



**Dublin San Ramon
Services District**

Water, wastewater, recycled water



ANNUAL COMPREHENSIVE FINANCIAL REPORT 2023

Fiscal Year Ended June 30

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Fiscal Year Ended June 30



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Services District**

Water, wastewater, recycled water

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INTRODUCTORY SECTION

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December 20, 2023

To the Board of Directors and Dublin San Ramon Services District customers:

State law requires that every general purpose local government publish a complete set of audited financial statements within six months of the close of each fiscal year. The Dublin San Ramon Services District publishes this report to fulfill that requirement for the fiscal year ended June 30, 2023.

The management of Dublin San Ramon Services District assumes full responsibility for the completeness and reliability of the information in these financial statements, based upon a comprehensive system of internal controls established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Maze & Associates has issued an unmodified (“clean”) opinion on the Dublin San Ramon Services District’s financial statements for the year ended June 30, 2023. The independent auditor’s report is located in the front of the financial section of this report

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

In accordance with standards established by the Governmental Accounting Standards Board’s Statement No. 14, The Financial Reporting Entity, the District meets the definition of a stand-alone government. As of June 30, 2023, the District participates in two joint powers authorities (JPA): the Livermore-Amador Valley Water Management Agency (LAVWMA) and the Dublin San Ramon Services District-East Bay Municipal Utility District Recycled Water Authority (DERWA).

DISTRICT OVERVIEW AND ECONOMIC CONDITIONS



Construction continues on the former Camp Parks site.

OVERVIEW

The District was formed in 1953 as the Parks Community Service District. The name was changed to Valley Community Services District (VCSD) in the early 1960s. VCSD became the vehicle for delivering local services before city governments existed, including water and wastewater services, recreation and parks, garbage collection, and fire protection. The name of the District was changed again in 1977 to Dublin San Ramon Services District (DSRSD) to reflect its service areas. By 1988, the cities of Dublin and San Ramon had incorporated and assumed responsibility for many of the services originally provided by the District, which allowed DSRSD to focus on water and wastewater services. In 1999, the District began providing a third service, recycled water. DSRSD currently provides water, recycled water, and wastewater services to more than 196,000 residents in Dublin, southern San Ramon, the Dougherty Valley area of San Ramon, and Pleasanton.

DSRSD's service area lies within the Tri-Valley, which is part of the East Bay region of the San Francisco Bay Area. The service area includes all of the City of Dublin, which is located approximately 35 miles east of San Francisco and 35 miles north of San Jose. The service area also includes portions of the City of San Ramon, which is located to the north of Dublin. In addition, the District provides wastewater treatment services to the City of Pleasanton under the agreement with the city.

ECONOMIC CONDITIONS

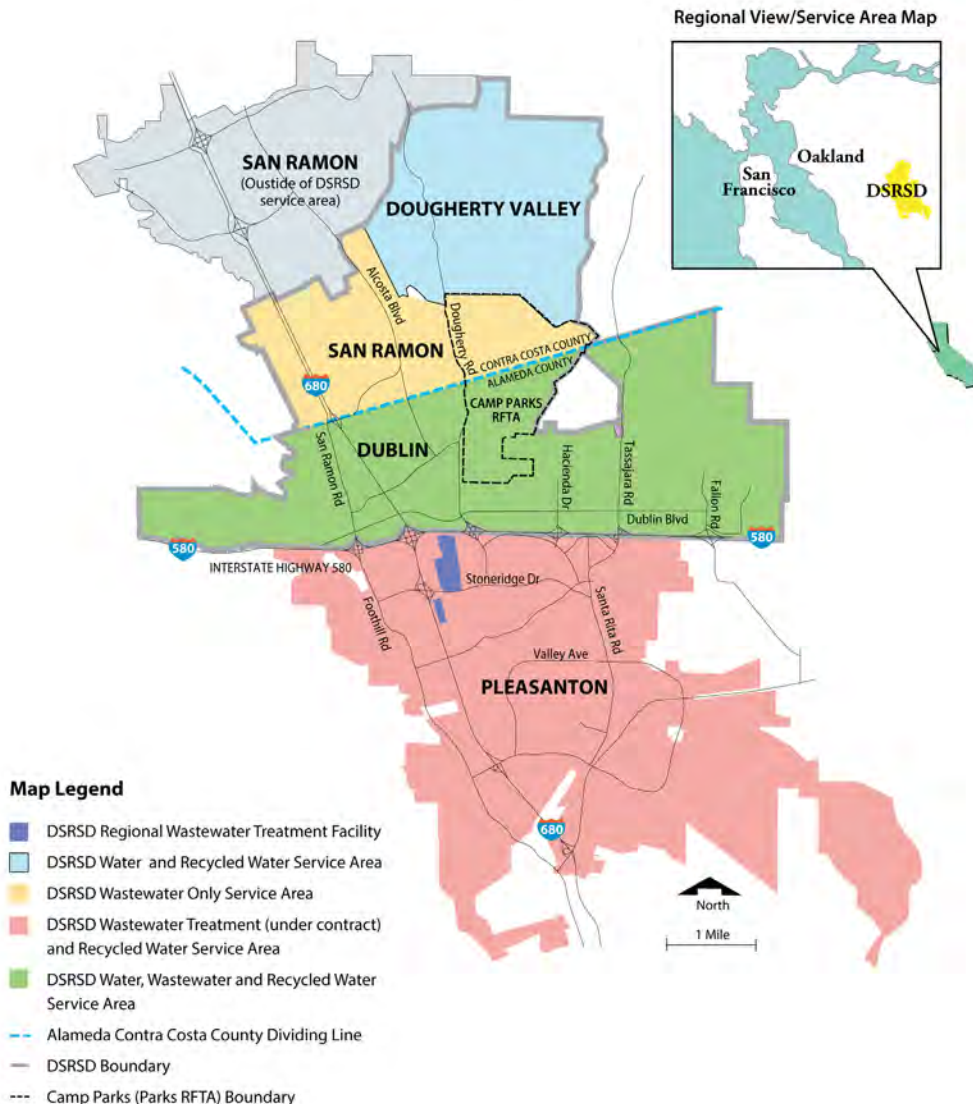
As of September 2023, the district's service area encompassing the cities of Dublin, Pleasanton, and South San Ramon had unemployment rates of 2.6%, 2.4%, and 2.6%, respectively. The greater East Bay Region (Alameda and Contra Costa County) had unemployment rates of 2.9% and 3.2%, respectively during the same period, placing them among the top performing counties in California. The state's unemployment rate was 3.8% at this time.

Personal income is on an upward trend in the East Bay, but this has been coupled with significant increases in cost of living. Food and energy are the main drivers of these increases at 10.0% and 25.9% over the prior year, respectively. Overall, inflation has increased by 6.0% in the last year. The East Bay's price increases are not unique to the area, so it still maintains a lower cost of living compared to San Francisco and Santa Clara County.

The housing market in the East Bay remains strong. Assessed property values in Alameda County saw an overall 4.5% increase over the prior year. The cities of Dublin and Pleasanton specifically saw 3.8% and 2.5% increases. Contra Costa county reported a 7.8% increase in assessed property values over prior year with City of San Ramon at 6.0%. As of October 2023, sales for existing single-family homes are down 15.1% in Alameda County and 16.0% in Contra Costa County.

SERVICE AREA

The District’s service area lies within the Tri-Valley, which is part of the East Bay region of the San Francisco Bay Area. The City of Dublin, located approximately 35 miles east of San Francisco and 35 miles north of San Jose, comprises the largest part of the service area. The service area also includes two portions of the City of San Ramon: the original “Village”, which is located to the north of Dublin, and the newer Dougherty Valley, located northeast of Dublin. By contract, the District provides wastewater treatment services for the City of Pleasanton, located south of Dublin. Located within commuting distance of major employers throughout the Bay Area, the Tri-Valley offers many transportation options, including Interstates 580 and 680, Bay Area Rapid Transit (BART), Altamont Commuter Express (ACE), and Livermore Amador Valley Transit Authority (LAVTA).



FINANCIAL PLANNING AND POLICIES

District management is responsible for establishing and maintaining an internal control structure that protects the assets of the District from loss, theft, or misuse. The District uses the full accrual method for financial reporting and employs enterprise funds to account for its activities.



An enterprise fund is used to account for governmental activities that are similar to activities performed by a commercial enterprise. However, the purpose of an enterprise fund is not to maximize return, as in the private sector, but to provide a product or service to the public at a reasonable cost. Funds are used to track operations for internal budgeting and reporting. Each department budgets its operations among the enterprise funds. The 10-year capital improvement program and the 2-year operating budget are approved by the Board of Directors. The general manager is authorized to approve budget transfers within a fund with certain limitations.

Recognizing the critical importance of financial planning and controls, the District has developed comprehensive financial policies based on industry best practices. The policies guide long-term planning and ensure that financial decisions are analyzed and applied in a consistent manner. The Board of Directors reviews and approves all financial policies.

District policies are available online at www.dsrsd.com/about-us/district-policies.

Finance policies include:

- Apportioning Planning Costs (P400-22-1)
- Auditor Selection and Services (P400-21-2)
- Budget Accountability (P400-23-2)
- Capital Financing and Debt Management (P400-17-3)
- Consolidated Water Enterprise Fund (P400-19-1)
- Debt Disclosure (P400-17-2)
- Financial Reserves (P400-15-1)
- Investment (P400-18-4)
- Project Cost Allocation (P400-17-5)
- Rate Policies and Guidelines (P400-16-1)
- Utility Billing Leak Adjustments (P400-23-1)
- Discontinuation of Residential Water Service for Nonpayment (P400-21-1)
- Discontinuation of Residential Water Service for Nonpayment (P400-21-1)

The District has a long-term approach to financial planning and utilizes a 10-year financial planning model to develop 2-year budgets, 10-year capital plans, and various rate studies. This long-term focus aligns with Finance objectives to manage public funds to provide financial stability, cost of service based rate management and development, and maintenance of a solid AA credit rating. Meeting these goals ensures timely and reasonable access to credit markets when needed.

FISCAL YEAR ENDED 2023

District policies are reviewed at least once every four years to ensure that the Board has the opportunity to be acquainted with all policies during their term of office. There were three Finance policies updated in FYE 2023.

The Board adopts a 5-year Strategic Plan, and conducts rate and fee studies approximately every five years.



STRATEGIC PLAN GOALS AND ACTION ITEMS— FY24 THROUGH FY28

Maintain our financial stability and sustainability

- Monitor the District's finances to meet funding needs and maintain fair and reasonable water and wastewater rates, while striving to have revenues to meet inflation needs.
- Ensure financial sustainability through long-term financial planning, including 10-year modeling.
- Review and update the District's revenue policies.

Meet or exceed regulatory requirements while preparing for the future regulatory landscape

- Sustain a robust safety culture by continuously updating the District's environmental health and safety program.
- Develop and maintain a centralized regulatory tracking system.
- Collaborate with partner agencies to monitor pending regulatory assessments and explore potential compliance and mitigation strategies.
- Implement requirements to comply with standards adopted by the New Remedial Laboratory Accreditation Program beginning January 1, 2024.

Enhance our ability to respond to emergencies and maintain business continuity

- Update and maintain documentation of emergency response and business continuity plans, including support documents for regional coordination and mutual assistance.
- Maintain inventory of emergency assets, equipment, and materials in stock.
- Integrate and strengthen program knowledge and competency of emergency response through ongoing training and Incident Command System (ICS) and Emergency Operation Center (EOC) exercises.
- Explore coordination of emergency planning with partner agencies and the cities we serve.

Maintain a high level of customer service and community relations through public outreach, education and partnership efforts

- Educate and engage the community on the Tri-Valley's water supply challenges and opportunities through implementation of the Tri-Valley Water Reliability Public Information Program.
- Build public awareness of the District's priorities, initiatives, systems, and services.
- Leverage Tri-Valley and regional partnerships to maximize public outreach efforts.

Improve the resiliency of the District's water supplies against future uncertainties

- Work collaboratively with our Tri-Valley and regional partners in the development of a more diversified and resilient water supply.
- Pursue and implement water conservation strategies to reduce water demand, improve system reliability, and comply with state regulations.

Factor long-term partnerships to provide efficient and cost-effective services

- Build relationships and actively participate in local partnerships, regional groups, coalitions, and associations to advance systems goals.
- Review and update our Joint Powers Authority and other interagency agreements and contracts to address changing conditions and align with the District's Mission and Strategic Plan goals.

Optimize the Asset Management Program to guide District business decisions

- Standardize and implement District-wide procedures and plans for the Asset Management Program.
- Expand and maintain asset records including equipment data, criticality, maintenance history, asset condition, and performance.
- Use asset management data to maximize the life of assets and budget for long-term capital replacement needs.

Improve energy efficiency and reliability for the District

- Develop a District energy policy and District energy master plan that evaluates sustainable energy sources and opportunities for cost-effective energy conservation and efficiency.
- Monitor and effective energy projects consistent with the District's energy policy, business needs, and future regulations.

Maintain a culture that attracts, retains, and engages a high performing workforce in support of the District's Mission and Values

- Diversify and strengthen the skills of District employees to meet meeting workforce demands through participation in professional organizations and development program.
- Implement a structured management and leadership program for employee career and professional growth.
- Promote a strong District workforce culture which encourages learning, teamwork, and acceptance of employee contributions, and enhance employee engagement.
- Develop a succession plan for key positions where feasible.

Optimize District-wide operations by integrating our best practices, procedures, and information systems to meet evolving needs

- Integrate our business enterprise systems to more effectively share data across the District.
- Review and update our Information Technology and SCADA Master Plans.

For FYE 2024, the Board adopted the following items:

June 2023
Local & Regional Wastewater Rate Study for FYE 2024-2028

June 2023
Amended CIP Two-Year Budget for FYE 2024 and FYE 2025

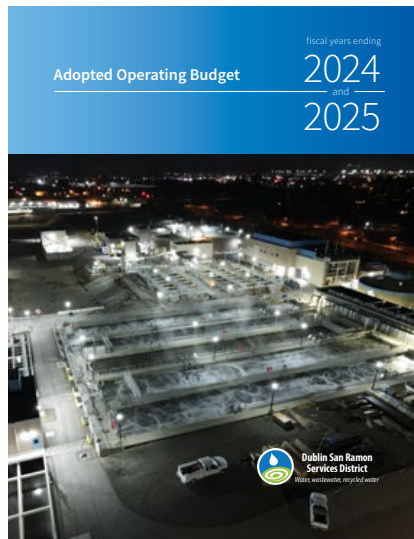
June 2023
Amended CIP Ten-Year Plan for FYE 2024 - 2033

Rate and fee studies, operating and capital budgets, master and strategic plans may be found on the District website at www.drsrd.com/about-us/library/financial-information.

For a detailed discussion and analysis of the District's operations during fiscal year ending June 30, 2023, please read the Management's Discussion and Analysis (MD&A) in the Financial Section of this report. Financial Trends, in the Statistical Section of this report, summarizes the historical fluctuations in revenues sources and operating expenses the District has experienced over the past 10 years.



Capital Improvement Program
TEN YEAR PLAN— Fiscal Years 2024 through 2033
TWO YEAR BUDGET— Fiscal Years 2024 and 2025



Adopted Operating Budget
Fiscal years ending
2024
and
2025

The District's Strategic Plan, Two-Year Operating Budget and its Capital Improvement Program Ten-Year Plan and Two-Year Budget.

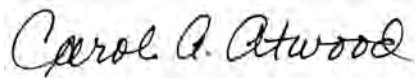
AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to Dublin San Ramon Services District for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2022. This was the 22nd consecutive year the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principle and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only, we believe our current annual comprehensive financial report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. The preparation of this report would not have been possible without the hard work and dedication of the Financial Services Division, especially Christine Chen, Rene Escobar, Sheree Davis, Candee Yang, Jesse Valdez, and Herman Chen. We also want to express our appreciation to the staff members throughout the District who assisted and contributed to the information presented in this report. Finally, we would like to acknowledge the support of the DSRSD Board of Directors for its dedication to serving customers well by maintaining strong financial standards.

