

COMPREHENSIVE
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2017



COMMUNITY SERVICES DISTRICT

Proudly serving Jurupa Valley and Eastvale

11201 Harrel Street | Jurupa Valley, CA 91752

www.jcsd.us



Comprehensive Annual Financial Report

Fiscal Year Ending

June 30, 2017

Jurupa Community Services District

11201 Harrel St.
Jurupa Valley, CA 91752

General Manager
Todd M. Corbin

Director of Finance
and Administration
Steven Popelar, CPA

Director of Engineering
and Operations
Robert Tock, PE

Director of Parks and
Community Affairs
Ric Welch

Prepared by Finance Division:

Finance Manager
Cynthia Mouser

Accounting Supervisor
Veronica Bustillos, CPA

Budget Analyst
Michael Sweetman

Financial Analyst
Jason Davis

JURUPA COMMUNITY SERVICES DISTRICT

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INTRODUCTORY SECTION



Kenneth J. McLaughlin, President
Betty A. Anderson, Vice President
Jane F. Anderson, Director
Richard "Dickie" Simmons, Director

October 11, 2017

To the Board of Directors and customers of Jurupa Community Services District:

We are pleased to present the Jurupa Community Services District's (the District or JCSD) Comprehensive Annual Financial Report for the year ended June 30, 2017. The report was prepared by the District's Finance Department in accordance with standards established by the Governmental Accounting Standards Board (GASB) and generally accepted accounting principles (GAAP).

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has 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.

CliftonLarsonAllen LLP, a firm of licensed certified public accountants, has issued an unmodified ("clean") opinion on the District's financial statements for the year ended June 30, 2017. The independent auditor's report is located at the front of the financial section of this report.

Included are all the disclosures management believes necessary to enhance your understanding of the financial condition of the District. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors in the financial section of this report.

Profile of the District

The Jurupa Community Services District was incorporated in 1956 to provide sewer services to the Jurupa area of western Riverside County. The District is governed by a five-member, independent, elected Board of Directors. Since 1956, JCSD has increased its service area from 26 square miles to 40.8 square miles. The District provides water, wastewater, park and recreation, graffiti abatement, frontage landscape, and street lighting services to a population of approximately 120,000 residents and commercial facilities located within its service area. The District's service area encompasses the Cities of Jurupa Valley and Eastvale. The District's approximately 200

employees are responsible for providing excellent customer service driven by its standards to provide safe, reliable, economical and environmentally friendly services.

Water Services

The District's primary water sources are local groundwater basins. To ensure a reliable water supply for both existing and future residents, the District participates in a joint power authority (JPA) with neighboring agencies called the Chino Basin Desalter Authority (CDA). Local groundwater supplies include untreated water pumped from the Chino Basin for potable and non-potable uses and groundwater pumped from the Riverside Basin for non-potable use. JCSD produced approximately 25,300-acre feet of water in fiscal year 2016-2017.

The District provides water services to approximately 31,200 residential, commercial, and irrigation connections from local groundwater sources. Residential customers make up approximately 94% of the District's customer base and consume approximately 73% of the water produced annually by the District.

JCSD pledges to provide a reliable, high quality water source to our customers and pursue alternative sources of future water supplies including regional recycled water projects. The District is committed to remaining a regional leader in promoting water conservation and continuing to make investments in our Conservation and Outreach programs to ensure compliance with State mandates. The District encourages customers to use water efficiently to help the District achieve its water supply diversification goals and objectives and to achieve State-mandated water use targets.

Sewer Services

JCSD's sewer system is split between three separate service areas that each discharge to separate systems. The District no longer operates any wastewater treatment facilities of its own.

The City of Riverside

Through its network of pumping, pipeline, and other conveyance facilities, the District conveys wastewater from the District's Jurupa Valley area to the City of Riverside Treatment Plant. In addition to the District, this treatment plant serves the City of Riverside, Rubidoux Community Services District, and Edgemont Community Services District. The District pays annual treatment charges for its share of operations and maintenance expenses at the Riverside Treatment Plant. The District currently owns 5.0 million gallons per day (MGD) of treatment capacity with the City of Riverside and discharges approximately 3.1 MGD to the Riverside Treatment Plant.

Western Riverside County Regional Wastewater Authority Wastewater Treatment Plant

Collections from the District's Eastvale area are pumped via the River Road Lift Station to another regional treatment plant operated by a Joint Powers Authority (JPA) called the Western Riverside County Regional Wastewater Authority (WRCRWA). The District is one of the five-member

agencies comprising WRCRWA. WRCWRA's Wastewater Treatment Plant was brought online in 1998 and was designed to treat 8.0 MGD of wastewater, of which the District owns 3.25 MGD in treatment capacity and is a 40.6% participant. The remaining capacity rights are owned by the other wastewater agencies in the area. The plant is operated by Western Municipal Water District (WMWD). The members of the JPA are in the process of expanding the WRCRWA Treatment Plant, which will increase the total treatment capacity to 14 MGD, which will increase JCSD's treatment capacity to 6 MGD and a 42.6% participant in the plant and JPA.

Inland Empire Brine Line

Wastewater from the predominantly industrial customers in Community Facilities District (CFD) No. 1 is discharged into the Inland Empire Brine Line (IEBL) for treatment at the Orange County Sanitation District (OCSD) Treatment Plant. This plant has different standards regulating salinity because the plant discharges into the Pacific Ocean. Consequently, the District utilizes this facility for high salinity waste from its industrial customers as well as the Chino Basin Desalters. The District owns treatment capacity of 1.16 MGD and pipeline capacity of 3.49 MGD.

Parks and other services

Parks and Recreation

In 1996, the District formulated and approved a Park Plan for a portion of its service area known as the Eastvale area, now the City of Eastvale. Community Facilities Districts (CFDs) have been, and are continuing to be, formed to provide the financing mechanism for acquisition and improvement of the parkland and to provide for the ongoing maintenance. There are 48 CFDs that have been formed to date. The District's parks department operates and maintains 14 park sites, the Eastvale Community Center, the Harada neighborhood center, and the Desi Arnaz House. There are approximately 240 acres of community and neighborhood parks open to the public or in different stages of development.

Graffiti Abatement Program

In 1992/1993 the Board of Directors, recognizing a need to eradicate the growing blight of graffiti within the District's service area, authorized the formation of the Graffiti Abatement Program through the Landscaping and Lighting Maintenance Act of 1972. This assessment district has been very successful, not only in eradicating the graffiti, but also in keeping the costs down to the property owners. The District also contracts with neighboring agencies to provide graffiti removal services to those service areas.

Lighting and Landscape Maintenance Districts

The District also administers an Illumination District, Lighting Maintenance Districts, and Landscape Maintenance Districts (special assessment districts), placing charges on the property tax bills to cover the energy charges of the streetlights and the operation and maintenance of landscaping within public rights-of-way throughout the District's service area.

Economic Conditions and Outlook

The District office is located in the city of Jurupa Valley (Jurupa Valley) in a region commonly referred to as the Inland Empire. The District is approximately 45 miles east of downtown Los Angeles. The District primarily serves the two communities of Jurupa Valley and Eastvale that lie within the District's service territory. Both communities recently incorporated new cities within the last seven years, the city of Jurupa Valley and the city of Eastvale. The District recognizes the unique needs of both cities, and has built good working relationships with each community.



Jurupa Mountains Discover Center courtesy of Getty Images

The City of Jurupa Valley is in the eastern part of the District. Jurupa Valley is the 12th largest city in the Inland Empire and grew by 2.42% from 2016 to 2017, making it the 5th fastest growing city in the Inland Empire in 2017. While much of the District's growth is happening in Jurupa Valley, aging infrastructure is starting to become an area of concern because much of the water infrastructure was originally constructed as part of local mutual water companies. The District is currently working on a plan to proactively replace aging infrastructure on a large scale within the Jurupa Valley area.

The City of Eastvale (Eastvale) makes up the western part of the District. The City of Eastvale covers 13.1 square mile and has a population of approximately 64,000, as compared to its neighbor the City of Jurupa Valley, that has a population of approximately 101,000 and covers 43.1 square miles. The Eastvale area was mostly farm land and dairies up until the late 90's when housing development grew rapidly until the late 2000's when the US started to experience an economic downturn due to the housing crisis.

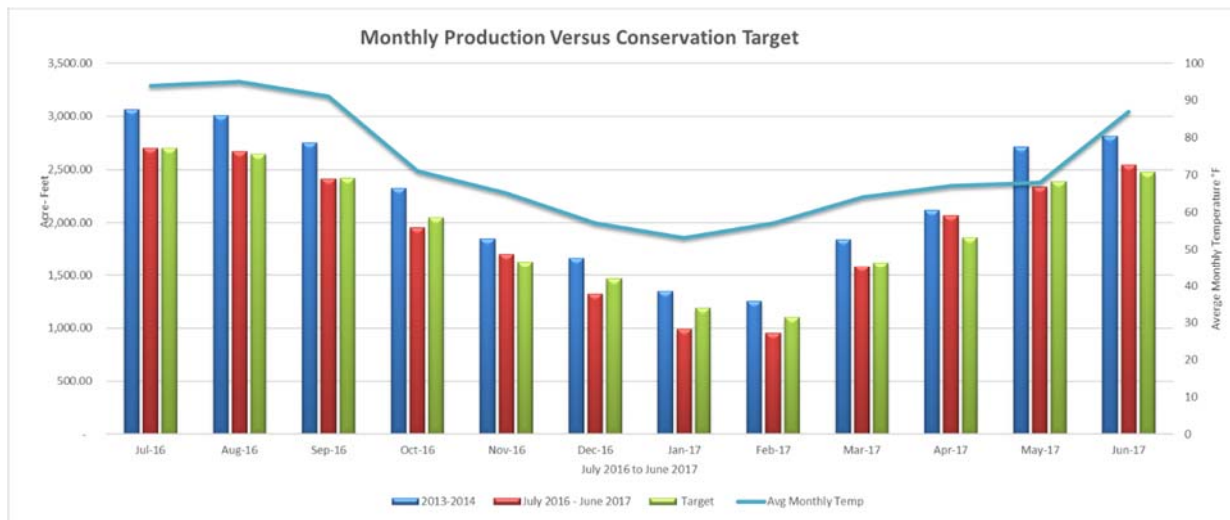


Eastvale Community Center courtesy of JCSD

The District doubled in connections from fiscal year (FY) 2000 to FY 2007, going from 12,097 water connections in 2000 to 24,292 water connections in 2007; most of these connections were in the Eastvale area. The housing in Eastvale has recovered since the housing crisis and has continued to steadily grow. The City of Eastvale is also experiencing more commercial development as it approaches buildout soon.

California’s water supply continues to be a concern due to continual development in the region and projected population increases. Even though conservation mandates have been lifted by the State, the District is still encouraging customers to conserve and use water efficiently. The District is also actively seeking out alternative water sources, such as recycled water to shift the District’s water supply from local groundwater to alternative sources. The District will continue to work with local and regional water suppliers in planning and constructing other water delivery systems throughout its service area.

The District has experienced economic recovery over the past several years as development continues in the area. During the past five fiscal years the District has seen an almost 19% increase in service connections; an average of 3% a year. As the District has grown so has the demand for water. Water Production increased each year from FY 2011 to FY 2014, but fell significantly in FY 2015 and further still in FY 2016. This decrease in water demand was primarily due to the statewide drought messaging that began in August 2014 and culminated with the Governor’s executive order in April 1, 2015. In July of 2016, the District’s mandatory conservation target of 23% was lifted by the State. In FY 2017 the District saw water demand increase by 14%, but still met the District’s self-imposed conservation targets, even though the Governor officially declared the drought over in April of 2017.



Source JCSD

During the fiscal years 2011 through 2014, water sales revenues increased by approximately 6.7% per year on average, then fell by 1.7% in FY 2015. In FY 2016 the District’s sales increased 0.6% and FY 2017 the District’s sales increased by 5.7%. The District’s water rate structure is comprised of a variable commodity charge and a fixed meter charge. The variable commodity charge is tiered to encourage conservation. A significant portion of the District’s water rate is the fixed meter charge which allows for revenue stability during periods of increased conservation and other unforeseen factors that can impact water usage. The District is currently in the third year of a five-year rate, with the last rate increase in January 2019. A monthly water bill with usage of 20 HCF and assuming a ¾” meter is \$63.44.

Sewer sales have steadily increased at an average of 7% per year over the last five fiscal years. Sewer rates are billed based on a unit of measure called an equivalent dwelling unit (EDU) and an HCF quantity charge (in dollars per hundred cubic feet) applied to a maximum usage of eight HCF's. An EDU is equal to the average amount of wastewater flow from a single-family household and an HCF is equivalent to 748 gallons or hundred cubic feet of water and is the per unit charge for water. A monthly sewer bill with one EDU and 8 or more HCF's of water used is \$37.45.

The District is currently participating in a construction project to upgrade and expand the WRCRWA treatment plant to accommodate the increased wastewater flows the District is sending to the plant. The WRCRWA expansion is expected to be completed in December 2017, this will increase the District's treatment capacity from 3.25 MGD to 6.0 MGD.

Developers building residential tracts in the District mostly utilize a funding mechanism called a Community Facilities District (CFD). The Mello-Roos Community Facilities Act of 1982 allows any county, city, special district, school district or joint powers authority to establish a Mello-Roos Community Facilities District (CFD) which allows for financing of public improvements and services. The District's Parks operations and maintenance, including landscape maintenance, is funded through special tax assessments levied through CFD's formed throughout the District. In FY 2017 there were 39 CFD's that fund the Park's operation and maintenance, including landscape, and 5 CFD's that fund landscape maintenance only. Assessment revenue from these CFD's has increased an average of 6% each year for the past five fiscal years. The District's Parks department also offers recreation programs and classes that are funded through the fees collected by residents participating in those programs and classes. Recreation and class revenue has grown an average of 18% per year for the last five fiscal years. The growth in the operations and maintenance of the parks and the growth in the parks recreation and class revenue is attributed to the growth in residential development over the past five years in the city of Eastvale.

The District formulated and approved a Parks Master Plan in 1996, which documented the District's parks capital facilities needs. These capital facilities were funded with park fees included in 39 CFD's formed in the Eastvale area. Since 1996, the Parks Master Plan has been updated and rewritten to better address the growing population in the city of Eastvale. As the city of Eastvale approaches build out, the formation of CFD's is declining which creates a challenge to fund future parks capital needs. The District continues to research alternative funding sources to accommodate the future capital needs of the Parks department.

Major Initiatives

Chino Desalter Phase 3 Expansion

Ensuring a secure, local water supply is a priority for JCSD. The Chino Desalter Phase 3 Expansion Project increases desalter drinking water production from 24,600 to 35,200 acre-feet per year. The project was sponsored by JCSD, the city of Ontario, and Western Municipal Water District and is complete and was operational in fall of 2017. The expansion will enable the distribution of drinking water, while minimizing brine discharge into the Pacific Ocean.

JCSD and the city of Ontario will receive an additional 3,533 acre-feet of water from the expansion project. Western Municipal Water District will receive 3,534 acre-feet to add to their current desalter supply. To date, this \$150 million expansion has been awarded more than \$77 million in state and federal grants. The completed project includes expanding the Chino II Desalter; constructing a brine concentrate reduction facility; expanding the raw water well fields; and adding additional drinking water delivery facilities.

In addition, the expansion facilitates hydraulic control of the Chino Ground Water Basin to protect downstream water quality in Orange County. The Chino Basin Desalter Authority is a joint powers authority comprised of Western Municipal Water District, Inland Empire Utilities Agency, JCSD, Santa Ana River Water Company and the cities of Chino, Chino Hills, Norco and Ontario.

Water Use Efficiency Initiatives

Providing customers with the support and resources needed to continue water-use reduction through a variety of efficiency programs remains a goal for JCSD. Regional and local partnerships are an important method to leverage funding enabling JCSD to offer more programs/projects to a larger number of residents. Our partners this year include the Metropolitan Water District of Southern California, Western Municipal Water District, the Department of Water Resources, and the Santa Ana Watershed Project Authority.

JCSD has a three-part approach to water use efficiency.

- Education for All – JCSD engages adults by offering four landscape classes per year that focus on numerous topics including plants, irrigation, and turf removal. School age residents can benefit from an art contest, curriculum, and field trips to the Santa Ana River.
- Programs – JCSD participates in all regional rebate programs by providing additional funding and marketing. These include irrigation controllers, washing machines, and toilets. Additionally, a new JCSD sponsored drip rebate was launched in 2017.
- Projects – JCSD utilizes projects to address specific problems. The WECAN Project replaced 100 turf landscapes with climate appropriate plants and irrigation in low income areas. The DIY Landscape Transformation website guide is 60 percent complete and is designed to provide homeowners with specific answers to landscape problems.

WRCWRA Treatment Plant Expansion Project

In order to better serve the needs of the steady growth in the region, the plant is undergoing a \$72.6 million upgrade and expansion to 14.0 MGD. The expansion is expected to be completed in December 2017. The District's share of the cost is approximately \$33 million. The expansion will meet the District's projected buildout demands of the District's increasing flow to WRCRWA and will give the District an additional 2.75 MGD of treatment capacity. WRCRWA is currently pursuing a change of use petition with the State Water Resources Control Board (SWRCB) in order to be able to use some or all of the recycled water for beneficial non-potable uses rather than discharging it to the Santa Ana River.

Financial Policies

The District has formally adopted the following financial policies:

Reserve Policy

The policy states the purpose, source, and minimum/maximum funding levels for each of its designated reserves. These reserves have been established to meet internal requirements and/or external legal requirements. These policy guidelines enable restricting funds for future infrastructure needs, replacement of aging facilities, bond reserves, and various operating reserves to mitigate unexpected occurrences. These reserves are critical to the District's financial strength and high bond rating.

Debt and Financial Management Policy

The debt and financial management policy is designed to establish parameters for issuing debt and provide guidance to decision makers with respect to all options available to finance infrastructure and other capital projects so that the most prudent, equitable and cost-effective method of financing can be chosen. The policy also documents the objectives to be achieved by staff both prior and subsequent to debt issuance. It promotes objectivity in the decision-making process and facilitates the financing process by establishing important policy decisions in advance.

Investment Policy

The investment policy is intended to outline the guidelines and practices to be used in effectively managing the District's available cash and investment portfolio. It applies to all cash and investment assets of the District except those funds maintained in deferred compensation accounts for employees. All District monies, including those not required for immediate expenditure, are to be invested in compliance with governing provisions of law (California Government Code Sections 53600 et seq.). The policy lists in detail authorized investments as well as the percentage of portfolio limitations and required ratings for each investment type.

Accounting System

The Finance Department is responsible for providing financial services for the District, including financial accounting and reporting, accounts payable and receivable, purchasing, custody and investment of funds, billing and collection of water and wastewater charges, taxes, and other revenues. The District accounts for its activities as an enterprise fund and prepares its financial statements on the accrual basis of accounting, under which revenues are recognized when earned and expenses are recorded when liabilities are incurred. It is the intent of the Board of Directors to manage the District's operations as a business, thus matching revenues against the costs of providing the services.

Internal Controls

The District operates within a system of internal accounting controls established and continually reviewed by management to provide reasonable assurance that assets are adequately safeguarded and transactions are recorded in accordance with District policies and procedures. When

establishing and reviewing controls, management must consider the cost of the control and the value of the benefit derived from its utilization. Management normally maintains or implements only those controls for which its value adequately exceeds its costs.

Acknowledgements

Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that these staff members contribute to the service of the District's customers. The contributions made by Cindy Mouser, Finance Manager, Veronica Bustillos, Accounting Supervisor, Mike Sweetman, Budget Analyst and Jason Davis, Financial Analyst, deserve special recognition. We would also like to thank and recognize the members of the Board of Directors and especially the Finance Committee members for their continued support in planning and implementation of the Jurupa Community Services District's fiscal policies.

