$5,892,380)	(\$4,550,017)
Noncapital financing activities	(839,977)	(1,096,800)
Capital financing activities	8,876,830	10,398,124
Investing activities	(1,243,279)	(3,655,382)
Net cash flows	<u>901,194</u>	<u>1,095,925</u>
Beginning cash and cash equivalents	<u>888,205</u>	<u>999,856</u>
Ending cash and cash equivalents	<u>\$1,789,399</u>	<u>\$2,095,781</u>



# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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### NOTE 7 - LONG-TERM DEBT (Continued)

#### D. LAVWMA Pledge Obligation

As discussed in Note 6, the District is a member of LAVWMA and during the year ended June 30, 2012, LAVWMA issued \$105,345,000 of 2011 Sewer Revenue Refunding Bonds (2011 LAVWMA Bonds) on September 28, 2011. Proceeds of the issuance were used to refund and retire the Series A Sewer Revenue Bonds and to pay costs of issuance. Principal payments are due annually beginning August 1, 2012 through August 1, 2031.

Debt service on the 2011 LAVWMA Bonds is payable from Agency Net Revenues which are defined as Gross Revenues less Maintenance and Operations costs, excluding in all cases depreciation, replacement and obsolescence charges or reserves thereon, debt service, amortization of intangibles or other book-keeping entries of a similar nature, and costs paid out of the Sole-Use, Dual-Use and Joint-Use Replacement Funds.

Member liens for repayment of 2011 Bonds: Under an amended and restated Amended And Restated Sewer Service Contract dated October 1, 2011, between the Agency and Members, the Members pledged and created, in favor of LAVWMA and the Trustee for the 2011 LAVWMA Bonds, a lien on the Net Revenues of their respective wastewater systems (the "Sewer Systems"), to pay to LAVWMA the amounts owed in order for LAVWMA to pay debt service on the 2011 LAVWMA Bonds. There are three important limitations with respect to this pledge of Net Revenues. First, this lien is subordinate to the Members' existing obligations payable from their Net Revenues, as well as obligations payable from their Net Revenues to be issued in the future by the Members to finance or refinance improvements to their respective Sewer System. Second, for DSRSD and Pleasanton, "Net Revenues" are not defined in the Sewer Service Contract to include all of the fees, rates and charges collected by DSRSD and Pleasanton in connection with their Sewer System; DSRSD and Pleasanton have only pledged regional service charges as security for their obligation to make the Payments. Third, Pleasanton, in its capacity as the largest customer of DSRSD's Sewer System, is only obligated to levy regional charges and fees established by DSRSD and to transfer the amount collected to DSRSD.

As a result of the District's pledge of its regional service charges, the District is considered to be obligated in some manner for its portion of the 2011 LAVWMA Bonds and accordingly has recorded its share of those bonds as the LAVWMA Pledge Obligation. Concurrently, the District has also recorded its transmission rights provided to it under the terms of the Amended and Restated Sewer Service Contract (See Note 4).

Pursuant to the official statement, each member agency is required to set rates to achieve coverage of 1.1 times debt service.

**DUBLIN SAN RAMON SERVICES DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE 7 - LONG-TERM DEBT (Continued)**

**E. Repayment Schedule**

Shown below are maturities for the District’s debt issues:

For The Year Ending June 30	Principal	Interest	Total
2018	\$1,880,292	\$3,448,483	\$5,328,775
2019	1,970,029	3,355,325	5,325,354
2020	2,070,600	3,257,535	5,328,135
2021	2,170,061	3,153,168	5,323,229
2022	2,281,467	3,041,880	5,323,347
2023-2027	13,686,223	13,452,246	27,138,469
2028-2032	21,495,645	9,260,696	30,756,341
2033-2037	9,800,000	5,288,477	15,088,477
2038-2042	12,945,000	2,032,350	14,977,350
Total payments due	<u>\$68,299,317</u>	<u>\$46,290,160</u>	<u>\$114,589,477</u>

**NOTE 8 - UNEARNED REVENUE AND OTHER LIABILITIES**

Unearned revenue and other liabilities for the year ended June 30, 2017 totaled \$5,495,407.

As of June 30, 2017, the Wastewater Fund recorded \$382,693 from developers for future capacity reserve fee credits. When utilized in the future, 100% of the cost of the current capacity reserve fee will be paid for with the credit and the revenue will be recorded at that time.

Wastewater Fund deferred revenue for the Deferred Capacity Reserve Fee Program was also recorded in the amount of \$383,953 (see Note 5). The current portion of this balance at June 30, 2017 is \$76,285.

As of June 30, 2017, the Water Fund recorded \$4,728,761 from developers for future capacity reserve fee credits. When utilized in the future, 50% of the cost of the current capacity reserve fee will be paid for with the credit and the revenue will be recorded at that time.

**NOTE 9 - COMPENSATED ABSENCES**

As of June 30, 2017, accrued compensated absences are as follows:

	Business Type Activities		Total
	Sewer	Water	
Summary of activity:			
Beginning balance	\$765,094	\$443,620	\$1,208,714
Additions	921,283	544,402	1,465,685
Payments	(883,908)	(527,321)	(1,411,229)
Ending balance - due within one year	<u>\$802,469</u>	<u>\$460,701</u>	<u>\$1,263,170</u>

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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### NOTE 10 - PENSION PLAN

#### A. Plan Description

All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plan (the Plan) administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and District's 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 the plan is applied as specified by the Public Employees' Retirement Law.

Active plan members in the Miscellaneous Plan (Tier 1 for members hired before January 1, 2013 and Tier 2 for members hired on or after January 1, 2013) are required to contribute 8% and 6.25%, respectively, of their annual covered salary. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

For Tier 1 members, on November 16, 2004, the Board of Directors approved a resolution authorizing an amendment to the contract between CalPERS and the Dublin San Ramon Services District. Prior to the amendment, the Retirement Plan formula was 2.0% at 55. The new formula of 2.7% at 55 provides local miscellaneous members 2.7% of pay at age 55 for each year of service credited with the employer. If retirement is earlier than 55, the percentage of final compensation decreases for each quarter of age to 2% at age 50. Former District employees' service credit will not be affected by this change and the change became effective in November 2004.

The District has agreed to cost sharing with employees to implement the new retirement formula. The increased cost on an annual basis to implement the program is approximately 7% and is spread over the next 10 years, which is the period over which CalPERS allows an agency to satisfy the increased liability.

The cost sharing was negotiated with all employee bargaining groups and continues the employer-employee partnership of jointly funding retirement benefits.

For Tier 2 members, the formula is 2% at age 62, based on the member's final three years' compensation.

