

Dublin San Ramon Services District**Unaudited Quarterly Financial Report – Fourth Quarter of Fiscal Year Ending 2024**

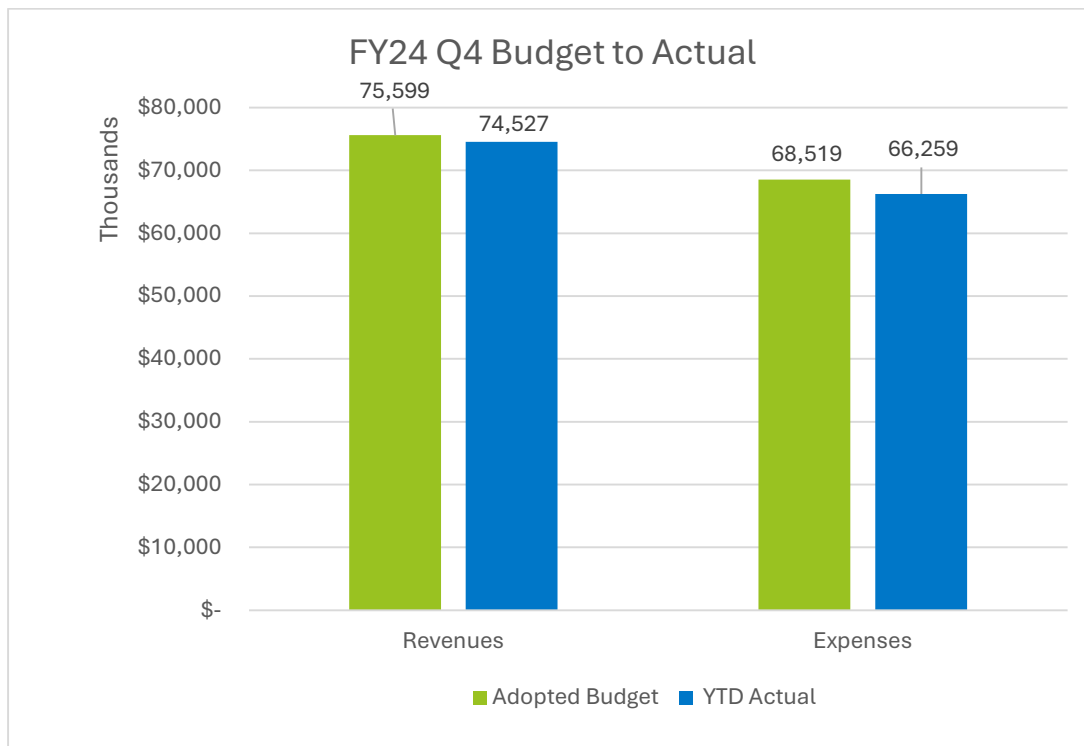
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Period: 7/1/2023 to 6/30/2024

This Quarterly Financial Report presents an unaudited budget-to-actual financial report of the operating and capital funds for the District’s three enterprises (Local Wastewater, Regional Wastewater, and Water), and the Administrative Cost Center, including revenues and expenses, transfers, beginning and ending working capital, and reserve levels for the period from July 1, 2023, through June 30, 2024.

OPERATING FUNDS:

The District maintains two operating funds (Enterprise and Rate Stabilization) for each of its three enterprises (Local Wastewater, Regional Wastewater, and Water). For the unaudited fourth quarter financial report for fiscal year ending (FYE) 2024, the District’s three enterprises have received 99% of budgeted operating revenues and expended 97% of budgeted operating expenses as of June 30, 2024.



The FYE 2024 Adopted Budget reflects mid-cycle adjustments approved by the Board on July 16, 2024. Operating expenses for the Local Wastewater and Water enterprises are below the FYE 2024 budget. Operating expenses for Regional Wastewater enterprise exceed the FYE 2024 budget due to a noncash pension accrual.

Working capital for the Local Wastewater and Regional Wastewater operating funds (Enterprise and Rate Stabilization) are above policy target levels (combined eight months working capital). The working capital for the Water enterprise is below target reserve levels but above the minimum reserve level (four months of combined working capital).