Respectfully submitted,

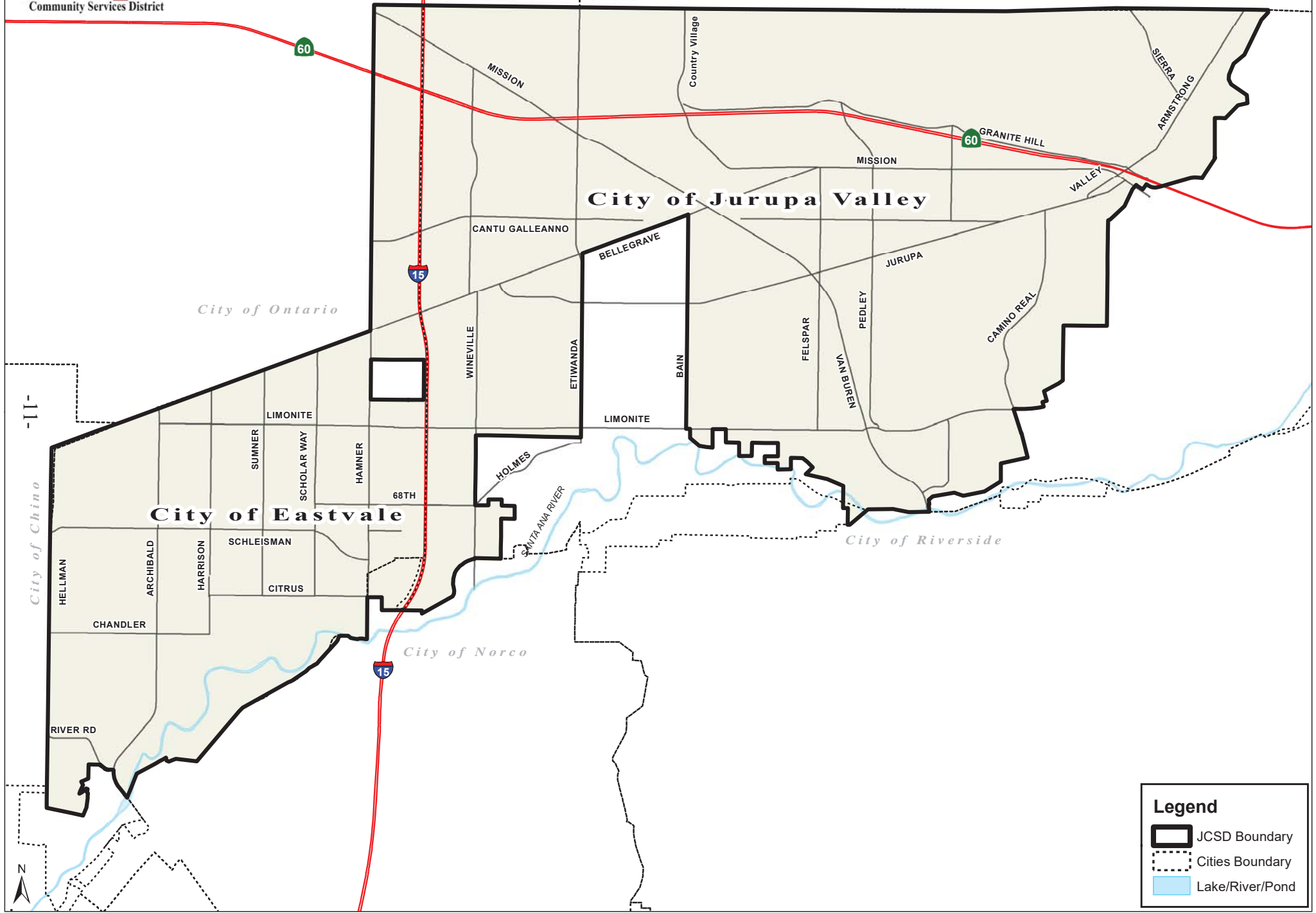


Todd M. Corbin
General Manager






Steven Popelar, CPA
Director of Finance and Administration

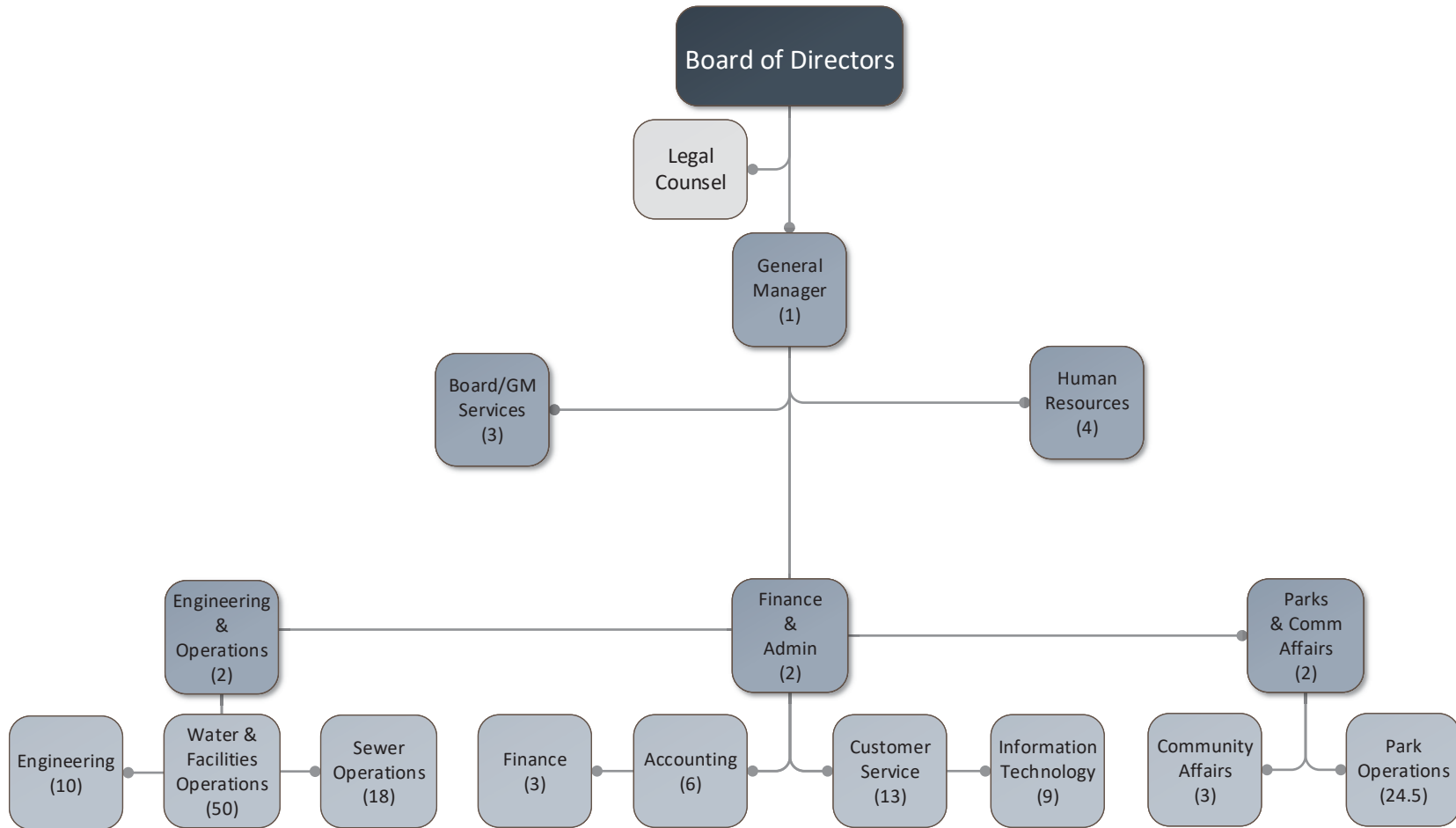
City of Fontana



Legend

-  JCSD Boundary
-  Cities Boundary
-  Lake/River/Pond

Jurupa Community Services District District Organization



INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Jurupa Community Services District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Jurupa Community Services District (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's 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, the policies and procedures of the *State Controller's Office Division of Local Government Fiscal Affairs Minimum Audit Requirements for California Special Districts*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

INDEPENDENT AUDITOR'S REPORT

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 respective financial position of the governmental activities, the business-type activities, and the aggregate remaining fund information of the District as of June 30, 2017, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis-of-Matter

Correction of an Error

As described in Note 20 to the financial statements, the value of contributed capital assets should have been reported at the estimated fair value at the date the District took ownership of the infrastructure assets. The District has corrected the error by properly capitalizing the infrastructure assets. Our opinion is not modified with respect to that matter.

Prior Year Comparative Information

The financial statements of the District as of June 30, 2016 were audited by Vicenti, Lloyd & Stutzman LLP whose practice became a part of CliftonLarsonAllen LLP on June 1, 2017 and whose report dated November 10, 2016 expressed an unmodified opinion. The financial statements include partial prior year comparative information. Such information does not include all of the information necessary to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Authority's audited financial statements for the year ended June 30, 2016 from which the partial information has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of postemployment healthcare benefits funding progress, schedule of the District's proportionate share of the net pension liability, and schedule of the District's pension contributions, 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

INDEPENDENT AUDITOR'S REPORT

consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the District's basic financial statements. The introductory section, the supplementary information as listed in the table of contents, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2017 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP
Glendora, California
November 20, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

JURUPA COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2017

The following discussion and analysis of the financial performance of the Jurupa Community Services District ("District") provides an overview of the District's financial activities for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here with the basic financial statements and related notes, which follow this section.

Financial Highlights

- The District's net position increased \$57.0 million, or by 12.1%.
- During the year the District's revenues increased \$7.8 million or by 9.3% to \$93.1 million, while expenses increased \$3.7 million, or 5.9% to \$66.2 million.
- Capital contributions to the District amounted to \$26.5 million.

Overview of the Financial Statements

This annual report consists of a series of financial statements. These statements offer short-term and long-term financial information about its activities. The discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of the following components: Basic Financial Statements, Fund Financial Statements, and Notes to the Basic Financial Statements. This report also contains other supplementary information in addition to the basic financial statement themselves. For governmental funds, the fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds.

Government-wide Financial Statements

Statement of Net Position and Statement of Activities

The Statement of Net Position and the Statement of Activities provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies. The Statement of Net Position (page 28) includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Activities (page 29). This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully covered all its costs through its taxes, user fees, and other charges, and credit worthiness.

These two statements report the District's net position and changes in them. Think of the District's net position – the difference between assets and liabilities – as one way to measure the District's financial health, or financial position.

JURUPA COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2017

Government-wide Financial Statements (continued)

Statement of Net Position and Statement of Activities (continued)

Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the District's property tax base and the types of grants the District applies for to assess the overall financial health of the District.

Fund Financial Statements

Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be used in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Statement of Cash Flows

The primary purpose of the Statement of Cash Flows is to provide information about the District's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, capital, and financing activities and provides answers to such questions as where did cash come from, what was cash used for and what was the change in cash balance during the reporting period.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found beginning on page 39.

JURUPA COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2017

Government-wide Financial Analysis

Statement of Net Position

To begin our analysis, a summary of the District's Statements of Net Position are presented in Table A-1.

TABLE A-1
Condensed Statements of Net Position
(In thousands of dollars)

	Business-			Business-		
	Governmental	Type	Total	Governmental	Type	Total
	Activities	Activities		Activities	Activities	
	June 30, 2017			June 30, 2016		
Assets:						
Current and other assets	\$ 28,980	\$ 166,733	\$ 195,713	\$ 25,102	\$ 160,360	\$ 185,462
Capital and other assets	70,261	364,238	434,499	72,498	328,788	401,286
Total Assets	99,241	530,971	630,212	97,600	489,148	586,748
Deferred outflows of resources:						
Amount deferred pension obligation	1,678	5,969	7,647	1,291	4,692	5,983
Amount deferred on refunding	-	618	618	-	645	645
Total Deferred Outflow	1,678	6,587	8,265	1,291	5,337	6,628
Liabilities:						
Long-term debt outstanding	\$ -	\$ 64,898	\$ 64,898	\$ -	\$ 66,839	\$ 66,839
Other liabilities	3,966	39,175	43,141	3,695	48,755	52,450
Total Liabilities	3,966	104,073	108,039	3,695	115,594	119,289
Deferred inflows of resources:						
Amount deferred pension obligation	193	883	1,076	347	1,392	1,739
Amount deferred on refunding	-	314	314	-	328	328
Total Deferred Infows	193	1,197	1,390	347	1,720	2,067
Net Assets:						
Net investment in capital assets	\$ 70,261	\$ 293,498	\$ 363,759	\$ 72,498	\$ 256,090	\$ 328,588
Restricted	26,499	66,246	92,745	22,351	58,939	81,290
Unrestricted	-	72,544	72,544	-	62,142	62,142
Total Net Position	\$ 96,760	\$ 432,288	\$ 529,048	\$ 94,849	\$ 377,171	\$ 472,020

Assets

Total assets increased by \$43.4 million, or 7.4% for the fiscal year ended June 30, 2017. This increase was due to several factors including a \$33.2 million, or 8.3% net increase in capital assets and an increase in current and other assets of \$10.2 million or 5.5%. The \$33.2 million increase in capital assets is primarily a restatement of assets in the amount of \$30.1 million for water and sewer In-Tract pipeline mains recognized in the current fiscal year. In addition, construction expenditures related to the following: Teagarden Disinfection System (\$2.3 million), Chino Expansion Construction (\$2.1 million), Sky Country Trunk Sewer (\$2.1 million),

JURUPA COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2017

Government-wide Financial Analysis (continued)

Well 13 site improvements (\$2.6 million), Bellgrave Pipeline Replacement (\$1.5 million), and various capital projects. The increase of \$10.2 million in current and other assets is primarily a result of an increase in cash and investments of approximately \$5.4 million, an increase in Utility Accounts Receivable of \$1.2 million, and an increase of \$3.5 million in Accounts receivable – developers and others in Governmental activities due to more park fees earned in 2016-2017. This is offset by a decrease of \$3.4 million in Accounts Receivable – developers and others in Business-Type Activities and an increase of \$3.5 million in Water in storage. Additional information regarding capital assets can be found in Note 6 and Note 20 of the Notes to the Basic Financial Statements. Deferred outflows of resources increased by \$1.6 million, or 24.7% for the fiscal year ended June 30, 2017. This is due to a \$1.6 million increase in deferred pension obligations, which is primarily due to an increase in the District's change in proportion for the net pension liability.

Liabilities

Total liabilities decreased by \$11.2 million, or 9.4% for the fiscal year ended June 30, 2017. This change was primarily due to a decrease of \$9.3 million in the governmental and business activities, in addition to a \$1.9 million decrease in Long-term debt outstanding in the business-type activities. The decrease of \$9.3 million is primarily due to a \$11.6 million decrease in customer deposits, retentions and advances, a \$0.7 million increase in Net OPEB obligation, an \$1.4 million increase in Net Pension liability, and a \$0.1 million increase in various other liabilities; this is offset by an increase of \$0.1 million in Accounts Payable and Accrued Expenses. There is also an additional decrease in long-term debt of \$1.9 million, due to normal debt payments in the business-type activities. Information on the Districts long-term debt activities can be found in Note 9 of the Notes to Basic Financial Statements.

Net Position

Net Position is the difference between the District's assets and liabilities. Net position increased during fiscal year 2017 by \$57.0 million, or 12.1%. The District's net position is made up of three components: (1) net investment in capital assets, (2) restricted net position and (3) unrestricted net position.

1. Net investment in Capital Assets increased \$35.2 million, or 10.7% for the fiscal year ended June 30, 2017. The business-type activities increased \$37.4 million due to a restatement of assets and construction projects offset by a decrease of \$2.2 million in the governmental funds due to annual depreciation.

JURUPA COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2017

Government-wide Financial Analysis (continued)

2. Restricted Net Position increased \$11.4 million or 14.1% for the fiscal year ended June 30, 2017. This is primarily due to an increase of \$4.1 million in governmental activities and an increase of \$7.3 million in business-type activities to fund facility fee designated construction projects.

3. Unrestricted Net Position increased \$10.4 million, or 16.7% for the fiscal year ended June 30, 2017. This is primarily due to an increase of \$10.4 million in the business-type activities.

Statement of Activities

The following Table A-2 is a summary of the statement of activities for the year ended June 30, 2017.

TABLE A-2
Condensed Statement of Activities
(In thousands of dollars)

	Business-			Business-		
	Governmental Activities	Type Activities	Total	Governmental Activities	Type Activities	Total
	June 30, 2017			June 30, 2016		
Revenues						
Program revenues:						
Charges for services	\$ 11,168	\$ 50,774	\$ 61,942	\$ 10,756	\$ 49,058	\$59,814
Capital contributions and grants	3,652	22,890	26,542	2,917	18,531	21,448
General revenues:						
Property taxes	164	3,021	3,185	265	2,687	2,952
Interest earnings	152	1,310	1,462	110	919	1,029
Total Revenues	<u>\$ 15,136</u>	<u>\$ 77,996</u>	<u>\$ 93,132</u>	<u>\$ 14,048</u>	<u>\$ 71,195</u>	<u>\$85,243</u>
Program expenses:						
Eastvale parks	\$ 11,879	\$ -	\$ 11,879	\$ 12,011	\$ -	\$12,011
Graffiti abatement	194	-	194	295	-	295
Illumination District No 2	255	-	255	316	-	316
Landscape & lighting	897	-	897	981	-	981
Water	-	31,990	31,990	-	32,660	32,660
Wastewater	-	21,014	21,014	-	16,248	16,248
Total Program Expenses	<u>\$ 13,225</u>	<u>\$ 53,004</u>	<u>\$ 66,229</u>	<u>\$ 13,603</u>	<u>\$ 48,908</u>	<u>\$62,511</u>

JURUPA COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2017

Government-wide Financial Analysis (continued)

Total revenues for the fiscal year ended June 30, 2017 increased by \$7.8 million, or by 9.3% from fiscal year 2016. This is primarily due to an increase in contributed capital.

Program Revenues

Charges for services increased as of June 30, 2017 by \$2.1 million, or 3.6%. Water and Wastewater sales increased modestly over the prior year increasing by \$1.7 million, this was due to growth and a modest rate increase in January 2017. The District's governmental funds had an increase of \$.4 million in recreation programs and special assessments. Capital contributions and grants increased by \$5.1 million or 23.8%; \$4.4 million is related to the Business-type activities and \$.7 million is related to the Governmental activities. Of the \$4.4 million increase in Business-types activities, \$5.5 million is related to an increase in facility fees and \$1.1 million is a decrease in Contributions in aid of construction. The increase of \$.7 million in the Governmental funds is related to an increase of \$.7 million in park fees which is in Capital Grants and Contributions. The District bonded one Community Facilities District (CFD) in FY 2016 vs. bonding three CFD's in FY 2017; CFD's provide the majority of facility fees for the business-type activities and the majority of park fees for the governmental fund. However for FY 2017, the increase of facility fees for business type activities were generated primarily from commercial development that does not use CFD's to finance their facility fees. The Wastewater funds Contributions in Aid of Construction account decreased by \$1.0 million and the Water funds Contributions in Aid of Construction account also decreased by \$.1 million.

General Revenues

Property taxes slightly increased by \$.3 million in business-type activities as of June 30, 2017. This is primarily due to property values increasing as economic recovery occurs. Interest earnings increased by \$.4 million in all funds as of June 30, 2017.

Program Expenses

Total expenses increased \$3.7 million, or 5.9%, for the year ended June 30, 2017. The increase in Business-type activities of \$4.1 million is primarily related to an increase in source water costs as the cost of the District's water supplies continue to increase, increases in Wastewater treatment costs and modest cost increases in overall operations of the Water and Wastewater funds.

Eastvale Park's expenses decreased \$.1 million due to a decrease in operating costs, primarily in capital outlay expenditures. Landscape and Lighting district expenses decreased \$.2 million due to a decrease in operating costs.

JURUPA COMMUNITY SERVICES DISTRICT

MANAGEMENT’S DISCUSSION & ANALYSIS

June 30, 2017

Capital Asset Administration

At the end of FY 2017, the District has invested \$569.7 million in a broad range of infrastructure. Table A-3 shows the net after accumulated depreciation.

**TABLE A-3
Capital Assets
(In thousands of dollars)**

	Business-			Business-		
	Governmental	Type	Total	Governmental	Type	Total
	Activities	Activities		Activities	Activities	
	June 30, 2017			June 30, 2016		
Land and land rights	\$ 26,870	\$ 5,772	\$ 32,642	\$ 26,870	\$ 5,027	\$ 31,897
Construction in progress	1,804	58,862	60,666	1,572	49,766	51,338
Land improvements	22,973	979	23,952	24,064	1,041	25,105
Structures and equipment	18,614	75,680	94,294	19,991	74,182	94,173
Water transmission & distribution	-	104,972	104,972	-	85,555	85,555
Wastewater collection system	-	108,592	108,592	-	102,868	102,868
Vehicles and equipment	-	5,092	5,092	-	5,973	5,973
Total Capital Assets	<u>\$ 70,261</u>	<u>\$ 359,949</u>	<u>\$ 430,210</u>	<u>\$ 72,497</u>	<u>\$ 324,412</u>	<u>\$396,909</u>

At the end of fiscal year 2017, the District’s investment in capital assets amounted to \$430.2 million (net of accumulated depreciation). This investment in capital assets includes, land, buildings, building improvements, furnishings and equipment, collection and distribution systems, tanks, wells, water transmission and distribution systems and construction-in- process. The increase in the District’s capital assets is primarily due to a restatement of assets in the amount of \$30.1 million (net of accumulated depreciation) for water and sewer In-Tract pipeline mains recognized in the current fiscal year. Also included, is an increase in construction-in-process which consists of the Chino II expansion, Well 13 site improvements, and the Teagarden Disinfection System Units construction projects in the water fund. In the waste water fund, the increase in construction-in-process is primarily due to the Sky Country Trunk Sewer. The governmental activities decrease in capital assets is due to less construction projects in progress in FY 2017 and normal depreciation. More information about the District’s Capital assets is presented in Note 6 of the Notes to the Basic Financial Statements and on page 20 of Management’s Discussion and Analysis.

JURUPA COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2017

Long Term Debt Administration

TABLE A-4
Long-Term Debt
(In thousands of dollars)

	Business-			Business-		
	Governmental Activities	Type Activities	Total	Governmental Activities	Type Activities	Total
	June 30, 2017			June 30, 2016		
Compensated absences	\$ 182	\$ 812	\$ 994	\$ 182	\$ 730	\$ 912
Other post employment benefits	1,153	4,147	5,300	969	3,683	4,652
Long-term debt	-	64,898	64,898	-	66,839	66,839
Net pension liability	1,688	6,367	8,055	1,355	5,269	6,624
Total Long-term Liabilities	\$ 3,023	\$ 76,224	\$79,247	\$ 2,506	\$ 76,521	\$79,027

During the year, the District's long-term debt increased \$.2 million or by .28%. There was an increase in the District's other post-employment benefits of \$.7 million and an increase of \$1.4 million in net pension liability in both the Governmental and Business-Type activities. This total increase of \$ 2.1 million is offset by a decrease of \$1.9 million due to normal debt payments for the business-type activities. Additional information on long-term debt is presented in Note 9 of the Notes to Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The District continues to experience growth as the economy is strengthening and the cities of Jurupa Valley and Eastvale are still developing and expanding. This growth will further create demand for water supply and additional capital facilities. These demands have been anticipated in the District's capital improvement plan with new supply demands being addressed in the District's 2015 Urban Water Management Plan. The District increased its capital capacity charge in March of 2016 after the capacity charge study was adopted by the Board. This will allow the District to have adequate revenue to cover capital costs due to the anticipated growth in the area over the next 5-7 years and will assist the District in addressing future cost increases in water supply, power, labor and maintenance for the Water and Sewer enterprises.

The District anticipates revenues to increase slightly for the FY 2017-2018 budget year based on growth and rate increases. While the District is experiencing growth, conservation is still expected to keep the District's revenues from increasing dramatically. The State is now mandating the District self-regulate its conservation versus the mandatory 23% reduction that was in place in the prior years. The District's ability to self-regulate will ensure conservation efforts are still taking place, while being less restrictive on enforcement of conservation efforts. The District will continue to monitor the effects of conservation on revenue to ensure revenue and expenses are being properly budgeted.

JURUPA COMMUNITY SERVICES DISTRICT

MANAGEMENT'S DISCUSSION & ANALYSIS

June 30, 2017

Contacting the District's Financial Management

This financial report is designed to provide our customers and creditors with a general overview of the District finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the District's Finance Department, 11201 Harrel Street, Jurupa Valley, California 91752 or (951) 685-7434.