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### NOTE 10 - PENSION PLAN (Continued)

The Plan's provisions and benefits in effect at June 30, 2017, are summarized as follows:

	<u>Miscellaneous</u>	
	Prior To	On or After
Hire date	January 1, 2013	January 1, 2013
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 - 55	52 - 62
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.0%
Required employee contribution rates	8.000%	6.250%
Required employer contribution rates	11.63%	6.56%

Starting in fiscal year 2016, the required employer contribution rate was separated into an Employer Normal Cost Rate and a fixed dollar payment of the unfunded liability. For fiscal year 2017, the District paid \$5,201,261 towards the unfunded liability.

### C. Contributions

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

For the year ended June 30, 2017, the contributions recognized as deferred outflows for the Plan were as follows:

	<u>Miscellaneous</u>
Contributions - employer	\$6,401,296

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

As of June 30, 2017, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	<u>\$12,957,822</u>
Total Net Pension Liability	<u><u>\$12,957,822</u></u>

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### NOTE 10 - PENSION PLAN (Continued)

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability of the CalPERS pooled plans. The net pension liability of the Plan is measured as of June 30, 2016, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016 using standard update procedures. The District's proportion of the net pension liability was based on the District's plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2015 and 2016 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2015	0.185007%
Proportion - June 30, 2016	0.149748%
Change - Increase (Decrease)	-0.03526%

For the year ended June 30, 2017, the District recognized pension expense of \$3,563,629. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$6,401,296	
Differences between actual and expected experience	67,512	(\$15,469)
Changes of assumptions		(638,729)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	5,126,355	(53,794)
Net differences between projected and actual earnings on plan investments	3,324,374	
Change's in employer's proportion	68,821	(4,541,393)
Total	<u>\$14,988,358</u>	<u>(\$5,249,385)</u>

\$6,401,296 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, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows (Inflows) of Resources
2018	\$504,811
2019	485,210
2020	1,486,604
2021	861,052
2022	-

Thereafter

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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### NOTE 10 - PENSION PLAN (Continued)

**E. Actuarial Assumptions** – The total pension liabilities in the June 30, 2015 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return	7.5% (1)
Mortality	Derived by CalPERS Membership Data for all funds

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

**F. Discount Rate** - The discount rate used to measure the total pension liability was 7.5% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the 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 7.5 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.5 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.

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### NOTE 10 - PENSION PLAN (Continued)

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	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	20.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	10.0%	6.83%	6.95%
Real Estate	10.0%	4.50%	5.13%
Infrastructure and Forestland	2.0%	4.50%	5.09%
Liquidity	1.0%	-0.55%	-1.05%
Total	<u>100%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

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

The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District'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:

	Miscellaneous All Tiers
1% Decrease	6.65%
Net Pension Liability	\$24,960,934
Current Discount Rate	7.65%
Net Pension Liability	\$12,957,822
1% Increase	8.65%
Net Pension Liability	\$3,037,826

### 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.

#### Payable to the Pension Plan

At June 30, 2017, the District reported a payable of \$0 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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### NOTE 11 - POST EMPLOYMENT HEALTH CARE BENEFITS

The District provides medical and dental benefits for employees, hired before July 1, 2014; that retire from the District and their families under third-party insurance plans. Employees hired after 7/1/14 will no longer be eligible for retiree dental benefits. While the District participates in the CalPERS medical plan, it is required to pay the same amounts for retiree medical insurance as it does for active employees. The Board sets the benefit amounts by resolution each year for each bargaining group and in accordance with current employee contracts.

Prior to 2004, the District paid these benefits regardless of the employee's length of service. Currently, all new employees are automatically enrolled in a medical vesting program where they are eligible for benefits based upon amounts set by CalPERS and length of service. Employees under the vesting program are not eligible to receive any medical benefits without accumulating at least ten years of CalPERS service with at least five of those years as a DSRSD employee.

As of June 30, 2017, 69 retirees are receiving medical benefits, and 74 are receiving dental benefits, and there are 106 active participants eligible for future benefits.

#### **Funding Policy and Actuarial Assumptions**

The annual required contribution (ARC) was determined as part of a July 2015 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 7.28% investment rate of return, (b) 3.25% projected annual salary increase, (c) 2.75% inflation rate, and (d) 4.5% - 5.50% health inflation increases. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The District's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls using a 30 year closed amortization period.

In accordance with the District's budget, the annual required contribution (ARC) is to be funded throughout the year as a percentage of payroll. The District Board passed a resolution to participate in the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT is administered by CalPERS, and is managed by an appointed board not under the control of the District Board. This Trust is not considered a component unit by the District and has been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained from CalPERS at P.O. Box 942709, Sacramento, CA 94229-2709.



# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### NOTE 11 - POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

#### Funding Progress and Funded Status

Generally accepted accounting principles permit contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such contributions are placed in an irrevocable trust or equivalent arrangement. As a result, the District has recorded the Net OPEB Asset, representing the difference between the ARC, the amortization of the Net OPEB Asset and actual contributions, as presented below:

Net OPEB Asset at June 30, 2016	(\$12,309,239)
Annual required contribution (ARC)	965,851
Interest on net OPEB asset	(888,271)
Adjustment to annual required contribution	908,680
Annual OPEB cost	986,260
Estimated payments on behalf of retirees	782,390
Estimated current year's implicit subsidy	296,234
Total contributions	1,078,624
Change in net OPEB Asset	92,364
Net OPEB Asset at June 30, 2017	(\$12,401,603)

The Plan's annual OPEB cost and actual contributions for the prior three fiscal years are set forth below:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
6/30/2015	\$681,135	\$742,058	109%	\$12,195,375
6/30/2016	929,933	1,043,797	112%	12,309,239
6/30/2017	986,260	1,078,624	109%	12,401,603

The Schedule of Funding Progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the actuarial studies is presented below:

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (Asset)	Funded Ratio	Covered Payroll	Unfunded Actuarial Liability as Percentage of Covered Payroll
7/1/2011	\$13,422,427	\$16,524,031	\$3,101,604	81%	\$10,795,530	28.7%
7/1/2013	17,609,101	17,356,805	(252,296)	102%	11,865,168	-2.1%
7/1/2015	20,917,103	21,658,172	741,069	97%	11,599,764	6.4%

As of June 30, 2017, District's share in the California Employer's Retiree Benefit Trust Program (CERBT) was \$23,337,748.

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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### NOTE 12 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts: theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disaster. The District joined together with other entities to form the California Sanitation Risk Management Authority (CSRMA), a public entity risk pool currently operating as a common risk management and insurance program for 54 member entities. The purpose of CSRMA is to spread the adverse effects of losses among the member entities and to purchase excess insurance as a group, thereby reducing its cost. The District pays annual premiums to CSRMA for its general, liability, property damage and workers compensation insurance.

