DEL PASO MANOR WATER DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2018

DEL PASO MANOR WATER DISTRICT

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LARRY BAIN, CPA
An Accounting Corporation

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Del Paso Manor Water District
Sacramento, California

We have audited the accompanying financial statements of the Del Paso Manor Water District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our Responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects the financial position of the business-type activities of the Del Paso Manor Water District as of June 30, 2018, and the changes in financial position and the results of its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The required supplementary information other than MD&A, as listed in the table of contents on page 25 as Schedule of the Plan's Proportionate Share of the Net Pension Liability, page 26 as Schedule of District Contributions and page 27 as the District's Other Postemployment Benefits (OPEB) Plan Schedule of Changes in the District's Net OPEB Liability and Related Rations, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Report on Supplementary Information

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the Organizations basic financial statements. The combining financial statements on pages 28 to 30 are presented for purposes of additional analysis and are 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 financial statements. The information has been subjected to the auditing procedures applied by us in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves and other additional procedures in accordance with accounting standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Larry Bain, CPA,
An Accounting Corporation
October 25, 2018

This section of the Del Paso Manor Water District annual financial report presents an analysis of the District's financial performance during the fiscal year ending June 30, 2018. This information is presented in conjunction with the audited basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2017/18

Financial Highlights:

- The District finished upgrading one well in order to extend the life and meet fire flow requirements.
- The District approved a rate increase in May 2018 to fund the daily operations of the District.
- The 2010 Certificates of Participation were refunded resulting in an economic gain of $321,875 and saving the District approximately $530,765 in future debt service payments.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of the following three parts: Management's Discussion and Analysis, Basic Financial Statements and Other Required Supplementary Information. The Financial Statements including notes which explain in detail some of the information included in the basic financial statements.

REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the District report information utilizing the full accrual basis of accounting. The Financial Statements conform to accounting principles which are generally accepted in the United States of America. The Statements of Net Position includes information on the District's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations the District creditors (liabilities). The Statements of Revenues, Expenses and Changes in Net Position identify the District's revenues and expenses for the fiscal year ending June 30, 2018. This statement provided information on the District's operation over the past fiscal year and can be used to determine whether the District has recovered all if it's actual and projected costs through user fees and other charges. The third financial statement is the Statement of Cash Flows. This statement provides information on the District's cash receipts, cash payments and changes in cash resulting from operations, investments and financing activities. From the Statements of Cash Flows, the reader can obtain comparative information on the source and use of cash and the change in the cash and equivalents balance of the last fiscal year.

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FINANCIAL ANALYSIS OF THE DISTRICT

The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position provide an indication of the District's financial condition and also indicate if the financial condition of the District has improved during the last fiscal year. The District's Net Position reflect the difference between assets and liabilities.

A summary of the District's Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position are presented below:

Condensed Statements of Net Position
As of June 30 2018 and 2017

	2018	2017
Current & other assets:	$ 1,462,585	$ 2,057,440
Capital assets, net:	5,265,946	5,469,097
Total assets	6,728,531	7,526,537
Deferred outflows of resources	612,867	164,057
Current liabilities	47,894	172,347
Long-term liabilities	5,683,765	5,695,827
Total liabilities	5,731,659	5,868,174
Deferred inflows of resources	53,163	52,729
Net investment in capital assets,	438,946	414,097
Unrestricted net position:	1,117,630	1,355,596
Total net position	$ 1,556,576	$ 1,769,693

Condensed Statements of Revenue, Expenses and Changes in Net Position
Fiscal Years Ended June 30, 2018 and 2017

	2018	2017
Operating Revenues	$ 1,403,722	$ 1,389,987
Non-operating Revenues	9,693	5,873
Total Revenues	1,413,415	1,395,860
Depreciation Expense	214,429	219,899
Operating Expense	1,082,468	996,396
Total Expense	1,296,897	1,216,295
Non-operating expense	(263,038)	(266,713)
Changes in Net Position	(146,520)	(87,148)
Beginning Net Position-Restated	1,703,096	1,856,841
Ending Net Position	$ 1,556,576	$ 1,769,693

CAPITAL ASSETS

As of June 30, 2018, the District's investments in capital assets, without factoring accumulated depreciation, totaled $7,131,714 which was a $11,278 increase over the capital asset balance at June 30, 2017 of $7,120,436.

The District finished work to one well began in order to extend its life and meet district fire flow requirement began in this fiscal year. The District replaced the aging pipe line locator as well.