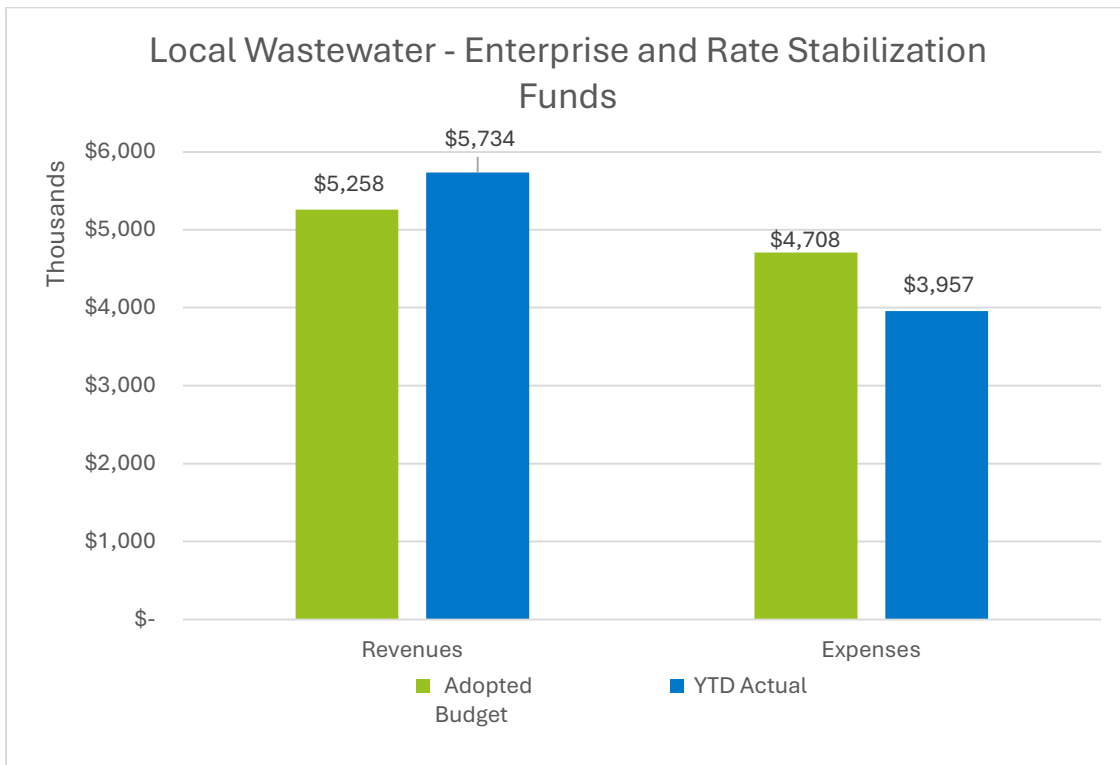
A breakdown of revenue, expenses, and working capital by enterprise is provided in the following sections.

Local Wastewater Funds 200 and 205:

The Local Wastewater enterprise provides sewer collection services in Dublin and southern San Ramon. The collection system consists of the sewer pipes that convey wastewater from residences and businesses to the Regional Wastewater Treatment Plant. For the unaudited fourth quarter financial report for FYE 2024, the District’s Local Wastewater enterprise is at 109% of budgeted operating revenues and 84% of budgeted operating expenses as of June 30, 2024.

Highlights Include:

- *Revenues* – Local Wastewater service charges for Dublin and San Ramon are near or fully collected for the fiscal year. Inspections and Plan Check Fees are up due to higher development activity. Other revenues are at a high percentage increase, but low dollar amount, for sale of a vehicle. Interest rates have increased substantially due to market conditions.
- *Expenses* – Salary and Benefits are below budget for Local Wastewater but substantially spent at 86.4%. The Salary and Benefits expense includes the allocated portion of a pension accrual. All other operating expenses are substantially spent below or near budget.
- *Transfers* – Transfers include a transfer from the Local Rate Stabilization Fund to the Local Replacement Capital Fund, which was approved by the Board based on the FYE 2023 Annual Report on Rate Stabilization Fund Reserves on May 6, 2024.
- *Working Capital* – The ending working capital is estimated at slightly below the 12-month maximum working capital target.



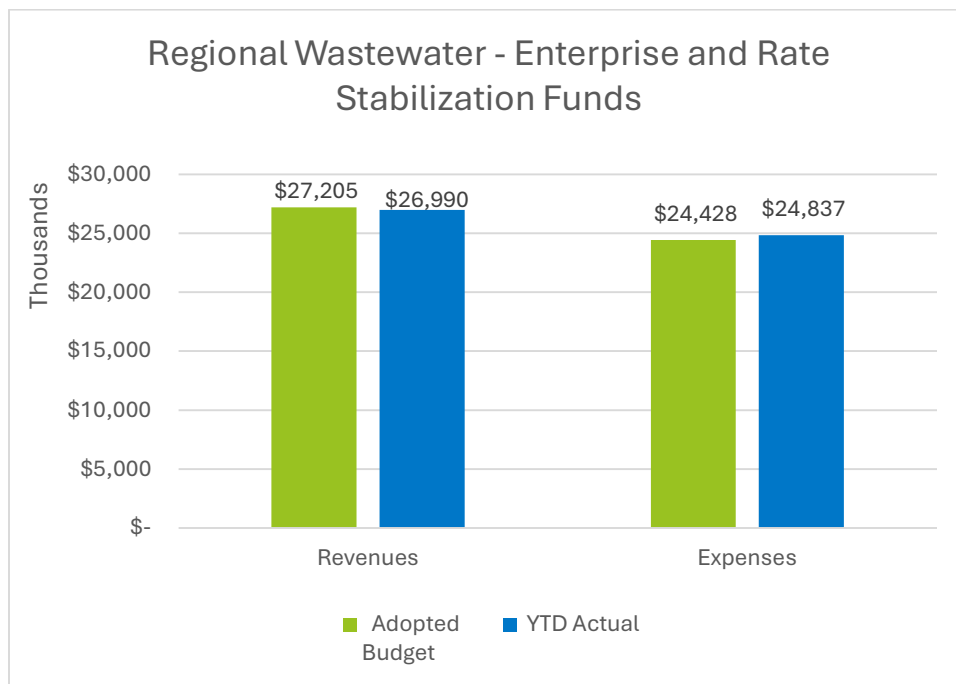
Local Wastewater Funds
Enterprise (Fund 200) and Rate Stabilization (Fund 205)