Respectfully submitted,



Daniel McIntyre
General Manager



Carol Atwood
Director/Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Dublin San Ramon Services District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

BOARD OF DIRECTORS



GEORGAN VONHEEDER-LEOPOLD

President (Division 4)

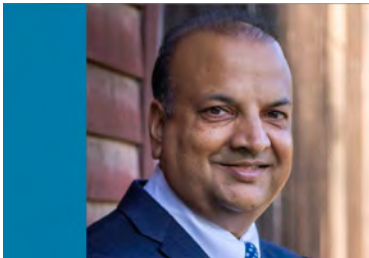
Board member since July 2009
Term expires December 2026
(Previously served 1992–2000)



ANN MARIE JOHNSON

Vice President (Division 2)

Board member since 2018
Term expires December 2026



ARUN GOEL

Director (Division 5)

Board member since 2021
Term expires December 2024



DINESH GOVINDARAO

Director (Division 1)

Board member since 2023
Term expires December 2024



RICHARD HALKET

Director (Division 3)

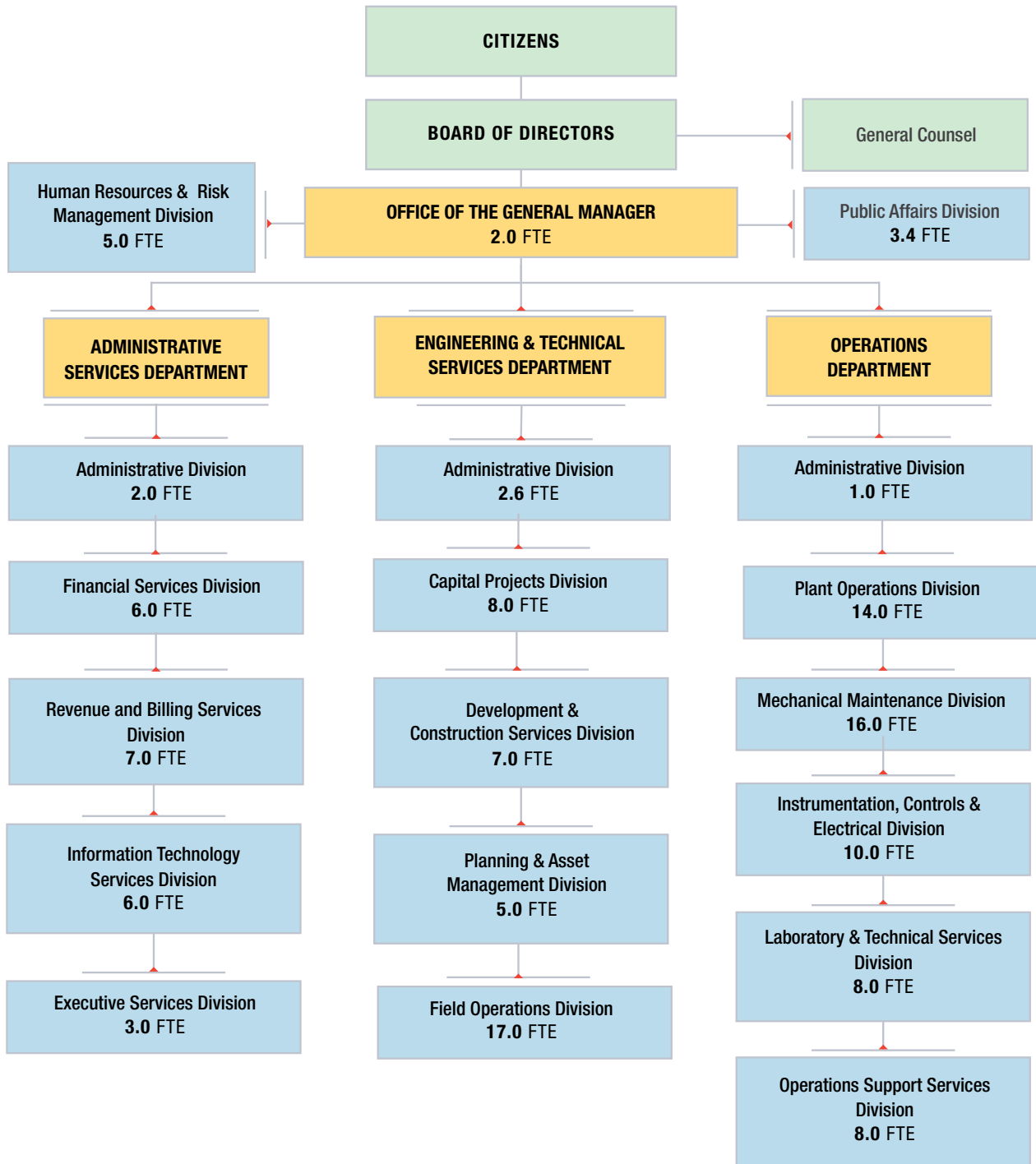
Board member since 2004
Term expires December 2024

SENIOR MANAGEMENT TEAM

- DANIEL MCINTYRE**.....General Manager
- JAN LEE**.....Assistant General Manager
- CAROL ATWOOD**.....Administrative Services Director
- DAN GILL**.....Operations Director
- STEVE DELIGHT**.....Engineering & Technical Services Director
- MICHELLE GALLARDO**.....Special Assistant to the General Manager

ORGANIZATION CHART

As of June 30, 2023



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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the business-type activities of the Dublin San Ramon Services District (District), Dublin, California, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinions, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the District as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis and other required supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

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

Pleasant Hill, California
December 12, 2023

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DUBLIN SAN RAMON SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
BASIC FINANCIAL STATEMENTS
Fiscal Years Ended June 30, 2023 and 2022

Financial Highlights for Fiscal Year 2023

- ✓ The District's net position increased \$19.8 million or 3.7% from \$534.3 million to \$554 million
- ✓ Service charge revenues increased \$8.2 million or 14.5% from \$56.3 million to \$64.4 million
- ✓ Capacity reserve fees increased \$2.7 million or 15.1% from \$17.5 million to \$20.2 million
- ✓ Operating expenses (excluding depreciation) increased \$15.2 million or 24.6% from \$61.6 million to \$76.7 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. Currently, the District service area is comprised of five divisions with one Director representing each division and serving 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, 2023 and 2022

TABLE 1

Period ended June 30	Condensed Statements of Net Position						
	2023	2022	Change in 2023		2021	Change in 2022	
			\$	%		\$	%
			Change	Change		Change	Change
Current and restricted assets	\$ 250,532,287	\$ 242,746,894	\$ 7,785,393	3.2%	\$ 229,579,002	\$ 13,167,892	5.7%
Investment in JPA	54,085,969	52,786,028	1,299,941	2.5%	52,308,093	477,935	0.9%
Capital assets	302,580,002	299,230,577	3,349,425	1.1%	291,655,789	7,574,788	2.6%
Other assets	78,460	8,129,128	(8,050,668)	-99.0%	4,444,646	3,684,482	82.9%
Total assets	607,276,718	602,892,627	4,384,091	0.7%	577,987,530	24,905,097	4.3%
Deferred outflow of resources	26,913,762	7,045,885	19,867,877	282.0%	10,288,601	(3,242,716)	-31.5%
Current and restricted liabilities	16,329,094	21,307,153	(4,978,059)	-23.4%	17,798,489	3,508,664	19.7%
Long-term liabilities	52,886,203	34,731,605	18,154,598	52.3%	49,101,830	(14,370,225)	-29.3%
Total liabilities	69,215,297	56,038,758	13,176,539	23.5%	66,900,319	(10,861,561)	-16.2%
Deferred inflow of resources	10,894,379	19,627,029	(8,732,650)	-44.5%	6,917,820	12,709,209	183.7%
Net Position							
Net investment in capital assets	271,185,002	267,360,577	3,824,425	1.4%	259,330,789	8,029,788	3.1%
Restricted for expansion	157,572,449	149,174,040	8,398,409	5.6%	145,173,609	4,000,431	2.8%
Restricted for debt service	-	2	(2)	(1)	2	-	-
Restricted for assessment district	319,238	203,996	115,242	56.5%	423,586	(219,590)	-51.8%
Unrestricted	125,004,117	117,534,111	7,470,006	6.4%	109,530,006	8,004,105	7.3%
Total net position	\$ 554,080,806	\$ 534,272,726	\$ 19,808,080	3.7%	\$ 514,457,992	\$ 19,814,734	3.9%

For fiscal year ended June 30, 2023 (FYE 2023), total assets increased \$4.4 million or 0.7% compared to an increase of \$24.9 million or 4.3% in June 30, 2022 (FYE 2022). The increase is primarily due to investment performance and increased capital assets.

Total liabilities increased \$13.2 million or 23.5% in FYE 2023 compared to a decrease of \$10.9 million or 16.2% in FYE 2022. The decrease was due to weak pension and OPEB investment performance resulting in a net pension liability.

Changes to the deferred inflows/outflows of resources are related to the District's pension and other post-employment benefits (OPEB) plans with the California Public Employees' Retirement System (CalPERS), for additional information see Financial Statement Note #10 – Pension Plan and Note #11 – Post Employment Health Care Benefits.

As a result of the change in assets and liabilities above, the District's total net position increased \$19.8 million or 3.7% in FYE 2023 compared to an increase of \$19.8 million or 3.9% in FYE 2022.

DUBLIN SAN RAMON SERVICES DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
BASIC FINANCIAL STATEMENTS
Fiscal Years Ended June 30, 2023 and 2022

TABLE 2

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

Period ended June 30			Change in 2023				Change in 2022	
	2023	2022	\$	%	2021	\$	%	
			Change	Change		Change	Change	
Operating revenues	\$ 64,409,621	\$ 56,253,389	\$ 8,156,232	14.5%	\$ 63,603,757	\$ (7,350,368)	-11.6%	
Other revenues	16,670,602	22,877,797	(6,207,195)	-27.1%	7,876,646	15,001,151	190.5%	
Investment income	2,400,474	(8,604,613)	11,005,087	-127.9%	(663,326)	(7,941,287)	1197.2%	
Capacity reserve fees	20,167,634	17,528,816	2,638,818	15.1%	8,748,665	8,780,151	100.4%	
Contributions	3,096,300	3,828,960	(732,660)	-19.1%	2,802,000	1,026,960	36.7%	
Total revenues	106,744,631	91,884,349	14,860,282	16.2%	82,367,742	9,516,607	11.6%	
Operating expenses	76,727,033	61,567,386	15,159,647	24.6%	63,693,579	(2,126,193)	-3.3%	
Depreciation	8,817,221	9,086,272	(269,051)	-3.0%	8,980,372	105,900	1.2%	
Non-operating expenses	1,392,292	1,415,958	(23,666)	-1.7%	1,438,263	(22,305)	-1.6%	
Total expenses	86,936,546	72,069,616	14,866,930	20.6%	74,112,214	(2,042,598)	-2.8%	
Changes in net position	19,808,085	19,814,733	(6,648)	0.0%	8,255,528	11,559,205	140.0%	
Beginning net position	534,272,725	514,457,992	19,814,733	3.9%	468,346,724	46,111,268	9.8%	
Prior period adjustment	-	-	-		37,855,740	(37,855,740)	0.0%	
Beginning net position, as restated	534,272,725	514,457,992	19,814,733	3.9%	506,202,464	8,255,528	1.6%	
Ending net position	\$ 554,080,806	\$ 534,272,725	\$ 19,808,085	3.7%	\$ 514,457,992	\$ 19,814,733	3.9%	

For FYE 2023, total revenues increased \$14.9 million or 16.2% compared to an increase of \$9.5 million or 11.6% in FYE 2022. The increase was primarily due to fair market adjustment of District investments and higher development activity.

Total expenses increased by \$14.9 million or 20.6% in FYE 2023 compared to a decrease of \$2.0 million or 2.8% in FYE 2022. The increase was primarily due rising pension expenses and capital expenditures.

Capital Assets and Debt

During FYE 2023, the District purchased, had contributed, or transferred from construction in progress the following assets:

Contributed sub-surface lines	\$3,108,900
Facility Improvement	95,913
Vehicles and equipment	761,487
	\$3,966,300

In FYE 2023, the District had 23,110 linear feet of potable water line, 3,380 linear feet of recycled water line, and 16,093 linear feet of sewer line contributed by developers valued at \$3.1 million. Facility improvements of \$95,913 is primarily due to costs related to replacement of pump station 20A vertical turbine. Vehicles and equipment of \$761,487 includes purchase of a CCTV, five vehicles, and various equipment. For additional information on capital assets see Financial Statement Note 4 – Capital Assets.

DUBLIN SAN RAMON SERVICES DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS OF
BASIC FINANCIAL STATEMENTS
Fiscal Years Ended June 30, 2023 and 2022

In FYE 2023 the District had the following additions to construction in progress:

Construction in Progress

Water Lines Replacement - Wineberry Area	2,366,047
Wastewater system expansion and improvements	3,747,256
Water system expansion and improvements	2,642,710
	\$8,756,014

Wastewater system improvements include the Primary Sedimentation Expansion and East Dublin Trunk Sewer Rehabilitation projects. Water system expansion and improvements include Camp Parks Water Mains, Emergency Response, and Valve and Blow-Off Replacement projects.

On December 1, 2017, the District issued \$33,590,000 of 2017 Water Revenue Refunding Bonds with proceeds used to advance refund the outstanding portion of the 2011 Water Revenue Refunding Bonds. 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.

Debt Payable	Balance at 6/30/2022	Additions	Principal Payments	Balance at 6/30/2023
2017 Water Revenue Refunding Bonds	\$31,870,000	-	\$475,000	\$31,395,000

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 Division at 7051 Dublin Blvd., Dublin, California 94568 or call 925-828-0515.

BASIC FINANCIAL STATEMENTS

DUBLIN SAN RAMON SERVICES DISTRICT
COMPARATIVE STATEMENTS OF NET POSITION
JUNE 30, 2023
WITH SUMMARIZED TOTALS AS OF JUNE 30, 2022

	2023			2022
	Wastewater	Water	Totals	
ASSETS				
Current assets:				
Pooled cash	\$8,706,204	\$7,383,655	\$16,089,859	\$13,000,340
Pooled investments	113,553,278	99,994,360	213,547,638	211,587,845
Restricted cash - debt service	-	855	855	2
Accounts receivable	9,663,399	10,832,886	20,496,285	15,360,990
Lease receivable	-	-	-	2,068,914
Interest receivable	187,612	172,842	360,454	664,644
Deferred capacity reserve fees receivable	29,696	-	29,696	31,269
Prepaid expenses	4,343	3,157	7,500	32,890
Total current assets	132,144,532	118,387,755	250,532,287	242,746,894
Non-current assets:				
DERWA & LAVWMA investments in JPA	15,116,087	38,969,882	54,085,969	52,786,028
Capital assets:				
Property, plant and equipment	240,902,591	181,001,583	421,904,174	417,760,510
Less accumulated depreciation	115,554,322	73,502,945	189,057,267	180,593,990
Net property, plant and equipment	125,348,269	107,498,638	232,846,907	237,166,520
Land and construction in progress	33,813,862	35,919,233	69,733,095	62,064,057
Total capital assets	159,162,131	143,417,871	302,580,002	299,230,577
Other assets:				
Net Pension asset	-	-	-	1,162,379
Net OPEB asset	42,657	31,004	73,661	6,932,254
Deferred capacity reserve fees receivable - long term	4,799	-	4,799	34,495
Total other assets	47,456	31,004	78,460	8,129,128
Total non-current assets	174,325,674	182,418,757	356,744,431	360,145,733
Total assets	306,470,206	300,806,512	607,276,718	602,892,627
Deferred outflows of resources				
Deferred outflows pension related amounts	11,636,607	8,161,112	19,797,719	3,182,057
Deferred employer pension contributions	1,749,821	1,242,908	2,992,729	2,605,109
Deferred outflows OPEB related amounts	2,042,223	1,484,323	3,526,546	1,258,719
Deferred employer OPEB contributions	345,588	251,180	596,768	-
Total deferred outflows of resources	15,774,239	11,139,523	26,913,762	7,045,885

DUBLIN SAN RAMON SERVICES DISTRICT
 COMPARATIVE STATEMENTS OF NET POSITION
 JUNE 30, 2023
 WITH SUMMARIZED TOTALS AS OF JUNE 30, 2022

	2023			2022
	Wastewater	Water	Totals	
LIABILITIES				
Current liabilities:				
Accounts payable	\$2,735,021	\$5,676,143	\$8,411,164	\$13,075,450
Contractor bonds and deposits	2,035,756	2,490,092	4,525,848	4,523,395
Accrued expenses	312,563	227,176	539,739	561,894
Accrued compensated absences	1,053,293	690,057	1,743,350	1,685,500
Interest payable	-	579,297	579,297	589,192
Current portion of long-term debt	-	500,000	500,000	475,000
Unearned revenue and other liabilities	29,696	-	29,696	396,722
Total current liabilities	6,166,329	10,162,765	16,329,094	21,307,153
Long term liabilities:				
Long-term debt				
less current portion	-	30,895,000	30,895,000	31,395,000
Net pension liability	12,227,935	7,253,875	19,481,810	-
DLD remediation reserve	2,147,196	-	2,147,196	2,145,663
Unearned revenue and other liabilities	4,799	357,398	362,197	1,190,942
Total long term liabilities	14,379,930	38,506,273	52,886,203	34,731,605
Total liabilities	20,546,259	48,669,038	69,215,297	56,038,758
Deferred inflows of resources				
Deferred inflows of resources - Pension	5,812,814	3,925,853	9,738,667	12,189,522
Deferred inflows of resources - OPEB	669,273	486,439	1,155,712	5,429,313
Deferred inflows of resources - Leases	-	-	-	2,008,194
Total deferred inflows of resources	6,482,087	4,412,292	10,894,379	19,627,029
NET POSITION				
Net investment in capital assets	159,162,131	112,022,871	271,185,002	267,360,577
Restricted for:				
Expansion	67,029,525	90,542,069	157,571,594	149,174,039
OPEB	42,657	31,004	73,661	6,932,254
Debt service	-	855	855	2
Assessment district	-	319,238	319,238	203,996
Pension	-	-	-	1,162,379
Unrestricted	68,981,786	55,948,668	124,930,454	109,439,478
Total net position	\$295,216,099	\$258,864,705	\$554,080,804	\$534,272,725

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, 2023
 WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2022

	2023			2022
	Wastewater	Water	Total	
OPERATING REVENUES				
Wastewater service charges	\$28,238,648	\$ -	\$28,238,648	\$27,795,077
Water sales	-	36,170,972	36,170,972	28,458,312
Other revenues	8,767,499	6,558,877	15,326,376	19,498,775
Total operating revenues	37,006,147	42,729,849	79,735,996	75,752,164
OPERATING EXPENSES				
Personnel	16,029,005	11,187,431	27,216,436	19,174,834
Materials	4,752,241	19,088,165	23,840,406	21,719,949
Contractual services	15,717,628	9,722,677	25,440,305	19,944,581
Other	59,288	170,600	229,888	728,021
Overhead charges	-	-	-	1
Depreciation	5,332,266	3,484,955	8,817,221	9,086,272
Total operating expenses	41,890,428	43,653,828	85,544,256	70,653,658
OPERATING INCOME (LOSS)	(4,884,281)	(923,979)	(5,808,260)	5,098,506
NONOPERATING REVENUES (EXPENSE)				
Net (changes) in fair value of investments	1,229,668	1,170,801	2,400,469	(8,604,613)
Gain on sale of assets	25,106	19,180	44,286	53,120
Gain on investments in JPA	1,136,320	163,622	1,299,942	477,936
State grant	-	-	-	2,847,966
Interest expense	-	(1,392,292)	(1,392,292)	(1,415,958)
Total non-operating revenues (expense), net	2,391,094	(38,689)	2,352,405	(6,641,549)
(LOSS) BEFORE CONTRIBUTIONS	(2,493,187)	(962,668)	(3,455,855)	(1,543,043)
Non-cash contributions	1,240,900	1,855,400	3,096,300	3,828,960
Capital contributions - capacity reserve fees	11,883,525	8,284,109	20,167,634	17,528,816
Transfers in	4,910,736	7,356,471	12,267,207	9,761,251
Transfers (out)	(4,641,451)	(7,625,756)	(12,267,207)	(9,761,251)
Changes in net position	10,900,523	8,907,556	19,808,079	19,814,733
TOTAL NET POSITION, BEGINNING OF YEAR	284,315,576	249,957,149	534,272,725	514,457,992
TOTAL NET POSITION, END OF YEAR	\$295,216,099	\$258,864,705	\$554,080,804	\$534,272,725