LONG – TERM DEBT

As of June 30, 2018, the District had $4,827,000 in outstanding business-type long-term debt as reported in the notes to the financial statements and in the statement of net position. The District's debt decreased by principal payments made during the fiscal year and refunding of the debt. The new outstanding debt proceeds paid off the existing debt which was for the construction of various water system improvements (Phase I Improvement Project).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The District approved a rate increase in May 2018 with an effective date of June 16, 2018 for monthly billed accounts and July 1, 2018 for bi-monthly billed accounts. This rate increase will cover the District's increased costs associated with daily operation and maintenance of the District along with rebuilding the reserves. The Board set a reserve fund goal of six months of operations and maintenance expense with the goal of meeting this target in four to five years. The aging infrastructure of the District still needs to be addressed. The Board plans on updating the 2009 Master Plan in the next fiscal year in an effort to redefine the issues and develop a plan for replacement of the aging facilities. Once this update is completed they will look at the economics and develop a plan to finance the next phases of projects. The existing debt from the 2010 Certificates of Participation issue were refunded in June 2018 which will result in a savings to the District. The District's debt service requirements were met this year along with the bond covenants. The new debt service have the same requirements as the previous debt. In addition, the District is staying engaged with legislative and regulatory requirements that may require fees and/or costs to the District, thus potentially affecting consumer rates. To meet California's Sustainability Groundwater Management Act requirements, the District participates in the Sacramento Groundwater Authority which is one of the recognized Groundwater Sustainability Agencies in the North American Sub-basin. Del Paso Manor Water District's rates continue to remain competitive with other water purveyors in the region.

ADDITIONAL FINANCIAL INFORMATION

The financial report is designed to provide the District's customers and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or to request additional financial information, please contact the Del Paso Manor Water District's General Manager at 1817 Maryal Drive, Suite 300, Sacramento, CA 95864.

DEL PASO MANOR WATER DISTRICT

COMBINED STATEMENT OF NET POSITION
JUNE 30, 2018

Assets and Deferred Outflow of Resources	
Current Assets:	
Cash	$ 662,554
Investments	643,318
Accounts receivable	130,475
Interest receivable	3,053
Prepaid expense	23,185
Total current assets	1,462,585
Noncurrent Assets:	
Capital assets:	
Nondepreciable capital assets:	
Land	8,505
Construction in progress	38,015
Depreciable capital assets:	
Source of supply	2,459,603
Pumping equipment	1,036,177
Transmission and distribution	2,312,578
General	1,276,836
Less accumulated depreciation	(1,865,768)
Total depreciable capital assets	5,219,426
Total capital assets (net of accumulated depreciation)	5,265,946
Total noncurrent assets	5,265,946
Total assets	6,728,531
Deferred Outflow of Resources:	
Deferred amount on refunding	359,234
Deferred outflow-OPEB	25,000
Deferred outflow-pension	228,633
Total deferred outflows of resources	612,867
Total assets and deferred outflow of resources	$ 7,341,398
Liabilities Deferred Inflows of Resources and Net Position:	
Current Liabilities:	
Accounts payable	$ 19,215
Customer advance payments	28,679
Total current liabilities	47,894
Noncurrent Liabilities:	
Due within one year	9,551
Due in more than one year	5,674,214
Total long-term liabilities	5,683,765
Total liabilities	5,731,659
Deferred Inflows of Resources	
Deferred inflow-pension	53,163
Total deferred inflows of resources	53,163
Net Position	
Net investment in capital assets	438,946
Unrestricted	1,117,630
Total net position	1,556,576
Total liabilities, deferred inflows of resources and net position	$ 7,341,398

The notes to the financial statements are an integral part of this statement

DEL PASO MANOR WATER DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

Operating revenue	
Water sales	$ 1,403,722
Total operating revenues	1,403,722
Operating expenses	
Source of supply	
Water purchases	5,535
Pumping	96,279
Water treatment	4,488
Transmission and distribution	306,820
Administration and general	669,346
Depreciation	214,429
Total operating expenses	1,296,897
Operating income (loss)	106,825
Nonoperating revenue (expenses)	
Interest income	9,693
Interest expense	(263,038)
Nonoperating revenues (expenses)	(253,345)
Increase (Decrease) in net position	(146,520)
Net position, July 1 as restated	1,703,096
Net position, June 30	$ 1,556,576

DEL PASO MANOR WATER DISTRICT

COMBINED STATEMENT OF CASH FLOWS
JUNE 30, 2018

Cash flows from operating activities:	
Cash receipts from customers	$ 1,409,350
Cash payments to suppliers for goods and services	(448,003)
Cash payments to employees for services	(573,340)
Net cash provided by operating activities	388,007
Cash flows from capital and related financing activities:	
Principal payment for debt	(105,000)
Interest paid on debt	(264,875)
Additions to capital assets	(11,278)
Restricted cash used for bond advance refunding	(613,753)
Net cash used by capital and related financing activities	(994,906)
Cash flows from investing activities:	
Interest received on investments	8,102
Net decrease in cash and cash equivalents	(598,797)
Cash and cash equivalents, beginning of year	1,904,669
Cash and cash equivalents, end of year	$ 1,305,872
Reconciliation of cash and cash equivalents to the balance sheet:	
Cash	$ 662,554
Investments	643,318
Cash and cash equivalents, June 30	$ 1,305,872
Reconciliation of operating income (loss) to net cash provided by operating activities	
Operating Income (Loss)	$ 106,825
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Depreciation	214,429
Changes in assets and liabilities:	
Accounts receivable	(851)
Prepaid expenses	(1,502)
Accounts payables	2,429
Customer deposits	6,479
GASB 68-pension adjustments	52,350
Compensated absences	7,848
Net Cash Provided By Operating Activities	$ 388,007