	(a)	(b)	(a) - (b)	
	Adopted Budget	Actual YTD (100%)	Over/ Under Budget	Percentage Collect/Use
Operating Revenues:				
Service Charges - Dublin	\$3,933,313	\$3,827,466	\$105,847	97.3%
Service Charges - San Ramon	875,127	995,577	(120,450)	113.8%
Inspections & Plan Check Fees	369,500	612,906	(243,406)	165.9%
Other Revenues	500	22,323	(21,823)	4464.7%
Interest	80,000	275,468	(195,468)	344.3%
Total Revenues	\$5,258,440	\$5,733,740	(\$475,300)	109.0%
Operating Expenses:				
Salaries & Benefits	\$3,284,670	\$2,837,548	\$447,122	86.4%
Staff Time Charged to CIP & JPAs	(159,635)	(133,406)	(26,229)	83.6%
Materials & Supplies	117,655	102,553	15,102	87.2%
Gas & Electric	16,060	15,015	1,045	93.5%
Contract Services	413,807	261,791	152,016	63.3%
Allocated Costs	1,020,019	854,198	165,821	83.7%
Other Expenses	15,740	19,663	(3,923)	124.9%
Total Expenses	\$4,708,316	\$3,957,361	\$750,954	84.1%
Transfer Out to F210, BOD approved 05/06/24 (1)	-	(\$2,059,412)	-	
Transfers Out to Replacement and OPEB	(\$891,254)	(800,000)	(\$91,254)	89.8%
Residual Equity Transfer Out- BOD approved 07/16/24	(228,984)	(226,415)	(2,569)	98.9%
Net Increase/(Decrease)	(\$570,114)	(\$1,309,448)		
Beginning Working Capital	5,632,287	5,632,287		
Ending Working Capital	\$5,062,173	\$4,322,839		
Working Capital Minimum (4 mos)	\$1,569,439	\$1,569,439		
Working Capital Target (8 mos)	3,138,877	3,138,877		

Regional Wastewater Funds 300 and 305:

The Regional Wastewater enterprise provides wastewater treatment and disposal services in Dublin and southern San Ramon, and the City of Pleasanton (by contract). For the unaudited fourth quarter financial report for FYE 2024, the District’s Regional Wastewater enterprise received 99% of budgeted operating revenues and expended 102% of budgeted operating expenses as of June 30, 2024. Highlights include:

- *Revenues* – Regional Wastewater charges for Dublin and San Ramon are fully collected. Pleasanton wastewater charges are lower than budgeted due to the timing of billing and collections. Pleasanton collects DSRSD wastewater treatment charges on their combined bimonthly water/sewer bill and remits payments to DSRSD. Therefore, it is typical for there to be a delay in the timing between when services are billed and when payments are remitted to DSRSD. Pleasanton wastewater charges are anticipated to be close to budget once final payments for FYE 2024 are received. Industrial waste charges vary by area. Industrial waste collections are very near budget with Pleasanton at approximately 97% and are currently down with Dublin at approximately 57%. DERWA charges, other revenues, and Interest income all exceeded budget.
- *Expenses* – Operating expenses for Regional Wastewater exceeded the FYE 2024 budget by \$410,000, primarily due to a noncash pension accrual from CalPERS, in the amount of \$1,238,000 for market under performance. The accrual increases operating expenses and is an accounting requirement. Without accrual, total operating expenses would be at 97% of budget. All other operating expenses are substantially spent and at or near budget at approximately 102% in total.
- *Transfers* – Transfers include a transfer from the Regional Wastewater Rate Stabilization Fund to the Regional Wastewater Replacement Capital Fund, which was approved by the Board based on the FYE 2023 Annual Report on Rate Stabilization Fund Reserves on May 6, 2024.
- *Ending Working Capital* – The estimated ending working capital exceeds the 8-month working capital target.