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, 2023
WITH SUMMARIZED TOTALS FOR THE YEAR ENDED JUNE 30, 2022

	2023			2022
	Wastewater	Water	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers, users and joint powers authorities	\$32,675,751	\$39,489,958	\$72,165,709	\$74,921,807
Payments for services and supplies	(20,976,225)	(33,216,829)	(54,193,054)	(38,383,079)
Payments to or on behalf of employees	(14,926,565)	(10,775,802)	(25,702,367)	(20,438,652)
Net Cash Provided (Used) by Operating Activities	<u>(3,227,039)</u>	<u>(4,502,673)</u>	<u>(7,729,712)</u>	<u>16,100,076</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Principal paid on long-term debt	-	(475,000)	(475,000)	(455,000)
Interest paid on long-term debt	-	(1,402,187)	(1,402,187)	(1,425,438)
Proceeds from sale of capital assets	25,106	19,180	44,286	53,120
Acquisition and construction of capital assets	(5,026,485)	(7,140,161)	(12,166,646)	(16,661,060)
State grant	-	-	-	2,847,966
Capacity reserve fees collected	11,883,525	8,284,109	20,167,634	17,528,816
Net Cash Provided (Used) by Financing Activities	<u>6,882,146</u>	<u>(714,059)</u>	<u>6,168,087</u>	<u>1,888,404</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	710,776	608,728	1,319,504	159,711
Purchase of investments	(36,162,400)	(31,844,400)	(68,006,800)	(89,510,922)
Redemptions of investment securities	33,675,681	30,512,087	64,187,768	70,323,152
Proceeds of other investments	-	7,150,672	7,150,672	-
Net Cash Provided (Used) by Investing Activities	<u>(1,775,943)</u>	<u>6,427,087</u>	<u>4,651,144</u>	<u>(19,028,059)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>1,879,164</u>	<u>1,210,355</u>	<u>3,089,519</u>	<u>(1,039,579)</u>
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>6,827,040</u>	<u>6,173,300</u>	<u>13,000,340</u>	<u>14,039,919</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$8,706,204</u>	<u>\$7,383,655</u>	<u>\$16,089,859</u>	<u>\$13,000,340</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	(\$4,884,281)	(\$923,979)	(\$5,808,260)	\$5,098,506
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	5,332,266	3,484,955	8,817,221	9,086,272
(Increase) decrease in accounts receivable	(2,797,356)	(2,337,939)	(5,135,295)	(208,245)
Decrease (increase) in lease receivable	-	2,068,914	2,068,914	(2,068,914)
(Increase) in investments in JPA	(1,136,318)	(163,623)	(1,299,941)	(477,935)
(Increase) decrease in deferred outflows of resources - employer contributions - pension	(255,114)	(132,506)	(387,620)	330,061
(Increase) decrease in deferred outflows of resources - employer contributions - OPEB	(345,588)	(251,180)	(596,768)	897,924
(Increase) decrease in deferred outflows of resources - pension related amounts	(9,622,130)	(6,993,532)	(16,615,662)	2,724,432
(Increase) in deferred outflows of resources - other OPEB amounts	(1,313,299)	(954,528)	(2,267,827)	(709,701)
(Decrease) increase in accounts payable	(263,995)	(4,400,291)	(4,664,286)	3,564,550
(Decrease) increase in contractor bonds and deposits payable	(1,266)	3,719	2,453	198,970
(Decrease) increase in accrued expenses	(183,340)	161,185	(22,155)	(19,138)
Increase (decrease) in compensated absences	60,073	(2,223)	57,850	(233,279)
(Decrease) in unearned revenue and other liabilities	(396,722)	(799,049)	(1,195,771)	(83,457)
Increase in DLD remediation reserve	1,533	-	1,533	265,090
Increase (decrease) in net pension liability	12,500,820	8,689,139	21,189,959	(12,381,668)
Decrease (increase) in net OPEB asset	3,971,811	2,886,782	6,858,593	(2,592,601)
(Decrease) increase in deferred inflows of resources - pension related amounts	(1,419,291)	(1,031,564)	(2,450,855)	9,148,600
(Decrease) increase in deferred inflows of resources - OPEB related amounts	(2,474,842)	(1,798,759)	(4,273,601)	1,552,415
(Decrease) increase in deferred inflows of resources - Leases	-	(2,008,194)	(2,008,194)	2,008,194
Total adjustments	<u>1,657,242</u>	<u>(3,578,694)</u>	<u>(1,921,452)</u>	<u>11,001,570</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>(\$3,227,039)</u>	<u>(\$4,502,673)</u>	<u>(\$7,729,712)</u>	<u>\$16,100,076</u>
NON CASH TRANSACTIONS:				
Fair market value adjustment increase	(\$994,216)	(\$875,501)	(\$1,869,717)	(\$9,594,052)
Contributed assets	1,240,900	1,855,400	3,096,300	3,828,960
Gain on sale of capital assets	25,106	19,180	44,286	53,120

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, 2023

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, 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, 2023

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 acquisition value on the date of contribution. Donated capital assets, 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 \$20,000 or more and an estimated useful life in excess of three years.

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	3-25 years
Sub-surface lines	25-50 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, 2023

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 assets 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 assets 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 basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

DUBLIN SAN RAMON SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Pension

The purposes of measuring the net pension liability (asset) 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.

M. Post-Employment Health Care Benefits

For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by California Employers' Retiree Benefit Trust (CERBT). For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Lease Accounting

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles and equipment. The District will record significant leases.

O. Subscription-Based Information Technology Arrangements

A subscription is defined as a contract that conveys control for the right to use another entity's subscription-based information technology software as specified in the contract for a period of time in an exchange or exchange-like transaction. The District will record significant subscription liabilities and intangible right-to-use subscription assets.

P. New Governmental Accounting Standards Board Statement Pronouncements

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The Statement is effective for the reporting periods beginning after June 15, 2022, or fiscal year 2022-23. As part of the implementation of this Statement, the District established a threshold for reporting subscriptions and determined that none of its subscriptions were required to be recorded.

DUBLIN SAN RAMON SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, 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	\$16,089,859
Investments	213,547,638
Restricted cash	855
Total cash and investments	<u><u>\$229,638,352</u></u>

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 July 17, 2018. 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.

DUBLIN SAN RAMON SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 – CASH AND INVESTMENTS (Continued)

Limit	Minimum 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
\$75M	None	N/A	The State of California Local Agency Investment Fund
None	None	N/A	Shares in California Asset Management Program (CAMP)
None	None	5 years	Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments.
None	None	N/A	Money Market Funds

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
Corporate Bonds	\$3,418,951	\$4,682,554	\$17,980,652	\$26,082,157
Municipal Bonds	1,991,586		23,402,173	25,393,759
<i>Not rated</i>				
US Treasuries & Agencies	34,345,040	9,583,984		43,929,024
US Agencies - Callable	9,758,212	18,087,611	30,070,118	57,915,941
California Asset Management Program	36,887,703			36,887,703
California Local Agency Investment Fund	19,053,108			19,053,108
Negotiable Certificates of Deposit	2,716,344	239,540	1,330,062	4,285,946
Total Unrestricted Investments	\$108,170,944	\$32,593,689	\$77,783,005	\$213,547,638

DUBLIN SAN RAMON SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 – CASH AND INVESTMENTS (Continued)

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, 2023, these investments matured in an average of 260 days.

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, 2023, the fair value approximated is the District’s cost. At June 30, 2023, these investments have an average maturity of 28 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. The District’s Investment Policy gives guidance on how the District manages its custodial credit risk. Presented below is the actual rating as of June 30, 2023 for each investment type as provided by Standard and Poor’s.

Investment Type	AAA	AA+	AA	A+	A	A-	Total
Corporate Bonds	\$4,401,279	\$2,745,876	\$4,463,372	\$1,797,666	\$4,682,554	\$7,991,410	\$26,082,157
Municipal Bonds	8,718,034	4,556,501		6,369,371	3,890,112	1,859,741	25,393,759
US Treasuries & Agencies	40,770,500	17,145,441					57,915,941
<i>Not rated</i>							
California Local Agency Investment Fund	19,053,108						19,053,108
California Asset Management Program	36,887,703						36,887,703
US Treasuries & Agencies	43,929,024						43,929,024
Negotiable Certificates of Deposit	4,285,946						4,285,946
Total Unrestricted Investments	\$158,045,594	\$24,447,818	\$4,463,372	\$8,167,037	\$8,572,666	\$9,851,151	\$213,547,638

DUBLIN SAN RAMON SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 2 – CASH AND INVESTMENTS (Continued)

F. Concentration Risk

As of June 30, 2023, 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	Federal Farm Credit Bureau	Securities of U.S. Government Agencies	\$12,935,271
	Federal Home Loan Bank	Securities of U.S. Government Agencies	30,986,405

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, 2023 are described below.

	Level 2	Total
Investments by Fair Value		
Corporate Bonds	\$26,082,157	
Municipal Bonds	25,393,759	
US Treasuries and Agencies Securities	101,844,965	
Negotiable Certificates of Deposit	4,285,946	
	<u>\$157,606,827</u>	\$157,606,827
Investments Measured at Net Asset Value Per Share:		
California Asset Management Program		36,887,703
External Investment Pool (Exempt):		
California Local Agency Investment Fund		19,053,108
Cash in Banks and On Hand		16,090,714
Total Cash and Investments		<u>\$229,638,352</u>

US Treasuries and Agencies Securities, Corporate Bonds, Municipal Bonds, 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, 2023

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, 2023</u>	<u>June 30, 2022</u>
Local Sewer Expansion	\$9,410,278	\$9,010,500
Regional Sewer Expansion	57,606,747	53,293,828
Water Expansion	90,542,069	86,869,711
	<u>157,559,094</u>	<u>149,174,039</u>
<u>Debt Service</u>	<u>855</u>	<u>2</u>
<u>OPEB</u>	<u>73,661</u>	<u>6,932,254</u>
<u>Pension</u>	<u>-</u>	<u>1,162,379</u>
<u>Dougherty Valley Assessment District</u>	<u>319,238</u>	<u>203,996</u>
Total Restriction on Net Position	<u>\$157,952,848</u>	<u>\$157,472,670</u>

NOTE 4 – CAPITAL ASSETS

Changes in capital assets accounts are summarized below:

	<u>Balance at June 30, 2022</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2023</u>
Capital assets being depreciated:				
Land Improvements	\$23,670,366	\$95,913		\$23,766,279
Buildings	131,514,355			131,514,355
Equipment	88,098,268	761,487	(\$353,944)	88,505,811
Sub-surface lines	174,477,521	3,108,900		178,117,729
Total capital assets being depreciated:	<u>417,760,510</u>	<u>3,966,300</u>	<u>(353,944)</u>	<u>421,904,174</u>
Less accumulated depreciation for:				
Land Improvements	(7,276,627)	(573,681)		(7,850,308)
Buildings	(57,026,125)	(2,677,884)		(59,704,009)
Equipment	(52,440,271)	(2,417,317)	353,944	(54,503,644)
Sub-surface lines	(63,850,967)	(3,148,339)		(66,999,306)
Total accumulated depreciation	<u>(180,593,990)</u>	<u>(8,817,221)</u>	<u>353,944</u>	<u>(189,057,267)</u>
Net capital assets being depreciated	<u>237,166,520</u>	<u>(4,850,921)</u>		<u>232,846,907</u>
Capital assets not being depreciated:				
Land	7,712,945			7,712,945
Construction in progress	54,351,112	8,200,346		62,020,150
Total capital assets not being depreciated	<u>62,064,057</u>	<u>8,200,346</u>		<u>69,733,095</u>
Total capital assets, net	<u>\$299,230,577</u>	<u>\$3,349,425</u>		<u>\$302,580,002</u>

DUBLIN SAN RAMON SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 4 – CAPITAL ASSETS (Continued)

The District had outstanding construction commitments on capital projects totaling \$14,058,204 at June 30, 2023.

Depreciation expense for the District for June 30, 2023 and June 30, 2022 are as follows:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Water Fund	\$3,484,955	\$3,643,646
Wastewater Fund	5,332,266	5,442,626
Total Depreciation expense	<u>\$8,817,221</u>	<u>\$9,086,272</u>

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 \$34,495 at June 30, 2023, of which \$29,696 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.

DUBLIN SAN RAMON SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 6 – JOINT POWERS AUTHORITIES (Continued)

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 upon receipt. 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 or LAVWMA’s website at lavwma.com.

LAVWMA issued \$54,790,000 principal amount of 2021 Sewer Revenue Refunding Bonds on August 11, 2021. Proceeds of the issuance were used to refund and retire the 2011 Sewer Revenue Refunding Bonds and to pay costs of issuance. Under the Amended And Restated Sewer Service Contract dated July 1, 2021, between LAVWMA and Members, the Members pledged and created, in favor of LAVWMA and the Trustee for the 2021 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 2021 Bonds.

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

Financial information for LAVWMA summarized below is as of and for the year ended June 30, 2023:

Total assets	\$118,662,423
Total liabilities and deferred inflows of resources	64,767,725
Total net position	53,894,698
Total operating revenue	11,692,552
Total operating expenses	(8,775,043)
Total non-operating revenue	1,072,871
Total non-operating expenses	<u>(1,459,091)</u>
Net gain	<u><u>\$2,531,289</u></u>

As of June 30, 2023, the District’s share of the JPA was \$15,116,087. which is reflected as an Investment in JPA in the District’s Wastewater Fund.

DUBLIN SAN RAMON SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 6 – JOINT POWERS AUTHORITIES (Continued)

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 or DERWA's website at www.srvrwp.org.

Financial information for DERWA summarized below is as of and for the year ended June 30, 2023:

Total assets	\$73,118,837
Total liabilities	4,388,482
Total net position	68,730,355
Total operating revenue	5,949,220
Total non-operating revenue	23,410
Total operating expenses	(5,894,116)
Total non-operating expenses	<u>(132,181)</u>
Net loss	<u><u>(\$53,667)</u></u>

As of June 30, 2023, the District's share of the JPA was \$38,969,882, which is reflected as an Investment in JPA in the District's Water Fund.

DUBLIN SAN RAMON SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 7 – LONG-TERM DEBT

	Original Issue Amount	Balance June 30, 2022	Retirements	Balance June 30, 2023	Amount due within one year
2017 Water Revenue Refunding Bonds 2%-5%, due 8/1/2041	\$33,590,000	<u>\$31,870,000</u>	<u>\$475,000</u>	<u>\$31,395,000</u>	<u>\$500,000</u>
Total long-term debt		<u>\$31,870,000</u>	<u>\$475,000</u>	<u>\$31,395,000</u>	<u>\$500,000</u>

A. 2017 Water Revenue Refunding Bonds

The District issued \$33,590,000 of 2017 Water Revenue Refunding Bonds on December 1, 2017. Proceeds of the issuance were used to refund the outstanding portion of the 2011 Water Revenue Refunding Bonds and pay costs of issuance. Interest rates range from 2% to 4%. The aggregate difference in debt service between the refunding debt and the refunded debt was \$2,745,178. Principal payments are due annually beginning August 1, 2018 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 \$46,386,383 in remaining debt service on the bonds that is scheduled to occur in 2041.

The District’s bond covenants contain events of default that require the net revenue of the District to be applied by the Trustee as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the District to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the District; or if any court or competent jurisdiction shall assume custody or control of the District.

The District is subject to certain revenue bond covenants, the most restrictive of which requires the setting of rates and charges to yield net revenue (as defined) equal to at least 120% of the current annual debt service requirements of the water revenue bonds. In accordance with the revenue bond covenants, if pledged revenues during the year are less than 120% of maximum annual debt service coverage due at the end of the fiscal year, the outstanding amounts of the bonds and notes become immediately due. For fiscal year 2023, operating revenues, investment income, and capital grants and contributions amounted to \$49,414,460 and operating costs including operating expenses, but not interest, amounted to \$38,297,738. Net Revenues available for debt service amounted to \$11,116,722 which represents coverage of 592% over the \$1,877,188 in debt service for the bonds. 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, 2023

NOTE 7 – LONG-TERM DEBT (Continued)

WATER REVENUES:	
Water Sales	\$36,170,972
Other Revenues (1)	6,558,877
Interest Income	1,170,801
Capacity Reserve Fees	8,284,109
Less Assessment District (2)	(1,975,061)
Less Tax Revenues	(906,804)
Less Cell Tower Lease Revenue	111,566
TOTAL WATER REVENUES	\$49,414,460
WATER OPERATION & MAINTENANCE COSTS:	
Operating Expense	\$43,653,828
Less Depreciation	(3,484,955)
Less Assessment District (2)	(1,871,135)
TOTAL WATER OPERATION & MAINTENANCE COSTS	38,297,738
NET WATER REVENUES	\$11,116,722
DEBT SERVICE:	
2017 Water Bonds	\$1,877,188
TOTAL DEBT SERVICE	\$1,877,188
DEBT SERVICE COVERAGE	5.92

(1) Includes Tax Revenues and Cell Tower Lease Revenue.

(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.