FINANCIAL SECTION

JURUPA COMMUNITY SERVICES DISTRICT

STATEMENT OF NET POSITION

June 30, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalent (Note 2)	\$ 2,830,748	\$ 58,714,924	\$ 61,545,672
Cash and investments (Note 2)	-	21,442,496	21,442,496
Restricted- cash and cash equivalents (Note 2)	16,952,209	3,471,125	20,423,334
Restricted- Investments (Note 2)	-	66,108,904	66,108,904
Accrued interest receivable	38,025	342,227	380,252
Accounts receivable- utilities, net (Note 3)	-	7,609,427	7,609,427
Accounts receivable- governmental agencies	-	221,266	221,266
Accounts receivable- developers and others	9,004,085	6,553	9,010,638
Property taxes and assessments receivable	148,940	113,944	262,884
Inventory, prepaid expenses and other assets (Note 4)	6,077	8,701,947	8,708,024
Total Current Assets	28,980,084	166,732,813	195,712,897
Noncurrent assets:			
Investments in WRCRWA, net (Note 5)	-	4,290,434	4,290,434
Capital assets- not being depreciated (Note 6)	28,673,975	64,633,944	93,307,919
Capital assets- being depreciated, net (Note 6)	41,586,899	295,313,737	336,900,636
Total Noncurrent Assets	70,260,874	364,238,115	434,498,989
Total Assets	99,240,958	530,970,928	630,211,886
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount pension obligation	1,678,189	5,968,887	7,647,076
Deferred amount on refunding	-	617,964	617,964
Total Deferred Outflow	1,678,189	6,586,851	8,265,040
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	484,912	3,939,561	4,424,473
Accrued wages and related payables	161,462	352,186	513,648
Customer deposits, retentions and advances (Note 7)	236,806	20,165,648	20,402,454
Accrued interest payable	-	1,265,894	1,265,894
Compensated absences- current (Note 8)	60,521	270,626	331,147
Bonds payable- current (Note 9)	-	1,450,000	1,450,000
Loans payable- current (Note 9)	-	405,551	405,551
Total Current Liabilities	943,701	27,849,466	28,793,167
Noncurrent liabilities:			
Compensated absences (Note 8)	181,566	811,878	993,444
Net OPEB obligation (Note 10)	1,153,473	4,146,751	5,300,224
Bonds payable (Note 9)	-	58,724,961	58,724,961
Loans payable (Note 9)	-	6,173,175	6,173,175
Net Pension liability (Note 15)	1,687,598	6,366,705	8,054,303
Total Noncurrent Liabilities	3,022,637	76,223,470	79,246,107
Total Liabilities	3,966,338	104,072,936	108,039,274
DEFERRED INFLOWS OR RESOURCES			
Deferred amount pension obligation	192,543	883,493	1,076,036
Deferred amount on refunding	-	313,867	313,867
Total Deferred Inflow	192,543	1,197,360	1,389,903
NET POSITION			
Net investments in capital assets (Note 11)	70,260,874	293,498,091	363,758,965
Restricted (Note 12)	26,499,388	66,245,588	92,744,976
Unrestricted (Note 13)	-	72,543,803	72,543,803
Total Net Position	\$ 96,760,262	\$ 432,287,482	\$ 529,047,744

See accompanying notes to the financial statements.

JURUPA COMMUNITY SERVICES DISTRICT

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position		
		Charge for Services	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:						
Eastvale parks	\$ 11,878,981	\$ 10,232,124	\$ 3,651,956	\$ 2,005,099	\$ -	\$ 2,005,099
Graffiti abatement	193,613	101,842	-	(91,771)	-	(91,771)
Illumination District No. 2	254,932	212,871	-	(42,061)	-	(42,061)
Landscape and lighting	896,896	621,213	-	(275,683)	-	(275,683)
Total Governmental	<u>13,224,422</u>	<u>11,168,050</u>	<u>3,651,956</u>	<u>1,595,584</u>	<u>-</u>	<u>1,595,584</u>
Business-type activities:						
Water	31,989,563	32,929,172	14,506,965	-	15,446,574	15,446,574
Wastewater	21,014,196	17,845,239	8,383,169	-	5,214,212	5,214,212
Total Business-Type	<u>53,003,759</u>	<u>50,774,411</u>	<u>22,890,134</u>	<u>-</u>	<u>20,660,786</u>	<u>20,660,786</u>
Total	<u>\$ 66,228,181</u>	<u>\$ 61,942,461</u>	<u>\$ 26,542,090</u>	<u>\$ 1,595,584</u>	<u>\$ 20,660,786</u>	<u>\$ 22,256,370</u>
General Revenues:						
Property taxes				163,613	3,021,312	3,184,925
Interest earnings				152,365	1,309,827	1,462,192
Total General Revenues				<u>315,978</u>	<u>4,331,139</u>	<u>4,647,117</u>
Changes in Net Position				<u>1,911,562</u>	<u>24,991,925</u>	<u>26,903,487</u>
Net Position, Beginning of Year, as previously reported				94,848,700	377,170,778	472,019,478
Restatement of contributed capital assets (Note 20)				-	30,124,779	30,124,779
Net Position - Beginning of Year, as restated				<u>94,848,700</u>	<u>407,295,557</u>	<u>502,144,257</u>
Net Position at End of Year				<u>\$ 96,760,262</u>	<u>\$ 432,287,482</u>	<u>\$ 529,047,744</u>

See accompanying notes to the financial statements.

JURUPA COMMUNITY SERVICES DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017**

	Eastvale Parks	Graffiti Abatement	Illumination District No. 2	Landscape and Lighting	Total Governmental Funds
ASSETS					
Cash	\$ 200	\$ 463,067	\$ 299,167	\$ 2,068,314	\$ 2,830,748
Restricted - cash and cash equivalents	16,952,209	-	-	-	16,952,209
Accrued interest receivable	38,025	-	-	-	38,025
Accounts receivable - developers and other	9,004,085	-	-	-	9,004,085
Property taxes and assessments receivable	123,471	-	7,238	18,231	148,940
Prepaid expenses and other assets	6,077	-	-	-	6,077
Total Assets	\$ 26,124,067	\$ 463,067	\$ 306,405	\$ 2,086,545	\$ 28,980,084
LIABILITIES					
Accounts payable and accrued expenses	456,091	26	1,203	27,592	\$ 484,912
Accrued wages and related payables	159,730	1,732	-	-	161,462
Customer deposits	236,806	-	-	-	236,806
Total Liabilities	852,627	1,758	1,203	27,592	883,180
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	8,744,440	-	-	-	8,744,440
Total deferred inflows of resources	8,744,440	-	-	-	8,744,440
FUND BALANCE					
Nonspendable:	6,077	-	-	-	6,077
Restricted:					
Eastvale Parks	16,520,923	-	-	-	16,520,923
Graffiti Abatement	-	461,309	-	-	461,309
Illumination District No. 2	-	-	305,202	-	305,202
Landscape and Lighting	-	-	-	2,058,953	2,058,953
Total Fund Balance	16,527,000	461,309	305,202	2,058,953	19,352,464
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 26,124,067	\$ 463,067	\$ 306,405	\$ 2,086,545	\$ 28,980,084

See accompanying notes to the financial statements.

JURUPA COMMUNITY SERVICES DISTRICT

**RECONCILIATION OF THE BALANCE SHEET –
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2017**

Fund Balances of Governmental Funds		\$ 19,352,464
 Amounts reported for governmental activities in the statement of Net Position are different because:		
 Capital assets used in governmental activities are not financial resources and, therefore are not reported as assets in governmental funds. These assets consist of:		
Cost of the assets	\$ 97,636,736	
Accumulated Depreciation	<u>(27,375,862)</u>	
Depreciable assets, net		70,260,874
 Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds. Long-term liabilities at year-end consist of:		
Net pension liability	(1,687,598)	
Compensated absences	(242,090)	
Other postemployment benefits other than pensions (OPEB)	<u>(1,153,473)</u>	(3,083,161)
 In governmental funds, deferred outflows and inflows of resources are not reported because they are applicable to future periods. Deferred outflows and inflows of resources at year end consist of:		
Deferred outflows related to pension obligation	1,678,189	
Deferred inflows related to pension obligation	<u>(192,544)</u>	1,485,645
 Certain revenues are not available to pay for current period expenditures and are therefore reported as unavailable revenue in governmental funds		 <u>8,744,440</u>
 Net Position of Governmental Activities		 <u><u>\$ 96,760,262</u></u>

See accompanying notes to the financial statements.

JURUPA COMMUNITY SERVICES DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017**

	Eastvale Parks	Graffiti Abatement	Illumination District No.2	Landscape and Lighting	Total Governmental Activities
REVENUES					
Property tax	\$ -	\$ 93,613	\$ 70,000	\$ -	\$ 163,613
Special assessments	8,037,302	-	212,871	621,214	8,871,387
Charges for services	2,194,824	101,842	-	-	2,296,666
Capital grants and contributions	239,734	-	-	-	239,734
Interest	152,365	-	-	-	152,365
Total Revenues	<u>10,624,225</u>	<u>195,455</u>	<u>282,871</u>	<u>621,214</u>	<u>11,723,765</u>
EXPENDITURES					
Eastvale parks	9,329,213	-	-	-	9,329,213
Graffiti abatement	-	193,612	-	-	193,612
Illumination District No. 2	-	-	254,931	-	254,931
Landscape and lighting	-	-	-	896,897	896,897
Capital Outlay	338,236	-	-	-	338,236
Total Expenditures	<u>9,667,449</u>	<u>193,612</u>	<u>254,931</u>	<u>896,897</u>	<u>11,012,888</u>
Changes in Fund Balances	956,777	1,843	27,940	(275,683)	710,877
Fund Balance, Beginning of Year	15,570,223	459,466	277,262	2,334,636	18,641,587
Fund Balance, End of Year	<u>\$ 16,527,000</u>	<u>\$ 461,309</u>	<u>\$ 305,202</u>	<u>\$ 2,058,953</u>	<u>\$ 19,352,464</u>

See accompanying notes to the financial statements.

JURUPA COMMUNITY SERVICES DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017**

Net Change in Fund Balances- Total Governmental Funds \$ 710,877

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense as follows:

Capital outlay, net of deletions	338,236	
Depreciation expense	<u>(2,574,909)</u>	(2,236,673)

Certain revenues will be available after year end, but are not available to pay current period expenditures and are therefore reported as unavailable revenue in governmental funds. This amount represents the change in unavailable revenue. 3,412,222

Some expenses reported in the statement of activities do not require the use of financial resources and therefore, are not reported as expenditures in governmental funds as follows:

Net change in compensated absences for the current period	418
Net change in other post-employment benefits payable for the current period	(183,983)
Net change in pension obligations for the current period	208,701

Change in Net Position of Governmental Activities \$ 1,911,562

See accompanying notes to the financial statements.

JURUPA COMMUNITY SERVICES DISTRICT

**STATEMENT OF FUND NET POSITION – ENTERPRISE FUNDS
June 30, 2017**

	Water	Wastewater	Total
ASSETS			
Current assets:			
Cash and cash equivalent	\$ 29,654,934	\$ 29,059,990	\$ 58,714,924
Cash and investments	21,442,496	-	21,442,496
Restricted- cash and cash equivalents	1,540,036	1,931,089	3,471,125
Restricted- Investments	37,829,508	28,279,396	66,108,904
Accrued interest receivable	254,769	87,458	342,227
Accounts receivable- utilities, net	5,110,941	2,498,486	7,609,427
Accounts receivable- governmental agencies	221,266	-	221,266
Accounts receivable- developers and others	6,499	54	6,553
Property taxes and assessments receivable	-	113,944	113,944
Prepaid expenses and other assets	8,687,970	13,977	8,701,947
Total Current Assets	104,748,419	61,984,394	166,732,813
Noncurrent assets:			
Investments in WRCRWA, net	-	4,290,434	4,290,434
Capital assets- not being depreciated	52,282,696	12,351,248	64,633,944
Capital assets- being depreciated, net	152,072,285	143,241,452	295,313,737
Total Noncurrent Assets	204,354,981	159,883,134	364,238,115
Total Assets	309,103,400	221,867,528	530,970,928
DEFERRED OUTFLOWS OF RESOURCES			
Deferred amount pension obligation	4,405,218	1,563,669	5,968,887
Deferred amount on refunding	617,964	-	617,964
Total Deferred Outflow	5,023,182	1,563,669	6,586,851
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	1,954,509	1,985,052	3,939,561
Accrued wages and related payables	216,273	135,913	352,186
Customer deposits, retentions and advances	18,321,464	1,844,184	20,165,648
Accrued interest payable	567,384	698,510	1,265,894
Compensated absences- current	191,499	79,127	270,626
Bonds payable- current	640,000	810,000	1,450,000
Loans payable- current	-	405,551	405,551
Total Current Liabilities	21,891,129	5,958,337	27,849,466
Noncurrent liabilities:			
Compensated absences	574,496	237,382	811,878
Net OPEB obligation	2,900,115	1,246,636	4,146,751
Bonds payable	26,612,603	32,112,358	58,724,961
Loans payable	-	6,173,175	6,173,175
Net Pension liability	4,684,043	1,682,662	6,366,705
Total Noncurrent Liabilities	34,771,257	41,452,213	76,223,470
Total Liabilities	56,662,386	47,410,550	104,072,936
DEFERRED INFLOWS OR RESOURCES			
Deferred amount pension obligation	655,916	227,577	883,493
Deferred amount on refunding	-	313,867	313,867
Total Deferred Inflow	655,916	541,444	1,197,360
NET POSITION			
Net investments in capital assets	177,720,342	115,777,749	293,498,091
Restricted	37,878,469	28,367,119	66,245,588
Unrestricted	41,209,470	31,334,333	72,543,803
Total Net Position	\$ 256,808,281	\$ 175,479,201	\$ 432,287,482

See accompanying notes to the financial statements.

JURUPA COMMUNITY SERVICES DISTRICT

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION – ENTERPRISE FUNDS**

For the Year Ended June 30, 2017

	Water	Wastewater	Total
Operating revenues:			
Water consumption sales	\$ 16,959,900	\$ -	\$ 16,959,900
Monthly meter service charge	14,806,557	-	14,806,557
Sewer service charge	-	17,779,196	17,779,196
Other charges and services	1,046,193	-	1,046,193
Total Operating Revenue	32,812,650	17,779,196	50,591,846
Operating expenses			
Source of supply	12,417,801	-	12,417,801
Pumping	317,521	-	317,521
Water treatment	1,557,694	-	1,557,694
Transmission and distribution	2,223,930	-	2,223,930
Sewage collection	-	2,136,235	2,136,235
Sewage treatment	-	9,380,600	9,380,600
Customer service	1,815,947	453,987	2,269,934
General administrative	6,790,359	2,872,672	9,663,031
Operations and maintenance	56,885	(49,700)	7,185
Total Operating Expenses	25,180,137	14,793,794	39,973,931
Operating income before depreciation	7,632,513	2,985,402	10,617,915
Depreciation and amortization	(6,289,564)	(4,625,851)	(10,915,415)
Operating Income (Loss)	1,342,949	(1,640,449)	(297,500)
Non-operating revenues (expenses)			
Property tax revenue	-	3,021,312	3,021,312
Investment earnings	948,719	361,108	1,309,827
Interest expense	(66,551)	(1,162,098)	(1,228,649)
Other non-operating revenues (expenses), net	(336,790)	(366,409)	(703,199)
Total Non-Operating Revenues (Expenses), net	545,378	1,853,913	2,399,291
Income Before Capital Contributions	1,888,327	213,464	2,101,791
Capital contributions:			
Facility fees	9,181,821	8,017,837	17,199,658
Contributions in aid of construction	5,325,144	365,332	5,690,476
Capital contributions	14,506,965	8,383,169	22,890,134
Change in Net Position	16,395,292	8,596,633	24,991,925
Net Position - Beginning of Year, as previously reported	217,412,829	159,757,949	377,170,778
Restatement of contributed capital assets (Note 20)	23,000,160	7,124,619	30,124,779
Net Position - Beginning of Year, as restated	240,412,989	166,882,568	407,295,557
Net Position at End of Year	\$ 256,808,281	\$ 175,479,201	\$ 432,287,482

See accompanying notes to the financial statements.

JURUPA COMMUNITY SERVICES DISTRICT

**STATEMENT OF CASH FLOWS – ENTERPRISE FUNDS
For the Year Ended June 30, 2017**

	Water	Wastewater	Total
Cash flows from operating activities:			
Cash receipts from customers	\$ 20,281,567	\$ 17,480,537	\$ 37,762,104
Cash paid to employees, vendors and suppliers	<u>(29,210,511)</u>	<u>(14,051,470)</u>	<u>(43,261,981)</u>
Net cash provided by (used in) operating activities	(8,928,944)	3,429,067	(5,499,877)
Cash flows from non-capital financing activities:			
Proceeds from property taxes	-	2,973,739	2,973,739
Other non-operating revenues	<u>(336,790)</u>	<u>(366,406)</u>	<u>(703,196)</u>
Net cash provided by non-capital financing activities	(336,790)	2,607,333	2,270,543
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(8,466,625)	(5,687,100)	(14,153,725)
Advance payments from Community Facility Districts	9,034,964	8,017,838	17,052,802
Contributions in aid of construction	7,252,700	1,823,585	9,076,285
Principal payments on long-term debt	(671,654)	(1,200,828)	(1,872,482)
Interest payments on long-term debt	<u>(1,613,712)</u>	<u>(1,720,859)</u>	<u>(3,334,571)</u>
Net cash used for capital and financing activities	5,535,673	1,232,636	6,768,309
Cash flows from investing activities:			
(Purchases)/sales of investments	(9,858,867)	339,015	(9,519,852)
Interest earnings	<u>(60,254)</u>	<u>340,424</u>	<u>280,170</u>
Net cash provided by (used in) investing activities	(9,919,121)	679,439	(9,239,682)
Net decrease in cash and cash equivalents	(13,649,182)	7,948,475	(5,700,707)
Cash and cash equivalents, beginning of year	<u>44,844,152</u>	<u>23,042,604</u>	<u>67,886,756</u>
Cash and cash equivalents, end of year	<u>\$ 31,194,970</u>	<u>\$ 30,991,079</u>	<u>\$ 62,186,049</u>
 Reconciliation of cash and cash equivalents to statement of financial position:			
Cash and cash equivalents	\$ 29,654,934	\$ 29,059,990	\$ 58,714,924
Restricted assets - cash and cash equivalents	<u>1,540,036</u>	<u>1,931,089</u>	<u>3,471,125</u>
Total Cash and Cash Equivalents	<u>\$ 31,194,970</u>	<u>\$ 30,991,079</u>	<u>\$ 62,186,049</u>

See accompanying notes to the financial statements.

JURUPA COMMUNITY SERVICES DISTRICT

**STATEMENT OF CASH FLOWS – ENTERPRISE FUNDS
For the Year Ended June 30, 2017**

	Water	Wastewater	Total
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ 1,342,949	\$ (1,640,449)	\$ (297,500)
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation expense	6,289,564	4,625,851	10,915,415
Changes in assets and liabilities:			
(Increase) decrease in assets:			
Accounts receivable - utilities, net	(841,691)	(383,647)	(1,225,338)
Accounts receivable - governmental agencies			
Prepaid expenses and other deposits	(3,490,124)	6	(3,490,118)
(Increase) decrease in liabilities:			
Accounts payable and accrued expenses	(476,367)	730,239	253,872
Accrued wages and related payable	54,578	8,987	63,565
Customer deposits, deferred revenue and advances	(11,689,392)	84,988	(11,604,404)
Compensated absences	48,054	61,046	109,100
Other post-employment benefits payable	333,076	131,100	464,176
Pension liability	(499,591)	(189,054)	(688,645)
Total Adjustments	(10,271,893)	5,069,516	(5,202,377)
Net cash provided by operating activities	\$ (8,928,944)	\$ 3,429,067	\$ (5,499,877)

See accompanying notes to the financial statements.

JURUPA COMMUNITY SERVICES DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2017

	Community Facilities Districts Agency Fund
<u>Assets</u>	
Cash and Investments	<u>\$ 64,314,539</u>
<u>Liabilities</u>	
Due to bondholders	\$ 52,440,701
Due to other agencies	2,869,646
Due to JCSD	<u>9,004,192</u>
Total Liabilities	<u><u>\$ 64,314,539</u></u>

See accompanying notes to the financial statements.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operations of the Reporting Entity

The Jurupa Community Services District (“District”) is a special governmental district formed to provide water distribution and wastewater collection and distribution for consumers within its service area. In addition, the District provides street lighting, landscape and park maintenance services. The District is governed by a five-member Board of Directors who serve four-year terms and are elected at large. The Directors entrust the responsibility for the efficient execution of District policies to their designated representative, the General Manager.

The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable and there is a financial benefit or burden relationship between the District and component unit. Additionally, blending would be appropriate if the component unit provides services entirely, or almost entirely, to the District or for the benefit of the District. Lastly, if the component units’ total debt outstanding is expected to be repaid with District resources, blending is also appropriate for the component unit. The District has the following blended component unit.

The Jurupa Public Facilities Corporation (“Corporation”) was formed in 1990 to assist the District in the acquisition of additional wastewater disposal and treatment capacity. Under an installment purchase agreement, the District purchased the capacity from the Corporation and is required to make payments to the Corporation, which is sufficient to meet debt service requirements on Certificates of Participation issued by the Corporation. Based on this special financing relationship, the accounts and transactions of the Corporation have been included in these financial statements using the blended method.

The *basic financial statements* of the District are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

activities, which rely to a significant extent on fees and charges to external customers for support. The District's assets and liabilities, including capital assets, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, expenses are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the operating expenses of a given function are offset by operating revenues. Operating expenses are those that are clearly identifiable with a specific function. Charges for services include revenues from customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by the District. Contributed capital and capital grants are included as capital contributions. Property taxes and interest earnings not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

These statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds. Accompanying these statements is a schedule to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the Government-wide Financial Statements.

Governmental funds are accounted for on a spending or current financial resources measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures and changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues, subject to accrual (generally 60 days after the year-end) are recognized when due. The primary sources susceptible to accrual for the District are property tax, interest earnings, investment revenue and operating and capital grant revenues. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. However, exceptions to this rule include principal and interest on debt, which are recognized when due.

Basis of Accounting and Measurement Focus

The accrual basis of accounting is followed by the proprietary enterprise funds. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset created, such as, unbilled but utilized utility services are recorded at year end.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Proprietary funds distinguish operating revenues and expenses from non-operating items. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place. Operating revenues and expenses, such as water sales, wastewater service, solid waste collection and purchases of water, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories, such as interest income and interest expense, are reported as non-operating revenues and expenses.

The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity with a self-balancing set of accounts established for the purpose of carrying out specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations.

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category, governmental, proprietary, and fiduciary, are presented even though the latter are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds. A fund is considered major if it is the primary operation fund of the District or meets the following criteria:

- a) Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or proprietary fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b) Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or proprietary fund are at least 5 percent of the corresponding total for all governmental and proprietary funds combined.
- c) The entity has determined that a fund is important to the financial statement user.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The funds of the financial reporting entity are described herein.