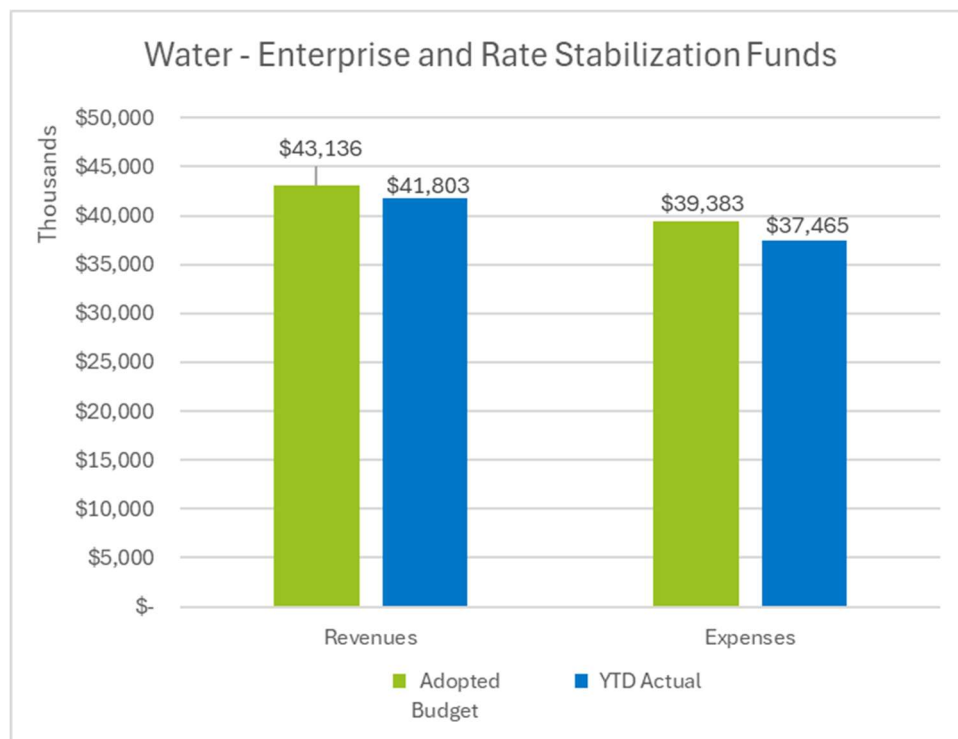
**Regional Wastewater Funds
 Enterprise (Fund 300) and Rate Stabilization (Fund 305)**

	(a)	(b)	(a) - (b)	
	Adopted Budget	Actual YTD (100%)	Over/ Under Budget	Percentage Collect/Use
Operating Revenues				
Wastewater Charges-Dublin (1)	\$9,816,719	\$10,662,193	-\$845,474	108.6%
Wastewater Charges-Pleasanton	11,985,722	9,612,199	2,373,523	80.2%
Wastewater Charges-San Ramon	2,281,115	2,498,533	(217,418)	109.5%
Industrial Waste-Dublin	80,000	45,911	34,089	57.4%
Industrial Waste-Pleasanton	85,000	82,269	2,731	96.8%
DERWA charges	2,577,048	2,724,732	(147,684)	105.7%
Other Revenues	30,000	147,780	(117,780)	492.6%
Interest	349,000	1,216,463	(867,463)	348.6%
Total Revenues	\$27,204,604	\$26,990,080	\$214,524	99.2%
Operating Expenses				
Salaries & Benefits	\$11,229,368	12,300,774	(\$1,071,407)	109.5%
Staff Time Charged to CIP & JPAs	(1,699,611)	(1,415,410)	(284,201)	83.3%
Materials & Supplies	2,911,254	2,531,886	379,368	87.0%
Gas & Electric	2,178,206	2,212,796	(34,590)	101.6%
Contractual Services	1,648,258	1,377,161	271,098	83.6%
Allocated costs	3,071,473	2,736,111	335,362	89.1%
LAVWMA JPA Contribution	5,066,497	5,066,497	-	100.0%
Other Expenses	22,520	27,326	(4,806)	121.3%
Total Expenses	\$24,427,964	\$24,837,142	(\$409,177)	101.7%
Transfer Out to F310 - BOD approved 05/06/24 (1)	-	(\$3,378,211)		
Transfer Out to Replacement	(\$2,674,784)	(2,400,000)	(\$274,784)	89.7%
Transfer Out to Water for 5th Supplement Agreement	(400,000)	(332,069)	(67,931)	83.0%
Residual Equity Transfer Out- BOD approved 07/16/	(926,304)	(928,829)	2,525	100.3%
Net Increase/(Decrease)	(\$1,224,449)	(\$4,886,171)		
Beginning Working Capital	24,415,324	24,415,324		
Ending Working Capital	\$23,190,875	\$19,529,153		
Working Capital Minimum (4 mos)	\$8,142,655	\$8,142,655		
Working Capital Target (8 mos)	16,285,310	16,285,310		

Water Funds 600 and 605:

The Water enterprise provides potable and recycled water to Dublin and the Dougherty Valley area of San Ramon. For the unaudited fourth quarter financial report for FYE 2024, the District’s Water enterprise is at 97% of budgeted operating revenues and 95% of budgeted operating expenses as of June 30, 2024.