DUBLIN SAN RAMON SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 7 – LONG-TERM DEBT (Continued)

B. 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:

	Regional	
	Wastewater Expansion	Water
Condensed Statement of Net Position		
Assets:		
Current	\$45,524,859	\$117,661,910
Capital	17,500,988	143,417,871
Other non current	12,356,316	38,969,882
Total assets	<u>75,382,163</u>	<u>300,049,663</u>
Deferred outflows of resources	-	9,404,020
Liabilities:		
Current liabilities	271,003	16,568,988
Long term liabilities	3,425	31,252,398
Total liabilities	<u>274,428</u>	<u>47,821,386</u>
Deferred inflows of resources	-	3,925,853
Net position:		
Net investment in capital assets	17,500,988	112,022,871
Restricted	57,606,747	90,542,924
Unrestricted	-	55,140,649
Total net position	<u>\$75,107,735</u>	<u>\$257,706,444</u>
Condensed Statement of Revenues, Expenses and Changes in Net Position		
Operating revenue	\$51,557	\$39,821,157
Operating expenses	(3,580,676)	(40,439,168)
Operating loss (gain)	<u>(3,529,119)</u>	<u>(618,011)</u>
Nonoperating revenues (expenses):		
Interest income	457,385	1,159,485
Interest expense	-	(1,392,292)
Gain on sale of capital assets	-	19,180
Gain on investment in JPA	928,625	163,622
Non-cash contributions	-	1,855,400
Capital contributions - capacity reserve fees	7,243,939	8,284,109
Transfers in	-	7,356,471
Transfers out	-	(7,625,756)
Change in net position	5,100,830	9,202,208
Beginning net position	70,006,905	248,504,236
Ending net position	<u>\$75,107,735</u>	<u>\$257,706,444</u>
Condensed Statement of Cash Flows		
Net cash provided (used) by:		
Operating activities	(\$4,296,706)	(\$8,278,662)
Noncapital financing activities	(787,911)	342,151
Capital financing activities	7,243,939	4,606,263
Investing activities	<u>(1,367,841)</u>	<u>4,765,657</u>
Net cash flows	791,481	1,435,409
Beginning cash and cash equivalents	2,498,098	6,382,273
Ending cash and cash equivalents	<u>\$3,289,579</u>	<u>\$7,817,682</u>

DUBLIN SAN RAMON SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 7 – LONG-TERM DEBT (Continued)

C. Repayment Schedule

Shown below are maturities for the debt issues:

For The Year Ending June 30	Principal	Interest	Total
2024	\$500,000	\$1,377,813	\$1,877,813
2025	525,000	1,352,188	1,877,188
2026	550,000	1,325,313	1,875,313
2027	1,020,000	1,286,063	2,306,063
2028	1,360,000	1,226,563	2,586,563
2029-2033	7,855,000	5,018,940	12,873,940
2034-2038	10,015,000	2,795,440	12,810,440
2039-2042	9,570,000	609,063	10,179,063
Total payments due	<u>\$31,395,000</u>	<u>\$14,991,383</u>	<u>\$46,386,383</u>

NOTE 8 – UNEARNED REVENUE AND OTHER LIABILITIES

Total unearned revenue and other liabilities for the year ended June 30, 2023, totaled \$391,893.

Wastewater Fund deferred revenue for the Deferred Capacity Reserve Fee Program was also recorded in the amount of \$34,495 (see Note 5). The current portion of this balance at June 30, 2023 is \$29,696.

As of June 30, 2023, the Water Fund recorded \$357,398 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, 2023, accrued compensated absences are as follows:

	Business Type Activities		Total
	Sewer	Water	
Summary of activity:			
Beginning balance	\$993,220	\$692,280	\$1,685,500
Additions	1,173,534	797,880	1,971,414
Payments	<u>(1,113,461)</u>	<u>(800,103)</u>	<u>(1,913,564)</u>
Ending balance - due within one year	<u>\$1,053,293</u>	<u>\$690,057</u>	<u>\$1,743,350</u>

DUBLIN SAN RAMON SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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 Classic members (Tier 1) for members hired before January 1, 2013 and PEPRAs members (Tier 2) for members hired on or after January 1, 2013 are required to contribute 8% and 6.75%, 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. The formula is based on the member's final one year compensation. 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. Tier 1 members pay 2% of the employer cost through 2024.

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, 2023

NOTE 10 – PENSION PLAN (Continued)

The Plan’s provisions and benefits in effect at June 30, 2023, 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 2.5%
Required employee contribution rates	8.000%	6.750%
Required employer contribution rates	14.03%	7.47%

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 2023, the District paid \$1,321,062 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. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

For the year ended June 30, 2023, District’s total contribution to the Plan were as follows:

	<u>Miscellaneous</u>
Contributions - employer	\$2,992,729

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

As of June 30, 2023, the District reported net pension asset for its proportionate shares of the net pension asset of the Plan as follows:

	Proportionate Share of Net
	<u>Pension Liability</u>
Miscellaneous	\$19,481,810

DUBLIN SAN RAMON SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10 – PENSION PLAN (Continued)

The District’s net pension liability (asset) 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, 2022, 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, 2021 rolled forward to June 30, 2022 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 (asset) for the Plan as of June 30, 2021 and 2022 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2021	-0.0612%
Proportion - June 30, 2022	0.4163%
Change - Increase (Decrease)	0.4775%

For the year ended June 30, 2023, the District recognized pension expense of \$4,182,781. At June 30, 2023, 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	\$2,992,729	
Differences between actual and expected experience	391,232	(\$262,031)
Changes of assumptions	1,996,319	
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions		(3,650,030)
Net differences between projected and actual earnings on plan investments	3,568,550	
Change's in employer's proportion	<u>13,841,618</u>	<u>(5,826,606)</u>
Total	<u>\$22,790,448</u>	<u>(\$9,738,667)</u>

\$2,992,729 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, 2024.

DUBLIN SAN RAMON SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10 – PENSION PLAN (Continued)

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
2024	\$1,798,914
2025	2,545,425
2026	3,532,065
2027	2,182,648
Total	<u>\$10,059,052</u>

E. Actuarial Assumptions – For the measurement period ended June 30, 2022, the total pension liability was determined by rolling forward the June 30, 2021, total pension liability. The June 30, 2021 total pension liabilities were based on the following actuarial methods and assumptions for all benefits tiers:

	Miscellaneous
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	Varies by entry age and service (1)
Investment Rate of Return	6.90% (2)
Mortality	Derived by CalPERS Membership Data for all funds (3)

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

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

(3) The mortality table used was developed based on CalPERS' specific data. The table includes generational mortality improvements using the Society of Actuaries Scale 80% of Scale MP 2020. For more details on this table, please refer to the November 2021 experience study report (based on CalPERS demographic data from 2001 to 2019) that can be found on the CalPERS website.

F. Discount Rate – The discount rate used to measure the total pension liability for the Plan was 6.90%. The projection of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

DUBLIN SAN RAMON SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10 – PENSION PLAN (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which 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. Using historical information for all the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

The table below reflects the expected real rates of return by asset class are as follows:

Asset Class	Assumed asset Allocation	Real Return Years 1 - 10 (1, 2)
Global Equity-Cap-Weighted	30.0%	4.54%
Global Equity - Non-Cap-Weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-Backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	100%	

(1) An expected inflation of 2.30% used for this period.

(2) Figures are based on the 2021 Asset Liability Management study.

Changes of Assumptions – Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

DUBLIN SAN RAMON SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 10 – PENSION PLAN (Continued)

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

The following presents the District's proportionate share of the net pension liability (asset) 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 Plan's Net Pension Liability		
1% Decrease (5.9%)	Current Discount Rate (6.9%)	1% Increase (7.9%)
\$37,462,704	\$19,481,810	\$4,687,996

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.

NOTE 11 – OTHER POST EMPLOYMENT HEALTH CARE BENEFITS

A. Plan Description and Benefits Provided

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 under an agent multiple-employer plan. Employees hired after July 1, 2014 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 District employee.

As of June 30, 2023, 103 retirees are receiving medical benefits, 110 retirees are receiving dental benefits, and 125 active participants are eligible for future benefits.

DUBLIN SAN RAMON SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 11 – OTHER POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

B. Net OPEB Liability

Actuarial Methods and Assumptions

The District's net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2021 that was used to determine the total OPEB liability based on the following actuarial methods and assumptions: (a) 5.67% investment rate of return, (b) 3.0% projected annual salary increase, (c) 2.5% inflation rate, and (d) 5.80% 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 biennially as results are compared to past expectations and new estimates are made about the future. The District's OPEB 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 OPEB plan 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.

Discount Rate

The discount rate used to measure the total OPEB liability was 5.67 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

DUBLIN SAN RAMON SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 11 – OTHER POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

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

Asset Class	Target Allocation	Long-term expected real rate of return	Long-Term Expected Rate of Return (with the effect of inflation)
Global Equity	34%	4.40%	4.50%
Fixed Income	41%	-1.00%	2.20%
REITs	17%	3.00%	3.90%
TIPS	5%	-1.80%	1.30%
Commodities	3%	0.80%	1.20%
Total	100%		
Assumed Long-Term Rate of Inflation		2.50%	
Discount Rate		5.67%	

C. Changes in Net OPEB Liability

The changes in the Net OPEB Liability (Asset) are as follows:

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
As of FYE 2022 (Measurement date 6/30/2021)	\$27,241,655	\$34,173,909	(\$6,932,254)
Changes Recognized for the Measurement Period:			
Service Cost	1,011,269		1,011,269
Interest on the total OPEB liability	1,563,109		1,563,109
Net investment income		1,898,582	(1,898,582)
Administrative expenses		(8,677)	8,677
Change due to Investment Experience		(6,174,120)	6,174,120
Benefit payments and refunds	(1,369,742)	(1,369,742)	-
Net Changes during fiscal year ended 2023	1,204,636	(5,653,957)	6,858,593
As of FYE 2023 (Measurement date 6/30/2022)	\$28,446,291	\$28,519,952	(\$73,661)

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued plan financial report that may be obtained from CERBT. The benefit payments and refunds include implicit subsidy benefit payments in the amount of \$308,610.

DUBLIN SAN RAMON SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 11 – OTHER POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

Changes in the Fiduciary Net Position due to investment performance different from the assumed earnings rate is always recognized over 5 years. The five-year period is a GASB 75 requirement.

D. Sensitivity of the Net OPEB Liability

The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (4.67 percent) or 1-percentage-point higher (6.67 percent) than the current discount rate:

Plan's Net OPEB Liability (Asset)		
Discount Rate -1% (4.67 %)	Current Discount Rate (5.67%)	Discount Rate +1% (6.67%)
\$3,605,019	(\$73,661)	(\$3,113,759)

E. Healthcare Cost Trend Rate Sensitivity

The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (4.8 percent) or 1-percentage-point higher (6.8 percent) than the current healthcare cost trend rate:

Plan's Net OPEB Liability (Asset)		
Discount Rate -1% (4.8%)	Health Care Cost Trend Rates (5.8%)	Discount Rate +1% (6.8%)
(\$3,402,248)	(\$73,661)	\$3,997,526

F. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the District recognized OPEB expense of \$317,165 as of fiscal year ended June 30, 2023, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Contributions	\$596,768	
Changes of Assumptions	474,728	(\$268,176)
Differences between expected and actual experience	499,213	(887,536)
Net difference between projected and actual earnings on OPEB plan investments	2,552,605	
Total	\$4,123,314	(\$1,155,712)

DUBLIN SAN RAMON SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 11 – OTHER POST EMPLOYMENT HEALTH CARE BENEFITS (Continued)

The difference between projected OPEB plan investment earnings and actual earnings is amortized over a five-year period. The remaining gains and losses are amortized over the expected average remaining service life. The expected average remaining service life for the June 30, 2022 measurement period is 5.42 years for deferred resources arising in the fiscal year. Specifically, liability changes due to (1) plan experience that differs from what was assumed in the prior year and (2) assumption changes during the year are recognized over the EARSLS period.

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

Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources
2024	(\$295,180)
2025	602,515
2026	709,068
2027	1,354,431
	<u>\$2,370,834</u>

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 58 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.

DUBLIN SAN RAMON SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

NOTE 12 – RISK MANAGEMENT (Continued)

The following is a summary of the insurance policies carried by the District as of June 30, 2023:

Company Names	Insurance Program Type of Coverage	Limits	Deductibles
Great American Excess & Surplus Company	Excess liability	\$10,000,000	None
Alliant Property Insurance Program (APIP)	Special form property	284,841,475	\$25,000
Interstate Fire and Casualty Insurance Company	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
Travelers Insurance Company	ID fraud master policy identify theft	25,000	None
Lloyd's of London Beazley	ADWRP - Alliant Deadly Weapons response	500,000	None
<u>Pooled Insurance Program</u>			
CSRMA Pooled Liability			
Munich American Reinsurance Co.	Errors & omissions and employment practices liability	15,500,000	100,000
CSRMA Pooled Workers' Compensation	Workers' compensation employers' liability	1,000,000	None

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.

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:

	2023	2022
Balance at July 1	\$405,109	\$507,245
Net change in liability for claims and claims incurred but not reported	561,982	356,716
Claims paid	(584,137)	(458,852)
Balance at June 30	\$382,954	\$405,109

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.

DUBLIN SAN RAMON SERVICES DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

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, 2023, the District's water purchases from Zone 7 amounted to \$16,114,828.

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. In September 2016, a study was prepared to update the closure and post-closure care costs. 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 \$2,147,196 as of June 30, 2023. 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, 2023 with the establishment of the fully-funded liability for this purpose.

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REQUIRED SUPPLEMENTARY INFORMATION

DUBLIN SAN RAMON SERVICES DISTRICT

Required Supplementary Information For the year ended June 30, 2023

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – COST SHARING MULTIPLE EMPLOYER PLAN*

Measurement Date	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (asset)	0.416147%	-0.061216%	0.334034%	0.304106%	0.262289%	0.263435%	0.149748%	0.185007%
Proportionate share of the net pension liability (asset)	\$19,481,810	(\$1,162,379)	\$14,089,817	\$12,177,945	\$9,884,912	\$10,384,742	\$12,957,811	\$12,698,750
Covered payroll	15,604,785	15,115,187	13,865,188	14,277,527	13,051,223	12,592,116	12,033,906	12,009,479
Proportionate Share of the net pension liability (asset) as percentage of covered payroll	124.85%	-7.69%	101.62%	85.29%	75.74%	82.47%	107.68%	105.74%
Plan's Fiduciary net position	112,422,195	123,880,746	103,881,003	99,764,640	94,791,258	90,325,711	76,197,801	72,030,535
Plan Fiduciary net position as a percentage of the total pension liability	76.68%	88.29%	88.06%	89.12%	90.56%	89.69%	74.06%	78.40%

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. None.

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

DUBLIN SAN RAMON SERVICES DISTRICT

Required Supplementary Information For the year ended June 30, 2023

SCHEDULE OF CONTRIBUTIONS (PENSION)*

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$2,992,729	\$2,605,109	\$2,935,170	\$2,714,774	\$1,859,162	\$1,504,792	\$1,401,296	\$2,120,252	\$1,716,224
Contribution in relation to the actuarially determined contributions	2,992,729	2,605,109	2,935,170	2,714,774	1,859,162	1,504,792	6,401,296	7,120,252	6,716,224
Contributions deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	(\$5,000,000)	(\$5,000,000)	(\$5,000,000)
Covered payroll	\$16,813,572	\$15,604,785	\$15,115,187	\$13,865,188	\$14,277,527	\$13,051,223	\$12,592,116	\$12,033,906	\$12,009,479
Contributions as a percentage of covered payroll	17.80%	16.69%	19.42%	19.58%	13.02%	11.53%	50.84%	59.17%	55.92%

Notes to Schedule

Valuation date: June 30, 2021

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	2.30%
Salary increases	(1)
Investment rate of return	6.90% (2)
Mortality	Derived using CalPERS Membership Data
Post Retirement Benefit Increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.

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

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

(3) The mortality table used was developed based on CalPERS' specific data. The table includes generational mortality improvements using the Society of Actuaries Scale 80% of scale MP 2020. For more details on this table, please refer to the November 2021 experience study report (based on CalPERS demographic data from 2001 to 2019) that can be found on the CalPERS website.

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

DUBLIN SAN RAMON SERVICES DISTRICT

Required Supplementary Information For the year ended June 30, 2023

SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS AGENT MULTIPLE PLAN*

Measurement Date	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21	6/30/22
Total OPEB Liability						
Service Cost	\$848,840	\$1,020,504	\$1,053,670	\$1,008,504	\$1,041,280	\$1,011,269
Interest	1,701,163	1,661,164	1,764,023	1,493,182	1,573,687	1,563,109
Differences between expected and actual experience	(3,586,818)	-	(4,001,696)	-	791,149	-
Changes in assumptions	4,149,122	-	(1,209,136)	-	752,348	-
Benefit payments	(1,080,081)	(1,110,367)	(1,154,397)	(1,217,291)	(1,316,018)	(1,369,742)
Changes in benefits	-	-	-	-	-	-
Net change in total OPEB liability	2,032,226	1,571,301	(3,547,536)	1,284,395	2,842,446	1,204,636
Total OPEB liability - beginning	23,058,823	25,091,049	26,662,350	23,114,814	24,399,209	27,241,655
Total OPEB liability - ending (a)	\$25,091,049	\$26,662,350	\$23,114,814	\$24,399,209	\$27,241,655	\$28,446,291
OPEB fiduciary net position						
Contributions - employer	\$1,080,081	\$1,212,732	\$1,251,832	\$1,251,832	\$897,924	
Net investment income	2,232,198	1,880,973	1,776,771	1,549,013	5,863,962	(\$4,275,538)
Administrative expense	(11,330)	(43,338)	(5,441)	(13,965)	(10,821)	(8,677)
Benefit payments, including refunds of employee contributions	(1,080,081)	(1,110,367)	(1,154,397)	(1,217,291)	(1,316,018)	(1,369,742)
Net change in plan fiduciary net position	2,220,868	1,940,000	1,868,765	1,569,589	5,435,047	(5,653,957)
Plan fiduciary net position - beginning	21,139,640	23,360,508	25,300,508	27,169,273	28,738,862	34,173,909
Plan fiduciary net position - ending (b)	\$23,360,508	\$25,300,508	\$27,169,273	\$28,738,862	\$34,173,909	\$28,519,952
Net OPEB liability (asset) - ending (a)-(b)	\$1,730,541	\$1,361,842	(\$4,054,459)	(\$4,339,653)	(\$6,932,254)	(\$73,661)
Plan fiduciary net position as a percentage of the total OPEB liability	93%	95%	118%	118%	125%	100%
Covered-employee payroll (not based on measure of pay)	\$12,531,924	\$13,112,995	\$14,287,090	\$13,918,661	\$15,148,687	\$15,473,082
Net OPEB liability (asset) as a percentage of covered-employee payroll	13.81%	10.39%	-28.38%	-31.18%	-45.76%	-0.48%

Notes to schedule:

* - Fiscal year 2018 was the first year of implementation.

DUBLIN SAN RAMON SERVICES DISTRICT

Required Supplementary Information For the year ended June 30, 2023

SCHEDULE OF CONTRIBUTIONS (OPEB) Last 10 years*

Fiscal Year Ended June 30,	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$1,212,732	\$1,251,832	\$865,816	\$897,924	\$931,328	\$596,768
Contributions in relation to the actuarially determined contributions	1,212,732	1,251,832	1,487,795	897,924	-	(596,768)
Contribution deficiency (excess)	\$0	\$0	(\$621,979)	\$0	\$931,328	\$1,193,536
Covered-employee payroll	\$13,112,995	\$14,287,090	\$13,918,661	\$15,148,687	\$15,473,082	\$16,813,572
Contributions as a percentage of covered-employee payroll (not based on measure of pay)	9.25%	8.76%	10.69%	5.93%	0.00%	-3.55%
Notes to Schedule						
Valuation date:	7/1/2017	7/1/2017	6/30/2019	6/30/2019	6/30/2021	6/30/2021

Methods and assumptions used to determine contribution rates:

Actuarial Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Amortization Method	30 Years Open
Asset Valuation Method	Market Value of Assets
Inflation	2.50% per year
Payroll Growth	3% per year
Investment Rate of Return	5.67%
Healthcare cost-trend rates	5.8% in 2023, stepping down to 3.9% in 2076
Retirement Age	From 50 to 75
Mortality	MacLeod Watts Scale 2022 applied generationally

* - Fiscal year 2018 was the first year of implementation.