CSRMA is governed by a Board comprised of one representative from each member agency. The Board controls the operations of CSRMA including selection of management and approval of operating budgets, independent of any influence by member entities.

In addition to the primary insurance types provided for through CSRMA listed above, the District also maintains commercial fidelity bonds, public employee dishonesty and public official bonds, to protect against employee theft or defalcation. Settled claims for CSRMA or commercial fidelity bonds have not exceeded coverage in any of the past three fiscal years.

The following is a summary of the insurance policies carried by the District as of June 30, 2017:

<u>Company Names</u>	<u>Insurance Program Type of Coverage</u>	<u>Limits</u>	<u>Deductibles</u>
Ironshore Specialty Insurance Co.	Excess liability	\$10,000,000	None
Alliant Property Insurance Program (APIP)	Special form property	170,765,471	\$25,000
Illinois Union Insurance Company (APIP)	Public entity pollution liability (Claims made & Reported)	25,000,000	None
Lloyd's of London Beazley Syndicate	Cyber liability coverage	2,000,000	None
Travelers Property and Casualty	Public official bond	100,000	None
National Union Fire Insurance Co.	ACIP CSRMA master crime policy	2,000,000	2,500
Safety National Casualty Corporation	Excess workers' compensation employers' liability	Statutory	None
<u>Pooled Insurance Program</u>			
CSRMA Pooled Liability			
Munich American Reinsurance Co.	Errors & Omissions and Employment Practices Liability	15,000,000	100,000
CSRMA Pooled Workers' Compensation	Workers' compensation Employers' Liability	750,000	0

Prior to July 1, 1994, the District was self-insured for workers' compensation and will continue to be responsible for any claims existing as of that date.

Claims and judgments, including provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable. As discussed above, the District has coverage for such claims, but it had retained the risk for the deductible or uninsured portion of these claims.

# DUBLIN SAN RAMON SERVICES DISTRICT

## NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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### NOTE 12 - RISK MANAGEMENT (Continued)

The District's liability for uninsured claims is limited to workers' compensation and general liability claims, as discussed above, and was estimated by a third party claims administrator based on prior years claims experience as follows:

	<u>2017</u>	<u>2016</u>
Balance at July 1	\$291,949	\$56,613
Net change in liability for claims and claims incurred but not reported	552,478	470,671
Claims paid	<u>(519,202)</u>	<u>(235,335)</u>
Balance at June 30	<u>\$325,225</u>	<u>\$291,949</u>

The District has not exceeded its insurance coverage limits in any of the last three years. The District liability is included in accrued expenses on the financial statements.

### NOTE 13 - COMMITMENTS AND CONTINGENT LIABILITIES

The District purchases water from the Alameda County Flood Control and Water Conservation District (Zone 7) under a thirty-year contract, which expires August 23, 2024. Under the terms of the contract, subject to various exceptions, the District is required to purchase all of its water from Zone 7. During fiscal year ended June 30, 2017, the District's water purchases from Zone 7 amounted to \$12,425,526.

The District is a defendant in a number of lawsuits, which have arisen in the normal course of business. In the opinion of the District, these actions when finally adjudicated will not have a material adverse effect on the financial position of the District.

The District operates a Dedicated Land Disposal site upon which the District processes biosolids produced by the District's wastewater treatment plant. On August 8, 2007, the San Francisco Bay Regional Water Quality Control Board issued Waste Discharge Requirements, which require the District to perform corrective actions for known and reasonably foreseeable releases from the Dedicated Land Disposal site. At this time, the Regional Board and the District expect that the most likely corrective action, if any is needed, would be related to the potential impact to groundwater quality and resulting closure and post-closure activities. The District prepared an analysis in December 2007 to determine the estimated costs of these corrective actions which comprise drilling two extraction wells and constructing a conveyance pipeline for discharge of potentially impacted ground water into the District's collection system. The Study also included estimated costs of operation, maintenance and monitoring of the above facilities for a ten year period after closure of the site which is expected to occur within thirty to fifty years. Actual closure and post-closure care costs may be higher, lower, or even not required due to inflation variances, changes in technology, or changes in State or Federal regulations.

The present value of these closure and post closure costs, discounted at 5 percent amounted to \$1,637,877 as of June 30, 2017. The District is required by State and federal laws and regulations to make annual funding contributions to finance closure and post-closure care. The District is in compliance with these requirements for the year ended June 30, 2017 with the establishment of the fully-funded liability for this purpose.

# DUBLIN SAN RAMON SERVICES DISTRICT

## Required Supplementary Information For the year ended June 30, 2017

### SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability	0.149748%	0.185007%	0.220496%
Proportionate share of the net pension liability	12,957,811	12,698,750	13,720,257
Covered payroll	12,033,906	12,009,479	11,779,808
Proportionate Share of the net pension liability as percentage of covered payroll	107.68%	105.74%	116.47%
Plan's Fiduciary net position	76,197,801	72,030,535	67,123,838
Plan Fiduciary net position as a percentage of the total pension liability	74.06%	78.40%	79.82%

Notes to schedule:

**Benefits changes.** The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date. This applies to for voluntary benefit changes as well as any offers of two years additional service credit (a.k.a Golden Handshakes).

**Changes in assumptions.** The discount rate was changed from 7.5 percent (net of administrative expense) to 7.65 percent to correct for an adjustment to exclude administrative expense.

\* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

### SCHEDULE OF CONTRIBUTIONS

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$1,401,296	\$2,120,252	\$1,716,224
Contribution in relation to the actuarially determined contributions	6,401,296	7,120,252	6,716,224
Contributions deficiency (excess)	(\$5,000,000)	(\$5,000,000)	(\$5,000,000)
Covered payroll	\$12,702,910	\$12,033,906	\$12,009,479
Contributions as a percentage of covered-employee payroll	50.39%	59.17%	55.92%

#### Notes to Schedule

Valuation date: June 30, 2015

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	(1)
Investment rate of return	7.65% (2)
Mortality	Derived using CalPERS Membership Data
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

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

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

\* Fiscal year 2015 was the 1st year of implementation, therefore only three years are shown.