Governmental Funds

The District reports the following capital project funds:

Eastvale Parks – This fund is used to account for the Eastvale parks special assessment revenue and facility fees restricted for Eastvale park maintenance.

Graffiti Abatement – This fund is used to account for the Eastvale parks special assessment revenue restricted for Eastvale park maintenance to be used for graffiti abatement activities within the District and the allocation of property taxes to fund those activities.

Illumination District No. 2 – This fund is used to account for the revenues received from property taxes and special assessments restricted for Illumination District No. 2.

Landscape and Lighting – This fund is used to account for the revenues received from special assessment revenue restricted for the Landscape and Lighting Districts 91-1, 98-1, 98-2, 2001-1, 2001-2, 2001-3 and 2003-1.

Enterprise Funds

Water – This fund accounts for the water transmission and distribution operations of the District.

Wastewater – This fund accounts for the wastewater service operations of the District.

Fiduciary Fund

Community Facilities Districts Agency Fund – This fund is used to account for receipts and disbursements associated with community facilities districts, which are administered by, but are not the liability of the District.

New Accounting Pronouncements

Governmental Accounting Standards Board Statement No. 75

In June 2015, the GASB issued Statement No. 75 ***Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions***. This statement establishes standards for governmental employer recognition, measurement, and presentation of information about OPEB. The statement also establishes requirements for reporting information about financial support

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

provided by certain non-employer entities for OPEB that is provided to the employees of other entities. The statement is effective for the fiscal year 2017-18.

Governmental Accounting Standards Board Statement No. 81

In March 2016, the GASB issued Statement No. 81 ***Irrevocable Split-Interest Agreements***. This statement establishes guidance in order to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The statement is effective for the fiscal year 2017-18.

Governmental Accounting Standards Board Statement No. 83

In November 2016, the GASB issued Statement No. 83 ***Certain Asset Retirement Obligations***. This statement addresses accounting and financial reporting for certain asset retirement obligations when a legally enforceable liability is associated with the retirement of a tangible capital asset. The statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflows of resources. The statement is effective for the fiscal year 2018-19.

Governmental Accounting Standards Board Statement No. 84

In January 2017, the GASB issued Statement No. 84 ***Fiduciary Activities***. The objective of the statement is to improve guidance regarding the recognition of fiduciary activities for accounting and financial reporting purposes by establishing criteria for identifying fiduciary activities of all state and local governments. The statement is effective for the fiscal year 2019-20.

Governmental Accounting Standards Board Statement No. 85

In March 2017, the GASB issued Statement No. 85 ***Omnibus 2017***. The objective of the statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. Specific topics addressed in this statement are related to blended component units, goodwill, fair value measurement and application, and postemployment benefits (OPEB). The statement is effective for the fiscal year 2017-18.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Governmental Accounting Standards Board Statement No. 86

In May 2017, the GASB issued Statement No. 86, *Certain Debt Extinguishment Issues*. The objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is in-substance defeased. This statement is effective for 2017-18.

Governmental Accounting Standards Board Statement No. 87

In June 2017, the GASB issued Statement No. 86 *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The statement is effective for the fiscal year 2020-21.

Financial Statement Elements

Cash and Cash Equivalents

Substantially all of the District's cash is invested in interest bearing accounts. The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Investments

Investments are recorded at fair value. The District has adopted an investment policy directing the District's Director of Finance and Administration to deposit funds and to purchase investments.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounts Receivable

The District extends credit to customers in the normal course of operations. Management believes all of these amounts are collectible; therefore, no provisions for uncollectible accounts were recorded.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources related to the net pension obligation resulted from District contributions to employee pension plans subsequent to the measurement date of the actuarial valuations for the pension plans and the difference between actual and expected experience. The deferred outflows related to the net pension obligation will be deferred and amortized as detailed in Note 15 to the financial statements. The District also reports the deferred loss on refunding in the Water Fund as a deferred outflow of resources.

Property Taxes and Assessments

The Riverside County Assessor's Office assesses all real and personal property within the County each year. The Riverside County Tax Collector's Office bills and collects the District's share of property taxes and/or tax assessments. The Riverside County Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (one percent) of countywide assessed valuations.

Property taxes and assessments receivable at year-end are related to property taxes and special assessments collected by the Riverside County, which have not been credited to the District's cash balance as of June 30. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and February 1
Delinquent dates	December 10 and April 10

Prepaid Expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Water-In Storage Inventory

The District is utilizing two water storage programs implemented by the Chino Basin Watermaster to pre-purchase water at discounted rates. Water is valued at cost on a first-in-first-out basis. The amount recorded as water in storage is based on an estimate of the number of acre feet available to the District since the Chino Basin Watermaster does not perform a final reconciliation of the water storage programs until after the fiscal year end.

Restricted Assets

The District holds certain assets, which have been restricted by bond covenants or are to be used for specified purposes such as servicing debt or construction of plant assets.

Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost including capitalized interest. District policy has set the capitalization threshold for reporting capital assets at \$5,000. Donated assets are recorded at estimated fair market value at the date of donation and/or historical cost. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Governmental Activities

- Land improvements – 30 years
- Structures and equipment – 3 to 30 years

Business-Type Activities

- Land improvements – 30 years
- Structures and improvements – 5 to 30 years
- Water transmission and distribution systems – 45 to 75 years
- Wastewater collection systems – 45 to 75 years
- Vehicles and equipment – 5 to 30 years

Compensated Absences

Vested or accumulated vacation and sick leave is recorded as an expense and liability as benefits accrue to employees.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Pension Liability

For purposes of measuring the net pension obligation and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California Public Employees' Retirement System (CalPERS) 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. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value.

Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net assets by the District that is applicable to a future reporting period. The deferred inflows of resources related to the net pension obligation, results from the difference between the estimated and actual return on pension plan investments, change in actuary assumptions, and the change in the District's proportionate share of pension contributions. These amounts are deferred and amortized as detailed in Note 15. The District also reports the deferred gain on refunding in the Wastewater Fund as deferred inflows of resources.

Net Position/Fund Balances

Net Position

The government-wide financial statements utilize a net position presentation. Net position categories are as follows:

- **Net Investment in Capital Assets:** This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding debt outstanding against the acquisition, construction or improvement of those assets.
- **Restricted Net Position:** This component of net position consists of externally constrained resources imposed by creditors, 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 does not meet the definition of restricted or net investment in capital assets.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

It is government's policy to consider restricted – net position to have been depleted before unrestricted net position is applied.

Fund Balance

The following definitions and classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable:** Resources that are 1) not in spendable form, such as inventories, prepaids, long-term receivables, or non-financial assets held for resale, or 2) required to be maintained intact such as an endowment.
- **Restricted:** Resources that are subject to externally enforceable legal restrictions; these restrictions would be either 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.
- **Committed:** Resources that are constrained to specific purposes by a formal action of the Board of Directors such as an ordinance or resolution. The constraints remain binding unless removed in the same formal manner by the Board of Directors. Board action to commit fund balance must occur within the fiscal reporting period while the amount committed may be determined subsequently.
- **Assigned:** Resources that are constrained by the District's intent to be used for specific purposes, but that are neither restricted nor committed.
- **Unassigned:** The unassigned classification is to be used when there are negative residual resources in excess of what can be properly classified as nonspendable, restricted, committed or assigned.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) fund balances are available, the District's policy is to first apply unrestricted fund balance. Within the unrestricted classification, the District's policy is to first apply unassigned, then assigned and then committed.

Utility Sales

Utility sales are billed on a monthly basis. Estimated unbilled revenue through June 30 has been accrued at year-end for the enterprise funds.

Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies or real estate developers desiring services that require capital connection expenditures or capacity commitment.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

NOTE 2: CASH AND INVESTMENTS

Cash and investments are reported in the accompanying financial statements as follows:

	Governmental Activities	Business-type Activities	Agency Fund	Total
Cash and cash equivalents	\$ 2,830,748	\$ 58,714,924	\$ -	\$ 61,545,672
Restricted - cash and cash equivalents	16,952,209	3,471,125	-	20,423,334
Restricted - investments (non-current)	-	66,108,904	-	66,108,904
Cash and investments	-	21,442,496	64,314,539	85,757,035
Total	<u>\$19,782,957</u>	<u>\$ 149,737,449</u>	<u>\$64,314,539</u>	<u>\$ 233,834,945</u>

Cash and Investments as of June 30, 2017 consist of the following:

Cash on hand	\$ 3,950
Deposits held with financial institutions	19,346,126
Investments	214,484,869
Total	<u>\$ 233,834,945</u>

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

The table below identifies the investment types that are authorized by the District in accordance with 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's investment policy.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 2: CASH AND INVESTMENTS

Authorized Maximum Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury bills and notes	5 years	80%	None
U.S. Agency obligations	5 years	80%	None
Supranational securities	5 years	30%	None
Municipal Obligations	5 years	80%	5%
California Local Agency Investment Fund (LAIF)	N/A	60%	None
Riverside County Investment Pool	N/A	40%	None
Money Market Mutual Fund	N/A	20%	10%
California Asset Management Program	N/A	50%	None
Repurchase Agreement	7 days	5%	5%
Bankers' Acceptances	180 days	40%	5%
Commercial Paper	270 days	25%	5%
Negotiable CDs	5 years	30%	5%
Corporate and Depository Institution Debt Securities	5 years	30%	5%
Asset Backed Securities	5 years	20%	5%

Investment Valuation

Investments are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB 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. Investments' fair value measurements at June 30, 2017 are presented herein.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 2: CASH AND INVESTMENTS

Investments by Fair Value Level	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Overnight Repurchase Agreements Sweep Account	\$ 12,222,813	\$	\$ 12,222,813	\$
US Treasury Notes	16,395,962	16,395,962		
Supra-National Agency Bond	2,808,232		2,808,232	
Federal Agency Collateralized Mortgage	1,578,685		1,578,685	
US Agency Securities:				
FHLB	7,231,591		7,231,591	
FHLMC	2,231,265		2,231,265	
FNMA	17,711,372		17,711,372	
Corporate Notes	17,183,285		17,183,285	
Asset-Backed Security	5,301,770		5,301,770	
Certificate of Deposit	10,853,578		10,853,578	
Held by Bond trustee:				
Money Market Deposit Account	35,192,350	35,192,350		
US Treasury Notes	8,577,595	8,577,595		
US Agency Securities:				
FHLB	10,897,475		10,897,475	
FNMA	18,231,268		18,231,268	
FHLMC	1,009,901		1,009,901	
Total Investments by Fair Value Level	<u>167,427,142</u>	<u>\$ 60,165,907</u>	<u>\$ 107,261,235</u>	<u>\$ -</u>
Investments Measured at Net Asset Value (NAV)				
California Asset Management Program (CAMP)	69,892			
Local Agency Investment Fund (LAIF)	24,757,091			
Riverside County Investment Pool	<u>34,453,557</u>			
Total Investments Measured at NAV	<u>59,280,540</u>			
Total Investments Measured at Fair Value	<u>\$ 226,707,682</u>			

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The debt agreement for the District's certificates-of-participation authorizes the bond trustee to invest reserve funds in investment contracts with a maturity up to the maturity date of the outstanding debt.

Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not subject to categorization to indicate the level of custodial credit risk assumed by the District at yearend. LAIF is not registered with the Securities and Exchange Commission.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 2: CASH AND INVESTMENTS

Investment in Riverside County Pooled Investment Fund

The Riverside County Pooled Investment Fund (RCPIF) is a pooled investment fund program governed by the County of Riverside Board of Supervisors, and administered by the County of Riverside Treasurer and Tax Collector. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by RCPIF for the entire RCPIF portfolio. Investments in RCPIF are highly liquid as deposits and withdrawals can be made at any time without penalty. RCPIF does not impose a maximum investment limit. RCPIF is not registered with the Securities and Exchange Commission.

Information related to the RCPIF may be obtained from the County of Riverside Administrative Office – 4080 Lemon Street, 4th Floor – Capital Markets – Riverside, California 92506 or the Treasurer and Tax Collector's office website www.countytreasurer.org.

Investment in California Asset Management Program

The California Asset Management Program (CAMP) is a public joint powers authority which provides California Public Agencies with investment management services for surplus funds and comprehensive investment management, accounting and arbitrage rebate calculation services for proceeds of tax-exempt financings. The CAMP currently offers the Cash Reserve Portfolio, a short-term investment portfolio, as a means for Public Agencies to invest these funds. Public Agencies that invest in the Pool ("Participants") purchase shares of beneficial interest. Participants may also establish individual, professionally managed investment accounts ("Individual Portfolios") by separate agreement with the Investment Advisor. The District participates in the Cash Reserve Portfolio and has also established a professionally managed investment portfolio through CAMP. CAMP is not registered with the Securities and Exchange Commission.

Investments in the pools and individual portfolios are made only in investments in which Public Agencies generally are permitted by California statute. The CAMP may reject any investment and may limit the size of a participant's account. The pool seeks to maintain, but does not guarantee, a constant net asset value of \$1.00 per share. A participant may withdraw funds from its Pool accounts at any time by check or wire transfers. Fair value of the pool is determined by the fair value per share of the pool's underlying portfolio.

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 deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 2: CASH AND INVESTMENTS

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 or 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 secure 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 governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure the District deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. Of the District's deposits with financial institutions, \$7,783,536 was in excess of federal depository insurance limits and subject to custodial credit risk as described above.

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF). Pursuant to the Master Repurchase Agreement, the amounts in the Overnight Repurchase Agreement Sweep Account are collateralized at 102 percent with the collateral held by the financial institutions custodian but not in the District's name.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

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 investments by maturity:

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 2: CASH AND INVESTMENTS

Type	Totals	Remaining Maturity		
		12 Months Or Less	13 to 24 Months	25 to 60 Months
Overnight Repurchase Agreements Sweep Account	\$ 12,222,813	\$ 12,222,813	\$	\$
California Asset Management Program (CAMP)	69,892	69,892		
Local Agency Investment Fund (LAIF)	24,757,091	24,757,091		
Riverside County Investment Pool	34,453,557	34,453,557		
US Treasury Notes	16,395,962		4,709,508	11,686,454
Supra-National Agency Bond	2,808,232		1,383,812	1,424,420
Federal Agency Collateralized Mortgage Obligation	1,578,685	462,073	708,680	407,932
US Agency Securities				
FHLB	7,231,591	2,141,013	5,090,578	
FHLMC	2,231,265		2,231,265	
FNMA	17,711,372		10,885,027	6,826,345
Corporate Notes	17,183,285	2,966,574	5,247,810	8,968,901
Asset-Backed Security	5,301,770			5,301,770
Certificate of Deposit	10,853,578	1,985,814	8,867,764	
Held by Bond trustee:				
Money Market Deposit Account	35,192,350	35,192,350		
US Treasury Notes	8,577,595	683,253	7,894,342	
US Agency Securities:				
FHLB	10,897,475	4,944,700	460,005	5,492,770
FNMA	18,231,268	8,869,469	8,959,807	401,992
FHLMC	1,009,901	121,429		888,472
Total	<u>\$ 226,707,682</u>	<u>\$ 128,870,028</u>	<u>\$ 56,438,598</u>	<u>\$ 41,399,056</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual Moody's rating as of year-end for each investment type.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Less than 15 percent of the District's investments are in total Corporate Notes and Certificates of Deposit. Corporate Notes and Certificates of Deposit comprise 6.78 percent and 4.69 percent respectively, of the District's investment portfolio.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 2: CASH AND INVESTMENTS

Type	Minimum Rating	Totals	Exempt from Disclosure	Rating as of Year End				
				AAA	AA	A	A-1	Not Rated
Overnight Repurchase Agreements Sweep Account	N/A	\$ 12,222,813						\$ 12,222,813
California Asset Management Program (CAMP)	N/A	69,892						69,892
Local Agency Investment Fund (LAIF)	N/A	24,757,091						24,757,091
Riverside County Investment Pool	N/A	34,453,557						34,453,557
US Treasury Notes	N/A	16,395,962	16,395,962					
Supra-National Agency Bond	AA	2,808,232		2,808,232				
Federal Agency Collateralized Mortgage	N/A	1,578,685	1,578,685					
US Agency Securities:								
FHLB	N/A	7,231,591	7,231,591					
FHLMC	N/A	2,231,265	2,231,265					
FNMA	N/A	17,711,372	17,711,372					
Corporate Notes	A	17,183,285		335,854	6,184,180	10,663,251		
Asset-Backed Security	AA	5,301,770	5,301,770					
Certificate of Deposit	A	10,853,578			3,397,788	6,216,330	1,239,460	
Held by Bond trustee:								
Money Market Deposit Account	N/A	35,192,350	35,192,350					
US Treasury Notes	N/A	8,577,595	8,577,595					
US Agency Securities:								
FHLB	N/A	10,897,475	10,897,475					
FNMA	N/A	18,231,268	18,231,268					
FHLMC	N/A	1,009,901	1,009,901					
Total		\$ 226,707,682	\$ 124,359,234	\$ 3,144,086	\$ 9,581,968	\$ 16,879,581	\$ 1,239,460	\$ 71,503,353

NOTE 3: ACCOUNTS RECEIVABLE – UTILITIES , NET

The accounts receivable – utilities, net balance consists of the following balances as of June 30, 2017:

Account Description	Water	Wastewater	Total
Accounts receivable- utilities, net	\$5,110,941	\$ 2,498,486	\$ 7,609,427

NOTE 4: INVENTORY, PREPAID EXPENSES AND OTHER ASSETS

Account Description	Parks	Water	Wastewater	Total
Water-in-storage inventory	\$ -	\$ 8,647,254	\$ -	\$ 8,647,254
Prepaid expenses and other deposits	6,077	40,716	13,977	60,770
Total Inventory, Prepaid expenses and Other Deposits	\$ 6,077	\$ 8,687,970	\$ 13,977	\$ 8,708,024

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 5: INVESTMENT IN WRCRWA, NET

The District's investment in the Western Riverside County Regional Wastewater Authority (WRCRWA) changed in fiscal year 2017 as follows:

Account Description	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
Investment in WRCRWA	\$ 6,070,439	\$ 57,245	\$ -	\$ 6,127,684
Accumulated Amortization	(1,694,836)	(142,414)	-	(1,837,250)
Investment in WRCRWA, Net	<u>\$ 4,375,603</u>	<u>\$ (85,169)</u>	<u>\$ -</u>	<u>\$ 4,290,434</u>

NOTE 6: CAPITAL ASSETS

Governmental Activities

Changes in capital assets for the year were as follows:

	Balance at July 1, 2016	Additions	Deletions	Balance at June 30, 2017
Non-Depreciable assets:				
Land	\$ 26,870,371	\$ -	\$ -	\$ 26,870,371
Construction in Progress	1,572,325	231,279	-	1,803,604
Total Non-Depreciable Assets	<u>28,442,696</u>	<u>231,279</u>	<u>-</u>	<u>28,673,975</u>
Depreciable assets:				
Land Improvements	35,764,754	-	-	35,764,754
Structures and Equipment	<u>33,145,467</u>	<u>106,957</u>	<u>(54,418)</u>	<u>33,198,006</u>
Total Depreciable Assets	<u>68,910,221</u>	<u>106,957</u>	<u>(54,418)</u>	<u>68,962,760</u>
Accumulated depreciation:				
Land Improvements	(11,701,038)	(1,090,357)	-	(12,791,395)
Structures and Equipment	<u>(13,154,335)</u>	<u>(1,484,549)</u>	<u>54,418</u>	<u>(14,584,466)</u>
Total Accumulated Depreciation	<u>(24,855,373)</u>	<u>(2,574,906)</u>	<u>54,418</u>	<u>(27,375,861)</u>
Total Depreciable Assets, Net	<u>44,054,848</u>	<u>(2,467,949)</u>	<u>-</u>	<u>41,586,899</u>
Total Capital Assets, Net	<u>\$ 72,497,544</u>	<u>\$ (2,236,670)</u>	<u>\$ -</u>	<u>\$ 70,260,874</u>

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017

NOTE 6: CAPITAL ASSETS

Business-Type Activities

Changes in capital assets for the year were as follows:

	Balance at July 1, 2016	Restatement	Additions	Deletions	Balance at June 30, 2017
Non-Depreciable assets:					
Land	\$ 5,026,619	\$ -	\$ 745,181	\$ -	\$ 5,771,800
Construction in Progress	49,765,561	-	11,431,563	(2,334,980)	58,862,144
Total Non-Depreciable Assets	<u>54,792,180</u>	<u>-</u>	<u>12,176,744</u>	<u>(2,334,980)</u>	<u>64,633,944</u>
Depreciable assets:					
Land Improvements	2,377,959	-	-	-	2,377,959
Structures and Improvements	105,073,582	-	4,647,643	-	109,721,225
Water Transmission and Distribution	119,344,960	28,022,026	-	-	147,366,986
Wasterwater Collection System	125,654,770	8,412,708	1,454,892	-	135,522,370
Vehicles and Equipment	12,339,742	-	240,892	(113,863)	12,466,771
Total Depreciable Assets	<u>364,791,013</u>	<u>36,434,734</u>	<u>6,343,427</u>	<u>(113,863)</u>	<u>407,455,311</u>
Accumulated depreciation:					
Land Improvements	(1,336,707)	-	(62,428)	-	(1,399,135)
Structures and Improvements	(30,891,722)	-	(3,149,453)	-	(34,041,175)
Water Transmission and Distribution	(33,789,542)	(5,021,866)	(3,584,045)	-	(42,395,453)
Wasterwater Collection System	(22,786,598)	(1,288,090)	(2,855,916)	-	(26,930,604)
Vehicles and Equipment	(6,366,522)	-	(1,121,160)	112,476	(7,375,206)
Total Accumulated Depreciation	<u>(95,171,091)</u>	<u>(6,309,956)</u>	<u>(10,773,002)</u>	<u>112,476</u>	<u>(112,141,573)</u>
Total Depreciable Assets, Net	<u>269,619,922</u>	<u>30,124,778</u>	<u>(4,429,575)</u>	<u>(1,387)</u>	<u>295,313,738</u>
Total Capital Assets, Net	<u>\$ 324,412,102</u>	<u>\$ 30,124,778</u>	<u>\$ 7,747,169</u>	<u>\$ (2,336,367)</u>	<u>\$ 359,947,682</u>

NOTE 7: CUSTOMER DEPOSITS, RETENTIONS AND ADVANCES

Account Description	Parks	Water	Wastewater	Total
Customer Deposits	\$ -	\$ 83,999	\$ 247	\$ 84,246
Retentions payable	236,806	432,975	95,391	765,172
Construction advances and deposits	-	1,907,561	502,350	2,409,911
Agreement payable Benefit Area "A"	-	-	1,246,196	1,246,196
Advances payable to Community Facilities Districts	-	15,896,929	-	15,896,929
Total Customer Deposit, Retentions and Advances	<u>\$ 236,806</u>	<u>\$ 18,321,464</u>	<u>\$ 1,844,184</u>	<u>\$ 20,402,454</u>

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 8: COMPENSATED ABSENCES

Changes in compensated absences were as follows for the year ended June 30, 2017:

	Governmental Activities	Business-type Activities	Total
Compensated absences, beginning	\$ 242,505	\$ 973,404	\$ 1,215,909
Current year employee earnings	67,284	718,409	785,693
Employee vacation time taken	<u>(67,702)</u>	<u>(609,309)</u>	<u>(677,011)</u>
Compensated absences, ending	242,087	1,082,504	1,324,591
Less: current portion payable	<u>60,521</u>	<u>270,626</u>	<u>331,147</u>
Long-term portion payable	<u>\$ 181,566</u>	<u>\$ 811,878</u>	<u>\$ 993,444</u>

NOTE 9: LONG-TERM DEBT

Changes in long-term debt were as follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017	Amount due within one year
Business-type Activities					
Bonds Payable:					
2010 COPs - Series A - Water Fund	\$ 7,590,000	\$ -	\$ (615,000)	\$ 6,975,000	\$ 640,000
2010 COPs - Series B - Water Fund	19,940,000			19,940,000	
2010 COPs - Series A - Wastewater Fund	6,175,000		(780,000)	5,395,000	810,000
2010 COPs - Series B - Wastewater Fund	27,495,000			27,495,000	
Plus: Premiums on debt issuance	763,586		(32,264)	731,322	
Less: discounts on debt issuance	<u>(377,303)</u>		<u>15,942</u>	<u>(361,361)</u>	
Total bonds payable	<u>61,586,283</u>	<u>-</u>	<u>(1,411,322)</u>	<u>60,174,961</u>	<u>1,450,000</u>
Loans Payable:					
State Water Resources Control Board Loan	321,672		(107,224)	214,448	107,225
Economic Development Administration Loan	69,023		(69,023)	-	
Western Municipal Water District Loan	6,662,605		(298,326)	6,364,279	298,326
Total loans payable	<u>7,053,300</u>	<u>-</u>	<u>(474,573)</u>	<u>6,578,727</u>	<u>405,551</u>
Total Business-type Activities	<u>\$ 68,639,583</u>	<u>\$ -</u>	<u>\$ (1,885,895)</u>	<u>\$ 66,753,688</u>	<u>\$ 1,855,551</u>
Deferred amounts on refunding:					
Business-type Activities					
Water refunding	\$ (645,227)	\$ -	\$ 27,263	\$ (617,964)	
Wastewater refunding	<u>\$ 327,715</u>	<u>\$ -</u>	<u>\$ (13,848)</u>	<u>\$ 313,867</u>	

2010 Series A – Certificates of Participation – Water Fund

On February 25, 2010, the District issued \$10,895,000 in Series A – Certificates of Participation. The proceeds of the sale of the Series A – Certificates of Participation were used to refinance the District’s 2001 Certificates of Participation, partially finance the Chino Desalter

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 9: LONG-TERM DEBT

Authority expansion project Phase No. 3 and to increase water supply and construct transmission facilities to convey water to appropriate pressure zones within the District's service area.