The notes to the financial statements are an integral part of this statement

Note 1: <u>Summary of Significant Accounting Policies</u>

The Del Paso Manor Water District was established in 1956. The District operates under the California Water Code, Division 12, Section 30,000 et. Seq. The District is a separate legal reporting entity operating in Sacramento County. The district provides urban water to approximately 1,800 connection using groundwater pumped from 8 wells. The district has contractual rights to water from the City of Sacramento. The District's governing body is a Board of Directors comprised of 5 members with 4 year staggered terms.

A. Reporting Entity

The District has defined its reporting entity in accordance with generally accepted accounting principles, which provides guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The primary criterion for including a potential component unit within the reporting entity is the governing body's financial accountability. A primary governmental entity is financially accountable if it appoints a voting majority of a component unit's governing body and it is able to impose its will on the component unit, or if there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A primary government may also be financially accountable if a component unit is fiscally dependent on the primary governmental entity regardless of whether the component unit has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board.

No operations of other entities met the aforementioned oversight criteria for inclusion or exclusion from the accompanying financial statements in accordance with Governmental Accounting Standards Board Statement No. 61.

B. Fund Accounting

The accounting records of the District are organized on the generally accepted basis of accounting for an enterprise fund.

Enterprise Fund – An Enterprise fund is used to account for the District's water operations that is financed and operated in a manner similar to a private business enterprise, where the intent of the Board of Directors is that the costs (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

C. Basis of Accounting

The accompanying financial statements have been prepared on the full accrual basis of accounting. This is a basis of accounting that conforms to accounting principles generally accepted in the United States of America.

U.S. generally accepted accounting principles require all proprietary funds to use the accrual basis of accounting. The revenues are recognized when they are earned. Expenses are recognized under the accrual basis of accounting when the related fund liability is incurred.

Note 1: Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting (Continued)

Operating revenues in the proprietary funds are those revenues that are generated from the primary operation of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses.

D. Prepaid Expenses

Accounts for prepaid insurance, dues and other expenses.

E. Fixed Assets

Acquisitions of fixed assets are capitalized at cost and the related accumulated depreciation is recorded. Depreciation is provided for using the straight line method over the estimated useful lives as indicated in the District's capital asset policy. The District has adopted a capital asset policy in accordance with GASB 34.

F. Cash Equivalents

For purpose of the statement of cash flows, the District considers cash and cash equivalents as short term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. This includes bank accounts and deposits with the State of California Local Agency Investment Fund (LAIF).

G. Accrued Unbilled Revenue

During the year, metered water connections are read and bills rendered after the period usage for Revenue for water distributed but not yet billed is accrued at fiscal year-end to match revenues with related expenses.

H. Budgetary Reporting

The District prepares an annual operating and capital budget, which is approved and adopted by the Board of Directors. The budget serves as an approved plan to facilitate financial control and operational evaluation. California State law does not require formal adoption of appropriated budgets for enterprise funds.

Note 1: Summary of Significant Accounting Policies (Continued)

I. Use of Estimates in the Preparation of Financial Statements:

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

J. Capital Contributions:

Transmission and distribution system assets contributed to the District by installers are capitalized at the installers cost, which approximates fair value at the time of the District's acquisition, and recorded as capital contributions when received.

K. Estimated Insurance Liabilities:

The District maintains a commercial package policy that provides limits of liability of $5,000,000 per occurrence annually.

L. Net Position:

Net position comprise the various net earnings from operating income, non-operating revenues and expenses and capital contributions. Net position is classified in the following three components:

Net investment in capital assets-This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted-This component of net position consists of constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position-This component of net position consists of net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

M. Pensions

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

Note 2: Cash and Investments

Cash and investments are reported on the balance sheet as follows:

Cash	$	662,554
Investments		643,318
Total cash and investments	$	1,305,872

Cash and investments at June 30, 2018, consisted of the following:

General checking	$	662,175
Petty cash/change fund		300
LAIF		643,318
Restricted investments		79
Total cash and investments	$	1,305,872

A. Investments Authorized by the California Government Code and the Entity's Investment Policy

The table below identifies the **investment types** that are authorized for the Del Paso Manor Water District (District) by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address **interest rate risk, credit risk** and **concentration of credit risk**. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District investment policy.