***SUPPLEMENTARY INFORMATION***

DUBLIN SAN RAMON SERVICES DISTRICT  
WASTEWATER OPERATIONS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2017

	Regional Wastewater Total	Local Wastewater Total	Allocation	Allocation OPEB Fund	Wastewater Total
<b>ASSETS</b>					
Current assets:					
Pooled cash	\$3,126,764	\$644,149	\$179,364		\$3,950,277
Pooled investments	84,318,451	17,412,333		\$13,572	101,744,356
Accounts receivable	3,740,451	219,277	107,762		4,067,490
Interest receivable	279,422	57,701			337,123
Employee notes receivable	5,291				5,291
Deferred capacity reserve fees receivable	76,285				76,285
Prepaid expense			5,973		5,973
<b>Total current assets</b>	<b>91,546,664</b>	<b>18,333,460</b>	<b>293,099</b>	<b>13,572</b>	<b>110,186,795</b>
Non-current assets:					
Capital assets:					
Property, plant and equipment	194,961,263	56,006,835			250,968,098
Less accumulated depreciation	71,343,529	24,347,189			95,690,718
<b>Net property, plant and equipment</b>	<b>123,617,734</b>	<b>31,659,646</b>			<b>155,277,380</b>
Construction in progress	5,551,352	3,392,923			8,944,275
<b>Total capital assets</b>	<b>129,169,086</b>	<b>35,052,569</b>			<b>164,221,655</b>
Other assets:					
Net OPEB asset				8,484,359	8,484,359
Deferred capacity reserves receivable - long term	307,668				307,668
<b>Total other assets</b>	<b>307,668</b>			<b>8,484,359</b>	<b>8,792,027</b>
<b>Total non-current assets</b>	<b>129,476,754</b>	<b>35,052,569</b>		<b>8,484,359</b>	<b>173,013,682</b>
<b>Total assets</b>	<b>221,023,418</b>	<b>53,386,029</b>	<b>293,099</b>	<b>8,497,931</b>	<b>283,200,477</b>
Deferred outflows of resources					
Deferred outflows pension related amounts	4,572,890	687,455			5,260,345
Deferred employer pension contributions	3,498,944	371,390			3,870,334
<b>Total deferred outflows of resources</b>	<b>8,071,834</b>	<b>1,058,845</b>			<b>9,130,679</b>

DUBLIN SAN RAMON SERVICES DISTRICT  
WASTEWATER OPERATIONS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2017

	Regional Wastewater Total	Local Wastewater Total	Allocation	Allocation OPEB Fund	Wastewater Total
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	322,882	355,153	85,568		763,603
Contractor bonds and deposits	544,213				544,213
Accrued expenses	696,094				696,094
Accrued compensated absences	510,632	84,306	207,531		802,469
Current portion of long-term debt	1,575,292				1,575,292
Unearned revenue	76,285	382,693			458,978
<b>Total current liabilities</b>	<b>3,725,398</b>	<b>822,152</b>	<b>293,099</b>		<b>4,840,649</b>
Long term liabilities:					
Long-term debt					
less current portion	32,204,025				32,204,025
Net pension liability	6,509,314	1,889,769			8,399,083
DLD remediation reserve	1,637,877				1,637,877
Unearned revenue	307,668				307,668
<b>Total long term liabilities</b>	<b>40,658,884</b>	<b>1,889,769</b>			<b>42,548,653</b>
<b>Total liabilities</b>	<b>44,384,282</b>	<b>2,711,921</b>	<b>293,099</b>		<b>47,389,302</b>
Deferred inflows of resources					
Deferred inflows of resources - Pension	2,766,094	543,496			3,309,590
<b>Total deferred inflows of resources</b>	<b>2,766,094</b>	<b>543,496</b>			<b>3,309,590</b>
<b>NET POSITION</b>					
Net investment in capital assets	95,389,769	35,052,569			130,442,338
Restricted for:					
Expansion	51,284,172	7,277,035			58,561,207
Unrestricted	35,270,935	8,859,853		8,497,931	52,628,719
<b>Total net position</b>	<b>\$181,944,876</b>	<b>\$51,189,457</b>		<b>\$8,497,931</b>	<b>\$241,632,264</b>

DUBLIN SAN RAMON SERVICES DISTRICT  
WASTEWATER OPERATIONS  
COMBINING STATEMENT OF REVENUES AND EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017

	Regional Wastewater Total	Local Wastewater Total	Allocation	Allocation OPEB Fund	Wastewater Total
<b>OPERATING REVENUES</b>					
Wastewater service charges	\$19,126,155	\$2,281,874			\$21,408,029
Other revenues	716,886	1,049,625	\$1,141,658		2,908,169
<b>Total operating revenues</b>	<b>19,843,041</b>	<b>3,331,499</b>	<b>1,141,658</b>		<b>24,316,198</b>
<b>OPERATING EXPENSES</b>					
Personnel	7,887,219	1,972,309	2,859,837		12,719,365
Materials	2,125,642	178,775	176,771		2,481,188
Contractual services	7,460,121	744,316	792,864		8,997,301
Other	182,772	21,073	35,824		239,669
Overhead Charges	2,228,074	495,564	(2,723,638)		
Depreciation	5,850,634	1,147,037			6,997,671
<b>Total operating expenses</b>	<b>25,734,462</b>	<b>4,559,074</b>	<b>1,141,658</b>		<b>31,435,194</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(5,891,421)</b>	<b>(1,227,575)</b>			<b>(7,118,996)</b>
<b>NONOPERATING REVENUES (EXPENSE)</b>					
Investment income	157,113	44,026		(\$282)	200,857
Gain(Loss) on sale of assets	(64,481)	2,646			(61,835)
<b>Total non-operating revenues (expense), net</b>	<b>92,632</b>	<b>46,672</b>		<b>(282)</b>	<b>139,022</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>(5,798,789)</b>	<b>(1,180,903)</b>		<b>(282)</b>	<b>(6,979,974)</b>
Non-cash contributions		1,016,280			1,016,280
Capital contributions - capacity reserve fees	9,745,722	975,230			10,720,952
Transfers in	2,574,461	293,671			2,868,132
Transfers (out)	(2,574,461)	(293,671)			(2,868,132)
<b>Changes in net position</b>	<b>3,946,933</b>	<b>810,607</b>		<b>(282)</b>	<b>4,757,258</b>
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>	<b>177,997,943</b>	<b>50,378,850</b>		<b>8,498,213</b>	<b>236,875,006</b>
<b>TOTAL NET POSITION, END OF YEAR</b>	<b>\$181,944,876</b>	<b>\$51,189,457</b>		<b>\$8,497,931</b>	<b>\$241,632,264</b>



DUBLIN SAN RAMON SERVICES DISTRICT  
REGIONAL WASTEWATER OPERATIONS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2017