SUPPLEMENTARY INFORMATION

DUBLIN SAN RAMON SERVICES DISTRICT
WASTEWATER OPERATIONS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023

	Regional Wastewater Total	Local Wastewater Total	Allocation	Allocation OPEB Fund	Wastewater Total
ASSETS					
Current assets:					
Pooled cash	\$7,439,476	\$1,476,083	(\$295,467)	\$86,112	\$8,706,204
Pooled investments	94,506,734	19,046,544	-	-	113,553,278
Accounts receivable	8,038,309	447,040	355,996	822,054	9,663,399
Interest receivable	155,887	31,725	-	-	187,612
Deferred capacity reserve fees receivable	29,696	-	-	-	29,696
Prepaid expense	-	-	4,343	-	4,343
	<u>110,170,102</u>	<u>21,001,392</u>	<u>64,872</u>	<u>908,166</u>	<u>132,144,532</u>
Non-current assets:					
Investment in JPA	15,116,087	-	-	-	15,116,087
Capital assets:					
Property, plant and equipment	169,663,617	71,238,974	-	-	240,902,591
Less accumulated depreciation	<u>83,650,438</u>	<u>31,903,884</u>	<u>-</u>	<u>-</u>	<u>115,554,322</u>
Net property, plant and equipment	86,013,179	39,335,090	-	-	125,348,269
Construction in progress	<u>29,568,349</u>	<u>4,245,513</u>	<u>-</u>	<u>-</u>	<u>33,813,862</u>
	<u>115,581,528</u>	<u>43,580,603</u>	<u>-</u>	<u>-</u>	<u>159,162,131</u>
Other assets:					
Net OPEB asset	-	-	-	42,657	42,657
Deferred capacity reserves receivable - long term	<u>4,799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,799</u>
	<u>4,799</u>	<u>-</u>	<u>-</u>	<u>42,657</u>	<u>47,456</u>
	<u>130,702,414</u>	<u>43,580,603</u>	<u>-</u>	<u>42,657</u>	<u>174,325,674</u>
	<u>240,872,516</u>	<u>64,581,995</u>	<u>64,872</u>	<u>950,823</u>	<u>306,470,206</u>
Deferred outflows of resources					
Deferred outflows pension related amounts	9,782,588	1,854,019	-	-	11,636,607
Deferred employer pension contributions	1,402,358	347,463	-	-	1,749,821
Deferred outflows OPEB related amounts	-	-	-	2,042,223	2,042,223
Deferred employer OPEB contributions	-	-	-	345,588	345,588
	<u>\$11,184,946</u>	<u>\$2,201,482</u>	<u>\$ -</u>	<u>\$2,387,811</u>	<u>\$15,774,239</u>

DUBLIN SAN RAMON SERVICES DISTRICT
WASTEWATER OPERATIONS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023

	Regional Wastewater Total	Local Wastewater Total	Allocation	Allocation OPEB Fund	Wastewater Total
LIABILITIES					
Current liabilities:					
Accounts payable	\$2,180,600	\$26,772	\$527,649	\$ -	\$2,735,021
Contractor bonds and deposits	2,035,756	-	-	-	2,035,756
Accrued expenses	-	-	312,563	-	312,563
Accrued compensated absences	604,988	122,265	326,040	-	1,053,293
Unearned revenue	29,696	-	-	-	29,696
Total current liabilities	<u>4,851,040</u>	<u>149,037</u>	<u>1,166,252</u>	<u>-</u>	<u>6,166,329</u>
Long term liabilities:					
Net pension liability	9,550,582	2,677,353	-	-	12,227,935
DLD remediation reserve	2,147,196	-	-	-	2,147,196
Unearned revenue	4,799	-	-	-	4,799
Total long term liabilities	<u>11,702,577</u>	<u>2,677,353</u>	<u>-</u>	<u>-</u>	<u>14,379,930</u>
Total liabilities	<u>16,553,617</u>	<u>2,826,390</u>	<u>1,166,252</u>	<u>-</u>	<u>20,546,259</u>
Deferred inflows of resources					
Deferred inflows of resources - Pension	4,848,375	964,439	-	-	5,812,814
Deferred inflows of resources - OPEB	-	-	-	669,273	669,273
Total deferred inflows of resources	<u>4,848,375</u>	<u>964,439</u>	<u>-</u>	<u>669,273</u>	<u>6,482,087</u>
NET POSITION					
Net investment in capital assets	115,581,528	43,580,603	-	-	159,162,131
Restricted for:					
Expansion	57,606,747	9,422,778	-	-	67,029,525
OPEB	-	-	-	42,657	42,657
Unrestricted	57,467,195	9,989,267	(1,101,380)	2,626,704	68,981,786
Total net position	<u>\$230,655,470</u>	<u>\$62,992,648</u>	<u>(\$1,101,380)</u>	<u>\$2,669,361</u>	<u>\$295,216,099</u>

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, 2023

	Regional Wastewater Total	Local Wastewater Total	Allocation	Allocation OPEB Fund	Wastewater Total
OPERATING REVENUES					
Wastewater service charges	\$23,669,888	\$4,568,760	\$ -	\$ -	\$28,238,648
Other revenues	7,360,907	122,045	1,284,547	-	8,767,499
Total operating revenues	<u>31,030,795</u>	<u>4,690,805</u>	<u>1,284,547</u>	<u>-</u>	<u>37,006,147</u>
OPERATING EXPENSES					
Personnel	9,553,737	2,282,139	4,356,306	(163,177)	16,029,005
Materials	4,394,428	110,394	247,419	-	4,752,241
Contractual services	13,818,774	800,587	1,098,267	-	15,717,628
Other	25,439	8,326	25,523	-	59,288
Overhead charges	2,987,554	728,281	(3,715,835)	-	-
Depreciation	3,968,009	1,364,257	-	-	5,332,266
Total operating expenses	<u>34,747,941</u>	<u>5,293,984</u>	<u>2,011,680</u>	<u>(163,177)</u>	<u>41,890,428</u>
OPERATING INCOME (LOSS)	<u>(3,717,146)</u>	<u>(603,179)</u>	<u>(727,133)</u>	<u>163,177</u>	<u>(4,884,281)</u>
NONOPERATING REVENUES					
Investment income	1,030,157	199,511	-	-	1,229,668
Gain on sale of assets	3,416	21,690	-	-	25,106
Gain on investment in JPA	1,136,320	-	-	-	1,136,320
Total non-operating revenues	<u>2,169,893</u>	<u>221,201</u>	<u>-</u>	<u>-</u>	<u>2,391,094</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(1,547,253)</u>	<u>(381,978)</u>	<u>(727,133)</u>	<u>163,177</u>	<u>(2,493,187)</u>
Non-cash contributions	-	1,240,900	-	-	1,240,900
Capital contributions - capacity reserve fees	9,945,684	1,937,841	-	-	11,883,525
Transfers in	2,100,000	2,810,736	-	-	4,910,736
Transfers (out)	(3,828,951)	(812,500)	-	-	(4,641,451)
Changes in net position	6,669,480	4,794,999	(727,133)	163,177	10,900,523
TOTAL NET POSITION, BEGINNING OF YEAR	<u>223,985,990</u>	<u>58,197,649</u>	<u>(374,247)</u>	<u>2,506,184</u>	<u>284,315,576</u>
TOTAL NET POSITION, END OF YEAR	<u>\$230,655,470</u>	<u>\$62,992,648</u>	<u>(\$1,101,380)</u>	<u>\$2,669,361</u>	<u>\$295,216,099</u>

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DUBLIN SAN RAMON SERVICES DISTRICT
REGIONAL WASTEWATER OPERATIONS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023

	Regional Wastewater Enterprise	Regional Wastewater RSF	Regional Wastewater Replacement	Regional Wastewater Expansion	Total
ASSETS					
Current assets:					
Pooled cash	\$839,690	\$705,701	\$2,604,506	\$3,289,579	\$7,439,476
Pooled investments	10,633,609	9,074,867	33,032,516	41,765,742	94,506,734
Accounts receivable	7,504,472	-	154,536	379,301	8,038,309
Interest receivable	18,089	15,046	53,709	69,043	155,887
Deferred capacity reserve fees receivable	-	-	8,502	21,194	29,696
Total current assets	<u>18,995,860</u>	<u>9,795,614</u>	<u>35,853,769</u>	<u>45,524,859</u>	<u>110,170,102</u>
Non-current assets:					
Investment in JPA	2,763,196	-	-	12,352,891	15,116,087
Capital assets:					
Property, plant and equipment	169,663,617	-	-	-	169,663,617
Less accumulated depreciation	<u>83,650,438</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,650,438</u>
Net property, plant and equipment	86,013,179	-	-	-	86,013,179
Land and construction in progress	<u>56,014</u>	<u>-</u>	<u>12,011,347</u>	<u>17,500,988</u>	<u>29,568,349</u>
Total capital assets	<u>86,069,193</u>	<u>-</u>	<u>12,011,347</u>	<u>17,500,988</u>	<u>115,581,528</u>
Other assets:					
Deferred capacity reserves receivable - long term	-	-	1,374	3,425	4,799
Total other assets	<u>-</u>	<u>-</u>	<u>1,374</u>	<u>3,425</u>	<u>4,799</u>
Total non-current assets	<u>88,832,389</u>	<u>-</u>	<u>12,012,721</u>	<u>29,857,304</u>	<u>130,702,414</u>
Total assets	<u>107,828,249</u>	<u>9,795,614</u>	<u>47,866,490</u>	<u>75,382,163</u>	<u>240,872,516</u>
Deferred outflows of resources					
Deferred outflows pension related amounts	9,782,588	-	-	-	9,782,588
Deferred employer pension contributions	<u>1,402,358</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,402,358</u>
Total deferred outflows of resources	<u>\$11,184,946</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$11,184,946</u>

DUBLIN SAN RAMON SERVICES DISTRICT
REGIONAL WASTEWATER OPERATIONS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023

	Regional Wastewater Enterprise	Regional Wastewater RSF	Regional Wastewater Replacement	Regional Wastewater Expansion	Total
LIABILITIES					
Current liabilities:					
Accounts payable	\$1,755,654	\$1,012	\$195,384	\$228,550	\$2,180,600
Contractor bonds and deposits	2,014,497	-	-	21,259	2,035,756
Accrued compensated absences	604,988	-	-	-	604,988
Unearned revenue	-	-	8,502	21,194	29,696
Total current liabilities	<u>4,375,139</u>	<u>1,012</u>	<u>203,886</u>	<u>271,003</u>	<u>4,851,040</u>
Long term liabilities:					
Net pension liability	9,550,582	-	-	-	9,550,582
DLD remediation reserve	2,147,196	-	-	-	2,147,196
Unearned revenue	-	-	1,374	3,425	4,799
Total long term liabilities	<u>11,697,778</u>	<u>-</u>	<u>1,374</u>	<u>3,425</u>	<u>11,702,577</u>
Total liabilities	<u>16,072,917</u>	<u>1,012</u>	<u>205,260</u>	<u>274,428</u>	<u>16,553,617</u>
Deferred inflows of resources					
Deferred inflows of resources - Pension	4,848,375	-	-	-	4,848,375
Total deferred inflows of resources	<u>4,848,375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,848,375</u>
NET POSITION					
Net investment in capital assets	86,069,193	-	12,011,347	17,500,988	115,581,528
Restricted for:					
Expansion	-	-	-	57,606,747	57,606,747
Unrestricted	12,022,710	9,794,602	35,649,883	-	57,467,195
Total net position	<u>\$98,091,903</u>	<u>\$9,794,602</u>	<u>\$47,661,230</u>	<u>\$75,107,735</u>	<u>\$230,655,470</u>

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, 2023

	Regional Wastewater Enterprise	Regional Wastewater RSF	Regional Wastewater Replacement	Regional Wastewater Expansion	Total
OPERATING REVENUES					
Wastewater service charges	\$23,669,888	\$ -	\$ -	\$ -	\$23,669,888
Other revenues	5,945,339	-	1,364,011	51,557	7,360,907
Total operating revenues	29,615,227	-	1,364,011	51,557	31,030,795
OPERATING EXPENSES					
Personnel	9,553,737	-	-	-	9,553,737
Materials	4,394,428	-	-	-	4,394,428
Contractual services	9,958,497	-	279,601	3,580,676	13,818,774
Other	12,275	13,164	-	-	25,439
Overhead charges	2,987,554	-	-	-	2,987,554
Depreciation	3,968,009	-	-	-	3,968,009
Total operating expenses	30,874,500	13,164	279,601	3,580,676	34,747,941
OPERATING INCOME (LOSS)	(1,259,273)	(13,164)	1,084,410	(3,529,119)	(3,717,146)
NONOPERATING REVENUES					
Investment income	107,988	100,079	364,705	457,385	1,030,157
Gain on sale of assets	3,416	-	-	-	3,416
Gain on investment in JPA	207,695	-	-	928,625	1,136,320
Total non-operating revenues	319,099	100,079	364,705	1,386,010	2,169,893
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(940,174)	86,915	1,449,115	(2,143,109)	(1,547,253)
Capital contributions - capacity reserve fees	-	-	2,701,745	7,243,939	9,945,684
Residual equity transfer	147,274	-	(147,274)	-	-
Transfers in	-	-	2,100,000	-	2,100,000
Transfers (out)	(1,830,715)	-	(1,998,236)	-	(3,828,951)
Changes in net position	(2,623,615)	86,915	4,105,350	5,100,830	6,669,480
TOTAL NET POSITION, BEGINNING OF YEAR	100,715,518	9,707,687	43,555,880	70,006,905	223,985,990
TOTAL NET POSITION, END OF YEAR	\$98,091,903	\$9,794,602	\$47,661,230	\$75,107,735	\$230,655,470

DUBLIN SAN RAMON SERVICES DISTRICT
LOCAL WASTEWATER OPERATIONS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023

	Local Wastewater Enterprise	Local Wastewater RSF	Local Wastewater Replacement	Local Wastewater Expansion	Total
ASSETS					
Current assets:					
Pooled cash	\$327,020	\$44,816	(\$1,132,162)	\$2,236,409	\$1,476,083
Pooled investments	4,291,878	661,931	6,918,252	7,174,483	19,046,544
Accounts receivable	447,040	-	-	-	447,040
Interest receivable	7,541	1,097	11,201	11,886	31,725
Total current assets	<u>5,073,479</u>	<u>707,844</u>	<u>5,797,291</u>	<u>9,422,778</u>	<u>21,001,392</u>
Non-current assets:					
Capital assets:					
Property, plant and equipment	71,238,974	-	-	-	71,238,974
Less accumulated depreciation	<u>31,903,884</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,903,884</u>
Net property, plant and equipment	39,335,090	-	-	-	39,335,090
Land and construction in progress	<u>850,893</u>	<u>-</u>	<u>2,373,432</u>	<u>1,021,188</u>	<u>4,245,513</u>
Total capital assets	<u>40,185,983</u>	<u>-</u>	<u>2,373,432</u>	<u>1,021,188</u>	<u>43,580,603</u>
Other assets:					
Due from Other Funds - Long term	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-current assets	<u>40,185,983</u>	<u>-</u>	<u>2,373,432</u>	<u>1,021,188</u>	<u>43,580,603</u>
Total assets	<u>45,259,462</u>	<u>707,844</u>	<u>8,170,723</u>	<u>10,443,966</u>	<u>64,581,995</u>
Deferred outflows of resources					
Deferred outflows pension related amounts	1,854,019	-	-	-	1,854,019
Deferred employer pension contributions	<u>347,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>347,463</u>
Total deferred outflows of resources	<u>2,201,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,201,482</u>
LIABILITIES					
Current liabilities:					
Accounts payable	25,760	1,012	-	-	26,772
Accrued compensated absences	<u>122,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,265</u>
Total current liabilities	<u>148,025</u>	<u>1,012</u>	<u>-</u>	<u>-</u>	<u>149,037</u>
Long term liabilities:					
Due to Other Funds - Long term	-	-	-	-	-
Net pension liability	<u>2,677,353</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,677,353</u>
Total long term liabilities	<u>2,677,353</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,677,353</u>
Total liabilities	<u>2,825,378</u>	<u>1,012</u>	<u>-</u>	<u>-</u>	<u>2,826,390</u>
Deferred inflows of resources					
Deferred inflows pension related amounts	<u>964,439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>964,439</u>
Total deferred inflows of resources	<u>964,439</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>964,439</u>
NET POSITION					
Net investment in capital assets	40,185,983	-	2,373,432	1,021,188	43,580,603
Restricted for:					
Expansion	-	-	-	9,422,778	9,422,778
Unrestricted	<u>3,485,144</u>	<u>706,832</u>	<u>5,797,291</u>	<u>-</u>	<u>9,989,267</u>
Total net position	<u>\$43,671,127</u>	<u>\$706,832</u>	<u>\$8,170,723</u>	<u>\$10,443,966</u>	<u>\$62,992,648</u>