Authorized Investment Type	Maximum Maturity	Percentage of Portfolio	Investment in One Issuer
Investment pools authorized under CA Statutes governed by Government Code	N/A	None	$40 million
U.S. Treasury Obligations	5 years	None	None
Bank Savings Accounts	N/A	25%	None
Federal Agencies	5 years	75%	None
Commercial Paper	180 days	20%	None
Negotiable Certificates of Deposit	180 days	20%	None
Re-Purchase Agreements	180 days	20%	None
Corporate Debt	5 years	25%	None

B. Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of and investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investment by maturity:

Note 2: Cash and Investments (Continued)

Investment Type	Totals	Remaining Maturity (in Months) 12 Months or Less	13-48 Months
State Investment Pool*	$ 643,318	$ 643,318	$ -
Bank of New York Cash Reserve**	79	79	-
Totals	$ 643,397	$ 643,397	$ -

*Not subject to categorization

**Category 1- insured or registered, with securities held by District or its agent in the District's name.

C. Concentrations of Credit Risk

The investment policy of the District contains limitations on the amount that can be invested in any one issuer. There are no investments to one issuer exceeding those limits.

D. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposit or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment of collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits; The California Government Code requires that a financial institution secured deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the government unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District's deposits by pledging first deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2018, the District's deposits balance was $706,758 and the carrying amount was $662,175. The difference between the bank balance and the carrying amount was due to normal outstanding checks and deposits in transit. Of the bank balance, $250,000 was covered by the FDIC insurance and the remainder was covered by collateral held in the pledging bank's trust department in the District's name.

E. Investment in State Investment Pool

LAIF is included in the State's Pooled Money Investment Account. The amount invested by all public agencies in the State's Pooled Money Investment Account approximates $88.94 billion. Of the $88.94 billion managed by the State Treasurer, 100% is invested in non-derivative financial products and 2.67% is invested in structured notes and asset-backed securities. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by statute.

Investments are accounted for in accordance with the provisions of GASB Statement No. 31, which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in fair value of investments in the year in which the change occurred. The District reports its investments at fair value based on quoted market information obtained from fiscal agents or other sources if the change is material to the financial statements.

Note 3: Capital Assets

Capital asset activity for the fiscal year ended June 30, 2018, was as follows:

	Balance 7/1/2017	Additions	Adjustments/ Retirements	Balance 6/30/2018
Capital assets not being depreciated				
Land	$ 8,505	$ -	$ -	$ 8,505
Construction in progress	31,171	6,844		38,015
Total capital assets, not being depreciated	39,676	6,844	-	46,520
Capital assets, being depreciated				
Source of supply	2,459,603			2,459,603
Pumping plant	1,036,177			1,036,177
Transmission and distribution	2,312,578			2,312,578
General plant & administration	1,272,402	4,434		1,276,836
Total capital assets, being depreciated	7,080,760	4,434	-	7,085,194
Less accumulated depreciation:	(1,651,339)	(214,429)		(1,865,768)
Total capital assets, being depreciated, net	5,429,421	(209,995)	-	5,219,426
Total capital assets, net	$ 5,469,097	$ (203,151)	$ -	$ 5,265,946

Note 4: Long-Term Liabilities

The following is a summary of changes in the business-type activities long-term liabilities for the fiscal year ended June 30, 2018:

	Balance 7/1/2017	Additions	Retirements	Balance 6/30/2018	Due Within One Year
Compensated absences	$ 52,960	$ 26,950	$ (19,102)	$ 60,808	$ 9,551
Net pension liability (note 6)	587,867	116,493		704,360	
Net OPEB liability (note 7)		91,597		91,597	
Installment loan		4,827,000		4,827,000	
Certificates of participation	5,055,000		(5,055,000)	-	
Total	$ 5,497,308	$ 5,062,040	$ (5,074,102)	$ 5,683,765	$ 9,551

Business-type activities long-term obligations consisted of the following:

Compensated Absences

District employees accumulate earned but unused vacation benefits that can be converted to cash at termination or retirement from employment. For employees hired prior to January 1, 2005, there is no limit on the amount of accrued vacation benefits that can be carried over each year. For employees hired after January 1, 2005 the vacation cap is 50 days.

Note 4: Long-Term Liabilities (Continued)

Refunded Revenue Certificates of Participation

The Del Paso Manor Water District issued $5,615,000 in revenue certificates of participation on August 5, 2012 to provide funds for the construction of various water system improvements (Phase I Improvement Project), to fund a Reserve Fund for the Certificates and to pay costs of executing and delivering the certificates. These certificates of participation were advance refunded, and the proceeds of the advance refunding instalment loan were placed in escrow and will be used to call the refunded certificates of participation with final payment on July 1, 2020. As of June 30, 2018 $4,950,000 certificates of participation were outstanding.