	Regional Wastewater Enterprise	Regional Wastewater RSF	Regional Wastewater Replacement	Regional Wastewater Expansion	Total
<b>ASSETS</b>					
Current assets:					
Pooled cash	\$255,485	\$279,594	\$802,286	\$1,789,399	\$3,126,764
Pooled investments	6,729,801	7,564,382	21,686,649	48,337,619	84,318,451
Accounts receivable	2,552,478		177,493	1,010,480	3,740,451
Interest receivable	22,461	25,051	71,821	160,089	279,422
Employee notes receivable	5,291				5,291
Deferred capacity reserve fees receivable			4,158	72,127	76,285
Total current assets	<u>9,565,516</u>	<u>7,869,027</u>	<u>22,742,407</u>	<u>51,369,714</u>	<u>91,546,664</u>
Non-current assets:					
Capital assets:					
Property, plant and equipment	161,475,529			33,485,734	194,961,263
Less accumulated depreciation	<u>62,135,196</u>			<u>9,208,333</u>	<u>71,343,529</u>
Net property, plant and equipment	99,340,333			24,277,401	123,617,734
Land and construction in progress	<u>56,014</u>		<u>1,826,313</u>	<u>3,669,025</u>	<u>5,551,352</u>
Total capital assets	<u>99,396,347</u>		<u>1,826,313</u>	<u>27,946,426</u>	<u>129,169,086</u>
Other assets:					
Deferred capacity reserves receivable - long term			<u>16,768</u>	<u>290,900</u>	<u>307,668</u>
Total other assets			<u>16,768</u>	<u>290,900</u>	<u>307,668</u>
Total non-current assets	<u>99,396,347</u>		<u>1,843,081</u>	<u>28,237,326</u>	<u>129,476,754</u>
Total assets	<u>108,961,863</u>	<u>7,869,027</u>	<u>24,585,488</u>	<u>79,607,040</u>	<u>221,023,418</u>
Deferred outflows of resources					
Deferred outflows pension related amounts	4,528,821			44,069	4,572,890
Deferred employer pension contributions	<u>3,465,612</u>			<u>33,332</u>	<u>3,498,944</u>
Total deferred outflows of resources	<u>7,994,433</u>			<u>77,401</u>	<u>8,071,834</u>

DUBLIN SAN RAMON SERVICES DISTRICT  
REGIONAL WASTEWATER OPERATIONS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2017

	Regional Wastewater Enterprise	Regional Wastewater RSF	Regional Wastewater Replacement	Regional Wastewater Expansion	Total
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	262,451		46,645	13,786	322,882
Contractor bonds and deposits	542,732			1,481	544,213
Accrued expenses	696,094				696,094
Accrued compensated absences	507,227			3,405	510,632
Current portion of long-term debt	287,929			1,287,363	1,575,292
Unearned revenue			4,158	72,127	76,285
<b>Total current liabilities</b>	<b>2,296,433</b>		<b>50,803</b>	<b>1,378,162</b>	<b>3,725,398</b>
Long term liabilities:					
Long-term debt					
less current portion	5,886,199			26,317,826	32,204,025
Net pension liability	6,459,174			50,140	6,509,314
DLD remediation reserve	1,637,877				1,637,877
Unearned revenue			16,768	290,900	307,668
<b>Total long term liabilities</b>	<b>13,983,250</b>		<b>16,768</b>	<b>26,658,866</b>	<b>40,658,884</b>
<b>Total liabilities</b>	<b>16,279,683</b>		<b>67,571</b>	<b>28,037,028</b>	<b>44,384,282</b>
Deferred inflows of resources					
Deferred inflows of resources - Pension	2,744,090			22,004	2,766,094
<b>Total deferred inflows of resources</b>	<b>2,744,090</b>			<b>22,004</b>	<b>2,766,094</b>
<b>NET POSITION</b>					
Net investment in capital assets	93,222,219		1,826,313	341,237	95,389,769
Restricted for:					
Expansion				51,284,172	51,284,172
Unrestricted	4,710,304	7,869,027	22,691,604		35,270,935
<b>Total net position</b>	<b>\$97,932,523</b>	<b>\$7,869,027</b>	<b>\$24,517,917</b>	<b>\$51,625,409</b>	<b>\$181,944,876</b>

DUBLIN SAN RAMON SERVICES DISTRICT  
REGIONAL WASTEWATER OPERATIONS  
COMBINING STATEMENT OF REVENUES AND EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017

	Regional Wastewater Enterprise	Regional Wastewater RSF	Regional Wastewater Replacement	Regional Wastewater Expansion	Total
<b>OPERATING REVENUES</b>					
Wastewater service charges	\$19,126,155				\$19,126,155
Other revenues	676,100			\$40,786	716,886
<b>Total operating revenues</b>	<b>19,802,255</b>			<b>40,786</b>	<b>19,843,041</b>
<b>OPERATING EXPENSES</b>					
Personnel	7,830,225			56,994	7,887,219
Materials	2,100,448		\$24,722	472	2,125,642
Contractual services	3,749,480		281,583	3,429,058	7,460,121
Other	167,833		14,810	129	182,772
Overhead Charges	2,205,806			22,268	2,228,074
Depreciation	4,176,392			1,674,242	5,850,634
<b>Total operating expenses</b>	<b>20,230,184</b>		<b>321,115</b>	<b>5,183,163</b>	<b>25,734,462</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(427,929)</b>		<b>(321,115)</b>	<b>(5,142,377)</b>	<b>(5,891,421)</b>
<b>NONOPERATING REVENUES (EXPENSE)</b>					
Investment income	(6,236)	\$17,863	45,318	100,168	157,113
Gain(Loss) on sale of assets	(64,481)				(64,481)
<b>Total non-operating revenues</b>	<b>(70,717)</b>	<b>17,863</b>	<b>45,318</b>	<b>100,168</b>	<b>92,632</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>(498,646)</b>	<b>17,863</b>	<b>(275,797)</b>	<b>(5,042,209)</b>	<b>(5,798,789)</b>
Capital contributions - capacity reserve fees			1,319,556	8,426,166	9,745,722
Residual equity transfer	936,535		(829,141)	(107,394)	
Transfers in			2,574,461		2,574,461
Transfers (out)	(2,574,461)				(2,574,461)
<b>Changes in net position</b>	<b>(2,136,572)</b>	<b>17,863</b>	<b>2,789,079</b>	<b>3,276,563</b>	<b>3,946,933</b>
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>	<b>100,069,095</b>	<b>7,851,164</b>	<b>21,728,838</b>	<b>48,348,846</b>	<b>177,997,943</b>
<b>TOTAL NET POSITION, END OF YEAR</b>	<b>\$97,932,523</b>	<b>\$7,869,027</b>	<b>\$24,517,917</b>	<b>\$51,625,409</b>	<b>\$181,944,876</b>

DUBLIN SAN RAMON SERVICES DISTRICT  
LOCAL WASTEWATER OPERATIONS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2017