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, 2023

	Local Wastewater Enterprise	Local Wastewater RSF	Local Wastewater Replacement	Local Wastewater Expansion	Total
OPERATING REVENUES					
Wastewater service charges	\$4,568,760	\$ -	\$ -	\$ -	\$4,568,760
Other revenues	122,045	-	-	-	122,045
Total operating revenues	4,690,805	-	-	-	4,690,805
OPERATING EXPENSES					
Personnel	2,282,139	-	-	-	2,282,139
Materials	110,394	-	-	-	110,394
Contractual services	244,921	-	555,666	-	800,587
Other	(4,838)	13,164	-	-	8,326
Overhead charges	728,281	-	-	-	728,281
Depreciation	1,364,257	-	-	-	1,364,257
Total operating expenses	4,725,154	13,164	555,666	-	5,293,984
OPERATING INCOME (LOSS)	(34,349)	(13,164)	(555,666)	-	(603,179)
NONOPERATING REVENUES					
Investment income	48,595	7,305	64,516	79,095	199,511
Gain on sale of assets	21,690	-	-	-	21,690
Total non-operating revenues	70,285	7,305	64,516	79,095	221,201
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS					
	35,936	(5,859)	(491,150)	79,095	(381,978)
Non-cash contributions	1,240,900	-	-	-	1,240,900
Capital contributions - capacity reserve fees	-	-	1,525,846	411,995	1,937,841
Residual equity transfer	973,031	-	(973,031)	-	-
Transfers in	-	-	2,798,236	12,500	2,810,736
Transfers (out)	(800,000)	-	(12,500)	-	(812,500)
Changes in net position	1,449,867	(5,859)	2,847,401	503,590	4,794,999
TOTAL NET POSITION, BEGINNING OF YEAR	42,221,260	712,691	5,323,322	9,940,376	58,197,649
TOTAL NET POSITION, END OF YEAR	\$43,671,127	\$706,832	\$8,170,723	\$10,443,966	\$62,992,648

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DUBLIN SAN RAMON SERVICES DISTRICT
WATER OPERATIONS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023

	Water Total	Dougherty Valley Asmnt Dist	Allocation	Allocation OPEB Fund	Total
ASSETS					
Current assets:					
Pooled cash	\$7,817,682	\$18,751	(\$239,324)	(\$213,454)	\$7,383,655
Pooled investments	99,695,423	298,937	-	-	99,994,360
Restricted Cash - Debt Service Fund	855	-	-	-	855
Accounts receivable	9,976,658	-	258,744	597,484	10,832,886
Interest receivable	171,292	1,550	-	-	172,842
Prepaid expenses	-	-	3,157	-	3,157
Total current assets	117,661,910	319,238	22,577	384,030	118,387,755
Non-current assets:					
Net OPEB asset	-	-	-	31,004	31,004
Investment in JPA	38,969,882	-	-	-	38,969,882
Capital assets:					
Property, plant and equipment	181,001,583	-	-	-	181,001,583
Less accumulated depreciation	73,502,945	-	-	-	73,502,945
Net property, plant and equipment	107,498,638	-	-	-	107,498,638
Land and construction in progress	35,919,233	-	-	-	35,919,233
Total capital assets	143,417,871	-	-	-	143,417,871
Total non-current assets	182,387,753	-	-	-	182,418,757
Total assets	300,049,663	319,238	22,577	415,034	300,806,512
Deferred outflows of resources					
Deferred outflows pension related amounts	8,161,112	-	-	-	8,161,112
Deferred employer pension contributions	1,242,908	-	-	-	1,242,908
Deferred outflows OPEB related amounts	-	-	-	1,484,323	1,484,323
Deferred employer OPEB contributions	-	-	-	251,180	251,180
Total deferred outflows of resources	\$9,404,020	\$-	\$-	\$1,735,503	\$11,139,523

DUBLIN SAN RAMON SERVICES DISTRICT
WATER OPERATIONS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023

	Water Total	Dougherty Valley Asmnt Dist	Allocation	Allocation OPEB Fund	Total
LIABILITIES					
Current liabilities:					
Accounts payable	\$5,292,639	\$ -	\$ 383,504	\$ -	\$5,676,143
Contractor bonds and deposits	2,490,092	-	-	-	2,490,092
Accrued expenses	-	-	227,176	-	227,176
Accrued compensated absences	453,085	-	236,972	-	690,057
Interest payable	579,297	-	-	-	579,297
Net pension liability	7,253,875	-	-	-	7,253,875
Bonds payable - current portion	500,000	-	-	-	500,000
Total current liabilities	<u>16,568,988</u>	<u>-</u>	<u>847,652</u>	<u>-</u>	<u>17,416,640</u>
Long term liabilities:					
Bonds payable - less current portion	30,895,000	-	-	-	30,895,000
Unearned revenue	357,398	-	-	-	357,398
Total long term liabilities	<u>31,252,398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,252,398</u>
Total liabilities	<u>47,821,386</u>	<u>-</u>	<u>847,652</u>	<u>-</u>	<u>48,669,038</u>
Deferred inflows of resources					
Deferred inflows of resources - Pension	3,925,853	-	-	-	3,925,853
Deferred inflows of resources - OPEB	-	-	-	486,439	486,439
Total deferred inflows of resources	<u>3,925,853</u>	<u>-</u>	<u>-</u>	<u>486,439</u>	<u>4,412,292</u>
NET POSITION					
Net investment in capital assets	112,022,871	-	-	-	112,022,871
Restricted for:					
Expansion	90,542,069	-	-	-	90,542,069
Assessment district	-	319,238	-	-	319,238
Debt service	855	-	-	-	855
OPEB	-	-	-	31,004	31,004
Unrestricted	55,140,649	-	(825,075)	1,633,094	55,948,668
Total net position	<u>\$257,706,444</u>	<u>\$319,238</u>	<u>(\$825,075)</u>	<u>\$1,664,098</u>	<u>\$258,864,705</u>

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, 2023

	Water Total	Dougherty Valley Asmnt Dist	Allocation	Allocation OPEB Fund	Total
OPERATING REVENUES					
Water sales	\$36,170,972	\$ -	\$ -	\$ -	\$36,170,972
Other revenues	3,650,185	1,975,061	933,631	-	6,558,877
Total operating revenues	<u>39,821,157</u>	<u>1,975,061</u>	<u>933,631</u>	<u>-</u>	<u>42,729,849</u>
OPERATING EXPENSES					
Personnel	8,139,791	-	3,166,240	(118,600)	11,187,431
Materials	18,908,336	-	179,829	-	19,088,165
Contractual services	7,053,303	1,871,135	798,239	-	9,722,677
Other	152,049	-	18,551	-	170,600
Overhead charges	2,700,734	-	(2,700,734)	-	-
Depreciation	3,484,955	-	-	-	3,484,955
Total operating expenses	<u>40,439,168</u>	<u>1,871,135</u>	<u>1,462,125</u>	<u>(118,600)</u>	<u>43,653,828</u>
OPERATING INCOME (LOSS)	<u>(618,011)</u>	<u>103,926</u>	<u>(528,494)</u>	<u>118,600</u>	<u>(923,979)</u>
NONOPERATING REVENUES (EXPENSE)					
Investment income	1,159,485	11,316	-	-	1,170,801
Gain on sale of assets	19,180	-	-	-	19,180
Gain on investment in JPA	163,622	-	-	-	163,622
Interest (expense)	(1,392,292)	-	-	-	(1,392,292)
Total non-operating revenues (expenses), net	<u>(50,005)</u>	<u>11,316</u>	<u>-</u>	<u>-</u>	<u>(38,689)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS					
	(668,016)	115,242	(528,494)	118,600	(962,668)
Non-cash contributions	1,855,400	-	-	-	1,855,400
Capital contributions - capacity reserve fees	8,284,109	-	-	-	8,284,109
Transfers in	7,356,471	-	-	-	7,356,471
Transfers (out)	(7,625,756)	-	-	-	(7,625,756)
Changes in net position	9,202,208	115,242	(528,494)	118,600	8,907,556
TOTAL NET POSITION, BEGINNING OF YEAR	<u>248,504,236</u>	<u>203,996</u>	<u>(296,581)</u>	<u>1,545,498</u>	<u>249,957,149</u>
NET POSITION, END OF YEAR	<u>\$257,706,444</u>	<u>\$319,238</u>	<u>(\$825,075)</u>	<u>\$1,664,098</u>	<u>\$258,864,705</u>

DUBLIN SAN RAMON SERVICES DISTRICT
WATER FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023

	Water Enterprise	Water RSF	Water Replacement	Water Expansion	Total
ASSETS					
Current assets:					
Pooled cash	\$499,264	\$1,166,174	\$2,345,068	\$3,807,176	\$7,817,682
Pooled investments	6,405,789	14,776,019	29,936,385	48,577,230	99,695,423
Restricted cash - debt service fund	-	-	-	855	855
Accounts receivable	9,847,368	-	35,557	93,733	9,976,658
Interest receivable	14,470	25,688	49,747	81,387	171,292
Total current assets	<u>16,766,891</u>	<u>15,967,881</u>	<u>32,366,757</u>	<u>52,560,381</u>	<u>117,661,910</u>
Non-current assets:					
Investment in JPA	-	-	-	38,969,882	38,969,882
Capital assets:					
Property, plant and equipment	181,001,583	-	-	-	181,001,583
Less accumulated depreciation	73,502,945	-	-	-	73,502,945
Net property, plant and equipment	107,498,638	-	-	-	107,498,638
Land and construction in progress	6,806,038	-	25,043,133	4,070,062	35,919,233
Total capital assets	<u>114,304,676</u>	<u>-</u>	<u>25,043,133</u>	<u>4,070,062</u>	<u>143,417,871</u>
Total non-current assets	<u>114,304,676</u>	<u>-</u>	<u>25,043,133</u>	<u>43,039,944</u>	<u>182,387,753</u>
Total assets	<u>131,071,567</u>	<u>15,967,881</u>	<u>57,409,890</u>	<u>95,600,325</u>	<u>300,049,663</u>
Deferred outflows of resources					
Deferred outflows pension related amounts	8,161,112	-	-	-	8,161,112
Deferred employer pension contributions	1,242,908	-	-	-	1,242,908
Total deferred outflows of resources	<u>9,404,020</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,404,020</u>
LIABILITIES					
Current liabilities:					
Accounts payable	4,970,573	8,093	263,329	50,644	5,292,639
Contractor bonds and deposits	2,490,092	-	-	-	2,490,092
Accrued compensated absences	453,085	-	-	-	453,085
Interest Payable	-	-	-	579,297	579,297
Net pension liability	7,253,875	-	-	-	7,253,875
Bonds payable - current portion	-	-	-	500,000	500,000
Total current liabilities	<u>15,167,625</u>	<u>8,093</u>	<u>263,329</u>	<u>1,129,941</u>	<u>16,568,988</u>
Long term liabilities:					
Bonds payable - less current portion	-	-	-	30,895,000	30,895,000
Unearned revenue	-	-	-	357,398	357,398
Total long term liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,252,398</u>	<u>31,252,398</u>
Total liabilities	<u>15,167,625</u>	<u>8,093</u>	<u>263,329</u>	<u>32,382,339</u>	<u>47,821,386</u>
Deferred inflows of resources					
Deferred inflows of resources - Pension	3,925,853	-	-	-	3,925,853
Total deferred inflows of resources	<u>3,925,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,925,853</u>
NET POSITION					
Net investment in capital assets	114,304,676	-	25,043,133	(27,324,938)	112,022,871
Restricted for:					
Expansion	-	-	-	90,542,069	90,542,069
Debt service	-	-	-	855	855
Unrestricted	7,077,433	15,959,788	32,103,428	-	55,140,649
Total net position	<u>\$121,382,109</u>	<u>\$15,959,788</u>	<u>\$57,146,561</u>	<u>\$63,217,986</u>	<u>\$257,706,444</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, 2023

	Water Enterprise	Water RSF	Water Replacement	Water Expansion	Total
OPERATING REVENUES					
Water sales	\$36,170,972	\$ -	\$ -	\$ -	\$36,170,972
Other revenues	2,633,612	999,772	8,601	8,200	3,650,185
Total operating revenues	38,804,584	999,772	8,601	8,200	39,821,157
OPERATING EXPENSES					
Personnel	8,139,791	-	-	-	8,139,791
Materials	18,908,336	-	-	-	18,908,336
Contractual services	6,135,669	-	43,351	874,283	7,053,303
Other	(3,456)	155,505	-	-	152,049
Overhead charges	2,700,734	-	-	-	2,700,734
Depreciation	3,484,955	-	-	-	3,484,955
Total operating expenses	39,366,029	155,505	43,351	874,283	40,439,168
OPERATING INCOME (LOSS)	(561,445)	844,267	(34,750)	(866,083)	(618,011)
NONOPERATING REVENUES (EXPENSE)					
Investment income	112,541	174,580	333,076	539,288	1,159,485
Gain on sale of assets	19,180	-	-	-	19,180
Gain on investment in JPA	-	-	-	163,622	163,622
Interest expense	-	-	-	(1,392,292)	(1,392,292)
Total non-operating revenues (expenses)	131,721	174,580	333,076	(689,382)	(50,005)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS					
	(429,724)	1,018,847	298,326	(1,555,465)	(668,016)
Non-cash contributions	1,855,400	-	-	-	1,855,400
Capital contributions - capacity reserve fees	-	-	2,322,952	5,961,157	8,284,109
Residual equity transfer	268,403	-	(268,403)	-	-
Transfers in	1,076,471	-	6,280,000	-	7,356,471
Transfers (out)	(6,280,000)	(1,345,756)	-	-	(7,625,756)
Changes in net position	(3,509,450)	(326,909)	8,632,875	4,405,692	9,202,208
TOTAL NET POSITION, BEGINNING OF YEAR	124,891,559	16,286,697	48,513,686	58,812,294	248,504,236
TOTAL NET POSITION, END OF YEAR	\$121,382,109	\$15,959,788	\$57,146,561	\$63,217,986	\$257,706,444

DUBLIN SAN RAMON SERVICES DISTRICT
ALLOCATIONS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2023

	Administrative Cost Center	OPEB Fund	Total
ASSETS			
Current assets:			
Pooled cash	(\$534,791)	(\$127,342)	(\$662,133)
Accounts receivable	614,740	1,419,538	2,034,278
Prepaid expense	7,500	-	7,500
Total current assets	<u>87,449</u>	<u>1,292,196</u>	<u>1,379,645</u>
Other assets:			
Net OPEB asset	-	73,661	73,661
Total assets	<u>87,449</u>	<u>1,365,857</u>	<u>1,453,306</u>
Deferred outflows of resources			
Deferred outflows OPEB related amounts	-	3,526,546	3,526,546
Deferred employer OPEB contributions	-	596,768	596,768
Total deferred outflows of resources	<u>-</u>	<u>4,123,314</u>	<u>4,123,314</u>
LIABILITIES			
Current liabilities:			
Accounts payable	911,153	-	911,153
Accrued expenses	539,739	-	539,739
Accrued compensated absences	563,012	-	563,012
Total current liabilities	<u>2,013,904</u>	<u>-</u>	<u>2,013,904</u>
Total liabilities	<u>2,013,904</u>	<u>-</u>	<u>2,013,904</u>
Deferred inflows of resources			
Deferred inflows of resources - OPEB	-	1,155,712	1,155,712
Total deferred inflows of resources	<u>-</u>	<u>1,155,712</u>	<u>1,155,712</u>
NET POSITION			
Restricted	-	73,661	73,661
Unrestricted	(1,926,455)	4,259,798	2,333,343
Total net position	<u>(\$1,926,455)</u>	<u>\$4,333,459</u>	<u>\$2,407,004</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, 2023

	Administrative Cost Center	OPEB Fund	Total
OPERATING REVENUES			
Other revenues	\$2,218,178	\$ -	\$2,218,178
Total operating revenues	<u>2,218,178</u>	<u>-</u>	<u>2,218,178</u>
OPERATING EXPENSES			
Personnel	7,522,546	(281,777)	7,240,769
Materials	427,248	-	427,248
Contractual services	1,896,506	-	1,896,506
Other	44,074	-	44,074
Overhead charges	(6,416,569)	-	(6,416,569)
Total operating expenses	<u>3,473,805</u>	<u>(281,777)</u>	<u>3,192,028</u>
OPERATING INCOME	<u>(1,255,627)</u>	<u>281,777</u>	<u>(973,850)</u>
Changes in net position	<u>(1,255,627)</u>	<u>281,777</u>	<u>(973,850)</u>
TOTAL NET POSITION, BEGINNING OF YEAR	<u>(670,828)</u>	<u>4,051,682</u>	<u>3,380,854</u>
TOTAL NET POSITION, END OF YEAR	<u><u>(\$1,926,455)</u></u>	<u><u>\$4,333,459</u></u>	<u><u>\$2,407,004</u></u>

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STATISTICAL SECTION

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STATISTICAL OVERVIEW

The statistics in this section provide context to help readers understand what the financial statements, note disclosures, and required supplementary information reveal about the District's overall financial health. In contrast to the Financial Section, information in the Statistical Section is not subject to an independent audit.



Construction continues on the Boulevard development on the former site of Parks Reserved Forces Training Area in Dublin.

DEMOGRAPHIC AND ECONOMIC INFORMATION

These schedules offer demographic and economic indicators to help the reader understand the environment in which the District's financial activities take place.

1. City of Dublin principal employers
2. Demographic and economic indicators

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

1. Changes in net position
2. Total revenue sources
3. Total expense sources
4. Net position by component

REVENUE CAPACITY

These schedules contain information to help the reader assess the District's most significant local revenue sources.

1. Water by type of customer
2. Principal customers
3. Water and sewer rates

DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the District's outstanding debt and its ability to issue additional debt in the future.

1. Pledged revenue coverage
2. Outstanding debt by type

OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and activities it performs.

1. Wastewater average daily effluent flow
2. Water consumption and connections
3. Authorized full-time equivalent District employees by function/program
4. Capital assets by function/program

Sources: Unless otherwise noted, the information in these schedules is derived from the *Annual Comprehensive Financial Report* for the relevant year.