Advance Refunding

The Del Paso Manor Water District issued $4,827,000 installment loan to advance refund $4,950,000 certificates of participation. The refunding was undertaken to provide an economic gain because of a lower interest rate associated with the new debt issue. The reacquisition price equaled the net carrying amount of the old debt, net of the cost of issuance of $98,707 and after applying the old debt reserve amount of $372,207 to the principal balance of the old debt. The transaction resulted in an economic gain of $321,875 and a savings of $530,765 in future debt service payments. The deferred outflows on refunding amounted to $359,234 and will be amortized through July 1, 2040.

Future annual requirements to amortize the long-term debt outstanding as of June 30, 2018 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2019	$ -	$ 136,034	$ 136,034
2020	105,000	245,887	368,337
2021	124,000	239,990	363,990
2022	132,000	233,398	365,398
2023	143,000	226,317	369,317
2024-2028	834,000	1,010,432	1,844,432
2029-2033	1,070,000	766,630	1,836,630
2034-2038	1,396,000	450,986	1,846,986
2039-2041	1,023,000	80,774	1,103,774
Totals	$ 4,827,000	$ 3,390,448	$ 8,234,898

Note 5: Defined Benefit Pension Cost-Sharing Employer Plan

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the District's separate Safety (police and fire) and Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Note 5: Defined Benefit Pension Cost-Sharing Employer Plan (Continued)

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit.

The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

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

	Prior to	On or after
Hire date	January 1, 2013	January 1, 2013
Benefit formula	2.00% @ 55	2.00% @ 62
Benefit vesting s chedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52 - 67
Monthly benefits , as a % of eligible	1.50% to 2.00%	1.00% to 2.00%
Required employee contribution rates	7.00%	6.25%
Required employer contribution rates	8.92%	6.25%

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

For the year ended June 30, 2018, the contributions recognized as part of pension expense is as follows:

Contributions-employer	$	110,851

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

As of June 30, 2018, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plan as follows:

	Proportionate share of Net pension liability	
Miscellanous Plan	$	704,360

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability the Plans are measured as of June 30, 2016 and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial

Note 5: Defined Benefit Pension Cost-Sharing Employer Plan (Continued):

valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability as of June 30, 2016 and 2017 was as follows:

Proportion - June 30, 2016	0.01692%
Proportion - June 30, 2017	0.01787%
Change - Increase (Decrease)	0.00095%

For the year ended June 30, 2018, the District recognized pension expense of $110,851. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (12,826)
Changes of assumptions	110,312	
Net difference between projected and actual earnings on pension plan investments	27,007	
Changes in proportion	32,815	
Difference in actual and proportionate share of contributions		(40,337)
District contributions subsequent to the measurement date	58,501	
Total	$ 228,635	$ (53,163)

$58,501 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 ended June 30, 2019.

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:	
2019	$ (21,853)
2020	(69,673)
2021	(41,476)
2022	16,031
2023	
Thereafter	

Note 5: Defined Benefit Pension Cost-Sharing Employer Plan (Continued):

Actuarial Assumptions – The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.30% - 14.20%
Investment Rate of Return	7.15%

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of a 2010 actuarial experience study for the period 1997 to 2007. Further details of the Experience Study can found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability was 7.15% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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

Note 5: Defined Benefit Pension Cost-Sharing Employer Plan (Continued):

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

Asset Class	New Strategic Allocation	Real Return Years 1-10 (1)	Real Return Years 11+ (2)
Global Equity	47.0%	4.90%	5.38%
Global Fixed Income	19%	0.80%	2.27%
Inflation Sensitive	6%	0.60%	1.39%
Private Equity	12%	6.60%	6.63%
Real Estate	11%	2.80%	5.21%
Infrastructure and Forestland	3%	3.90%	5.36%
Liquidity	2%	-0.4%	-0.90%

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

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each 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:

	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Miscellaneous	$ 1,097,994	$ 704,360	$ 378,345

Note 6: Other Postemployment Benefits (OPEB)

General Information about the OPEB Plan

Plan Description.

Del Paso Manor's (DPM) Post-Retirement Healthcare Plan is a single employer defined benefit healthcare plan administered by CalPERS. CalPERS provides medical insurance benefits only to eligible retirees and their eligible dependents. The District approved post-retirement health.