- *Revenues* – Potable Water and Recycled Water charges are near or substantially collected for FYE 2024. Potable water revenues showed a modest increase of 3% compared to the prior year. Recycled water revenues are projected to be approximately 87% of budget. Overall water revenues are up approximately 5% from the prior year. The Power Charge is below budget at approximately 67% due to over estimating revenue projections and \$127,000 customer billing credits that were reflected during this financial reporting period. Inspections and Plan Check Fees are up due to higher development activity. Other revenues and Interest income are near or exceeded budget.
- *Expenses* – Salaries and Benefits exceeded the FYE 2024 budget by \$714,000 due to a noncash pension accrual from CalPERS, in the amount of \$1,094,000 for market under performance. The accrual increases operating expenses and is an accounting requirement. The DERWA JPA contribution exceeded the FYE 2024 budget by \$446,000. This overage will mostly be offset once DERWA completes the FYE 2024 true-up of Pleasanton payments and reimburses DSRSD for Pleasanton’s share of operating expenses. However, this payment is not expected to be received until FYE 2025. Materials, supplies, and contractual service expenses are below budget due to less usage.
- *Transfers* –The District follows a table of scheduled transfers for its interfund transfer activity.
- *Ending Working Capital* – the ending working capital is estimated at 7-months versus the 8-month working capital target.



Water Funds
Enterprise (Fund 600) and Rate Stabilization (Fund 605)

	(a)	(b)	(a) - (b)	
	Adopted Budget	Actual YTD (100%)	Over/ Under Budget	Percentage Collect/Use
Operating Revenues				
Potable Water Charges	\$33,600,000	\$32,367,969	\$1,232,031	96.3%
Recycled Water	5,680,000	4,935,716	744,284	86.9%
Power Charge	1,030,000	687,095	342,905	66.7%
Inspections & Plan Check Fees	1,040,500	1,407,864	(367,364)	135.3%
Other Revenues	1,175,000	1,138,542	36,458	96.9%
Interest	610,000	1,265,565	(655,565)	207.5%
Total Revenues	\$43,135,500	\$41,802,751	\$1,332,749	96.9%
Operating Expenses				
Salaries & Benefits	\$9,141,597	\$9,855,728	(\$714,131)	107.8%
Staff Time Charged to CIP & JPAs	(958,118)	(885,889)	(72,230)	92.5%
Water Purchases	18,722,350	17,990,942	731,408	96.1%
Gas & Electric	1,716,000	1,380,898	335,102	80.5%
Materials & Supplies	1,437,105	856,083	581,022	59.6%
Contract Services	2,908,531	1,664,173	1,244,359	57.2%
Allocated Costs	2,623,577	2,367,831	255,746	90.3%
DERWA JPA Contribution	3,583,200	4,029,086	(445,886)	112.4%
Other Expenses	208,765	205,818	2,947	98.6%
Total Expenses	\$39,383,007	\$37,464,670	\$1,918,337	95.1%
Transfer In from F300 for Recycled Water 5th Supplement	\$400,000	\$332,069	-	83.0%
Transfer In from F620 Per Resolution 9-24	-	700,000	-	100.0%
Transfer Outs to Replacement and OPEB	(6,624,714)	(6,390,000)	(\$234,714)	96.5%
Residual Equity Transfer Out- BOD approved 07/16/24	(839,588)	(839,632)	44	100.0%
Net Increase/(Decrease)	(\$3,311,809)	(\$1,859,482)		
Beginning Working Capital	24,812,930	24,812,930		
Ending Working Capital	\$21,501,121	\$22,953,448		
Working Capital Minimum (4 mos)	\$13,127,669	\$13,127,669		
Working Capital Target (8 mos)	26,255,338	26,255,338		

Administrative Cost Center Fund 900:

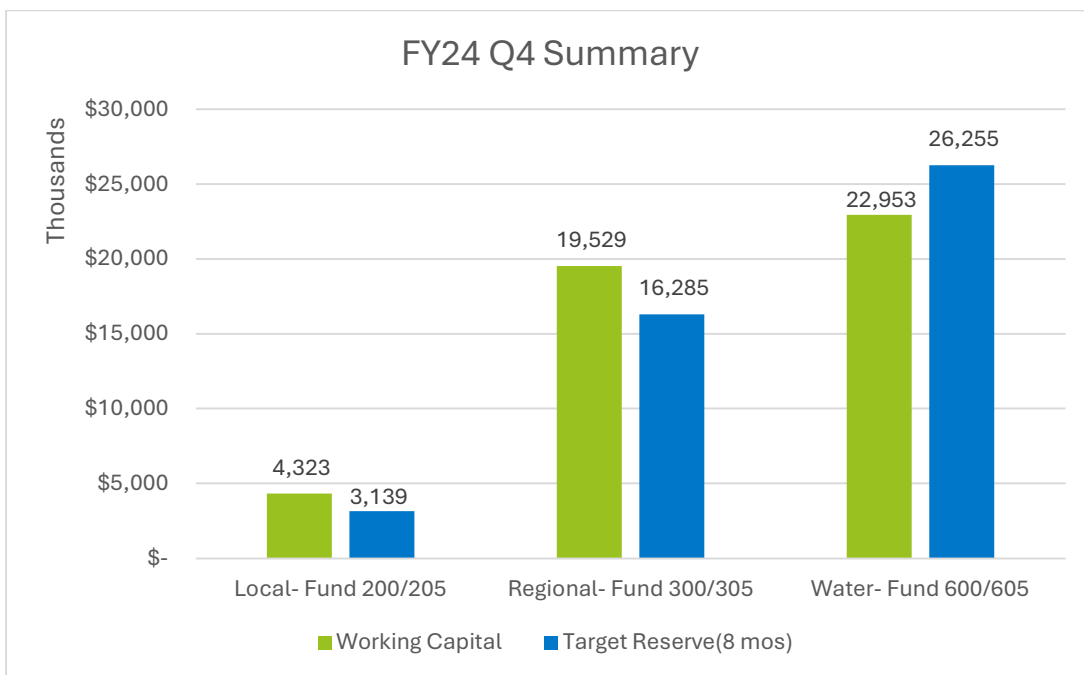
The Administrative Cost Center captures costs not specifically identifiable to any one of the District’s operational activities. A majority of the cost for the Administrative Services Department and the Board of Directors/Office of the General Manager Department is included in this fund. Revenue is generated for general administrative services provided to the two joint powers authorities (DERWA and LAVWMA), the general overhead for capital project management, and miscellaneous services to customers and other local agencies. The Administrative Cost Center is at 94% of budgeted operating revenues and 91% of budgeted operating expenses as of June 30, 2024. All costs of the Administrative Cost Center have been allocated to the other funds as applicable. The Administrative Cost Center does not compute a working capital position.

	(a)	(b)	(a)-(b)	
	Adopted Budget	Actual YTD (100%)	Over/ Under Budget	Percentage Collect/Use
Operating Revenues				
Customer Service Late Fees	\$200,000	\$371,958	(\$171,958)	186.0%
Administrative Fees	200,000	97,003	102,997	48.5%
LAVWMA	909,000	1,050,101	(141,101)	115.5%
DERWA	1,376,000	1,204,221	171,779	87.5%
CIP	806,000	544,543	261,457	67.6%
Misc Revenues	-	19,412	(19,412)	100.0%
Total Revenues	\$3,491,000	\$3,287,237	\$203,763	94.2%
Operating Expenses				
Salaries & Benefits	\$7,608,780	\$7,904,759	(\$295,979)	103.9%
Staff Time Charged to CIP & JPAs	(213,889)	(122,302)	(91,587)	57.2%
Materials & Supplies	391,922	375,191	16,731	95.7%
Contract Services	2,395,049	2,135,767	259,282	89.2%
Allocated Costs	(6,715,069)	(7,117,029)	401,960	106.0%
Miscellaneous	47,840	37,083	10,757	77.5%
Total Expenses	\$3,514,632	\$3,213,469	\$301,164	91.4%
Residual Equity Transfer In- BOD approved 07/16/24	1,994,876	1,994,876	-	100.0%
Net Increase/(Decrease)	\$1,971,244	\$2,068,644		
Beginning Working Capital	(1,926,455)	(1,926,455)		
Ending Working Capital	\$44,789	\$142,190		

Operating Reserves:

The District funds water and wastewater operations from its Enterprise and Rate Stabilization funds. Operating reserves, referred to as “working capital,” are defined as current assets minus current liabilities. Working capital is a measure of available resources to meet fluctuations in cash flow. The District’s Financial Reserves policy establishes working capital targets to define the appropriate amount of operating reserves available in each fund to cover ongoing costs. These targets are defined in terms of “months of working capital,” or the amount of cash needed to cover expenses for a set period. For all three enterprise funds, the target is four months of working capital for the Enterprise fund and four months of working capital for the Rate Stabilization fund, or a combined eight months of budgeted operating expenses.