CITY OF DUBLIN PRINCIPAL EMPLOYERS

Fiscal Year 2022 and Nine Years Prior

Employer	2013		2022 ¹	
	Employees	Rank	Employees	Rank
U.S. Government & Federal Correctional Institution	2,100	1	1,589	1
County of Alameda	465	5	1,307	2
Dublin Unified School District	755	2	1,200	3
Ross Store Headquarters	N/A		1,160	4
Patelco Credit Union	N/A		831	5
Zeiss Meditec	535	4	692	6
Kaiser Permanente	N/A		601	7
Target Corporation	N/A		344	8
Snowflake, Inc.	N/A		250	9
TriNet	N/A		215	10
City of Dublin	208	9	N/A	
SAP (Formerly: Sybase, Inc.)	604	3	N/A	
Micro Dental Laboratories	242	8	N/A	
Safeway	284	7	N/A	
Taleo	N/A		N/A	
Franklin Templeton Investments	200	10	N/A	
Total	5,393		8,189	

Source: ¹ City of Dublin, Annual Comprehensive Financial Report, Fiscal Year ended June 30, 2022

CITY OF SAN RAMON PRINCIPAL EMPLOYERS

Fiscal Year 2022 and Nine Years Prior

Employer	2013		2022 ¹	
	Employees	Rank	Employees	Rank
PG&E	740	6	2,398	1
Chevron USA, Inc.	4,200	1	2,000	2
Bank of the West	1,600	2	1,600	3
Robert Half International Inc.	1,230	4	1,285	4
Accenture LLP	750	5	750	5
San Ramon Regional Medical Center	500	7	650	6
Primed Management Consulting	413	9	453	7
Five9, Inc.	N/A		392	8
United Parcel Service	N/A		315	9
Old Public Home Protection	N/A		308	10
AT&T	1,491	3	N/A	
General Electric Company	500	7	N/A	
Marriot	368	10	N/A	
Total	11,792		10,151	

Source: ¹ City of San Ramon, Annual Comprehensive Financial Report, Fiscal Year 2021-2022

DEMOGRAPHIC AND ECONOMIC INDICATORS

Last Ten Calendar Years

Calendar Year	City of Dublin Population ^{2,4}	Alameda County Personal Income ¹	Alameda County Per Capita Personal Income ¹	City of Dublin Unemployment Rate ³
2014	53,462	93,163,772	56,261	3.70%
2015	55,844	102,412,663	61,879	2.90%
2016	57,349	109,572,257	67,356	2.60%
2017	59,686	116,802,392	71,282	2.70%
2018	63,241	125,583,845	76,644	2.50%
2019	64,577	131,535,494	81,171	2.10%
2020	65,716	144,751,041	87,078	7.40%
2021	64,695	n-a ⁴	n-a ⁴	4.00%
2022	72,932	n-a ⁴	n-a ⁴	2.40%
2023	71,750	n-a ⁴	n-a ⁴	3.80%

Calendar Year	City of San Ramon Population ²	Contra Costa County Personal Income ¹	Contra Costa County Per Capita Personal Income ¹	City of San Ramon Unemployment Rate ³
2014	77,270	70,278,089	63,752	4.10%
2015	77,470	76,805,095	66,348	3.30%
2016	78,363	81,451,804	67,356	2.90%
2017	80,550	86,986,057	76,527	3.00%
2018	82,643	91,653,896	82,506	2.50%
2019	83,957	97,550,344	85,324	2.20%
2020	83,118	106,318,748	92,264	7.30%
2021	83,863	n-a ⁴	n-a ⁴	4.00%
2022	83,820	n-a ⁴	n-a ⁴	2.40%
2023	82,870	n-a ⁴	n-a ⁴	3.80%

Sources:

- ¹ U.S. Department of Commerce, Bureau of Economic Analysis, "CAINC1 Personal Income Summary" midyear population estimates
Last updated: November 16, 2022-- new statistics for 2021; revised statistics for 2010-2020
- ² State of California, Department of Finance, "E-5 Population and Housing Estimates for Cities, Counties, and the State, January 2021-2022, with 2020 Benchmark"
- Released: May 2022
- ³ State of California, Employment Development Department, Unemployment Rates (Labor Force) (one-year lag)
- Last updated: Unemployment rates as of September 2022
- ⁴ As of October 31, 2023, data for 2021, 2022 and 2023 not yet available

FINANCIAL TRENDS

CHANGES IN NET POSITION

Last 10 Fiscal Years

(Accrual Basis of Accounting. Amounts expressed in thousands)

	2014	2015	2016	2017	2018
Operating Revenues					
Water	\$30,576	\$29,043	\$29,627	\$35,293	\$36,063
Wastewater	22,904	24,333	24,804	24,316	26,199
Total operating revenues	\$53,480	\$53,376	\$54,431	\$59,609	\$62,261
Operating Expenses					
Water	30,994	27,486	26,147	37,635	39,012
Wastewater	28,800	28,754	29,609	31,435	31,767
Total operating expenses	\$59,794	\$56,240	\$55,756	\$69,070	\$70,779
Net Operating Revenues (Expenses)	(\$6,314)	(\$2,864)	(\$1,325)	(\$9,461)	(\$8,518)
Non-Operating Revenues (Expenses)					
Interest earnings	1,376	958	1,639	354	696
Interest expense	(2,470)	(2,362)	(1,929)	(1,918)	(1,712)
Non-operating revenue (expenses)	0	0	48	(37)	652
Non-cash contributions	4,735	4,983	1,461	4,485	982
Capital contributions	13,094	29,905	34,462	20,330	29,944
Total non-operating revenues (expenses)	\$16,735	\$33,484	\$35,681	\$23,215	\$30,562
Change in Net Position	\$10,421	\$30,620	\$34,356	\$13,754	\$22,044

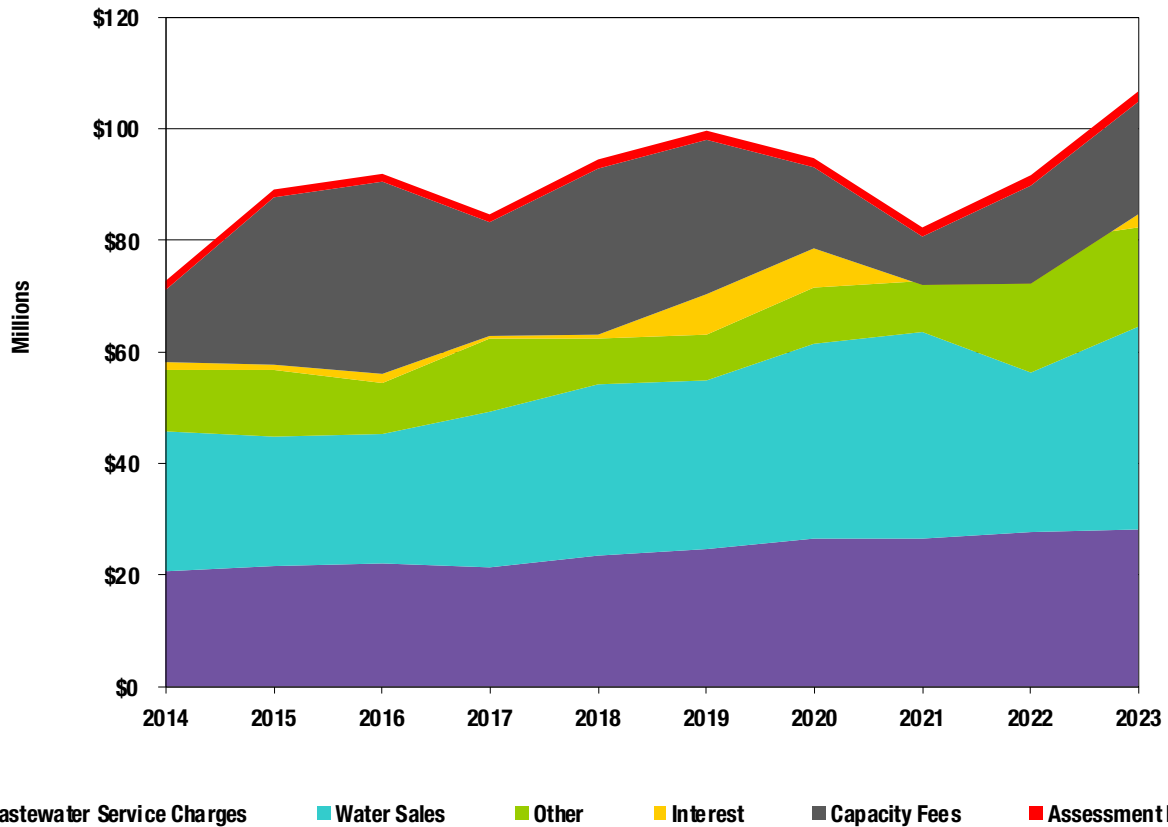
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	2019	2020	2021	2022	2023
Operating Revenues					
Water	\$35,277	42,487	41,249	43,167	42,730
Wastewater	27,107	28,917	28,962	32,586	37,006
Total operating revenues	\$62,384	\$71,404	\$70,211	\$75,752	\$79,736
Operating Expenses					
Water	37,438	46,278	39,293	38,487	43,654
Wastewater	36,093	37,107	33,381	32,167	41,890
Total operating expenses	\$73,530	\$83,385	\$72,674	\$70,654	\$85,544
Net Operating Revenues (Expenses)	(\$11,146)	(\$11,982)	(\$2,463)	\$5,099	(\$5,808)
Non-Operating Revenues (Expenses)					
Interest earnings	7,137	7,103	(663)	(7,102)	2,400
Interest expense	(1,467)	(1,454)	(1,438)	(1,416)	-1,392
Non-operating revenue (expenses)	6	7	1,270	1,633	1,344
Non-cash contributions	2,360	1,535	2,802	3,829	3,096
Capital contributions	27,667	14,632	8,749	17,529	20,168
Total non-operating revenues (expenses)	\$35,703	\$21,823	\$10,719	\$14,473	\$25,616
Change in Net Position	\$24,557	\$9,841	\$8,256	\$19,571	\$19,808

TOTAL REVENUE SOURCES

Last Ten Fiscal Years

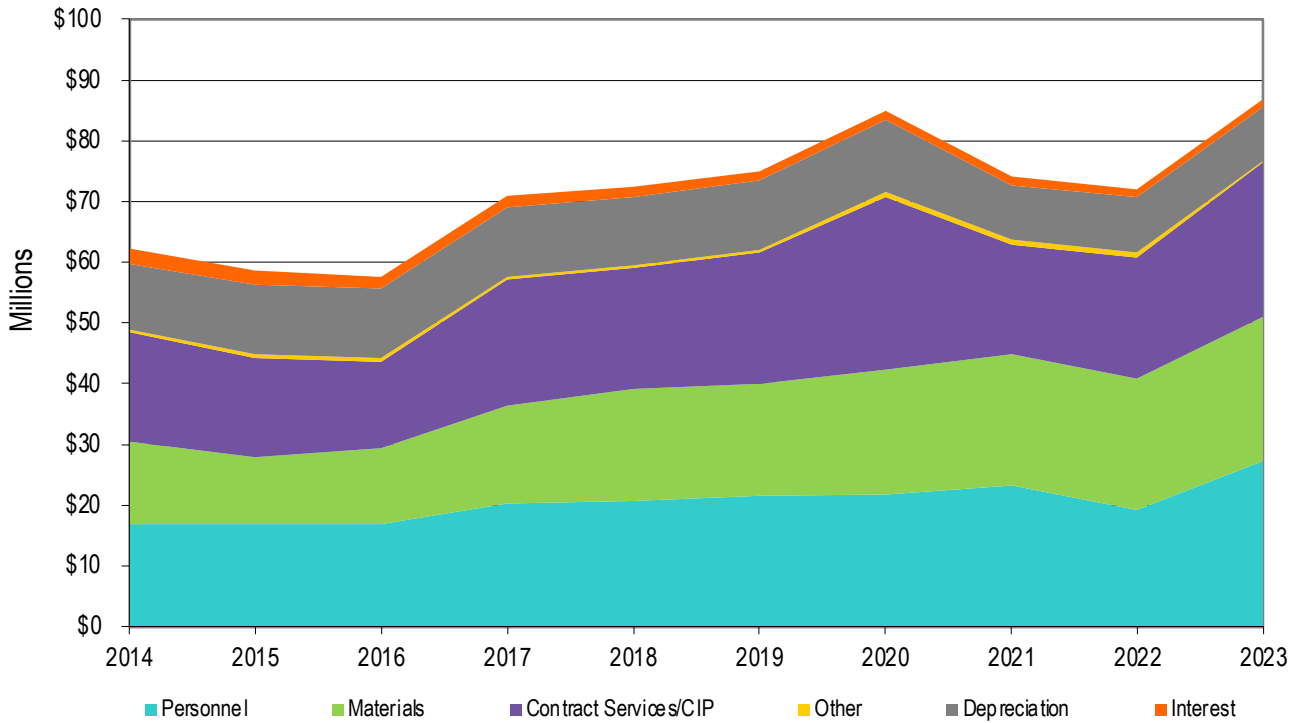


Fiscal Year Ending	Total	Wastewater Service Charges	Water Sales	Other	Interest	Capacity Fees	Assessment District
2014	72,685,508	20,772,099	24,992,374	10,945,880	1,376,221	13,093,842	1,505,092
2015	89,223,380	21,547,608	23,186,190	12,083,855	958,042	29,905,253	1,542,432
2016	92,041,190	22,092,217	23,280,944	9,019,081	1,639,420	34,462,453	1,547,074
2017	84,741,940	21,408,029	27,831,941	13,255,892	354,329	20,330,328	1,561,421
2018	94,534,991	23,478,551	30,651,524	8,186,244	695,673	29,944,208	1,578,791
2019	99,554,176	24,540,413	30,452,244	8,143,805	7,136,641	27,667,384	1,613,689
2020	94,680,267	26,483,936	34,854,618	10,120,402	7,102,863	14,631,802	1,486,646
2021	82,367,742	26,415,616	37,188,141	9,084,227	(663,326)	8,748,665	1,594,419
2022	91,640,949	27,795,077	28,458,312	23,188,523	(7,102,151)	17,528,816	1,772,372
2023	106,744,628	28,238,648	36,170,973	17,791,843	2,400,469	20,167,634	1,975,061

Source: Dublin San Ramon Services District audited financial statements

TOTAL EXPENSES SOURCES

Last Ten Fiscal Years



EXPENSES FOR FISCAL YEARS 2014 THROUGH 2023

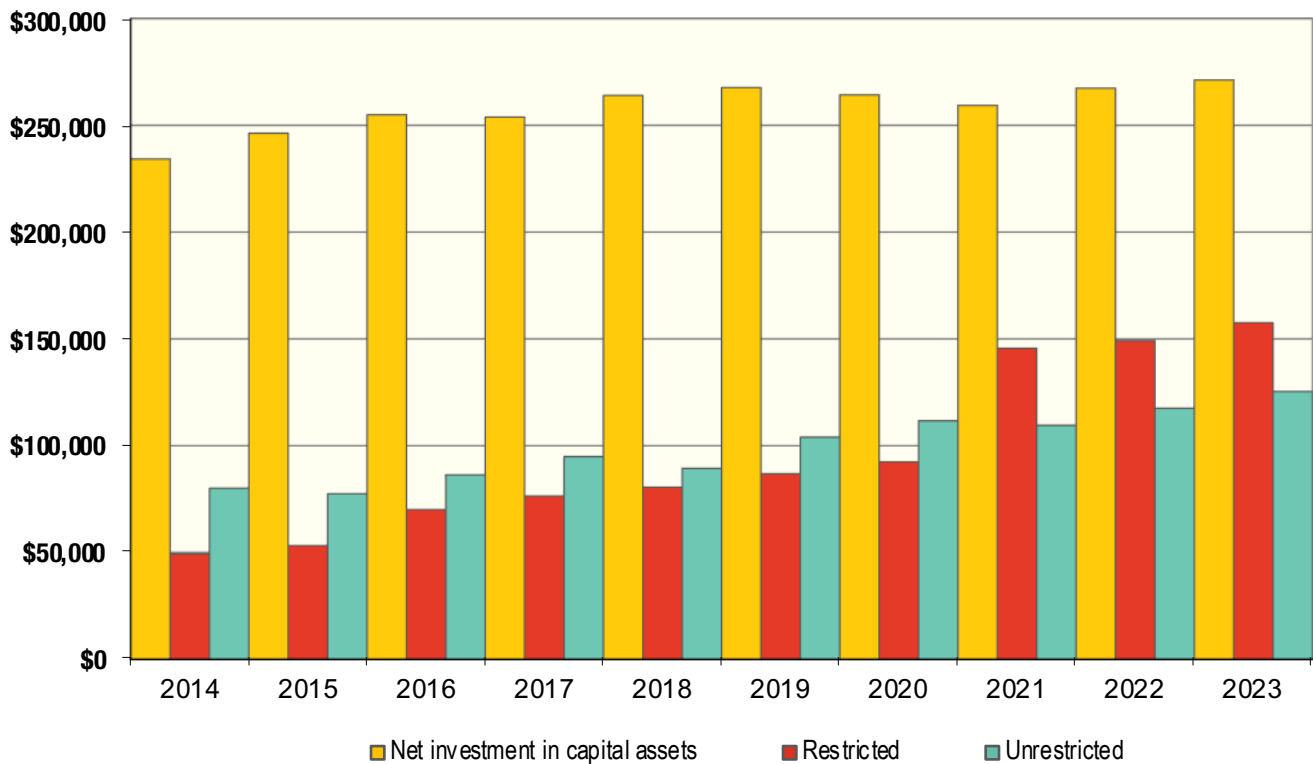
Fiscal Year Ending	Total	Personnel	Materials	Contract Services/CIP	Other	Depreciation	Interest
2014	62,264,504	16,929,786	13,532,408	17,983,580	448,169	10,900,456	2,470,105
2015	58,603,008	16,979,110	11,017,393	16,312,937	650,624	11,280,429	2,362,515
2016	57,685,170	16,894,081	12,404,304	14,363,125	487,478	11,607,463	1,928,719
2017	70,988,042	20,186,984	16,271,615	20,729,632	477,539	11,404,287	1,917,985
2018	72,490,743	20,754,356	18,414,001	19,910,203	407,162	11,293,079	1,711,942
2019	74,997,656	21,650,770	18,419,851	21,540,241	377,898	11,541,721	1,467,175
2020	84,838,939	21,750,589	20,628,632	28,308,098	970,545	11,727,255	1,453,820
2021	74,112,213	23,304,574	21,619,639	18,043,734	725,631	8,980,372	1,438,263
2022	72,069,615	19,174,834	21,719,949	19,944,581	728,021	9,086,272	1,415,958
2023	86,936,548	27,216,437	23,840,406	25,440,305	229,888	8,817,221	1,392,291

FINANCIAL TRENDS

NET POSITION BY COMPONENT

Last Ten Fiscal Years

(Accrual basis of accounting, amounts expressed in thousands)