Benefits Provided

On June 1, 2005 the Board of Directors passed a resolution to establish health benefit vesting requirements for future retirees under public employees' medical and hospital care act, whereas an employee who is with Del Paso Manor Water District for 5 years or longer and who has met other vesting requirements as defined by Government Code 20079, shall receive up to a maximum 100% of the health benefit for the employee premium plus 90% of the additional premium required for enrollment of family members in selected plans. The total District expense on the pay as you go basis for postretirement health benefits in the 2016-17 fiscal year was $7,742. As of June 30, 2017, one retired employee was receiving postretirement health benefits.insurance benefits for all of its employees based on employees as of March,

Note 6: Other Postemployment Benefits (OPEB) (Continued)

2008 under the Public Employees' Medical and Hospital Care Act (PEMHCA). The retiree benefits for employees hired prior to August 1, 2005 are entitled to receive the same benefits as active employees noted above. Those hired after August 1, 2005 are entitled to receive medical only lifetime benefits with required service of 20 year and the plan paying 50% of premiums after 10 years of service and an additional 5% for each additional year of service with a maximum district contribution of 100%. The minimum age for receiving benefits is 50 and there is no District cap. The plan also provides coverage for dependents. For employees who are eligible to participate in the plan the District will contribute health benefit cost for the retiree and family members at an amount approved by Resolution and accepted by CalPERS based on the average amount of the HMO plans offered by CalPERS. A retiree with less than the required years of service with the District will receive no benefit, unless they have previous employment qualifying them for CalPERS retirement, in which case they are eligible to receive the CalPERS minimum at the time of retirement. The CalPERS minimum is set by law. The retiree is on the same medical plan as the District's active employees, however monthly rates for coverage of covered active and retired employees are computed separately.

Employees Covered By Benefit Terms

At the OPEB liability measurement date of June 30, 2017, the following employees were covered by the benefit terms:

Retirees currently receiving benefit payments	1
Active employees	4
Total	5

Contributions

The District's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the actuarially determined contribution of the employer (ADC), an amount actuarially determined in accordance with the parameters of GASB Statement 75. The ADC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The District chose a 30 year period to amortize the unfunded actuarial liability.

The contribution requirement of plan members is established by the District's Board of Directors. The 2017-18 fiscal year contribution was based on the actuarially determined contribution using entry age normal cost with calculated as a level percentage of payroll, as required by GASB 75. For the fiscal year ending June 30, 2017, the District contributed $23,112 towards the unfunded actuarial liability (UAL). The District chose the CalPERS CERBT as the trustee for the plan. The District also paid the retiree premiums for fiscal year end June 30, 2017 valuation directly to health insurance providers totaling $7,742 and was reimbursed for these contributions from the trust. Plan members receiving benefits contributed $0 of the total premiums.

Net OPEB Liability: At June 30, 2018 the District reported a net OPEB liability of $91,597. The net OPEB liability was measured from July 1, 2016 to June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation with a valuation date of June 30, 2016.

Note 6: Other Postemployment Benefits (OPEB) (Continued)

Actuarial Assumptions

The net OPEB liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Assumptions:	
Discount Rate	7.00%
Healthcare trend rates	4.00%
Salary increase	2.75%
Inflation	2.75%
Investment Rate of Return	7.00%

OPEB Assets

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

Asset Class	Asset Allocation	Long-term Expected Real Rate of Return
Global equity	57.00%	5.25%
Fixed income	27.00%	0.99%
Treasury securities	5.00%	0.45%
REIT's	8.00%	4.50%
Cash	3.00%	3.90%
Total	100.00%	

(1): The estimated yield of 3.9% for commodities was obtained from various sources, and is an estimated amount. Using these figures, the weighted-average real rate of return is estimated to be 3.73%. Adding estimated inflation of 2.75%, we obtain 6.48% as an estimate of the expected rate of return, which is then rounded to 6.50%

The OPEB assets are held by CalPERS CERBT, the trustee for the OPEB assets. The OPEB assets are not FDIC insured there is no bank guarantee and the assets may lose value. The investments are in in strategy 1 which is the least conservative of the 3 risk levels offered by the trustee. The investment objective is to seek returns that reflect the broad investment performance of the financial markets through capital appreciation and investment income. There is no guarantee that the portfolio will achieve its investment objective.

The discount rate used to measure the total OPEB liability was 7 percent. The projection of cash flows used to determine the discount rate assumed the District’s contributions will continue based upon the current OPEB funding policy. Based on those assumptions, the OPEB plans fiduciary net position was projected to

Note 6: Other Postemployment Benefits (OPEB) (Continued)

be available to make projected future benefit payments for current members for all future years. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments determine the total OPEB liability.

Changes in the Net OPEB Liability

The table below shows the changes in the total OPEB liability, the Plan Fiduciary Net Position (i.e. fair value of Plan assets), and the net OPEB liability during the measurement period ending on June 30, 2017.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a-c)
Roll back balances at 6/30/2016	$ 551,319	$ 446,306	$ 105,013
Changes for the year:			
Service cost	18,145		18,145
Interest	38,939		38,939
Difference between			-
expected and actual			-
experience			-
Contribution-employer		23,112	(23,112)
Net investment income		47,627	(47,627)
Benefit payments	(7,742)	(7,742)	-
Administrative expense		(239)	239
Net changes	49,342	62,758	(13,416)
Balances at 6/30/18	$ 600,661	$ 509,064	$ 91,597

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

The following presents the District's share of the net OPEB liability if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease 6%	Discount Rate 7%	1% Increase 8%
Net OPEB liiability (asset)	$ 169,435	$ 91,597	$ 26,609

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2018, the District recognized OPEB expense of $32,808. OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, and actuarial assumptions or methods. At June 30, 2018, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

Note 6: Other Postemployment Benefits (OPEB) (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes in assumptions		
Net difference between projected and actual earnings on retirement plan investments		
District contributions subsequent to measurement date	25,000	
Totals	$ 25,000	$ -

$25,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019.