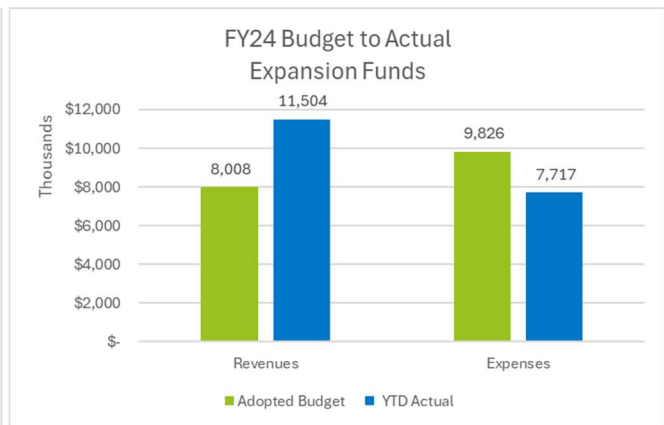
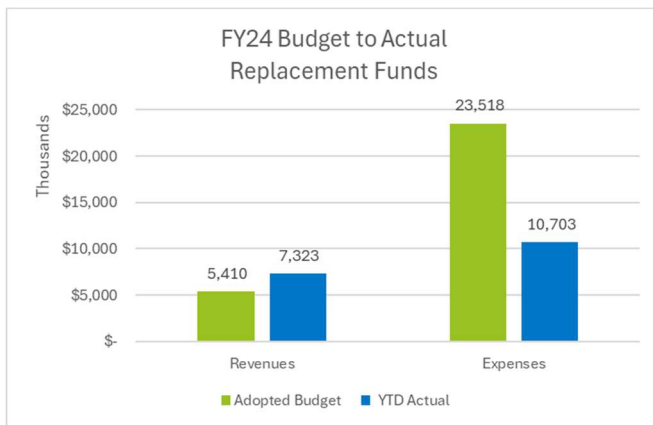
As shown in the following figure, working capital for the Local Wastewater and Regional Wastewater operating funds (Enterprise and Rate Stabilization) are above policy target levels through the fourth quarter of FYE 2024. The working capital for the Water enterprise is below target but above the minimum reserve level. The District’s recently adopted [Water Cost of Service Study \(HDR, 2024\)](#) and five-year schedule of rate adjustments for calendar years 2024 through 2028 are projected to bring operating reserves back up to target levels by 2028.



CAPITAL FUNDS:

The District maintains a Replacement fund and an Expansion fund for each of its three enterprises (Local Wastewater, Regional Wastewater, and Water). Replacement funds receive non-operating revenue from developer capacity reserve fees (“buy-in” component) and replacement allocation transfers from enterprise funds. In addition to capital projects, replacement funds also fund the District’s capital asset (formerly called capital outlay) expenses. Expansion funds receive revenue from developer capacity reserve fees, to cover the cost of building expanded facilities for new development, including debt service, direct staff time and overhead.

For the unaudited fourth quarter financial report for FYE 2024, Replacement funds are at 135% of budgeted revenues and 46% of budgeted expenses, while Expansion funds received 144% of budgeted revenues and 79% of budgeted expenses.



A breakdown of revenue, expenses, and working capital for each capital fund is provided in the following tables.

Local Wastewater Capital Funds 210 and 220:

	(a)	(b)	(a) - (b)	
Local Wastewater Replacement (Fund 210)	Adopted Budget	Actual YTD (100%)	Over/ Under Budget	Percentage Collect/Use
Revenues				
WW Capacity Fee-Dublin	\$539,817	\$834,902	(\$295,085)	154.7%
Interest	82,000	325,784	(243,784)	397.3%
Other Revenues	-	-	-	
Total Revenues	\$621,817	\$1,160,687	(\$538,870)	186.66%
Expenses				
Capital Outlay	\$55,517	\$16,259	\$39,259	29.3%
CIP - Projects	939,171	190,732	748,439	20.3%
Total Expenses	\$994,688	\$206,991	\$787,697	20.81%
Transfer In - Annual contribution	\$800,000	\$800,000	-	100.0%
Transfer In from F205- BOD approved 05/06/24	-	2,059,412	-	100.0%
Net Increase/(Decrease)	\$427,129	\$3,813,108		
Beginning Working Capital	5,797,290	5,797,290		
Ending Working Capital	\$6,224,419	\$9,610,398		
Working Capital Minimum	\$2,429,000	\$2,429,000		

	(a)	(b)	(a) - (b)	
Local Wastewater Expansion (Fund 220)	Adopted Budget	Actual YTD (100%)	Over/ Under Budget	Percentage Collect/Use
Revenues				
WW Capacity Fee-Dublin	\$16,581	\$25,466	(\$8,885)	153.6%
Interest	164,000	437,711	(273,711)	266.9%
Other Revenues	-	-	-	
Total Revenues	\$180,581	\$463,177	(\$282,596)	256.49%
Expenses				
CIP - Projects	156,250	140,024	16,226	89.6%
Total Expenses	\$156,250	\$140,024	\$16,226	89.62%
Net Increase/(Decrease)	\$24,331	\$323,153		
Beginning Working Capital	9,422,778	9,422,778		
Ending Working Capital	\$9,447,109	\$9,745,931		
Working Capital Minimum	\$1,149,000	\$1,149,000		

Regional Wastewater Capital Funds 310 and 320:

	(a)	(b)	(a) - (b)	
Regional Wastewater Replacement (Fund 310)	Adopted Budget	Actual YTD (100%)	Over/ Under Budget	Percentage Collect/Use
Revenues				
WW Capacity Fee-Dublin	\$903,726	\$1,320,490	(\$416,764)	146.1%
WW Capacity Fee-Pleasanton	443,003	83,029	359,974	18.7%
WW Capacity Fee-Defer	10,495	8,552	1,943	81.5%
Interest	720,000	1,682,057	(962,057)	233.6%
Other Revenues	-	-	-	
Total Revenues	\$2,077,224	\$3,094,129	(\$1,016,905)	148.95%
Expenses				
LAVWMA JPA	\$279,600	\$279,600	-	100.0%
CIP - Projects	11,266,795	4,114,831	\$7,151,964	36.5%
Total Expenses	\$11,546,395	\$4,394,431	\$7,151,964	38.06%
Transfer In - Annual contribution	2,400,000	2,400,000	-	100.0%
Transfer In from F305- BOD approved 05/06/24	-	3,378,211		
Net Increase/(Decrease)	(\$7,069,171)	\$4,477,909		
Beginning Working Capital	35,649,882	35,649,882		
Ending Working Capital	\$28,580,711	\$40,127,791		
Working Capital Minimum	18,157,000	\$18,157,000		