	Local Wastewater Enterprise	Local Wastewater RSF	Local Wastewater Replacement	Local Wastewater Expansion	Total
<b>ASSETS</b>					
Current assets:					
Pooled cash	\$23,745	\$28,254	\$316,088	\$276,062	\$644,149
Pooled investments	634,581	767,270	8,544,078	7,466,404	\$17,412,333
Accounts receivable	219,277				219,277
Interest receivable	2,131	2,541	28,296	24,733	57,701
<b>Total current assets</b>	<b>879,734</b>	<b>798,065</b>	<b>8,888,462</b>	<b>7,767,199</b>	<b>18,333,460</b>
Non-current assets:					
Capital assets:					
Property, plant and equipment	56,006,835				56,006,835
Less accumulated depreciation	24,347,189				24,347,189
<b>Net property, plant and equipment</b>	<b>31,659,646</b>				<b>31,659,646</b>
Land and construction in progress	850,893		2,088,827	453,203	3,392,923
<b>Total capital assets</b>	<b>32,510,539</b>		<b>2,088,827</b>	<b>453,203</b>	<b>35,052,569</b>
<b>Total non-current assets</b>	<b>32,510,539</b>		<b>2,088,827</b>	<b>453,203</b>	<b>35,052,569</b>
<b>Total assets</b>	<b>33,390,273</b>	<b>798,065</b>	<b>10,977,289</b>	<b>8,220,402</b>	<b>53,386,029</b>
Deferred outflows of resources					
Deferred outflows pension related amounts	474,493			212,962	687,455
Deferred employer pension contributions	201,219			170,171	371,390
<b>Total deferred outflows of resources</b>	<b>675,712</b>			<b>383,133</b>	<b>1,058,845</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	127,790		168,924	58,439	355,153
Accrued compensated absences	71,235			13,071	84,306
Unearned revenue				382,693	382,693
<b>Total current liabilities</b>	<b>199,025</b>		<b>168,924</b>	<b>454,203</b>	<b>822,152</b>
Long term liabilities:					
Net pension liability	1,600,674			289,095	1,889,769
<b>Total long term liabilities</b>	<b>1,600,674</b>			<b>289,095</b>	<b>1,889,769</b>
<b>Total liabilities</b>	<b>1,799,699</b>		<b>168,924</b>	<b>743,298</b>	<b>2,711,921</b>
Deferred inflows of resources					
Deferred inflows pension related amounts	413,497			129,999	543,496
<b>Total deferred inflows of resources</b>	<b>413,497</b>			<b>129,999</b>	<b>543,496</b>
<b>NET POSITION</b>					
Net investment in capital assets	32,510,539		2,088,827	453,203	35,052,569
Restricted for:					
Expansion				7,277,035	7,277,035
Unrestricted	(657,750)	798,065	8,719,538		8,859,853
<b>Total net position</b>	<b>\$31,852,789</b>	<b>\$798,065</b>	<b>\$10,808,365</b>	<b>\$7,730,238</b>	<b>\$51,189,457</b>

DUBLIN SAN RAMON SERVICES DISTRICT  
LOCAL WASTEWATER OPERATIONS  
COMBINING STATEMENT OF REVENUES AND EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017

	Local Wastewater Enterprise	Local Wastewater RSF	Local Wastewater Replacement	Local Wastewater Expansion	Total
<b>OPERATING REVENUES</b>					
Wastewater service charges	\$2,281,874				\$2,281,874
Other revenues	3,498			\$1,046,127	1,049,625
<b>Total operating revenues</b>	<b>2,285,372</b>			<b>1,046,127</b>	<b>3,331,499</b>
<b>OPERATING EXPENSES</b>					
Personnel	1,541,292			431,017	1,972,309
Materials	172,867		\$5,221	687	178,775
Contractual services	169,734		350,425	224,157	744,316
Other	20,853			220	21,073
Overhead charges	399,944			95,620	495,564
Depreciation	1,147,037				1,147,037
<b>Total operating expenses</b>	<b>3,451,727</b>		<b>355,646</b>	<b>751,701</b>	<b>4,559,074</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(1,166,355)</b>		<b>(355,646)</b>	<b>294,426</b>	<b>(1,227,575)</b>
<b>NONOPERATING REVENUES</b>					
Investment income	1,500	\$1,788	22,603	18,135	44,026
Gain(Loss) on sale of assets	2,646				2,646
<b>Total non-operating revenues</b>	<b>4,146</b>	<b>1,788</b>	<b>22,603</b>	<b>18,135</b>	<b>46,672</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>	<b>(1,162,209)</b>	<b>1,788</b>	<b>(333,043)</b>	<b>312,561</b>	<b>(1,180,903)</b>
Non-cash contributions	1,016,280				1,016,280
Capital contributions - capacity reserve fees			496,158	479,072	975,230
Residual equity transfer	125,793		(107,501)	(18,292)	
Transfers in		6,671	287,000		293,671
Transfers (out)	(293,671)				(293,671)
<b>Changes in net position</b>	<b>(313,807)</b>	<b>8,459</b>	<b>342,614</b>	<b>773,341</b>	<b>810,607</b>
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>	<b>32,166,596</b>	<b>789,606</b>	<b>10,465,751</b>	<b>6,956,897</b>	<b>50,378,850</b>
<b>TOTAL NET POSITION, END OF YEAR</b>	<b>\$31,852,789</b>	<b>\$798,065</b>	<b>\$10,808,365</b>	<b>\$7,730,238</b>	<b>\$51,189,457</b>

DUBLIN SAN RAMON SERVICES DISTRICT  
WATER OPERATIONS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2017

	Water Total	Dougherty Valley Asmnt Dist	Allocation	Allocation OPEB Fund	Total
<b>ASSETS</b>					
Current assets:					
Pooled cash	\$2,095,781	\$26,488	\$108,170		\$2,230,439
Pooled investments	56,659,268	723,790		\$7,814	57,390,872
Restricted Investments	162,501				162,501
Accounts receivable	9,069,817		64,989		9,134,806
Interest receivable	196,501	2,396		(44)	198,853
Prepaid expenses			3,602		3,602
<b>Total current assets</b>	<b>68,183,868</b>	<b>752,674</b>	<b>176,761</b>	<b>7,770</b>	<b>69,121,073</b>
Non-current assets:					
Capital assets:					
Property, plant and equipment	193,888,282				193,888,282
Less accumulated depreciation	55,576,719				55,576,719
<b>Net property, plant and equipment</b>	<b>138,311,563</b>				<b>138,311,563</b>
Land and construction in progress	19,606,882				19,606,882
<b>Total capital assets</b>	<b>157,918,445</b>				<b>157,918,445</b>
Other assets:					
Net OPEB asset				3,917,244	3,917,244
<b>Total other assets</b>				<b>3,917,244</b>	<b>3,917,244</b>
<b>Total non-current assets</b>	<b>157,918,445</b>			<b>3,917,244</b>	<b>161,835,689</b>
<b>Total assets</b>	<b>226,102,313</b>	<b>752,674</b>	<b>176,761</b>	<b>3,925,014</b>	<b>230,956,762</b>
Deferred outflows of resources					
Deferred outflows pension related amounts	3,326,718				3,326,718
Deferred employer pension contributions	2,530,961				2,530,961
<b>Total deferred outflows of resources</b>	<b>5,857,679</b>				<b>5,857,679</b>