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

Year Ended June 30,	
2019	$ -
2020	-
2021	-
2022	-
2023	-
Thereafter	-
Total	$ -

Note 7: Restated Beginning Net Position

Beginning net position was decreased $66,597 as a result of implementing the Governmental Accounting Standards Board Statements 74/75 for other than pension benefits (OPEB) plans.

Note 8: Revenue Limitations Imposed by California Proposition 218

Proposition 218, which was approved by the voters in November 1996, regulates the District's ability to impose, increase, and extend taxes and assessments. Any new increase or extended taxes and assessments subject to the provisions of Proposition 218, requires voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes and assessments are subject to voter initiative and may be rescinded in the future years by the voters.

Note 9: Commitments and Contingent Liabilities

Contingent Liabilities

In the normal course of business, the District is subject to various lawsuits. Defense of lawsuits is typically handled by the District's insurance carrier and losses, if any, are expected to be covered by insurance.

Commitments

The District had open construction contracts, in addition to engineering and professional service commitments as of June 30, 2018.

DEL PASO MANOR WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2018

Actuarial Valuation Date	District's proportion of the net pension liability (asset)	District's proportionate share of the net pension liability (asset)	District's covered-employee payroll	District's proportionate share the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
CalPERS-Miscellaneous Plan					
6/30/2014	0.01719%	$420,396	$283,523	148.28%	82.11%
6/30/2015	0.01607%	$440,960	$305,920	144.14%	84.93%
6/30/2016	0.01692%	$587,867	$317,245	185.30%	81.02%
6/30/2017	0.01787%	$704,360	$327,053	215.37%	75.05%

* The amounts presented for each fiscal year were determined as of the fiscal year-end

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available is presented.

DEL PASO MANOR WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS LIABILITY
JUNE 30, 2018

Actuarial Valuation Date	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contribution as a percentage of covered-employee payroll
CalPERS-Miscellaneous Plan					
6/30/2014	$34,573	($34,573)	$0	$283,523	12.19%
6/30/2015	$45,607	($45,607)	$0	$305,920	14.91%
6/30/2016	$51,598	($51,598)	$0	$317,245	16.26%
6/30/2017	$58,501	($58,501)	$0	$327,053	17.89%

* The amounts presented for each fiscal year were determined as of the fiscal year-end

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, only information for those years for which information is available is presented.

DEL PASO MANOR WATER DISTRICT

OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS JUNE 30, 2018

Last 10 Fiscal Years*

Total OPEB liability	
Service cost	$ 18,145
Interest	38,939
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(7,742)
Net change in total OPEB liability	49,342
Total OPEB liability-beginning	551,319
Total OPEB liability-ending (a)	$600,661
Plan fiduciary net position	
Contributions-employer	$ 23,112
Net investment income	47,627
Benefit payments from trust	(7,742)
Administrative expenses	(239)
Net change in plan fiduciary net position	62,758
Plan fiduciary net position-beginning	446,306
Plan fiduciary net position-ending (b)	$509,064
District's net OPEB liability (a-b)	$ 91,597
Plan fiduciary net position as a percentage of the total OPEB liability	85%
Covered-employee payroll	$327,053
District's net OPEB liability as a percentage of covered-employee payroll	28%
Measurement date	6/30/2017

* Amounts presented above were determined as of June 30. Additional years will be presented as they become available.