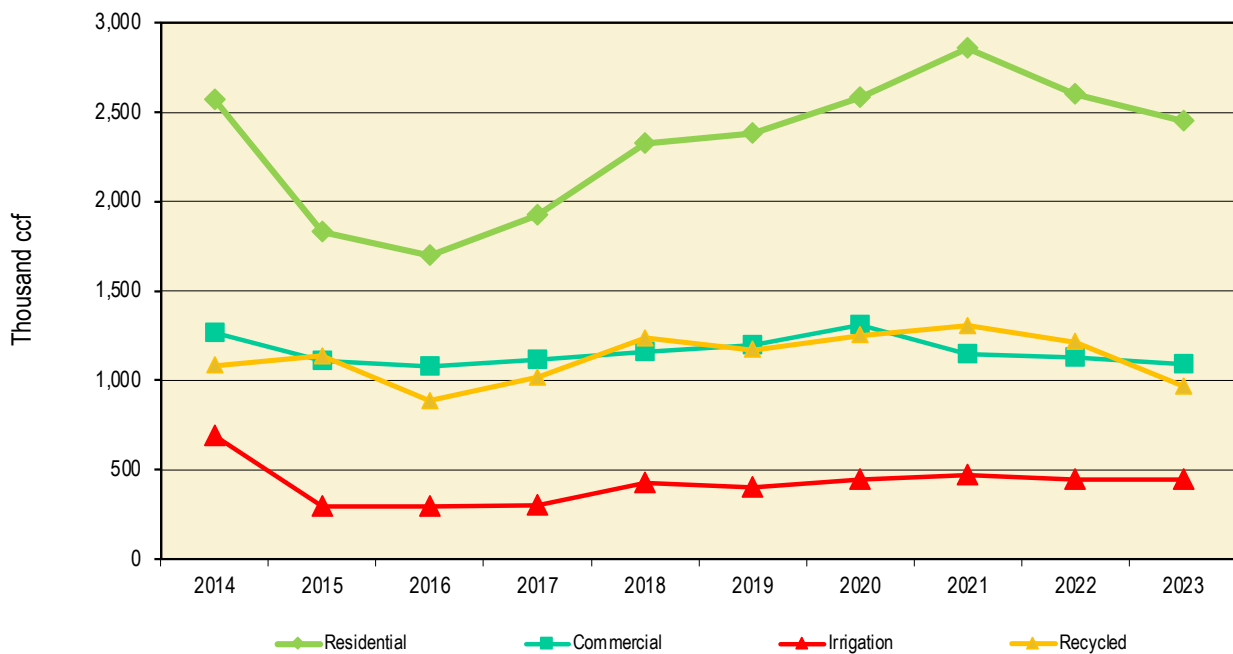


Business-type Activities	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net investment in capital assets	\$234,213	\$246,295	\$254,961	\$253,841	\$264,020	\$267,682	264,272	259,331	267,361	271,185
Restricted	49,300	53,210	70,100	76,395	80,572	86,846	92,440	145,597	149,135	157,560
Unrestricted	80,089	77,530	86,331	94,910	89,357	103,978	111,635	109,530	117,534	125,337
Total net position	\$363,602	\$377,035	\$411,392	\$425,145	\$433,949	\$458,505	\$468,347	\$514,458	\$534,029	\$554,082

Source: Dublin San Ramon Services District

WATER SOLD BY TYPE OF CUSTOMER

Last Ten Fiscal Years (amounts in thousand ccf)



Fiscal Year Ending	Type of Customer				Total
	Residential	Commercial	Irrigation	Recycled	
2014	2,569	1,267	689	1,082	5,607
2015	1,831	1,106	295	1,136	4,368
2016	1,695	1,080	294	886	3,955
2017	1,921	1,118	298	1,018	4,355
2018	2,327	1,156	424	1,235	5,142
2019	2,384	1,197	400	1,170	5,151
2020	2,580	1,307	446	1,250	5,583
2021	2,859	1,147	470	1,304	5,780
2022	2,602	1,127	447	1,213	5,389
2023	2,453	1,090	447	967	4,957

Source: Dublin San Ramon Services District. Eden Database work file.

PRINCIPAL CUSTOMERS

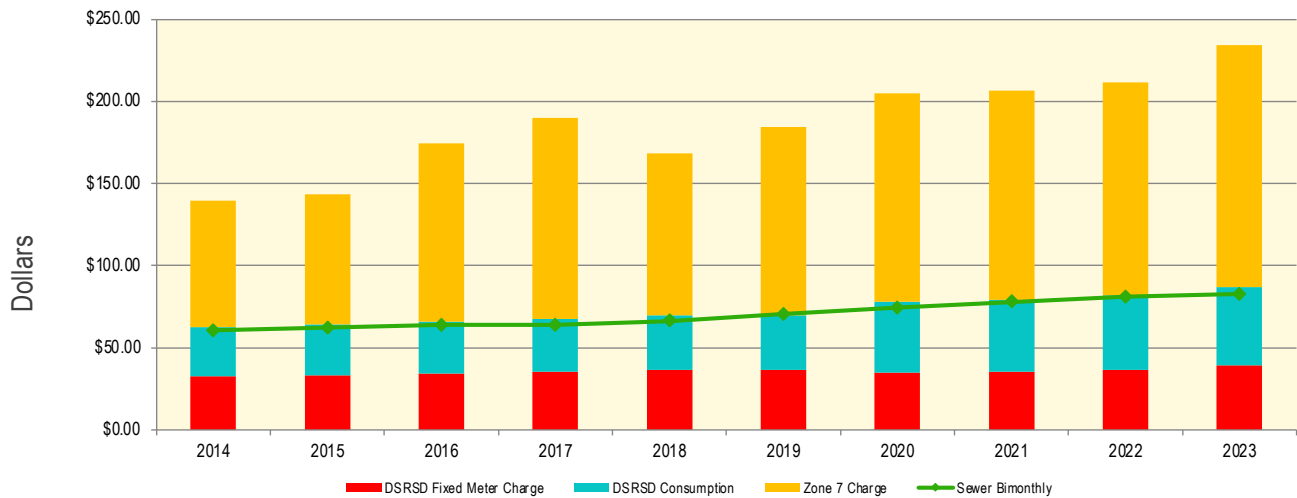
Last Ten Fiscal Years

Customer	2014			2023		
	Annual Billing	Rank	% of Total Annual Billings	Annual Billing	Rank	% of Total Annual Billings
City of Pleasanton	\$9,251,255	1	20.2%	\$10,908,153	1	16.936%
County of Alameda (Santa Rita Jail)	1,419,000	3	3.1%	2,095,858	2	3.254%
City of San Ramon	1,510,170	2	3.3%	1,746,797	3	2.712%
City of Dublin	1,188,671	5	2.6%	1,507,658	4	2.341%
Federal Correctional Institution (FCI)	1,351,448	4	3.0%	1,130,620	5	1.755%
Dublin Ranch Golf Course	558,025	7	1.2%	627,053	6	0.974%
Dublin Unified School District	591,933	6	1.3%	578,542	7	0.898%
Avalon Bay Communities Inc	235,092		0.0%	469,273	8	0.729%
USAG CSTC	235,092	9	0.5%	422,950	9	0.657%
San Ramon Unified School District	385,438	8	0.8%	322,191	10	0.500%
Amador Lakes Apartments	224,192	10	0.5%	306,502	11	0.476%
All Others	29,049,248		63.5%	44,294,024 ¹		68.8%
Total	\$45,764,472		100.0%	\$64,409,621		100.0%

1 Customers included in 'All Others' when listed individually make up less than 0.5% of total annual billings.

WATER AND SEWER RATES

Last Ten Fiscal Years



Water Bimonthly ¹						Sewer Bimonthly
YEAR	DSRSD Fixed Meter Charge	DSRSD Consumption	Zone 7 Charge	33 CCF*	Total Water	Base Rate
2014	32.56	29.94	76.89	\$106.83	139.39	60.42
2015	33.54	30.83	79.20	\$110.03	143.57	62.16
2016	34.31	31.39	108.57 ¹	\$139.96	174.27	63.73
2017	35.23	32.18	122.76 ²	\$154.94	190.17	63.73
2018	36.45	33.30	98.67 ³	\$131.97	168.42	66.23
2019	36.45	33.30	114.84	\$148.14	184.59	70.58
2020	35.16	42.90	127.05 ⁴	\$169.95	205.11	74.48
2021	35.73	43.56	127.05	\$170.61	206.34	78.10
2022	36.86	44.88	130.02	\$174.90	211.76	81.00
2023	39.37	47.85	146.85	\$194.70	234.07	82.62

Notes: Water rates are based on a 5/8" meter, which is the standard size for residences. The average water usage for residential customers varies year to year; 33 ccf is used for historical comparisons only. Bills are calculated based on normal conditions.

- 1 In calendar year 2016, Zone 7 changed from four tier rate to single tier rate and added \$0.57/ccf Temporary Conservation Surcharge.
- 2 In calendar year 2017, Zone 7 restructured rates to include a fixed charge and a volume-based rate and maintained the \$0.57/ccf Temporary Conservation Surcharge.
- 3 In calendar year 2018, Zone 7 rates included a fixed charge and a volume-based rate and removed the \$0.57/ccf Temporary Conservation Surcharge.
- 4 In calendar year 2020, volumetric rate structure changed from tiered-rates to uniform rates.

Source: Dublin San Ramon Services District

DEBT CAPACITY

PLEDGED REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year Ending	1997 Revenue Refunding Bonds	2009 Sewer Refunding Bonds	2011 Water Bonds	2011 LAVWMA Obligation	2017 Water Refunding Bonds ¹
2014		7.40	3.33	5.51	
2015			4.83	7.23	
2016			7.20	7.50	
2017			4.48	7.00	
2018				9.20	9.50 ²
2019				12.20	9.27
2020				10.30	5.51
2021				6.7	5.10
2022					6.54
2023					5.92

Note: Details regarding current outstanding debt can be found in the notes to the financial statements.

¹ Net revenues include capacity reserve fees

² Updated to reflect fiscal year ending 2018 actual instead of estimates from final Official Statement dated December 13, 2017

OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

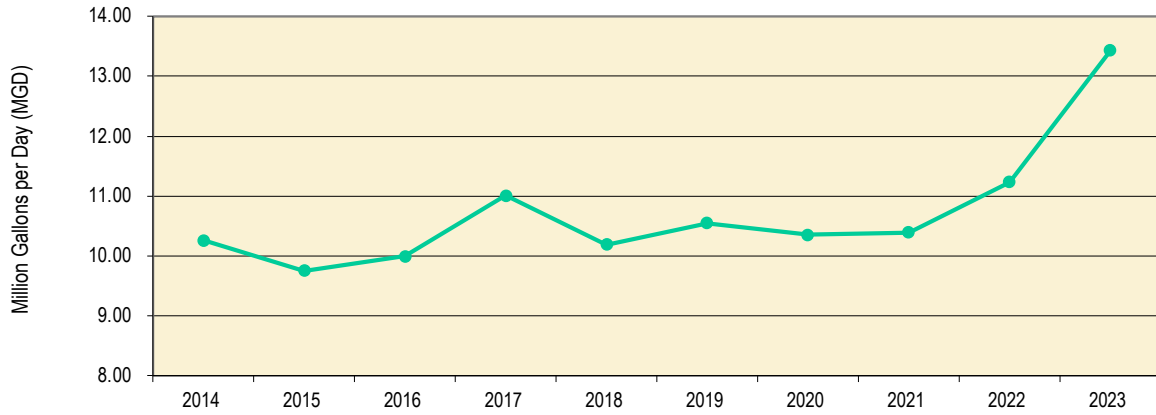
Fiscal Year Ending	Business-Type Activities						Estimated Population Served	Debt per Capita
	Water Reuse Revenue Bonds	Sewer Refunding Bonds	2011 Water Bonds	Water Refunding Bonds	2011 LAVWMA Obligation	Total		
2014		11,135,590	35,360,000		38,055,942	84,551,532	159,000	532
2015			35,090,000		36,700,412	71,790,412	171,000	420
2016			34,810,000		35,276,816	70,086,816	173,000	405
2017			34,520,000		33,779,317	68,299,317	178,000	384
2018				33,590,000	32,204,024	65,794,024	186,000	354
2019				33,180,000	30,548,995	63,728,995	188,000	339
2020				32,760,000	28,808,396	61,568,396	187,900	328
2021				32,325,000	(28,808,396)	3,516,604	187,500	19
2022				31,870,000		31,870,000	196,000	163
2023				31,395,000		31,395,000	192,900	163

Note: Debt amounts exclude any premiums, discounts, or other amortization amounts

Sources: Dublin San Ramon Services District audited financial statements

WASTEWATER AVERAGE DAILY EFFLUENT FLOW

Last Ten Fiscal Years

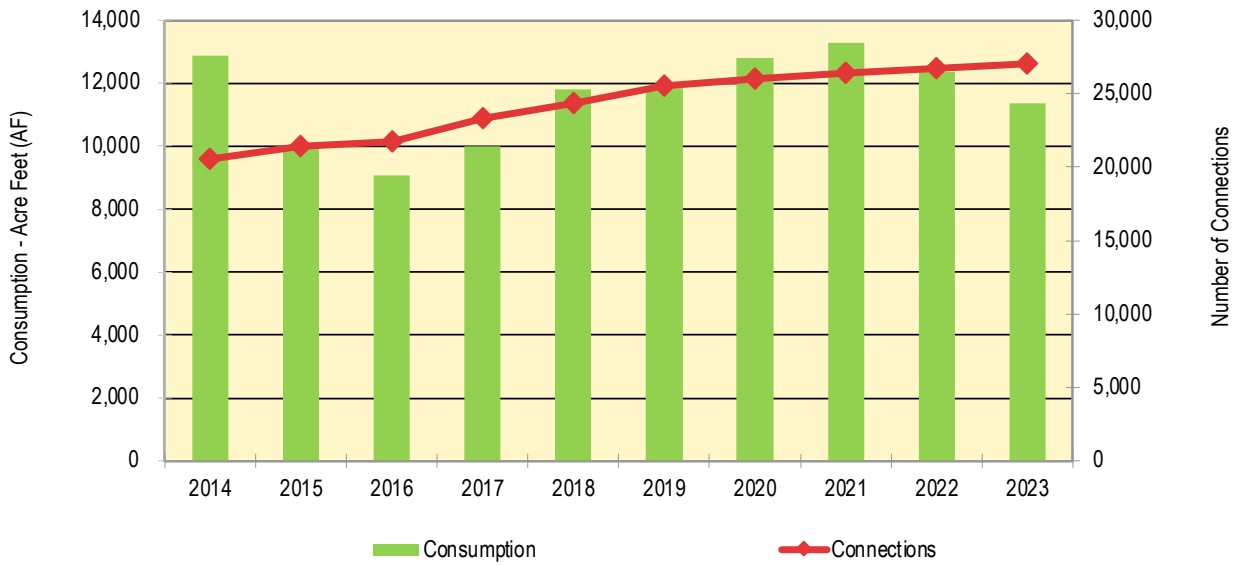


Fiscal Year Ending	Wastewater Avg. Daily Flow (MGD)	Wastewater Total Annual Flow (MG)
2014	10.26	3,745
2015	9.75	3,547
2016	9.99	3,646
2017	11.01	4,019
2018	10.19	3,719
2019	10.55	3,852
2020	10.35	3,777
2021	10.39	3,792
2022	11.23	4,100
2023	13.43	4,902

Source: Dublin San Ramon Services District

WATER CONSUMPTION AND CONNECTIONS

Last Ten Fiscal Years



Fiscal Year Ending	Water (AF) Consumption	Number of Connections
2014	12,873	20,532
2015	10,027	21,434
2016	9,079	21,722
2017	9,998	23,324
2018	11,804	24,324
2019	11,825	25,521
2020	12,817	26,044
2021	13,269	26,396
2022	12,371	26,710
2023	11,379	27,013

Source: Dublin San Ramon Services District (includes potable and recycled water)

FULL-TIME AUTHORIZED EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Office of the General Manager	5.00	5.00	5.00	5.00	5.00	5.00	2.00	2.00	2.00	2.00
Executive Services							4.00	3.00	3.00	3.00
Administrative Services	2.00	2.00	1.50	1.50	1.50	1.00	1.00	2.00	2.00	2.00
Organizational Services	4.50	4.50								
Human Resources & Risk Mgmt.			4.50	4.50	4.50	4.50	4.50	5.00	5.00	5.00
Public Affairs	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.40	3.40	3.40
Safety	2.00	2.00	2.00	2.00	2.00	2.00	2.00			
Financial Services	5.00	5.00	4.00	4.00	5.00	5.00	5.00	6.00	6.00	6.00
Revenue & Billing Services	8.00	8.00	8.00	8.00	8.00	8.00	8.00	7.00	7.00	7.00
Information Technology Services	5.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Engineering Services	22.00	22.00	22.50	21.50	20.50	23.00	23.00	2.60	2.60	2.60
Capital Projects								8.00	8.00	8.00
Development & Construction Services								7.00	7.00	7.00
Planning & Asset Mgmt.								5.00	5.00	5.00
Operations Administration	5.00	5.00	5.00	5.00	6.00	2.00	3.00	1.00	1.00	1.00
Field Operations	11.00	11.00	12.00	12.00	16.00	16.00	17.00	16.00	17.00	17.00
Plant Operations	12.00	12.00	12.00	12.00	12.00	13.00	14.00	13.00	14.00	14.00
Mechanical Maintenance								16.00	16.00	16.00
Instrumentation, Controls & Electrical								10.00	10.00	10.00
Laboratory & Technical Services								8.00	8.00	8.00
Operation Support Services	22.00	22.00	22.00	23.00	25.00	26.00	27.00	7.00	8.00	8.00
Total ¹	107.00	108.00	108.00	108.00	115.00	115.00	120.00	128.00	131.00	131.00
Retirees ²	67.00	69.00	74.00	74.00	84.00	84.00	95.00	95.00	100.00	113.00

Source: ¹ Dublin San Ramon Services District Operating Budget

² Retirees with medical or dental benefit coverage

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Water										
Miles of potable water mains	305.1	307.0	307.8	319.0	321.0	331.0	334.0	338.0	341.0	343.0
Miles of recycled water mains	61.1	62.0	63.7	66.7	68.0	69.0	72.0	72.0	72.0	76.0
Number of potable water reservoirs	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
Storage capacity potable water (million gallons)	27.1	27.1	27.1	27.1	27.1	27.1	27.1	27.1	27.1	27.1
Number of recycled water reservoirs	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Storage capacity recycled water (million gallons)	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Wastewater										
Miles of sanitary sewers	205.0	205.0	206.0	207.0	207.0	219.0	220.0	222.0	225.0	226.0
Number of treatment plants	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Treatment capacity (million gallons per day)	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0	17.0

Source: Dublin San Ramon Services District

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**Dublin San Ramon
Services District**

Water, wastewater, recycled water

7051 Dublin Boulevard, Dublin, CA 94568 | (925) 828-0515 | www.dsrsd.com