The 2010 Series A – Certificates of Participation were issued with an original issue premium of \$446,828 which will be amortized over the life of the issuance.

The certificates are scheduled to mature in 2033. Principal and interest are payable annually on September 1 at rates of 2.0 percent to 5.00 percent. Future annual debt service requirements on the certificates are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 640,000	\$ 298,050	\$ 938,050
2019	670,000	271,850	941,850
2020	445,000	249,550	694,550
2021	460,000	231,450	691,450
2022	485,000	212,550	697,550
2023-2027	1,955,000	777,675	2,732,675
2028-2033	2,320,000	365,500	2,685,500
Total	<u>\$ 6,975,000</u>	<u>\$ 2,406,625</u>	<u>\$ 9,381,625</u>

2010 Series B – Certificates of Participation – Water Fund

On February 25, 2010, the District issued \$19,940,000 in Series B – Certificates of Participation. The proceeds of the sale of the Series B – Certificates of Participation will be used to partially finance the Chino Desalter Authority expansion project Phase No. 3 and to increase water supply and construct transmission facilities to convey water to appropriate pressure zones within the District's service area.

The certificates are scheduled to mature in 2041. Principal and interest are payable annually on September 1 at rates of 5.197 percent to 6.597 percent. Future annual debt service requirements on the certificates are as follows:

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 9: LONG-TERM DEBT

Year Ending June 30,	Principal	Interest	Total
2018	\$ -	\$ 1,391,302	\$ 1,391,302
2019	-	1,391,302	1,391,302
2020	250,000	1,384,806	1,634,806
2021	260,000	1,371,293	1,631,293
2022-2026	1,960,000	6,584,696	8,544,696
2027-2031	3,460,000	5,671,390	9,131,390
2032-2036	5,790,000	4,120,765	9,910,765
2037-2041	8,220,000	1,532,975	9,752,975
Total	<u>\$ 19,940,000</u>	<u>\$ 23,448,528</u>	<u>\$ 43,388,528</u>

Build America Bonds

The District is treating the 2010 Series B – Certificates of Participation as Build America Bonds under Section 54AA of the Internal Revenue Code and the Series B – Certificates of Participation will be “qualified bonds” under Section 54AA(g)(2) of the Internal Revenue Code which makes the District eligible for a cash subsidy payment from the United States Treasury equal to 35 percent of the interest payable on the Series B – Certificates of Participation. Such cash subsidy payments received by the District are referred to as U. S. Treasury Credits and are reflected in the above noted annual debt service schedule. U.S. Treasury Credits is defined to mean, with respect to the Series B – Certificates of Participation, the amounts which are payable by the Federal government under Section 6431 of the Internal Revenue Code, which the District has elected to receive under Section 54AA(g)(1) of the Internal Revenue Code. U.S. Treasury Credits are expected to be received contemporaneously with each interest payment date, upon timely receipt by the Internal Revenue Service of IRS Form 8038-CP, which is at least 45 days (but not more than 90 days) before each interest payment date.

2010 Series A & B – Certificates of Participation – Water Fund

The District has pledged future water fund revenues, net of specified operating expenses, to repay the water system certificates of participation. Net revenues are defined in the bond documents as operating income, less specified operating expenses, plus specified non-operating income. Net revenues are anticipated to equal at least 110 percent of annual principal and interest payments. The total principal and interest remaining to be paid on the bonds is \$52,770,153. Principal and interest paid for the current year and net revenues were \$2,329,452 and \$18,198,682, respectively.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 9: LONG-TERM DEBT

2010 Series A – Certificates of Participation – Wastewater Fund

On February 25, 2010, the District issued \$10,295,000 in Series A – Certificates of Participation. The proceeds of the sale of the Series A – Certificates of Participation were used to refinance the District’s 1993 Refunding Certificates of Participation, partially finance the Jurupa Trunk Line Improvements, Pyrite Creek Project, Pedley Trunk Line System Improvements, Sky Country Trunk Line Sewer Project, Regional Wastewater Pump Station Expansion and New Force Main to the Riverside Plant and Florine Lift Station Replacement as well as other wastewater system improvements.

The 2010 Series A – Certificates of Participation were issued with an original issue premium of \$521,099 which will be amortized over the life of the issuance. The certificates are scheduled to mature in 2033. Principal and interest are payable annually on September 1st at rates of 2.00 percent to 5.00 percent. Future annual debt service requirements on the certificates are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 810,000	\$ 208,731	\$ 1,018,731
2019	845,000	175,631	1,020,631
2020	535,000	148,031	683,031
2021	550,000	126,331	676,331
2022	570,000	103,932	673,932
2023-2027	1,470,000	235,883	1,705,883
2028-2033	615,000	92,947	707,947
Total	<u>\$ 5,395,000</u>	<u>\$ 1,091,486</u>	<u>\$ 6,486,486</u>

2010 Series B – Certificates of Participation – Wastewater Fund

On February 25, 2010, the District issued \$27,495,000 in Series B – Certificates of Participation. The proceeds of the sale of the Series B – Certificates of Participation will be used to partially finance the Jurupa Trunk Line Improvements, Pyrite Creek Project, Pedley Trunk Line System Improvements, Sky Country Trunk Line Sewer Project, Regional Wastewater Pump Station Expansion and New Force Main to the Riverside Plant, and Florine Lift Station Replacement as well as other wastewater system improvements.

The 2010 Series B – Certificates of Participation were issued with an original issue discount of \$478,271 which will be amortized over the life of the issuance. The certificates are scheduled to mature in 2041. Principal and interest are payable annually on September 1st at rates of 5.197

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 9: LONG-TERM DEBT

percent to 6.697. Future annual debt service requirements on the certificates are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ -	\$ 1,870,597	\$ 1,870,597
2019	-	1,870,597	1,870,597
2020	340,000	1,861,762	2,201,762
2021	360,000	1,843,213	2,203,213
2022-2026	3,190,000	8,808,481	11,998,481
2027-2031	5,870,000	7,252,546	13,122,546
2032-2036	7,740,000	4,926,950	12,666,950
2037-2041	9,995,000	1,813,175	11,808,175
Total	<u>\$ 27,495,000</u>	<u>\$ 30,247,321</u>	<u>\$ 57,742,321</u>

Build America Bonds

The District is treating the 2010 Series B – Certificates of Participation as Build America Bonds under Section 54AA of the Internal Revenue Code and the Series B – Certificates of Participation will be “qualified bonds” under Section 54AA(g)(2) of the Internal Revenue Code which makes the District eligible for a cash subsidy payment from the United States Treasury equal to 35 percent of the interest payable on the Series B – Certificates of Participation. Such cash subsidy payments received by the District are referred to as U. S. Treasury Credits and are reflected in the above noted annual debt service schedule. U. S. Treasury Credits is defined to mean, with respect to the Series B – Certificates of Participation, the amounts which are payable by the Federal government under Section 6431 of the Internal Revenue Code, which the District has elected to receive under Section 54AA(g)(1) of the Internal Revenue Code. U.S. Treasury Credits are expected to be received contemporaneously with each interest payment date, upon timely receipt by the Internal Revenue Service of IRS Form 8038-CP, which is due at least 45 days (but not more than 90 days) before each interest payment due.

2010 Series A & B – Certificates of Participation – Wastewater Fund

The District has pledged future fund revenues, net of specified operating expenses, to repay the sewer system certificates of participation. Net revenues are defined in the bond documents as operating income, less specified operating expenses, plus specified non-operating income. Net revenues are anticipated to equal at least 110 percent of annual principal and interest payments. The total principal and interest remaining to be paid on the bonds is \$64,228,807. Principal and interest paid for the current year and net revenues were \$2,891,126 and \$14,385,659, respectively.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 9: LONG-TERM DEBT

State Water Resources Control Board Loan

In October 1977, the District entered into a loan contract with the California State Water Resources Control Board (SWRCB Loan) to finance the construction of two wastewater equalization basins, and the slip-lining of inverted siphons of the Regional Force Main. Upon completion of the project in 1998, the final loan amount was determined to be \$2,573,401. The interest rate on the loan is zero percent per annum. Payments are payable annually on December 22 through the year 2018. Since the loan does not bear interest, the District is reporting the SWRCB loan in the accompanying financial statements at a discount of 6.5 percent. The discount is being amortized on a straight-line basis through 2018. Amortization expense of \$21,445 is included annually as a component on interest expense. Annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 107,225	\$ 21,445	\$ 128,670
2019	107,223	21,445	128,668
Total	<u>\$ 214,448</u>	<u>\$ 42,890</u>	<u>\$ 257,338</u>

Economic Development Administration Loan

In October 1977, the District entered into a loan contract with the U. S. Department of Commerce, Economic Development Administration (EDA Loan) to finance the improvement and expansion of the District's water system. Upon completion of the project in 1979, the final loan amount was determined to be \$1,968,000. The interest rate on the loan is 5.0 percent per annum. The final principal and interest annual installment of \$72,007 due July 1, 2017 was paid in June 2017.

Western Municipal Water District of Riverside County Loan

On May 6, 2004, the District entered into an installment sale agreement with the Western Municipal Water District of Riverside County (WMWD loan) for the acquisition of 3.0 million gallons per day of capacity rights for wastewater treatment and disposal in the Western Riverside County Regional Wastewater Authority (see Note 18) treatment facility for \$9,486,754. The term of the WMWD loan is 28.5 years. Interest on the WMWD loan amount is payable monthly at a variable rate plus fees for liquidity facility and remarketing that equaled a rate of 3.305 percent as of June 30, 2016. The variable interest rate is determined by comparing the three month average daily interest rates as provided by Paine Webber and J. P. Morgan. Principal payments are due annually on January 1, commencing January 1, 2005 in amounts ranging from \$198,884 to \$517,099. The final principal payment is due January 1, 2033. The

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 9: LONG-TERM DEBT

District has pledged net water and sewer revenues as well as tax revenues towards the payment of the debt service on the WMWD loan. The District has the option to prepay the WMWD loan in whole or in part at any time upon 60 days written notice. Estimated annual debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2018	\$ 298,326	\$ 204,588	\$ 502,914
2019	318,214	194,345	512,559
2020	318,214	183,828	502,042
2021	338,102	172,928	511,030
2022-2026	1,849,618	688,040	2,537,658
2027-2031	2,227,498	350,128	2,577,626
2032-2033	1,014,307	31,058	1,045,365
Total	<u>\$ 6,364,279</u>	<u>\$ 1,824,915</u>	<u>\$ 8,189,194</u>

NOTE 10: POST-EMPLOYMENT RETIREMENT BENEFITS

Other Post Employment Benefit Obligations

The District provides post-retirement health care benefits through a single-employer defined benefit Other Post Employment Benefit (OPEB) plan. The District contributes a fixed amount for health care benefits up to 100 percent of the premium for the retiree and their dependents.

Plan Description – Eligibility

The following requirements must be satisfied in order to be eligible for lifetime post-employment medical benefits:

- (1) For employees hired prior to 2008, attainment of age 55 and 5 years for full-time service and for employees hired after 2008, attainment of age 55 and 20 years for full-time service, and
- (2) Retirement from CALPERS and from the District (the District must be the last employer prior to retirement.
- (3) Lifetime post-employment medical benefits are no longer offered to employees hired after June 1, 2014

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 10: POST-EMPLOYMENT RETIREMENT BENEFITS

Plan Description – Benefits

Membership in the OPEB plan consisted of the following members as of June 30, 2017:

Active plan members	132
Retirees and beneficiaries receiving benefits	<u>32</u>
Total Plan Membership	<u>164</u>

Funding Policy

The Annual Required Contribution (ARC) of the Employer is actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid, on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current ARC rate is 9.0 percent of the annual covered payroll. The District will pay 100 percent of the cost of the post-employment benefit plan.

Annual OPEB Cost and Net OPEB Obligation

For the year ended June 30, 2017, the District's OPEB cost is \$1,037,270. The District's net OPEB obligation amounted to \$5,300,224 for the year ended June 30, 2017. The District contributed \$389,111 in age adjusted contributions for current retiree OPEB premiums for the year ended June 30, 2017, as follows:

	<u>2017</u>
Annual OPEB cost:	
Annual required contribution (ARC)	\$ 1,121,220
Interest on net OPEB obligation	338,670
Adjustment to annual required contribution	<u>(422,620)</u>
Total annual OPEB cost	1,037,270
Change in net OPEB obligation:	
Contributions	<u>(389,111)</u>
Total change in Net OPEB obligation	648,159
Net OPEB obligation - beginning of year	<u>4,652,065</u>
Net OPEB obligation - end of year	<u><u>\$ 5,300,224</u></u>

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 10: POST-EMPLOYMENT RETIREMENT BENEFITS

The District’s annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2017 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Contributions	Percent of Annual OPEB Cost Contributed	Net OPEB Obligation Payable
2017	\$1,037,270	\$389,111	37.51%	\$5,300,224
2016	1,011,185	273,957	27.09%	4,652,065
2015	745,370	170,092	22.82%	3,914,837

Funded Status and Funding Progress of the Plan

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL As a % of Payroll
6/30/2015	\$ 2,324,679	\$ 8,277,432	\$ 5,952,753	28.08%	\$ 9,402,000	63%

The most recent valuation (dated June 30, 2015) includes an Actuarial Accrued Liability of \$8,277,432 and an Unfunded Actuarial Accrued Liability of \$5,952,753. The Actuarial Value of Plan Assets was \$2,324,679.

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities or benefits. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 10: POST-EMPLOYMENT RETIREMENT BENEFITS

The following is a summary of the actuarial assumptions and methods:

Valuation date	June 30, 2015
Actuarial cost method	Projected Unit Credit cost method
Amortization method	Level-dollar amortization method on a closed basis
Remaining amortization period	23 Years as of the value date
Actuarial assumptions:	
Interest discount	7.28%
Projected healthcare trend increase	6.25%

NOTE 11: NET INVESTMENT IN CAPITAL ASSETS

The calculation of the net investment in capital assets is as follows:

	Governmental Activities	Business-type Activities	Total
The balance consists of the following:			
Capital assets - not being depreciated	\$ 28,673,975	\$ 64,633,944	\$ 93,307,919
Capital assets - being depreciated, net	41,586,899	295,313,737	336,900,636
Water fund - unspent debt proceeds	-	-	-
Wastewater fund - unspent debt proceeds	-	-	-
Long-term debt - current portion	-	(1,855,551)	(1,855,551)
Long-term debt - long-term portion	-	(64,594,039)	(64,594,039)
	<u>\$ 70,260,874</u>	<u>\$293,498,091</u>	<u>\$363,758,965</u>

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 12: RESTRICTED NET POSITION

The District's net position is restricted as follows:

The balance consists of the following:	Governmental Activities	Business-type Activities	Total
Eastvale parks	\$ 23,673,924	\$ -	\$ 23,673,924
Graffiti abatement	461,309	-	461,309
Illumination District No. 2	305,202	-	305,202
Landscape and Lighting	2,058,953	-	2,058,953
Water fund - debt service reserves	-	2,835,360	2,835,360
Water fund - capital facility fees	-	35,043,110	35,043,110
Wastewater fund - debt service reserves	-	3,424,250	3,424,250
Wastewater fund - capital facility fees	-	24,942,868	24,942,868
	<u>\$ 26,499,388</u>	<u>\$ 66,245,588</u>	<u>\$ 92,744,976</u>

NOTE 13: UNRESTRICTED NET POSITION

The balance consists of the following:	Governmental Activities	Business-type Activities	Total
Prepaid expenses and other prepaid assets	\$ -	\$ 8,701,947	\$ 8,701,947
Water operations and capital replacement	-	32,521,500	32,521,500
Wastewater operations and capital replacements	-	31,320,356	31,320,356
	<u>\$ -</u>	<u>\$ 72,543,803</u>	<u>\$ 72,543,803</u>

NOTE 14: DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participants in a 457 Deferred Compensation Program (Program). The purpose of this program is to provide deferred compensation for public employees that elect to participate in the program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency.

Federal law requires deferred compensation assets to be held in a trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District and are not subject to claims of the District's general creditors. Market value of all plan assets held in trust by CalPERS and Nationwide at June 30, 2017 was \$2,720,043 and \$662,420 respectively. The District has implemented GASB statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Since the District has little administrative involvement and does

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 14: DEFERRED COMPENSATION SAVINGS PLAN

not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

NOTE 15: PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CalPERS)

The District participates in a cost sharing multiple-employer defined benefit plan through the California Public Employees’ Retirement System (CalPERS) which covers substantially all regular full-time employees of the District. CalPERS acts as a common investment and administrative agent for participating public entities with the state of California and reports information to the District in accordance with reporting standards established by the Governmental Accounting Standards Board (GASB).

As of June 30, 2017, the District implemented GASB Statements No. 68 and No. 71, and as a result, reported its proportionate share of the net pension liability, pension expense and deferred inflow of resources for the above plan and a deferred outflow of resources as follows:

Pension Plan	Proportionate Share of Net Pension Liability	Deferred Outflow of Resources	Deferred Inflow of Resources	Proportionate Share of Pension Expense
CalPERS	\$ 8,054,303	\$ 7,647,076	\$ 1,076,036	\$ 897,345

Plan Description

Qualified employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Plan under the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The Public Agency Cost-Sharing Multiple-Employer Plan in comprised of a Miscellaneous Risk Pool and a Safety Risk Pool. Individual employers may sponsor more than one Miscellaneous or Safety plan. The District sponsors two Miscellaneous Risk Pool plans; however, the information presented below represents the sum of the allocated pension amounts for each of the District’s respective plans (the Plan). The Plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees’ Retirement Law.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 15: PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CalPERS)

Benefits Provided

The Plan 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 service credit, a benefit factor and the member’s final compensation. Members hired by the district, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for employment-related disability benefits regardless of length of service and non-duty disability benefits after 5 years of service. Disability benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. The Post-Retirement Death Benefit is a one-time payment made to a retiree’s designated survivor or estate upon the retiree’s death. The Basic Death Benefit is paid to any member’s beneficiary if the member dies while actively employed. An employee’s eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least 5 years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

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

	Miscellaneous Risk Pool	
	Current Plan	PEPRA Misc. Plan
	On or Before	On or After
Hire date	31-Dec-12	1-Jan-13
Benefit formula	2.7% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Required employee contribution rate	8.000%	6.250%
Required employer contribution rate	10.003%	6.237%

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. Total plan contributions are determined annually through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 15: PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CalPERS)

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. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2017 are presented above and the total District contributions were \$2,037,220.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2017, the District reported net pension liabilities for its proportionate share of the Miscellaneous Risk Pool net pension liability totaling \$8,054,303. The net pension liability was measured as of June 30, 2016. 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 plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the District’s proportion was 0.09308%.

For the year ended June 30, 2017, the District recognized pension expense of \$897,345. At June 30, 2017, 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
Pension contribution subsequent to measurement date	\$ 2,037,220	\$ -
Adjustment due to differences in experience	38,846	-
Net differences between projected and actual earnings on plan investments	2,481,359	-
Effect of changes in assumption about future economic and demographic factors		476,757
Adjustment due to differences in proportions	1,321,546	599,279
Differences between contributions and proportionate share of contributions	1,768,105	-
	\$ 7,647,076	\$ 1,076,036

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 15: PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CalPERS)

The net differences between projected and actual earnings on plan investments is amortized over a five year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period and the remaining amount is deferred and will be amortized over the remaining four-year period. The remaining net differences between projected and actual earnings on plan investments shown above represents the unamortized balance relating to the current measurement period and the prior measurement period on a net basis. All other deferred inflows or resources and deferred outflows of resources are amortized over the expected average remaining service life (EARSL) of the plan participants. The EARSL for the Miscellaneous Plan for the June 30, 2015 measurement date is 3.8 years.