DEL PASO MANOR WATER DISTRICT

COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018

Assets	Operating Fund	Maintenance Fund	Total
Current Assets			
Cash	$ 662,554	$ -	$ 662,554
Investments	643,318		643,318
Accounts receivable*	86,593	43,882	130,475
Interest receivable	3,053		3,053
Prepaid expense	23,185		23,185
Due from other fund		993,436	993,436
Total current assets	1,418,703	1,037,318	2,456,021
Noncurrent Assets:			
Capital assets:			
Nondepreciable capital assets:			
Land	8,505		8,505
Construction in progress	38,015		38,015
Depreciable capital assets:			
Source of supply	2,459,603		2,459,603
Pumping equipment	1,036,177		1,036,177
Transmission and distribution	2,312,578		2,312,578
General	1,276,836		1,276,836
Less accumulated depreciation	(1,865,768)		(1,865,768)
Total depreciable capital assets	5,219,426		5,219,426
Total capital assets (net of accumulated depreciation)	5,265,946		5,265,946
Total noncurrent assets	5,265,946		5,265,946
Total assets	6,684,649	1,037,318	7,721,967
Deferred Outflow of Resources:			
Deferred amount on refunding	359,234		359,234
Deferred outflow-OPEB	25,000		25,000
Deferred outflow-pension	228,633		228,633
Total deferred outflows of resources	612,867		612,867
Total assets and deferred outflow of resources	$ 7,297,516	$ 1,037,318	$ 8,334,834
Liabilities Deferred Inflows of Resources and Net Position:			
Current Liabilities:			
Accounts payable	$ 19,215	$ -	$ 19,215
Customer advance payments*	14,340	14,339	28,679
Due to other fund	993,436		993,436
Total current liabilities	1,026,991	14,339	1,041,330
Noncurrent Liabilities:			
Due within one year	9,551		9,551
Due in more than one year	5,674,214		5,674,214
Total long-term liabilities	5,683,765		5,683,765
Total liabilities	6,710,756	14,339	6,725,095
Deferred Inflows of Resources			
Deferred inflow-pension	53,163		53,163
Total deferred inflows of resources	53,163		53,163
Net Position			
Net investment in capital assets	438,946		438,946
Unrestricted	94,651	1,022,979	1,117,630
Total net position	533,597	1,022,979	1,556,576
Total liabilities, deferred inflows of resources and net position	$ 7,297,516	$ 1,037,318	$ 8,334,834

* Maintenance fund based on estimated 50% of base charge receivables/advances

DEL PASO MANOR WATER DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Operating Fund	Maintenance Fund	Total
Operating revenue			
Water sales	$ 808,261	$ -	$ 808,261
Planned water system maintenance charges	-	595,461	595,461
Total operating revenues	808,261	595,461	1,403,722
Operating expenses			
Source of supply			
Water purchases	5,535		5,535
Pumping	96,279		96,279
Water treatment	4,488		4,488
Transmission and distribution	306,820		306,820
Administration and general	669,346		669,346
Depreciation	214,429		214,429
Total operating expenses	1,296,897	-	1,296,897
Operating income (loss)	(488,636)	595,461	106,825
Nonoperating revenue (expenses)			
Interest income	9,693		9,693
Interest expense	(263,038)		(263,038)
Nonoperating revenues (expenses)	(253,345)	-	(253,345)
Net income before operating transfers	(741,981)	595,461	(146,520)
Transfers in (1)	374,881		374,881
Transfers out (1)		(374,881)	(374,881)
Total operating transfers	374,881	(374,881)	-
Increase (Decrease) in net position	(367,100)	220,580	(146,520)
Net position, July 1 as restated	900,697	802,399	1,703,096
Net position, June 30	$ 533,597	$ 1,022,979	$ 1,556,576

(1) Transfer $368,038 for debt service and $6,843 for PSM capital expense. Does not include salary expense.

DEL PASO MANOR WATER DISTRICT

COMBINING STATEMENT OF CASH FLOWS
JUNE 30, 2018

	Operating Fund	Maintenance Fund	Total
Cash flows from operating activities:			
Cash receipts from customers	$ 804,309	$ 605,041	$ 1,409,350
Cash payments to suppliers for goods and services	(448,003)		(448,003)
Cash payments to employees for services	(573,340)		(573,340)
Net cash provided by (used by) operating activities	(217,034)	605,041	388,007
Cash flows from capital and related financing activities:			
Principal payment for debt	(105,000)		(105,000)
Interest paid on debt	(264,875)		(264,875)
Operating transfers in (out)	374,881	(374,881)	-
Intergovernmental receivables/payables	230,160	(230,160)	-
Additions to capital assets	(11,278)		(11,278)
Restricted cash used for bond advance refunding	(613,753)		(613,753)
Net cash used by capital and related financing activities	(389,865)	(605,041)	(994,906)
Cash flows from investing activities:			
Interest received on investments	8,102		8,102
Net decrease in cash and cash equivalents	(598,797)		(598,797)
Cash and cash equivalents, beginning of year	1,904,669		1,904,669
Cash and cash equivalents, end of year	$ 1,305,872	$ -	$ 1,305,872
Reconciliation of cash and cash equivalents to the balance sheet:			
Cash	$ 662,554	$ -	$ 662,554
Investments	643,318		643,318
Cash and cash equivalents, June 30	$ 1,305,872	$ -	$ 1,305,872
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating Income (Loss)	$ (488,636)	$ 595,461	$ 106,825
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	214,429		214,429
Changes in assets and liabilities:			
Accounts receivable	(7,191)	6,340	(851)
Prepaid expenses	(1,502)		(1,502)
Accounts payables	2,429		2,429
Customer deposits	3,240	3,240	6,479
GASB 68-pension adjustments	52,350		52,350
Compensated absences	7,848		7,848
Net Cash Provided By Operating Activities	$ (217,034)	$ 605,041	$ 388,007