	(a)	(b)	(a) - (b)	
Regional Wastewater Expansion (Fund 320)	Adopted Budget	Actual YTD (100%)	Over/ Under Budget	Percentage Collect/Use
Revenues				
WW Capacity Fee-Dublin	\$2,818,301	\$3,563,781	(\$745,480)	126.5%
WW Capacity Fee-Pleasanton	483,379	206,075	277,304	42.6%
WW Capacity Fee-Defer	29,457	21,143	8,314	71.8%
Interest	890,000	1,810,314	(920,314)	203.4%
Other Revenues	-	-	-	
Total Revenues	\$4,221,137	\$5,601,313	(\$1,380,176)	132.70%
Expenses				
LAVWMA JPA	\$3,583,046	\$3,583,047	(\$1)	100.0%
CIP - Projects (1)	417,919	483,871	(65,952)	115.8%
Total Expenses	\$4,000,965	\$4,066,918	(\$65,953)	101.65%
Net Increase/(Decrease)	\$220,172	\$1,534,396		
Beginning Working Capital	45,253,855	45,253,855		
Ending Working Capital	\$45,474,027	46,788,251		
Working Capital Minimum	3,571,000	\$3,571,000		

(1) Staff will be requesting an adjustment to the Fund Budget on 09/14/24 due to the Alum Addition Project (CIP 18-P016).

Water Capital Funds 610 and 620:

	(a)	(b)	(a) - (b)	
Water Replacement (Fund 610)	Adopted Budget	Actual YTD (100%)	Over/ Under Budget	Percentage Collect/Use
Revenues				
Water Capacity Fee	\$2,130,526	\$1,630,575	\$499,951	76.5%
Interest	580,000	1,437,812	(857,812)	247.9%
Other Revenues	-	-	-	
Total Revenues	\$2,710,526	\$3,068,386	(\$357,860)	113.20%
Expenses				
DERWA JPA	\$517,700	\$75,738	\$441,962	14.63%
Capital Outlay	558,026	147,227	410,799	26.38%
CIP - Projects	9,900,469	5,878,613	4,021,856	59.38%
Misc. Services	250	-	250	0.00%
Total Expenses	\$10,976,445	\$6,101,577	\$4,874,867	55.59%
Transfer In - Annual contribution	6,390,000	6,390,000	-	
Net Increase/(Decrease)	(\$1,875,919)	\$3,356,809		
Beginning Working Capital	35,649,882	35,649,882		
Ending Working Capital	\$33,773,963	\$39,006,691		
Working Capital Minimum	\$24,315,000	\$24,315,000		

	(a)	(b)	(a) - (b)	
Water Expansion (Fund 620)	Adopted Budget	Actual YTD (100%)	Over/ Under Budget	Percentage Collect/Use
Revenues				
Water Capacity Fee	\$2,605,841	\$2,965,423	(\$359,582)	113.8%
Interest	1,000,000	2,474,340	(1,474,340)	247.4%
Other Revenues	-	-	-	
Total Revenues	\$3,605,841	\$5,439,764	(\$1,833,923)	150.86%
Expenses				
DERWA JPA	\$1,098,094	\$970,383	\$127,711	88.37%
CIP - Projects	2,692,702	470,587	2,222,115	17.48%
Debt Services	1,877,813	1,369,146	508,667	72.91%
Total Expenses	\$5,668,609	\$2,810,116	\$2,858,493	49.57%
Transfer Out from F620 to F600 per RESO 9-24	-	700,000		
Net Increase/(Decrease)	(\$2,062,768)	\$1,929,648		
Beginning Working Capital	51,430,441	51,430,441		
Ending Working Capital	\$49,367,673	\$53,360,089		
Working Capital Minimum	26,573,000	\$26,573,000		

Capital Funds Reserves:

Replacement Funds: The District’s Financial Reserves policy establishes working capital targets to ensure that adequate funds are available to purchase new capital assets that benefit current ratepayers, to fund replacements, improvements and major refurbishments to existing capital assets and to provide two year’s debt service.

Expansion Funds: The District’s Financial Reserves policy establishes working capital targets to minimize the need for ratepayers to pay for expansion debt by having sufficient reserves on hand to pay annual debt service on District bonds or loans for a two-year period.

As shown in the following figures, working capital for all Replacement and Expansion funds are above policy minimum target levels through the fourth quarter of FYE 2024.