The first year of amortization is recognized in pension expense for the year the gain or loss occurs. The remaining amounts are deferred and will be amortized over the remaining periods not to exceed 2.8 years.

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. The deferred inflows of resources and remaining deferred outflows of resources will be amortized over a closed period of between 3.8 and 5 years and will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>Amortization</u>
<u>June 30</u>	
2018	\$ 1,564,353
2019	1,134,374
2020	1,192,392
2021	642,701
	<u>\$ 4,533,820</u>

Actuarial Methods and Assumptions

Total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The financial reporting actuarial valuation as of June 30, 2015 used the following methods and assumptions, applied to all prior periods included in the measurement:

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 15: PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CalPERS)

Valuation date	June 30, 2015
Measurement date	June 30, 2016
Experience study	July 1, 1997 through June 30, 2011
Actuarial cost method	Entry age normal
Discount rate	7.65%
Investment rate of return	7.50%
Consumer price inflation	2.75%
Wage growth	Varies by entry age and service

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS experience study adopted by the CalPERS Board. For purposes of the post-retirement mortality rates, those revised rates include 20 years of mortality improvement using Scale BB published by the Society of Actuaries.

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 Plan’s asset classes, expected compound (geometric) 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 the Plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent. The target allocation and best estimates of long-term expected real rate of return by asset class are summarized in the following table:

Asset Class	New Strategic Allocation	Real Return Years 1-10	Real Return Years 11+
Global equity	47.00%	5.25%	5.71%
Global fixed income	19.00%	0.99%	2.43%
Private equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Inflation sensitive	6.00%	0.45%	3.36%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 15: PENSION PLAN – CALIFORNIA PUBLIC EMPLOYEES’ RETIREMENT SYSTEM (CalPERS)

Discount Rate

The discount rate used to measure the total pension liability was 7.65%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

The following presents the District’s proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount rate</u>	<u>Net Pension Liability</u>
1% decreases (6.65%)	\$ 12,525,843
Current discount rate (7.65%)	8,054,303
1% increase (8.65%)	4,358,799

Plan Fiduciary Net Position

Detailed information about CalPERS Miscellaneous Risk Plan fiduciary net position is available in a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

NOTE 16: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage and destruction of assets, errors and omissions, injuries to employees and natural disasters. In an effort to manage its risk exposure, the District purchases commercial package insurance policies. The District has experienced no losses exceeding coverage during the past three years.

NOTE 17: JOINT VENTURE

Western Riverside County Regional Wastewater Authority

The Western Riverside County Regional Wastewater Authority (WRCRWA) was formed under a joint exercise of powers agreement for the purpose of constructing, maintaining, and operating

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 17: JOINT VENTURE

a regional wastewater treatment plant. WRCRWA is composed of member agencies: Jurupa Community Services District, Santa Ana Watershed Project Authority, Western Municipal Water District, Home Gardens Sanitary District, and the City of Norco. The governing body of the Authority is a Board of Directors, which consists of ten individuals, two appointed by each member.

The construction of the wastewater treatment plant was substantially completed at June 30, 1999. Each member's share in the construction costs, as well as administrative costs, of WRCRWA is based on their capacity rights in different components of the plant. The District is billed for flows through the plant attributable to its jurisdiction as well as general and administrative costs. Payment of these bills is included in the costs of the District's sewer services activity. Members are deemed to have an ownership interest in the Authority and new members may only be admitted upon unanimous consent of the existing members. Upon withdrawal from the Authority, any member is entitled to receive its proportionate share of the Authority assets or the equivalent value thereof and is responsible for discharge of its proportionate share of the Authority's liabilities. The investment in the Authority for the year June 30, 2017 is reported in the accompanying financial statements at \$4,290,434.

Financial data for WRCRWA is available at the District office. Audited financial information for WRCRWA can be obtained at Western Riverside County Regional Wastewater Authority, 450 Alessandro Boulevard, Riverside, California 92517-5286.

Western Municipal Water District Facilities Authority

In January 2002, the District entered into a Joint Exercise of Powers Agreement (Agreement) with the Western Municipal Water District of Riverside County (WMWD) for the formation of the Western Municipal Water District Facilities Authority (WMWDFa) pursuant to the Marks-Roos Local Bond Pooling Act of 1985, Article Y (Commencing with Section 6584) of Chapter 5, Division 7, Title 1 of the Government Code of the State of California. The purpose of this Agreement is to provide for the financing of public capital improvements for, and working capital requirements of the District and WMWD through the construction and/or the purchase by the WMWDFa of obligations of the District or WMWD pursuant to bond purchase agreements and/or the lending of funds by the WMWDFa to the District and/or WMWD. WMWD shall administer this agreement. Financial information of WMWDFa can be obtained from WMWD, 450 Alessandro Boulevard, Riverside, California 92517-5286.

Chino Basin Desalter Authority

On September 25, 2001, the Chino Basin Desalter Authority (the Authority) was created under a joint exercise of powers agreement between Jurupa Community Services District, the Santa Ana River Water Company, the cities of Chino, Chino Hills, Ontario, Norco and the Inland Empire

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 17: JOINT VENTURE

Utilities Agency, as an ex-officio member with the power among others, to design, finance, lease, purchase, acquire, construct, operate, maintain, sell, hypothecate or otherwise dispose of the Project for the purposes of the production, treatment and distribution of water to the Project Participants. This agreement was formed to successfully manage the groundwater resources in the Chino Basin.

The governing Board of Director consists of one representative appointed from each participating agency and has the power and responsibility to adopt budgets, operating plans and finance activities to further the purpose of the Authority. Financial statements of the Authority can be obtained from the CDA Treasurer's office located at 2151 S. Haven Avenue, Suite 202, Ontario, California 91761.

NOTE 18: COMMUNITY FACILITIES DISTRICTS

Jurupa Community Services District is the lead agency for forty-eight community facilities districts that were formed to finance the construction and installation of certain public improvements that will service or provide benefit to properties located within the respective community facilities districts.

The bonds issued by the community facilities districts are payable solely from the revenues of annual special taxes levied against land within the districts and do not constitute an indebtedness of the Jurupa Community Services District. Jurupa Community Services District is not liable for the bonds, but acts as an agent for the bondholders in collecting the assessments from property owners, forwarding the collection to bond trustees, and initiating foreclosure proceedings, if necessary. Since the District is acting in an agency capacity, the assets and liabilities of the community facilities districts have been excluded from the District's government-wide statement of net position.

As of June 30, 2017, forty-one of the Community Facilities Districts have issued debt with an original aggregate principal amount payable of \$350,925,000. The amount outstanding as of June 30, 2017 is \$321,550,000.

Acting in a fiduciary capacity, the District collects assessments which are then forwarded to the trustee for future debt service payments. Until the funds are forwarded to the trustee, the District records a liability. The advance payable to the community services districts held as of June 30, 2017 was \$15,896,929 in the Water Fund and \$-0 in the Wastewater Fund.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 19: COMMITMENTS AND CONTINGENCIES

Construction Commitments

The District has a variety of agreements with private parties relating to the installation, improvement or modification of water facilities and distribution systems with its service area. The financing of such construction contracts is being provided primarily from the District's bond financing. The District has committed to approximately \$11,162,250 of open construction contracts as of June 30, 2017.

Litigation

There are other lawsuits and claims pending against the District which arise during the normal course of business. To the extent the outcome of such litigation would result in a probable loss to the District, any such loss would be accrued in the accompanying financial statements.

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such an audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

NOTE 20: RESTATEMENT OF CONTRIBUTED CAPITAL ASSETS

In accordance with Generally Accepted Accounting Principles, contributed capital assets should be reported at estimated fair value at the date of contribution.

As part of the residential and commercial development process, developers are required to install in-tract water and sewer pipelines. These are non-master planned facilities that the District inspects and approves for design and quality of construction. Once approved, the Board accepts the contributed infrastructure through tract acceptance and takes ownership and responsibility for the maintenance of the pipelines. For accounting purposes, it is appropriate for the District to capitalize the value of these assets and depreciate them on the District's books at the point in time that the District takes ownership of the infrastructure. During Fiscal Year 2016-17, the District capitalized new tracts that were accepted by the Board during the fiscal year. However, staff identified that since 1999, in-tract pipelines had not been capitalized on the District's books when the Board had accepted the pipelines. As a result, staff has completed a study of the District's in-tract pipelines to summarize the tracts that have not been recorded; and determined the value and useful life of those pipelines and the date ownership was received. In addition, moving forward the Finance and Administration Department has put in place procedures necessary to capture the information required to timely record these assets on the District's books as they are accepted by the Board.

JURUPA COMMUNITY SERVICES DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2017

NOTE 20: RESTATEMENT OF CONTRIBUTED CAPITAL ASSETS

The District recorded contributed capital assets for Water and Wastewater in the amount of \$36,434,734. The asset restatement net of accumulated depreciation is \$30,124,779.

	Water	Waste Water	Business Type Activities
Net Position, Beginning of Year, as previously reported	\$217,412,829	\$159,757,949	\$377,170,778
Restatement of contributed capital assets	<u>23,000,160</u>	<u>7,124,619</u>	<u>30,124,779</u>
Net Position, Beginning of Year, as restated	<u>\$240,412,989</u>	<u>\$166,882,568</u>	<u>\$407,295,557</u>

REQUIRED SUPPLEMENTARY INFORMATION

JURUPA COMMUNITY SERVICES DISTRICT

**SCHEDULE OF FUNDING PROGRESS – OTHER POST EMPLOYMENT BENEFITS
June 30, 2017**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL As a % of Payroll
6/30/2015	\$ 2,324,679	\$ 8,277,432	\$ 5,952,753	28.0%	\$ 9,402,000	63%
6/30/2013	1,968,400	5,461,512	3,493,112	36.0%	N/A	N/A
6/30/2011	1,763,031	4,829,344	3,066,313	36.5%	7,282,000	42.11%

See the accompanying notes to the required supplementary information.

JURUPA COMMUNITY SERVICES DISTRICT

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
For the Fiscal Year Ended June 30, 2017**

	<u>2015</u>	<u>2016</u>	<u>2017</u>
District's proportion of the net pension liability (assets)	0.093098%	0.096520%	0.093080%
District's proportionate share of the net pension liability (asset)	\$ 5,793,320	\$ 6,624,931	\$ 8,054,303
District's covered payroll reported as of the previous fiscal year to align with the measurement date of the net pension liability	\$ 7,586,241	\$ 8,409,453	\$ 9,643,164
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	76.37%	78.78%	83.52%
Plan fiduciary net position as a percentage of the total pension liability	77.88%	81.15%	78.90%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as data becomes available.

See the accompanying notes to the required supplementary information.

JURUPA COMMUNITY SERVICES DISTRICT

SCHEDULE OF DISTRICT'S CONTRIBUTIONS –
CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
For the Fiscal Year Ended June 30, 2017

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Contractually required contribution	\$ 2,433,461	\$ 2,090,055	\$ 2,037,220
Contributions in relation to the contractually required contribution	<u>2,433,461</u>	<u>2,090,055</u>	<u>2,037,220</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 8,409,453	\$ 9,643,164	\$ 9,532,546
Contributions as a percentage of covered payroll	28.94%	21.67%	21.37%

Note: Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as data becomes available.

See the accompanying notes to the required supplementary information.

JURUPA COMMUNITY SERVICES DISTRICT

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2017**

NOTE 1: PURPOSE OF SCHEDULES

Schedule of Other Postemployment Benefits Funding Progress

The schedule is intended to show trends about the funding progress of the District's actuarially determined liability for postemployment benefits other than pensions.

Schedule of District's Proportionate Share of the Net Pension Liability

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the State's proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

Schedule of District Contributions

The schedule presents information on the District's required contribution, the amounts actually contributed and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

SUPPLEMENTARY INFORMATION

JURUPA COMMUNITY SERVICES DISTRICT

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
June 30, 2017**

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
ASSETS				
Cash and investments	<u>\$ 52,903,704</u>	<u>\$ 57,621,486</u>	<u>\$(46,210,651)</u>	<u>\$ 64,314,539</u>
LIABILITIES				
Due to bondholders	\$ 38,653,609	\$ 38,605,411	\$(24,818,319)	\$ 52,440,701
Due to other agencies	5,356,673	9,124,520	(11,611,547)	2,869,646
Due to JCSD	<u>8,893,422</u>	<u>9,891,555</u>	<u>(9,780,785)</u>	<u>9,004,192</u>
	<u>\$ 52,903,704</u>	<u>\$ 57,621,486</u>	<u>\$(46,210,651)</u>	<u>\$ 64,314,539</u>

See Independent Auditor's Report.

JURUPA COMMUNITY SERVICES DISTRICT

**SCHEDULE OF RESERVE FOR ENTERPRISE FUNDS CAPITAL FACILITY FEES
June 30, 2017**

	Water Fund	Wastewater Fund	Total
Reserve for Capital Facility Fees:			
Balance - beginning of year	<u>\$ 30,859,751</u>	<u>\$ 21,746,303</u>	<u>\$ 52,606,054</u>
Capital Contributions:			
Facility Fees	<u>9,181,821</u>	<u>8,017,837</u>	<u>17,199,658</u>
Total Contributions	<u>9,181,821</u>	<u>8,017,837</u>	<u>17,199,658</u>
Construction Costs	<u>4,998,462</u>	<u>4,821,272</u>	<u>9,819,734</u>
Total Expenses	<u>4,998,462</u>	<u>4,821,272</u>	<u>9,819,734</u>
Balance - end of year	<u><u>\$ 35,043,110</u></u>	<u><u>\$ 24,942,868</u></u>	<u><u>\$ 59,985,978</u></u>

See Independent Auditor's Report.

JURUPA COMMUNITY SERVICES DISTRICT

**SCHEDULE OF COMMUNITY FACILITIES DISTRICTS
OUTSTANDING DEBT
June 30, 2017**

CFD No.	Bonds Issued	Outstanding	Yield on the Bonds	Issued	Final Maturity
CFD # 1	\$ 24,710,000	\$ 15,670,000	4.76738	Aug-2010	Sep-2024
CFD # 2	13,805,000	13,160,000	3.43880	Aug-2014	Sep-2032
CFD # 3	9,240,000	7,605,000	4.76738	Aug-2010	Sep-2033
CFD # 4	12,650,000	11,520,000	4.97990	Jul-2013	Sep-2034
CFD # 5	3,135,000	2,535,000	4.76738	Aug-2010	Sep-2032
CFD # 6	3,560,000	2,880,000	4.76738	Aug-2010	Sep-2032
CFD # 7	7,925,000	7,450,000	3.43880	Aug-2014	Sep-2035
CFD # 10	6,690,000	5,500,000	4.76738	Aug-2010	Sep-2033
CFD # 11	9,110,000	8,575,000	3.43880	Aug-2014	Sep-2035
CFD # 12	10,895,000	10,250,000	3.43880	Aug-2014	Sep-2035
CFD # 14	13,115,000	11,345,000	4.76738	Aug-2010	Sep-2037
CFD # 14	2,035,000	2,015,000	5.22440	Jun-2013	Sep-2041
CFD # 15	8,405,000	8,000,000	4.97990	Jul-2013	Sep-2042
CFD # 16	6,570,000	6,150,000	3.43880	Aug-2014	Sep-2034
CFD # 17	13,985,000	13,240,000	3.43880	Aug-2014	Sep-2036
CFD # 18	12,825,000	12,545,000	3.59870	Jun-2015	Sep-2036
CFD # 19	18,915,000	18,500,000	3.59870	Jun-2015	Sep-2036
CFD # 21	7,775,000	7,360,000	3.43880	Aug-2014	Sep-2036
CFD # 22	3,205,000	3,175,000	3.59870	Jun-2015	Sep-2043
CFD # 23	4,920,000	4,525,000	4.75572	Jun-2012	Sep-2042
CFD # 24	11,990,000	10,675,000	4.76738	Aug-2010	Sep-2040
CFD # 25	11,945,000	11,435,000	3.43880	Aug-2014	Sep-2042
CFD # 26	4,810,000	4,700,000	3.79900	May-2015	Sep-2044
CFD # 27	7,885,000	7,560,000	4.75212	Mar-2014	Sep-2043
CFD # 28	6,145,000	5,890,000	4.60219	Mar-2014	Sep-2043
CFD # 29	13,945,000	12,550,000	4.76738	Aug-2010	Sep-2040
CFD # 30	6,015,000	5,715,000	3.43880	Aug-2014	Sep-2037
CFD # 31	12,095,000	10,935,000	4.22977	Mar-2013	Sep-2042
CFD # 32	2,980,000	2,820,000	3.43880	Aug-2014	Sep-2036
CFD # 33	15,865,000	15,205,000	4.16030	Jul-2014	Sep-2043
CFD # 34	7,150,000	6,745,000	4.97990	Jul-2013	Sep-2040
CFD # 35	4,005,000	3,565,000	4.37794	Nov-2012	Sep-2042
CFD # 36	5,185,000	5,185,000	4.02394	May-2017	Sep-2047
CFD # 37	3,865,000	3,865,000	3.09597	Aug-2016	Sep-2046
CFD # 37	3,980,000	3,980,000	3.09597	Aug-2016	Sep-2046
CFD # 38	6,025,000	5,820,000	3.43880	Aug-2014	Sep-2042
CFD # 38	4,935,000	4,660,000	4.97990	Jul-2013	Sep-2040
CFD # 39	10,740,000	10,620,000	3.59870	Jun-2015	Sep-2042
CFD # 42	2,115,000	2,070,000	3.84259	Dec-2014	Sep-2044
CFD # 43	7,465,000	7,240,000	2.94374	Jun-2016	Sep-2045
CFD # 47	8,315,000	8,315,000	4.32375	Mar-2017	Sep-2047
Total	<u>\$350,925,000</u>	<u>\$321,550,000</u>			

See Independent Auditor's Report.

JURUPA COMMUNITY SERVICES DISTRICT
SCHEDULE OF COMMUNITY FACILITIES DISTRICTS
CASH AND INVESTMENT BALANCES
June 30, 2017

CFD No.	Location	Balance
CFD # 1	Mira Loma	\$ 2,030,860
CFD # 2	Eastvale Area	735,469
CFD # 3	Eastvale Area	511,364
CFD # 4	Eastvale Area	748,598
CFD # 5	Eastvale Area	204,288
CFD # 6	Eastvale Area	215,977
CFD # 7	Eastvale Area	459,569
CFD # 10	Eastvale Area	382,068
CFD # 11	Eastvale Area	516,811
CFD # 12	Eastvale Area	618,326
CFD # 14	Eastvale Area	978,630
CFD # 15	Eastvale Area	403,095
CFD # 16	Eastvale Area	882,069
CFD # 17	Eastvale Area	746,332
CFD # 18	Eastvale Area	706,500
CFD # 19	Eastvale Area	1,056,848
CFD # 21	Eastvale Area	430,364
CFD # 22	Eastvale Area	465,480
CFD # 23	Eastvale Area	896,191
CFD # 24	Eastvale Area	575,817
CFD # 25	Eastvale Area	9,173,571
CFD # 26	Eastvale Area	500,446
CFD # 27	Eastvale Area	1,883,931
CFD # 28	Eastvale Area	677,882
CFD # 29	Eastvale Area	916,843
CFD # 30	Eastvale Area	443,880
CFD # 31	Eastvale Area	1,637,749
CFD # 32	Eastvale Area	190,025
CFD # 33	Eastvale Area	2,511,232
CFD # 34	Eastvale Area	372,757
CFD # 35	Eastvale Area	429,369
CFD # 36	Eastvale Area	3,630,433
CFD # 37	Eastvale Area	1,401,803
CFD # 38	Eastvale Area	540,031
CFD # 39	Eastvale Area	497,439
CFD # 42	Eastvale Area	1,062,044
CFD # 43	Eastvale Area	2,469,152
CFD # 47	Eastvale Area	2,702,442
JPFA Refunding 2010	Eastvale Area	4,786,932
JPFA Refunding 2013	Eastvale Area	2,495,789
JPFA Refunding 2014	Eastvale Area	7,365,981
JPFA Refunding 2015A	Eastvale Area	3,518,928
JPFA Refunding 2015B	Eastvale Area	1,541,224
		<u>\$ 64,314,539</u>

See Independent Auditor's Report.

JURUPA COMMUNITY SERVICES DISTRICT

**SCHEDULE OF CHANGES OF CAPITAL ASSETS FOR
ENTERPRISE FUNDS - WATER
June 30, 2017**

	Balance at July 1, 2016	Restatement	Additions	Deletions	Balance at June 30, 2017
Non-Depreciable assets:					
Land	\$ 4,758,779	\$ -	\$ 745,181	\$ -	\$ 5,503,960
Construction in Progress	39,798,981	-	8,636,543	(1,656,788)	46,778,736
Total Non-Depreciable Assets	<u>44,557,760</u>	<u>-</u>	<u>9,381,724</u>	<u>(1,656,788)</u>	<u>52,282,696</u>
Depreciable assets:					
Land Improvements	2,253,630	-	-	-	2,253,630
Structures and Improvements	52,665,656	-	2,148,187	-	54,813,843
Water Transmission and Distribution	119,344,960	28,022,026	-	-	147,366,986
Vehicles and Equipment	10,234,301	-	133,850	(113,863)	10,254,288
Total Depreciable Assets	<u>184,498,547</u>	<u>28,022,026</u>	<u>2,282,037</u>	<u>(113,863)</u>	<u>214,688,747</u>
Accumulated depreciation:					
Land Improvements	(1,270,643)	-	(58,025)	-	(1,328,668)
Structures and Improvements	(11,121,688)	-	(1,787,183)	-	(12,908,871)
Water Transmission and Distribution	(33,789,542)	(5,021,866)	(3,584,045)	-	(42,395,453)
Vehicles and Equipment	(5,235,635)	-	(860,311)	112,475	(5,983,471)
Total Accumulated Depreciation	<u>(51,417,508)</u>	<u>(5,021,866)</u>	<u>(6,289,564)</u>	<u>112,475</u>	<u>(62,616,463)</u>
Total Depreciable Assets, Net	<u>133,081,039</u>	<u>23,000,160</u>	<u>(4,007,527)</u>	<u>(1,388)</u>	<u>152,072,284</u>
Total Capital Assets, Net	<u>177,638,799</u>	<u>23,000,160</u>	<u>5,374,197</u>	<u>(1,658,176)</u>	<u>204,354,980</u>

See Independent Auditor's Report.