DUBLIN SAN RAMON SERVICES DISTRICT  
WATER OPERATIONS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2017

	Water Total	Dougherty Valley Asmnt Dist	Allocation	Allocation OPEB Fund	Total
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	5,727,944		51,604		5,779,548
Contractor bonds and deposits	515,633				515,633
Accrued compensated absences	335,544		125,157		460,701
Interest payable	798,195				798,195
Bonds payable - current portion	305,000				305,000
<b>Total current liabilities</b>	<b>7,682,316</b>		<b>176,761</b>		<b>7,859,077</b>
Long term liabilities:					
Bonds payable - less current portion	34,215,000				34,215,000
Net pension liability	4,558,739				4,558,739
Unearned revenue	4,728,761				4,728,761
<b>Total long term liabilities</b>	<b>43,502,500</b>				<b>43,502,500</b>
<b>Total liabilities</b>	<b>51,184,816</b>		<b>176,761</b>		<b>51,361,577</b>
Deferred inflows of resources					
Deferred inflows of resources - Pension	1,939,795				1,939,795
<b>Total deferred inflows of resources</b>	<b>1,939,795</b>				<b>1,939,795</b>
<b>NET POSITION</b>					
Net investment in capital assets	123,398,445				123,398,445
Restricted for:					
Expansion	17,080,697				17,080,697
Debt service					
Assessment district		752,674			752,674
Unrestricted	38,356,239			3,925,014	42,281,253
<b>Total net position</b>	<b>\$178,835,381</b>	<b>\$752,674</b>		<b>\$3,925,014</b>	<b>\$183,513,069</b>

DUBLIN SAN RAMON SERVICES DISTRICT  
WATER OPERATIONS  
COMBINING STATEMENT OF REVENUES AND EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017

	Water Total	Dougherty Valley Asmnt Dist	Allocation	Allocation OPEB Fund	Total
<b>OPERATING REVENUES</b>					
Wastewater service charges					
Water sales	\$27,831,941				\$27,831,941
Other revenues	5,210,828	\$1,561,421	\$688,508		7,460,757
<b>Total operating revenues</b>	<b>33,042,769</b>	<b>1,561,421</b>	<b>688,508</b>		<b>35,292,698</b>
<b>OPERATING EXPENSES</b>					
Personnel	5,742,913		1,724,706		7,467,619
Materials	13,683,821		106,606		13,790,427
Contractual services	8,782,842	2,471,331	478,158		11,732,331
Other	216,267		21,603		237,870
Overhead charges	1,642,565		(1,642,565)		
Depreciation	4,406,616				4,406,616
<b>Total operating expenses</b>	<b>34,475,024</b>	<b>2,471,331</b>	<b>688,508</b>		<b>37,634,863</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(1,432,255)</b>	<b>(909,910)</b>			<b>(2,342,165)</b>
<b>NONOPERATING REVENUES (EXPENSE)</b>					
Investment income	146,425	7,253		(\$206)	153,472
Gain on sale of assets	25,103				25,103
Interest (expense)	(1,917,985)				(1,917,985)
<b>Total non-operating revenues (expenses), net</b>	<b>(1,746,457)</b>	<b>7,253</b>		<b>(206)</b>	<b>(1,739,410)</b>
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS</b>					
	(3,178,712)	(902,657)		(206)	(4,081,575)
Non-cash contributions	3,468,839				3,468,839
Capital contributions - capacity reserve fees	9,609,376				9,609,376
Transfers in	5,801,000				5,801,000
Transfers (out)	(5,801,000)				(5,801,000)
<b>Changes in net position</b>	<b>9,899,503</b>	<b>(902,657)</b>		<b>(206)</b>	<b>8,996,640</b>
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>	<b>168,935,878</b>	<b>1,655,331</b>		<b>3,925,220</b>	<b>174,516,429</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$178,835,381</b>	<b>\$752,674</b>		<b>\$3,925,014</b>	<b>\$183,513,069</b>



DUBLIN SAN RAMON SERVICES DISTRICT  
WATER FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2017

	Water Enterprise	Water RSF	Water Replacement	Water Expansion	Total
<b>ASSETS</b>					
Current assets:					
Pooled cash	\$253,406	\$457,945	\$591,561	\$792,869	\$2,095,781
Pooled investments	6,850,593	12,375,724	15,995,144	21,437,807	56,659,268
Cash in Escrow				162,501	162,501
Accounts receivable	6,333,668	(5,707)	970,266	1,771,590	9,069,817
Interest receivable	22,780	40,986	56,070	76,665	196,501
	<u>13,460,447</u>	<u>12,868,948</u>	<u>17,613,041</u>	<u>24,241,432</u>	<u>68,183,868</u>
Total current assets					
Non-current assets:					
Capital assets:					
Property, plant and equipment	169,887,496			24,000,786	193,888,282
Less accumulated depreciation	<u>51,771,716</u>			<u>3,805,003</u>	<u>55,576,719</u>
Net property, plant and equipment	118,115,780			20,195,783	138,311,563
Land and construction in progress	<u>6,806,038</u>		<u>10,520,198</u>	<u>2,280,646</u>	<u>19,606,882</u>
	<u>124,921,818</u>		<u>10,520,198</u>	<u>22,476,429</u>	<u>157,918,445</u>
Total capital assets					
	<u>124,921,818</u>		<u>10,520,198</u>	<u>22,476,429</u>	<u>157,918,445</u>
Total non-current assets					
	<u>138,382,265</u>	<u>12,868,948</u>	<u>28,133,239</u>	<u>46,717,861</u>	<u>226,102,313</u>
Total assets					
Deferred outflows of resources					
Deferred outflows pension related amounts	2,974,573			352,145	3,326,718
Deferred employer pension contributions	<u>2,253,087</u>			<u>277,874</u>	<u>2,530,961</u>
Total deferred outflows of resources	<u>5,227,660</u>			<u>630,019</u>	<u>5,857,679</u>