JURUPA COMMUNITY SERVICES DISTRICT

**SCHEDULE OF CHANGES OF CAPITAL ASSETS FOR
ENTERPRISE FUNDS - WASTEWATER
June 30, 2017**

	Balance at July 1, 2016	Restatement	Additions	Deletions	Balance at June 30, 2017
Non-Depreciable assets:					
Land	\$ 267,840	\$ -	\$ -	\$ -	\$ 267,840
Construction in Progress	9,966,580	-	2,795,022	(678,194)	12,083,408
Total Non-Depreciable Assets	<u>10,234,420</u>	<u>-</u>	<u>2,795,022</u>	<u>(678,194)</u>	<u>12,351,248</u>
Depreciable assets:					
Land Improvements	124,329	-	-	-	124,329
Structures and Improvements	52,407,925	-	2,499,456	-	54,907,381
Water Collection System	125,654,769	8,412,708	1,454,892	-	135,522,369
Vehicles and Equipment	2,105,441	-	107,042	-	2,212,483
Total Depreciable Assets	<u>180,292,464</u>	<u>8,412,708</u>	<u>4,061,390</u>	<u>-</u>	<u>192,766,562</u>
Accumulated depreciation:					
Land Improvements	(66,063)	-	(4,405)	-	(70,468)
Structures and Improvements	(19,770,034)	-	(1,362,270)	-	(21,132,304)
Water Collection System	(22,786,598)	(1,288,090)	(2,855,916)	-	(26,930,604)
Vehicles and Equipment	(1,130,887)	-	(260,847)	-	(1,391,734)
Total Accumulated Depreciation	<u>(43,753,582)</u>	<u>(1,288,090)</u>	<u>(4,483,438)</u>	<u>-</u>	<u>(49,525,110)</u>
Total Depreciable Assets, Net	<u>136,538,882</u>	<u>7,124,618</u>	<u>(422,048)</u>	<u>-</u>	<u>143,241,452</u>
Total Capital Assets, Net	<u>\$146,773,302</u>	<u>\$ 7,124,618</u>	<u>\$ 2,372,974</u>	<u>\$ (678,194)</u>	<u>\$155,592,700</u>

See Independent Auditor's Report.

OTHER INDEPENDENT AUDITOR'S REPORT

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

District Board of Directors
Jurupa Community Services District
Jurupa Valley, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities the business-type activities, the aggregate discretely presented component units, and the aggregate remaining fund information of Jurupa Community Services District (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 20, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or a combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified a deficiency in internal control, as described in the accompanying schedule of findings and responses that we consider to be a material weakness, see finding 2017-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

District’ Response to the Finding

The District’s response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The District’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP
Glendora, California
November 20, 2017

JURUPA COMMUNITY SERVICES DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2017

NOTE: The finding and recommendation listed below include details about the criteria or specific requirements, the condition, the effect and the cause. The District response that follows the finding is the District's corrective action plan.

2017-001 RESTATEMENT OF CONTRIBUTED CAPITAL ASSETS

Finding: The District did not have a procedure in place to properly identify and capitalize in-tract water and sewer pipeline contributed by developers. As such, when the in-tract pipelines were accepted by the Board signaling ownership transfer and responsibility for the infrastructure, the related assets were not capitalized. This resulted in a prior year restatement of net position of \$30,124,779.

Recommendation: Establish an internal control system whereby the progress of in-tract infrastructure is tracked, and completion of projects is clearly communicated. Develop written procedures to identify Board acceptance of in-tract pipeline, including a written policy to value the in-tract pipeline to ensure that capital assets are recorded timely and at the proper fair value amount at the time the assets are accepted.

District Response: The District discovered the improper capitalization of the in-tract pipeline contributed by developers during the 2016-2017 fiscal year. The issue arose from the fact that the transactions involving contributed capital are non-monetary and generated by Board action. The in-tract pipelines had not been capitalized for last 17 years, so the District did a comprehensive study to identify all the in-tract pipelines for water and sewer that had not been capitalized. The District has also put procedures in place to alert the Finance department when the Board accepts in-tract pipelines, so the pipelines can be properly valued and capitalized at the time of acceptance. The District is also working on a written policy to document the process of tracking in-tract pipelines and how to fairly value the pipelines at the time of acceptance.

JURUPA COMMUNITY SERVICES DISTRICT

STATUS OF PRIOR YEAR FINDINGS

June 30, 2017

There were no findings related to the basic financial statements for the year ended June 30, 2016.

STATISTICAL SECTION

JURUPA COMMUNITY SERVICES DISTRICT STATISTICAL SECTION

This part of the District's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

- **Financial Trends** – These schedules contain information to help the reader understand how the District's financial performance and well-being have changed over time.
 - Net position by component
 - Changes in net position – Enterprise Operations
 - Changes in fund balances, Governmental Funds

- **Revenue Capacity** – These schedules contain information to help the reader assess the District's most significant own-source revenue, water sales.
 - Monthly usage water rates
 - Monthly water and sewer service charges
 - Ten largest customers
 - Annual water revenues
 - Direct and overlapping tax rates

- **Debt Capacity** – These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.
 - Debt coverage ratio
 - Outstanding Debt by type
 - Total debt to total assets ratio
 - Direct and overlapping debt

- **Demographic and Economic information** – These schedules offer demographic indicators to help the reader understand the environment within which the District's financial activities take place.
 - Demographic statistics
 - Economic statistics
 - Principal employers

- **Operating Information** – These schedules contains service and infrastructure data to help the reader understand how the information in the District's financial report relates to the service provided by the District.
 - Number of authorized employees
 - Water production sources
 - Water production monthly

JURUPA COMMUNITY SERVICES DISTRICT

**NET POSITION BY COMPONENT
Last Ten Fiscal Years**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Net investments in capital assets	\$ 178,193,473	\$ 195,609,957	\$ 163,516,374	\$ 234,118,206	\$ 253,739,571
Restricted	55,100,755	54,994,439	104,188,810	63,596,929	68,462,657
Unrestricted	<u>39,061,065</u>	<u>46,339,494</u>	<u>49,626,538</u>	<u>32,978,728</u>	<u>37,888,258</u>
Total Net Position	<u>\$ 272,355,293</u>	<u>\$ 296,943,890</u>	<u>\$ 317,331,722</u>	<u>\$ 330,693,863</u>	<u>\$ 360,090,486</u>
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Net investments in capital assets	\$ 269,013,166	\$ 297,019,512	\$ 305,843,901	\$ 328,587,577	\$ 363,758,965
Restricted	91,441,709	84,953,280	84,226,685	81,289,943	92,744,976
Unrestricted	<u>39,660,033</u>	<u>36,870,195</u>	<u>59,216,890</u>	<u>62,141,958</u>	<u>72,543,803</u>
Total Net Position	<u>\$ 400,114,908</u>	<u>418,842,987</u>	<u>449,287,476</u>	<u>472,019,478</u>	<u>529,047,744</u>

Source: Jurupa Community Service District

JURUPA COMMUNITY SERVICES DISTRICT

CHANGES IN NET POSITION-ENTERPRISE OPERATIONS Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Operating Revenues:											
Water revenues	\$ 15,885,528	\$ 16,123,352	\$ 20,298,430	\$ 24,310,344	\$ 26,398,139	\$ 29,551,327	\$ 30,385,862	\$ 31,297,958	\$ 31,035,318	\$ 31,295,176	\$ 32,812,650
Sewer revenues	7,477,249	7,242,395	8,287,781	9,466,418	11,376,518	12,768,919	14,638,311	15,952,553	16,523,992	17,481,851	17,779,196
Total Operating Revenue	23,362,777	23,365,747	28,586,211	33,776,762	37,774,657	42,320,246	45,024,173	47,250,511	47,559,310	48,777,027	50,591,846
Operating expenses											
Source of supply	9,342,308	7,797,553	8,133,015	9,869,836	9,661,292	10,018,377	11,615,333	11,834,918	11,665,300	15,202,199	12,417,801
Pumping	444,924	413,490	476,160	392,580	392,564	391,133	394,068	369,821	352,476	334,563	317,521
Water treatment	1,073,225	1,218,704	1,534,997	1,759,397	1,828,501	1,758,720	2,036,331	2,498,750	2,525,369	1,650,611	1,557,694
Transmission and distribution	1,674,804	1,473,568	1,686,121	1,571,063	1,968,706	1,884,289	2,042,544	2,916,168	2,773,225	2,671,853	2,223,930
Sewage collection	1,205,032	1,301,253	1,609,587	1,805,836	1,935,205	2,219,859	2,331,154	2,339,255	2,021,785	2,110,436	2,136,235
Sewage treatment	4,973,133	5,533,631	5,174,817	5,663,781	6,315,972	5,360,494	5,677,637	5,777,447	6,295,203	6,028,798	9,380,600
Customer service	1,784,351	1,819,163	1,964,970	2,232,936	2,485,096	2,402,791	2,245,012	2,143,285	1,815,536	1,725,399	2,269,934
General administrative	4,536,876	5,276,715	6,614,684	7,586,975	9,326,828	8,442,671	7,577,572	8,900,398	9,623,471	9,610,717	9,663,031
Operations and maintenance	-	-	-	-	-	1,297,112	951,934	1,466,479	195,770	173,520	7,185
Total Operating Expenses	25,034,653	24,834,077	27,194,351	30,882,404	33,914,164	33,775,446	34,871,585	38,246,521	37,268,135	39,508,096	39,973,931
Operating income (loss) before depreciation	(1,671,876)	(1,468,330)	1,391,860	2,894,358	3,860,493	8,544,800	10,152,588	9,003,990	10,291,175	9,268,931	10,617,915
Depreciation	(3,304,598)	(3,921,174)	(5,170,610)	(5,541,896)	(6,094,148)	(6,283,091)	(6,548,591)	(7,080,152)	(7,633,402)	(8,404,250)	(10,915,415)
Other Income (loss)	(4,976,474)	(5,389,504)	(3,778,750)	(2,647,538)	(2,233,655)	2,261,709	3,603,997	1,923,838	2,657,773	864,681	(297,500)
Non-operating revenues (expenses)											
Property tax revenue	2,385,881	2,827,891	2,363,064	2,747,849	2,301,206	2,200,721	2,106,187	2,273,061	2,443,908	2,687,080	3,021,312
Investment earnings	4,484,729	3,584,723	2,247,142	484,595	1,107,743	651,828	271,238	944,126	350,102	918,795	1,309,827
Interest expense	(1,230,191)	(1,097,776)	(1,428,991)	(2,493,453)	(2,048,038)	(1,795,574)	(1,733,748)	(904,732)	(503,916)	(996,448)	(1,228,649)
Other non-operating revenues (expenses), net	155,779	(363,383)	93,678	4,460,202	(54,066)	2,442,395	2,040,254	741,590	91,310	281,767	(703,199)
Total Non-Operating Revenues (Expenses), net	5,796,198	4,951,455	3,274,893	5,199,193	1,306,845	3,499,370	2,683,931	3,054,045	2,381,404	2,891,194	2,399,291
Income (Loss) Before Capital Contributions	819,724.00	(438,049)	(503,857)	2,551,655	(926,810)	5,761,079	6,287,928	4,977,883	5,039,177	3,755,875	2,101,791
Capital contributions:											
Facility fees	27,737,445	6,632,871	13,797,736	8,113,425	4,337,205	15,367,697	10,683,725	8,280,462	13,438,121	11,714,598	17,199,658
Contributions in aid of construction	-	-	-	-	-	-	2,591,371	4,825,014	12,811,299	6,815,900	5,690,476
Special Item	-	-	-	-	(3,270,800)	(1)	-	-	-	-	-
Capital contributions	27,737,445	6,632,871	13,797,736	8,113,425	1,066,405	15,367,697	13,275,096	13,105,476	26,249,420	18,530,498	22,890,134
Other Financing Source: Transfers (Out)	-	-	(47,045)	-	-	-	-	-	-	-	-
Change in Net Position	\$ 28,557,169	\$ 6,194,822	\$ 13,246,834	\$ 10,665,080	\$ 139,595	\$ 21,128,776	\$ 19,563,024	\$ 18,083,359	\$ 31,288,597	\$ 22,286,373	\$ 24,991,925

(1) Contingency accrual for legal matter settled in the following year

Source: Jurupa Community Service District

JURUPA COMMUNITY SERVICES DISTRICT

CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Property tax	\$ 114,975	\$ 233,862	\$ 225,528	\$ 248,694	\$ 254,236	\$ 418,394	\$ 356,536	\$ 298,788	\$ 264,522	\$ 163,613
Special assessments	5,818,115	7,443,743	6,951,235	7,376,984	7,383,369	7,467,966	7,472,600	8,268,007	8,629,390	8,871,387
Charges for services	204,839	341,043	628,404	840,778	1,057,534	1,332,873	1,644,006	1,749,704	1,978,491	2,296,666
Capital grants and contributions	6,618,222	10,179,322	10,641,969	9,897,026	2,076,743	9,241,958	11,372,866	6,997,463	2,774,515	239,734
Interest	323,736	223,684	85,552	77,718	45,056	24,203	76,269	177,633	243,015	152,365
Total Revenues	<u>13,079,887</u>	<u>18,421,654</u>	<u>18,532,688</u>	<u>18,441,200</u>	<u>10,816,938</u>	<u>18,485,394</u>	<u>20,922,277</u>	<u>17,491,595</u>	<u>13,889,933</u>	<u>11,723,765</u>
Expenditures										
Current:										
Eastvale parks	2,588,927	3,933,676	4,893,342	5,074,865	6,275,562	7,723,300	9,377,747	8,602,426	8,974,857	9,329,213
Graffiti abatement	104,269	182,666	238,879	273,797	252,765	305,632	369,200	340,051	294,523	193,612
Illumination district no. 2	257,887	314,160	304,932	316,265	267,408	302,459	304,674	268,044	315,767	254,931
Landscape and lighting	849,970	1,012,075	951,064	994,393	957,402	923,417	1,015,123	1,021,114	980,941	896,897
Debt Service										
Principal	-	-	-	372,000	372,000	2,370,000	-	-	-	-
Capital outlay	6,618,222	8,400,877	15,162,925	11,063,760	14,271,106	11,412,343	4,725,701	3,295,125	1,715,824	338,236
Total Expenditures	<u>10,419,275</u>	<u>13,843,454</u>	<u>21,551,142</u>	<u>18,095,080</u>	<u>22,396,243</u>	<u>23,037,151</u>	<u>15,792,445</u>	<u>13,526,760</u>	<u>12,281,912</u>	<u>11,012,889</u>
Other financing sources(uses)										
Proceeds from loan payable	-	-	3,300,000	-	-	-	-	-	-	-
Transfers in(out)	-	47,045	-	-	-	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>47,045</u>	<u>3,300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Fund Balances	2,660,612	4,625,245	281,546	346,120	(11,579,305)	(4,551,757)	5,129,832	3,964,835	1,608,021	710,877
Fund Balance, Beginning of Year	5,981,727	8,610,975	(1) 13,236,220	13,517,766	13,863,886	12,490,656	7,938,899	13,068,731	17,033,566	18,641,587
Fund Balance, Beginning of Year, As restated						(2) 12,490,656				
Fund Balance, End of Year	<u>\$ 8,642,339</u>	<u>\$ 13,236,220</u>	<u>\$ 13,517,766</u>	<u>\$ 13,863,886</u>	<u>\$ 2,284,581</u>	<u>\$ 7,938,899</u>	<u>\$ 13,068,731</u>	<u>\$ 17,033,566</u>	<u>\$ 18,641,587</u>	<u>\$ 19,352,464</u>

(1) Discrepancy in beginning fund balance not identified in audited financial statement information.

(2) Change in accounting principle and restatement of Beginning Fund Balance/Net Position.

Source: Jurupa Community Service District

JURUPA COMMUNITY SERVICES DISTRICT

**MONTHLY USAGE WATER RATE
Last Ten Fiscal Years**

Potable Water	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Tier 1:	\$0.81	\$0.98	\$1.14	\$1.30	\$1.30	\$1.30	\$1.30	\$1.41	\$1.51	\$1.46
Tier 2:	1.10	1.28	1.47	1.65	1.65	1.65	1.65	1.79	1.92	1.85
Tier 3:	1.35	1.54	1.72	1.90	1.90	1.90	1.90	2.06	2.21	2.13
Tier 4:	1.57	1.76	1.94	2.12	2.12	2.12	2.12	2.30	2.46	2.38
Irrigation (Potable)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Tier 1:	\$0.81	\$0.98	\$1.14	\$1.30	\$1.30	\$1.30	\$1.30	\$1.94	\$2.05	\$2.08
Tier 2:	1.10	1.28	1.47	1.65	1.65	1.65	1.65	0.00	0.00	0.00
Tier 3:	1.35	1.54	1.72	1.90	1.90	1.90	1.90	0.00	0.00	0.00
Tier 4:	1.57	1.76	1.94	2.12	2.12	2.12	2.12	0.00	0.00	0.00
Irrigation (Non-Potable)	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
All	\$0.72	\$0.72	\$0.72	\$0.72	\$0.72	\$0.72	\$0.72	\$0.90	\$0.94	\$0.98
Hydrant Meters	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Tier 1:	\$0.81	\$0.98	\$1.14	\$1.30	\$1.30	\$1.30	\$1.30	\$2.62	\$2.72	\$2.67
Tier 2:	1.10	1.28	1.47	1.65	1.65	1.65	1.65	3.00	3.13	3.06
Tier 3:	1.35	1.54	1.72	1.90	1.90	1.90	1.90	3.27	3.42	3.34
Tier 4:	1.57	1.76	1.94	2.12	2.12	2.12	2.12	3.51	3.67	3.59

Source: Jurupa Community Service District

JURUPA COMMUNITY SERVICES DISTRICT

**MONTHLY WATER AND SEWER SERVICE CHARGES
Last Ten Fiscal Years**

	Fixed monthly Base Potable Water Rate By Meter Size									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
5/8-Inch	\$15.62	\$20.49	\$25.36	\$30.23	\$30.23	\$30.23	\$30.23	\$25.36	\$25.36	\$28.68
3/4-Inch	20.63	25.45	30.28	35.10	35.10	35.10	35.10	30.28	30.28	34.24
1-Inch	34.61	42.58	50.54	58.50	58.50	58.50	58.50	50.54	50.54	57.16
1 1/2-Inch	75.00	89.00	102.99	116.99	116.99	116.99	116.99	102.99	102.99	116.47
2-Inch	110.70	136.20	161.69	187.19	187.19	187.19	187.19	161.69	161.69	182.86
3-Inch	282.59	383.39	484.18	584.97	584.97	584.97	584.97	484.18	484.18	547.57
4-Inch	511.79	731.18	950.56	1,169.95	1,169.95	1,169.95	1,169.95	950.56	950.56	1,075.00
6-Inch	902.53	1,225.66	1,548.78	1,871.91	1,871.91	1,871.91	1,871.91	1,548.78	1,548.78	1,751.54
8-Inch	996.48	1,366.27	1,736.05	2,105.83	2,105.83	2,105.83	2,105.83	1,736.05	1,736.05	1,963.32
10-Inch	1,244.37	1,726.54	2,208.71	2,690.88	2,690.88	2,690.88	2,690.88	2,208.71	2,208.71	2,497.86

MONTHLY SEWER CHARGE
Last Ten Fiscal Years

	Fixed monthly rate									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Monthly	\$20.60	\$ 11.39	\$ 13.67	\$ 15.72	\$ 17.60	\$ 20.25	\$ 20.25	\$ 23.95	\$ 23.95	\$ 24.89

Source: Jurupa Community Service District

JURUPA COMMUNITY SERVICES DISTRICT

TEN LARGEST CUSTOMERS
Fiscal Years Ended June 30, 2017 and 2008

Fiscal Year Ended June 30, 2017

Customer Name	HCF of		Revenue	% of Total
	Water	% of Total		
1. Koss Oak Quarry LLC	205,316	2.28%	\$ 220,295	0.70%
2. MC Management	121,165	1.34%	305,847	0.98%
3. Metal Container Corporation	107,837	1.20%	715,716	2.29%
4. Lewis Homecoming	83,123	0.92%	580,977	1.86%
5. Del Real Foods	81,222	0.90%	744,819	2.38%
6. Serafina HOA	42,053	0.47%	262,539	0.84%
7. Millard Refrigerated Services	32,213	0.36%	198,437	0.63%
8. Bravo Estates	31,835	0.35%	202,134	0.65%
9. Lewis Retail Center	29,495	0.33%	200,389	0.64%
10. CNUSD Roosevelt HS	25,686	0.28%	99,760	0.32%
	<u>759,945</u>	<u>8.43%</u>	<u>\$ 3,530,913</u>	<u>11.28%</u>

Fiscal Year Ended June 30, 2008

Customer Name	HCF of		Revenue	% of Total
	Water	% of Total		
1. Koss Oak Quarry LLC	259,911	2.29%	\$ 190,612	1.89%
2. Metal Container Corporation	95,000	0.84%	143,366	0.39%
3. Lewis Homecoming	66,703	0.59%	98,640	0.94%
4. Bravo Estates	50,301	0.44%	60,970	0.54%
5. Big League Field of Dreams	38,125	0.34%	40,642	0.39%
6. Millard Refrigerated Services	35,289	0.31%	51,098	0.40%
7. Mira Loma Middle School	29,385	0.26%	42,142	0.43%
8. Shaw Investments	27,836	0.25%	41,553	0.29%
9. Southern California Housing	25,604	0.23%	33,447	0.29%
10. MC Management	19,653	0.17%	81,588	0.73%
	<u>647,807</u>	<u>5.71%</u>	<u>\$ 784,058</u>	<u>6.29%</u>