DUBLIN SAN RAMON SERVICES DISTRICT  
WATER FUNDS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2017

	Water Enterprise	Water RSF	Water Replacement	Water Expansion	Total
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	3,094,338		1,043,968	1,589,638	5,727,944
Contractor bonds and deposits	515,633				515,633
Accrued compensated absences	317,991			17,553	335,544
Interest Payable				798,195	798,195
Bonds payable - current portion				305,000	305,000
Total current liabilities	<u>3,927,962</u>		<u>1,043,968</u>	<u>2,710,386</u>	<u>7,682,316</u>
Long term liabilities:					
Bonds payable - less current portion				34,215,000	34,215,000
Net pension liability	4,107,945			450,794	4,558,739
Unearned revenue				4,728,761	4,728,761
Total long term liabilities	<u>4,107,945</u>			<u>39,394,555</u>	<u>43,502,500</u>
Total liabilities	<u>8,035,907</u>		<u>1,043,968</u>	<u>42,104,941</u>	<u>51,184,816</u>
Deferred inflows of resources					
Deferred inflows of resources - Pension	1,733,982			205,813	1,939,795
Total deferred inflows of resources	<u>1,733,982</u>			<u>205,813</u>	<u>1,939,795</u>
<b>NET POSITION</b>					
Net investment in capital assets	124,921,818		10,520,198	(12,043,571)	123,398,445
Restricted for:					
Expansion				17,080,697	17,080,697
Debt service					
Unrestricted	<u>8,918,218</u>	<u>12,868,948</u>	<u>16,569,073</u>		<u>38,356,239</u>
Total net position	<u>\$133,840,036</u>	<u>\$12,868,948</u>	<u>\$27,089,271</u>	<u>\$5,037,126</u>	<u>\$178,835,381</u>

DUBLIN SAN RAMON SERVICES DISTRICT  
WATER FUNDS  
COMBINING STATEMENT OF REVENUES AND EXPENSES  
AND CHANGES IN FUND NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2017

	Water Enterprise	Water RSF	Water Replacement	Water Expansion	Total
<b>OPERATING REVENUES</b>					
Water sales	\$27,831,941				\$27,831,941
Other revenues	664,362	\$743,972	\$858,157	\$2,944,337	5,210,828
Total operating revenues	28,496,303	743,972	858,157	2,944,337	33,042,769
<b>OPERATING EXPENSES</b>					
Personnel	5,157,581			585,332	5,742,913
Materials	13,081,178		218,049	384,594	13,683,821
Contractual services	2,681,336		1,613,697	4,487,809	8,782,842
Other	181,310	34,907		50	216,267
Overhead Charges	1,479,706			162,859	1,642,565
Depreciation	3,821,231			585,385	4,406,616
Total operating expenses	26,402,342	34,907	1,831,746	6,206,029	34,475,024
OPERATING INCOME (LOSS)	2,093,961	709,065	(973,589)	(3,261,692)	(1,432,255)
<b>NONOPERATING REVENUES (EXPENSE)</b>					
Investment income	45,068	18,533	27,355	55,469	146,425
Gain on sale of assets	25,103				25,103
Interest (expense)				(1,917,985)	(1,917,985)
Total non-operating revenues (expenses)	70,171	18,533	27,355	(1,862,516)	(1,746,457)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	2,164,132	727,598	(946,234)	(5,124,208)	(3,178,712)
Non-cash contributions	3,468,839				3,468,839
Capital contributions - capacity reserve fees			2,513,852	7,095,524	9,609,376
Residual equity transfer	536,357		(429,372)	(106,985)	
Transfers in		1,000,000	4,126,000	675,000	5,801,000
Transfers (out)	(4,801,000)			(1,000,000)	(5,801,000)
Changes in net position	1,368,328	1,727,598	5,264,246	1,539,331	9,899,503
TOTAL NET POSITION, BEGINNING OF YEAR	132,471,708	11,141,350	21,825,025	3,497,795	168,935,878
TOTAL NET POSITION, END OF YEAR	\$133,840,036	\$12,868,948	\$27,089,271	\$5,037,126	\$178,835,381

DUBLIN SAN RAMON SERVICES DISTRICT  
ALLOCATIONS  
COMBINING STATEMENT OF NET POSITION  
JUNE 30, 2017

	Administrative Cost Center	OPEB Fund	Total
<b>ASSETS</b>			
Current assets:			
Pooled cash	\$287,534		\$287,534
Pooled investments		\$21,386	21,386
Accounts receivable	172,751		172,751
Interest receivable		(44)	(44)
Prepaid expense	9,575		9,575
Total current assets	<u>469,860</u>	<u>21,342</u>	<u>491,202</u>
Other assets:			
Net OPEB asset		12,401,603	12,401,603
Total other assets		<u>12,401,603</u>	<u>12,401,603</u>
Total non-current assets		<u>12,401,603</u>	<u>12,401,603</u>
Total assets	<u>469,860</u>	<u>12,422,945</u>	<u>12,892,805</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	137,172		137,172
Accrued compensated absences	332,688		332,688
Total current liabilities	<u>469,860</u>		<u>469,860</u>
Total liabilities	<u>469,860</u>		<u>469,860</u>
<b>NET POSITION</b>			
Unrestricted		<u>12,422,945</u>	<u>12,422,945</u>
Total net position	<u><u>469,860</u></u>	<u><u>\$12,422,945</u></u>	<u><u>\$12,422,945</u></u>

DUBLIN SAN RAMON SERVICES DISTRICT  
 ALLOCATIONS  
 COMBINING STATEMENT OF REVENUES AND EXPENSES  
 AND CHANGES IN FUND NET POSITION  
 FOR THE YEAR ENDED JUNE 30, 2017

	Administrative Cost Center	OPEB Fund	Total
<b>OPERATING REVENUES</b>			
Other revenues	\$1,830,166		\$1,830,166
Total operating revenues	1,830,166		1,830,166
<b>OPERATING EXPENSES</b>			
Personnel	4,584,544		4,584,544
Materials	283,377		283,377
Contractual services	1,271,022		1,271,022
Other	57,426		57,426
Overhead charges	(4,366,203)		(4,366,203)
Total operating expenses	1,830,166		1,830,166
<b>OPERATING INCOME</b>			
<b>NONOPERATING REVENUES</b>			
Investment income		(\$488)	(488)
Total non-operating revenues		(488)	(488)
Changes in net position		(488)	(488)
<b>TOTAL NET POSITION, BEGINNING OF YEAR</b>		12,423,433	12,423,433
<b>TOTAL NET POSITION, END OF YEAR</b>		<u>\$12,422,945</u>	<u>\$12,422,945</u>

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