Source: Jurupa Community Service District

JURUPA COMMUNITY SERVICES DISTRICT

ANNUAL WATER REVENUES Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Residential Water Sales</u>	<u>Commercial Water Sales</u>	<u>Irrigation Water Sales</u>	<u>Wholesale & Other Water Sales</u>	<u>Agricultural (Non-Potable)</u>	<u>Monthly Meter Service Charge</u>	<u>Other Charges and Services</u>	<u>Investment Earnings</u>	<u>Property Taxes</u>	<u>Other Revenues</u>	<u>Total</u>
2017	11,496,192	2,585,272	2,434,129	282,963	161,344	14,806,557	1,046,193	948,719	-	-	33,761,369
2016	10,539,381	2,413,737	2,217,670	505,857	296,819	14,080,399	1,241,313	671,691	-	354,902	32,321,769
2015	10,874,685	2,475,396	2,458,696	521,007	309,597	13,250,721	1,145,216	240,576	-	43,941	31,319,835
2014	11,590,093	2,950,524	2,496,480	529,401	163,120	12,671,042	897,298	660,905	-	404,894	32,363,757
2013	11,403,166	2,835,375	1,925,488	232,040	220,204	12,731,363	1,038,226	242,216	-	1,345,856	31,973,934
2012	10,971,689	2,906,469	1,532,026	586,692	224,528	12,382,554	947,369	397,983	-	2,242,231	29,949,310
2011	9,260,902	2,370,055	1,123,448	202,052	218,030	11,998,996	1,224,656	524,713	-	68,087	26,990,939
2010	9,436,340	2,220,592	980,823	251,581	183,140	10,445,800	792,066	241,699	-	4,086,100	28,638,141
2009	7,871,591	2,087,992	923,759	213,375	196,333	8,455,675	549,705	481,839	2,407	166,010	20,948,686
2008	5,748,174	1,950,666	782,189	257,532	136,739	6,652,549	595,502	1,197,449	82,363	-	17,403,163

Source: Jurupa Community Service District

JURUPA COMMUNITY SERVICES DISTRICT

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years**

Description	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Corona-Norco Unified School District General Obligation	0.04105	0.04032	0.04524	0.06614	0.06543	0.06844	0.06473	0.08540	0.09416	0.08313
Jurupa Unified School District General Obligation	0.03903	0.03855	0.04598	0.04927	0.04783	0.04914	0.04619	0.10368	0.10279	0.09633
Riverside Community College General Obligation	0.01254	0.01242	0.01499	0.01700	0.01702	0.01768	0.01791	0.01725	0.01649	0.01616
Metropolitan Water District General Obligation	0.00430	0.00430	0.00370	0.00370	0.00350	0.00350	0.00350	0.00350	0.00350	0.00350

Source: Albert A. Webb Associates



JURUPA COMMUNITY SERVICES DISTRICT

DEBT COVERAGE RATIO Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues										
Water Revenues	\$16,123,352	\$20,298,430	24,310,344	26,398,139	29,551,327	30,385,862	31,297,958	31,035,318	31,295,176	32,812,650
Sewer Revenues	7,242,395	8,287,781	9,466,418	11,376,518	12,768,919	14,638,311	15,952,553	16,523,992	17,481,851	17,779,196
Investment Earnings	3,584,723	2,247,142	484,595	1,107,743	651,828	271,238	944,126	350,102	918,795	1,309,827
Property Taxes	2,827,891	2,363,064	2,747,849	2,301,206	2,200,721	2,106,187	2,273,061	2,443,908	2,687,080	3,021,312
Other Revenue	-	93,678	4,460,202	-	2,442,395	2,040,254	741,590	91,310	281,767	-
Total Revenues	29,778,361	33,290,095	41,469,408	41,183,606	47,615,190	49,441,852	51,209,288	50,444,630	52,664,669	54,922,985
Expenses										
Source of supply	7,797,553	8,133,015	9,869,836	9,661,292	10,018,377	11,615,333	11,834,918	11,665,300	15,202,199	12,417,801
Pumping	413,490	476,160	392,580	392,564	391,133	394,068	369,821	352,476	334,563	317,521
Water treatment	1,218,704	1,534,997	1,759,397	1,828,501	1,758,720	2,036,331	2,498,750	2,525,369	1,650,611	1,557,694
Transmission and distribution	1,473,568	1,686,121	1,571,063	1,968,706	1,884,289	2,042,544	2,916,168	2,773,225	2,671,853	2,223,930
Sewage collection	1,301,253	1,609,587	1,805,836	1,935,205	2,219,859	2,331,154	2,339,255	2,021,785	2,110,436	2,136,235
Sewage treatment	5,533,631	5,174,817	5,663,781	6,315,972	5,360,494	5,677,637	5,777,447	6,295,203	6,028,798	9,380,600
Customer service	1,819,163	1,964,970	2,232,936	2,485,096	2,402,791	2,245,012	2,143,285	1,815,536	1,725,399	2,269,934
General administrative	5,276,715	6,614,684	7,586,975	9,326,828	8,442,671	7,577,572	8,900,398	9,623,501	9,610,717	9,663,031
Operations and maintenance	-	-	-	-	1,297,112	951,934	1,466,479	195,770	173,520	7,185
Other expenses	363,383	-	-	54,066	-	-	-	-	-	703,199
Total Expenses	25,197,460	27,194,351	30,882,404	33,968,230	33,775,446	34,871,585	38,246,521	37,268,165	39,508,096	40,677,130
Net Revenues	4,580,901	6,095,744	10,587,004	7,215,376	13,839,744	14,570,267	12,962,767	13,176,465	13,156,573	14,245,855
Debt Service										
Principal	890,230	983,412	17,494,850	1,869,873	1,943,978	4,003,800	1,724,014	1,823,770	1,848,859	1,885,895
Interest	1,097,776	1,428,991	2,493,453	2,048,038	1,795,574	1,733,748	904,732	503,916	996,448	1,228,649
Total Debt Service	1,988,006	2,412,403	19,988,303	3,917,911	3,739,552	5,737,548	2,628,746	2,327,686	2,845,307	3,114,544
Net Revenues after Debt Service	2,592,895	3,683,341	(9,401,299)	3,297,465	10,100,192	8,832,719	10,334,021	10,848,779	10,311,266	11,131,311
Debt Service Coverage Ratio	2.30	2.53	0.53	1.84	3.70	2.54	4.93	5.66	4.62	4.57

Source: Jurupa Community Service District

JURUPA COMMUNITY SERVICES DISTRICT

**OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years**

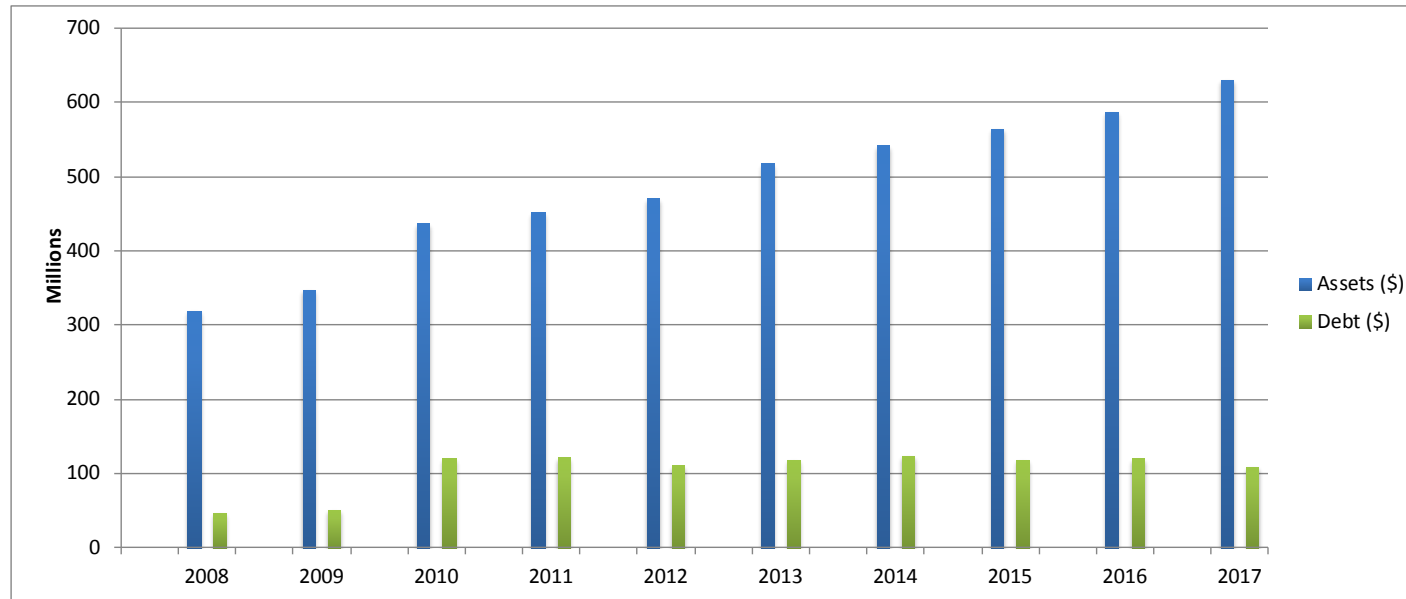
Fiscal Year	Bonds	Certificate of Participation	Loans	Total
2017	\$ -	\$ 60,174,961	\$ 6,578,727	\$ 66,753,688
2016	-	61,586,283	7,053,300	68,639,583
2015	-	62,942,605	7,545,837	70,488,442
2014	-	64,193,142	8,119,071	72,312,213
2013	-	65,540,249	8,495,978	74,036,227
2012	-	66,415,394	11,253,456	77,668,850
2011	-	67,598,300	12,014,528	79,612,828
2010	-	68,711,206	12,771,495	81,482,701
2009	-	16,747,286	10,243,075	26,990,361
2008	114,136	17,214,630	10,645,007	27,973,773

Source: Jurupa Community Service District

JURUPA COMMUNITY SERVICES DISTRICT

TOTAL DEBT TO ASSETS RATIO Last Ten Fiscal Years

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Assets (\$)	318,367,438	346,879,904	436,126,115	451,353,720	469,879,746	516,925,773	541,792,371	564,540,485	586,746,714	630,211,886
Debt (\$)	46,012,145	49,936,014	118,794,393	120,659,857	109,789,260	117,168,626	123,293,729	117,484,619	119,289,070	108,039,274
Ratio (%)	14.45	14.40	27.24	26.73	23.37	22.67	22.76	20.81	20.33	17.14



Source: Jurupa Community Service District

JURUPA COMMUNITY SERVICES DISTRICT

DIRECT AND OVERLAPPING DEBT

June 30, 2017

I. Assessed Value

2016-2017 Equalized Roll Secured Assessed Valuation of the Jurupa Community Services District, dated August 17, 2016 **\$14,243,640,428** ⁽¹⁾

II. Land Secured Bond Indebtedness

<u>Outstanding Direct and Overlapping Bonded Debt</u>	<u>% Applicable</u>	<u>Debt 6/30/17</u>
JURUPA COMMUNITY SERVICES DISTRICT (JCSD) COMMUNITY FACILITIES DISTRICTS	100.00	\$321,550,000 ⁽²⁾
JURUPA UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICTS WITHIN JCSD BOUNDARY	100.00	\$50,090,000 ⁽³⁾
CORONA-NORCO UNIFIED SCHOOL DISTRICT COMMUNITY FACILITIES DISTRICTS WITHIN JCSD BC	100.00	\$84,631,461 ⁽⁴⁾
TOTAL OUTSTANDING DIRECT AND OVERLAPPING BONDED DEBT		<u>\$456,271,461</u>

III. General Obligation Bond Indebtedness

<u>Outstanding Direct and Overlapping Bonded Debt</u>	<u>% Applicable</u>	<u>Debt 6/30/17</u>
CORONA-NORCO UNIFIED SCHOOL DISTRICT	24.34	\$80,147,880 ⁽⁵⁾
JURUPA UNIFIED SCHOOL DISTRICT	76.10	\$100,283,826 ⁽⁶⁾
METROPOLITAN WATER DISTRICT	0.55	\$409,162 ⁽⁷⁾
RIVERSIDE COMMUNITY COLLEGE	15.12	\$39,645,663 ⁽⁸⁾
TOTAL OVERLAPPING GENERAL FUND DEBT		<u>\$220,486,532</u>

IV. Long Term Debt

<u>LONG TERM DEBT:</u>	<u>% Applicable</u>	<u>Debt 6/30/17</u>
JCSD 2010A SEWER CERTIFICATES OF PARTICIPATION	100.00	\$5,395,000 ⁽⁹⁾
JCSD 2010B SEWER CERTIFICATES OF PARTICIPATION	100.00	\$27,495,000 ⁽¹⁰⁾
JCSD 2010A WATER CERTIFICATES OF PARTICIPATION	100.00	\$6,975,000 ⁽¹¹⁾
JCSD 2010B WATER CERTIFICATES OF PARTICIPATION	100.00	\$19,940,000 ⁽¹²⁾
STATE WATER RESOURCES CONTROL BOARD LOAN	100.00	\$214,448 ⁽¹³⁾
WESTERN MUNICIPAL WATER DISTRICT LOAN	100.00	\$6,364,277 ⁽¹⁴⁾
TOTAL LONG TERM DEBT		<u>\$66,383,725</u>

JURUPA COMMUNITY SERVICES DISTRICT

DIRECT AND OVERLAPPING DEBT

June 30, 2017

TOTAL OF ALL OUTSTANDING DIRECT AND OVERLAPING BONDED DEBT ⁽¹⁵⁾	\$743,141,718
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V. Ratios to 2016-2017 Assessed Valuation and Percent Applicable

	<u>% Applicable</u>	<u>Value-to-Lien Ratio</u>
Land Secured Bond Indebtedness	100.00	31.22:1
General Obligation Bond Indebtedness	27.62	64.60:1
Long Term Debt	100.00	214.57:1
Total Debt	56.26	19.17:1

Sources

- | | |
|--|--|
| ⁽¹⁾ 2016-17 Secured Assessed Valuation as of August 17, 2016 | Riverside County Auditor-Controller for FY 16-17 |
| ⁽²⁾ Jurupa Community Services District (JCSD) Community Facilities Districts | Albert A. Webb Associates and JCSD |
| ⁽³⁾ Jurupa Unified School District Community Facilities Districts within JCSD boundary | Cooperative Strategies |
| ⁽⁴⁾ Corona-Norco Unified School District Community Facilities Districts within JCSD boundary | Special District Financing & Administration |
| ⁽⁵⁾ Corona-Norco Unified School District | Piper Jaffray & Co. |
| ⁽⁶⁾ Jurupa Unified School District | Jurupa Unified School District |
| ⁽⁷⁾ Metropolitan Water District | Metropolitan Water District |
| ⁽⁸⁾ Riverside Community College | Piper Jaffray & Co. |
| ⁽⁹⁾ JCSD 2010A Sewer Certificates of Participation | Fieldman, Rolapp & Associates, Inc. |
| ⁽¹⁰⁾ JCSD 2010B Sewer Certificates of Participation | Fieldman, Rolapp & Associates, Inc. |
| ⁽¹¹⁾ JCSD 2010A Water Certificates of Participation | Fieldman, Rolapp & Associates, Inc. |
| ⁽¹²⁾ JCSD 2010B Water Certificates of Participation | Fieldman, Rolapp & Associates, Inc. |
| ⁽¹³⁾ State Water Resources Control Board Loan | Jurupa Community Services District |
| ⁽¹⁴⁾ Western Municipal Water District Loan | Jurupa Community Services District |
| ⁽¹⁵⁾ As of the date above, Albert A. Webb Associates is not aware of any additional bonded debt for parcels in the District for the referenced Fiscal Year 2016-2017. | |

Source: Albert A. Webb Associates

See Direct and Overlapping Debt Endnotes for a complete list of references cited in this table.

JURUPA COMMUNITY SERVICES DISTRICT

**DEMOGRAPHIC STATISTICS
Last Ten Calendar Years**

	Riverside County Population	Growth (%)	City of Eastvale Population (1)	Growth (%)	City of Jurupa Valley Population (2)	Growth (%)
2017	2,384,783	1.6%	64,613	2.3%	101,315	3.2%
2016	2,347,828	1.3%	63,162	3.8%	98,177	0.4%
2015	2,317,924	1.2%	60,825	2.8%	97,738	0.0%
2014	2,291,093	1.1%	59,151	-0.1%	97,774	0.5%
2013	2,266,549	1.2%	59,185	3.4%	97,246	0.5%
2012	2,239,715	1.2%	57,251	3.0%	96,745	0%
2011	2,212,874	1.5%	55,602	0%	n/a	n/a
2010	2,179,692	1.8%	n/a	n/a	n/a	n/a
2009	2,140,626	1.8%	n/a	n/a	n/a	n/a
2008	2,102,741	2.6%	n/a	n/a	n/a	n/a

(1)- City of Eastvale incorporated on October 1, 2010

(2)- City of Jurupa Valley incorporated on July 1, 2011

Source: State of California Department of Finance, City of Eastvale, City of Jurupa Valley,
Riverside County Economic Development Agency

JURUPA COMMUNITY SERVICES DISTRICT

ECONOMIC STATISTICS Current and Last Six Fiscal Years

Calendar Year	Population	Personal Income in Thousands	Per Capita Personal Income	Median Age	Unemployment Rate
2017	165,928	3,907,936	23,552	31	5.5%
2016	161,339	3,618,715	22,429	31	6.7%
2015	158,563	3,536,879	22,306	31	8.6%
2014	156,925	3,536,746	22,538	31	8.6%
2013	156,431	2,763,874	17,668	30	10.7%
2012	153,996	2,726,804	17,707	29	12.2%
2011	55,602	1,514,209	27,233	30	13.5%

(1)- City of Eastvale incorporated on October 1, 2010

(2)- City of Jurupa Valley incorporated on July 1, 2011

Source: City of Eastvale, City of Jurupa Valley, United States Census Bureau, U.S Bureau of Labor Statistics

JURUPA COMMUNITY SERVICES DISTRICT

**PRINCIPAL EMPLOYERS
Current Fiscal Year and Nine Years Ago**

Employer	2008		2017	
	Number of Employees	Percentage of Total Employment	Number of Employees	Percentage of Total Employment
County of Riverside	19,595	2.31%	22,538	2.29%
March Air Reserve Base	8,400	0.99%	8,500	0.86%
U.C. Riverside	6,657	0.79%	8,686	0.88%
Amazon			7,500	0.76%
Stater Brothers Market	6,425	0.76%		
Riverside Unified School District	4,041	0.48%	4,236	0.43%
Pechanga Resort & Casino	4,800	0.57%	4,000	0.41%
Abott Vascular	4,500	0.53%		
Corona- Norco Unified School District			5,399	0.55%
Riverside University Health System			3,876	0.39%
Riverside Community College District	3,753	0.44%		
Eisenhower Medical Center			3,665	0.37%
Kaiser Permanente	3,200	0.38%	5,739	0.58%
Temecula Valley Unified School District	2,952	0.35%		
	<u>64,323</u>	<u>7.60%</u>	<u>74,139</u>	<u>7.54%</u>

Sources: County of Riverside, Riverside County Economic Redevelopment Agency

JURUPA COMMUNITY SERVICES DISTRICT

**NUMBER OF AUTHORIZED EMPLOYEES
Full-Time and Part-Time Employees as of June 30,**

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Administration	8	8	9	9	11	8.5	5	5	5	5
Customer Service	11	12	13	13	14	14	14	14	14	14
Engineering	9	11	12	10	10	9	11	11	11	11
Finance	9	9	9	9	9	9	10	11	11	11
Human Resources	2	2	3	3	3	3	3	3	3	3
Sewer	17	12	13	13	15	16	16	16	17	18
Water	27	39	39	39	40.5	39.5	41.5	45.5	46.5	49.5
Parks	11	13.5	19.5	19.5	22	25	29	29	30	30
IT	0	1	2	2	2	2	6.5	7.5	8	8
Total Employees	<u>94</u>	<u>107.5</u>	<u>119.5</u>	<u>117.5</u>	<u>126.5</u>	<u>126</u>	<u>136</u>	<u>142</u>	<u>145.5</u>	<u>149.5</u>

Source: Jurupa Community Services District Budgets

JURUPA COMMUNITY SERVICES DISTRICT

WATER PRODUCTION SOURCES (AF)

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Chino Basin (Potable)</u>	<u>Chino Basin (Non-Potable)</u>	<u>Temescal Basin (Non-Potable)</u>	<u>Riverside Basin (Non-Potable)</u>	<u>Chino Desalter Authority</u>	<u>Purchased</u>	<u>Total Production</u>
2017	10,670	237	0	474	8,223	5,692	25,296
2016	8,992	238	95	452	8,184	4,133	22,094
2015	12,420	308	117	451	8,541	2,522	24,359
2014	18,084	362	81	526	8,644	694	28,391
2013	17,168	280	0	519	8,073	739	26,779
2012	15,982	305	0	545	8,219	724	25,775
2011	14,428	212	0	421	8,318	806	24,185
2010	15,763	212	0	507	8,675	679	25,836
2009	19,488	259	0	593	8,623	315	29,278
2008	16,526	250	0	605	8,797	1,665	27,843

Source: Jurupa Community Service District

JURUPA COMMUNITY SERVICES DISTRICT

**WATER PRODUCTION MONTHLY (AF)
Last Ten Fiscal Years**

Month	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
January	759.60	1,534.00	1,175.46	1,218.39	1,497.93	1,377.66	1,924.20	1,329.37	1,170.67	987.72
February	514.50	1,055.06	858.23	1,233.93	1,470.87	1,248.40	1,475.60	1,347.92	1,487.61	2,646.47
March	1,112.90	1,659.93	1,338.86	1,323.42	1,568.04	1,880.65	1,670.49	1,832.10	1,487.91	1,526.61
April	1,694.70	2,084.80	1,700.57	1,838.44	1,859.01	2,130.78	2,248.40	2,025.12	1,838.74	2,090.15
May	2,030.70	2,774.41	2,481.84	2,533.38	2,577.59	2,764.45	2,909.15	1,795.04	2,076.96	2,360.29
June	2,269.90	2,624.46	2,813.30	2,634.78	2,761.44	2,178.00	3,004.13	2,299.59	2,345.83	2,619.09
July	3,326.96	3,317.94	2,966.98	3,085.55	3,082.25	3,170.59	3,153.01	2,198.37	2,667.60	N/A
August	3,471.80	3,225.62	3,025.86	2,917.18	3,205.82	3,114.72	2,838.56	2,484.65	2,771.60	N/A
September	2,944.78	3,057.62	2,724.46	2,580.39	2,903.84	2,844.12	2,606.18	1,979.04	2,443.01	N/A
October	3,129.16	2,520.74	1,921.43	2,236.35	2,250.63	2,393.65	2,309.14	1,931.71	1,986.67	N/A
November	2,031.55	2,149.22	1,687.87	1,780.46	1,773.65	1,924.71	1,807.71	1,752.75	1,695.26	N/A
December	1,202.50	1,183.92	1,100.88	1,519.42	1,089.33	1,712.39	1,015.41	1,405.40	1,501.66	N/A

Source: Jurupa Community Service District