

**MISSION SPRINGS WATER DISTRICT**  
**DESERT HOT SPRINGS, CALIFORNIA**

**INDEPENDENT AUDITORS' REPORT,**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS,**  
**FINANCIAL STATEMENTS, REQUIRED**  
**SUPPLEMENTARY INFORMATION AND**  
**SUPPLEMENTARY INFORMATION**

**JUNE 30, 2015**

**MISSION SPRINGS WATER DISTRICT**

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**MISSION SPRINGS WATER DISTRICT**

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Mission Springs Water District  
Desert Hot Springs, California

### **Report on the Financial Statements**

We have audited the accompanying combined statement of net position, combined statement of revenues, expenses and changes in net position, and combined statement of cash flows of Mission Springs Water District (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. The prior year summarized information has been derived from the District's 2014 financial statements and, in our report dated November, 13, 2014 we expressed an unqualified opinion on those financial statements.

### **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 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 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 audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

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 combined statement of net position, combined statement of revenues, expenses and changes in net position, and combined statement of cash flows of Mission Springs Water District, as of June 30, 2015, 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.

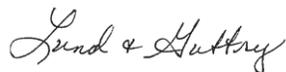
## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 - 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2015, on our consideration of the Mission Springs Water 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 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 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 Mission Springs Water District's internal control over financial reporting and compliance and should be read in conjunction with this report in considering the results of our audit.



November 12, 2015

**MANAGEMENT'S DISCUSSION**  
**AND ANALYSIS**

**MISSION SPRINGS WATER DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2015 AND 2014**

**DESCRIPTION AND SCOPE OF MISSION SPRINGS WATER DISTRICT**

Mission Springs Water District (M.S.W.D.), formerly called Desert Hot Springs County Water District, was formed in 1953. M.S.W.D. is located in the Coachella Valley of Southern California, ten miles north of the City of Palm Springs. The boundaries encompass an area of 135 square miles, within which the district maintains and operates pipelines, 14 water wells, 24 reservoirs and 2 waste water treatment plants. The primary service area is the City of Desert Hot Springs.

Mission Springs Water District is comprised of the following:

Water District – The water district serves 12,986 water accounts, of which 95% are residential customers.

Sewer District – The sewer district provides sewage collection, treatment and disposal services to 7,658 single-family residences and 873 commercial establishments.

General District – The general district provides administrative support to operate the water and sewer districts.

**DESCRIPTION OF BASIC FINANCIAL STATEMENTS**

Mission Springs Water District operates as a utility enterprise fund. The governing body intends to provide service to the general public on a continuing basis and to recover costs through a system of user fees. The district maintains its financial records and prepares financial statements using the accrual basis of accounting. Required financial statements included in this report are a Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows. Additional statements and notes to the financial statements are provided to explain some of the information in the financial statements and provide more detailed data.

**CONDENSED FINANCIAL INFORMATION**

The following condensed financial information provides an overview of M.S.W.D.'s financial activities for the fiscal year ended June 30, 2015.

**NET POSITION**

Net position, the difference between assets and liabilities, increased 0.7 percent, or \$852,976 to \$126,380,838 from June 30, 2014. Other assets and other liabilities are net of \$2,311,331 (2014) of inter-fund loans.

	<u>June 30,</u> <u>2015</u>	<u>June 30,</u> <u>2014</u>	<u>Change</u>
<b>Assets</b>			
Capital assets, net	\$ 119,619,976	\$ 121,442,637	(\$1,822,661)
Other assets	<u>28,986,767</u>	<u>24,218,264</u>	<u>4,768,503</u>
Total assets	<u>148,606,743</u>	<u>145,660,901</u>	<u>2,945,842</u>
<b>Liabilities</b>			
Long-term liabilities	11,343,094	9,292,445	2,050,649
Other liabilities	<u>10,882,811</u>	<u>10,840,594</u>	<u>42,217</u>
Total liabilities	<u>22,225,905</u>	<u>20,133,039</u>	<u>2,092,866</u>
<b>Net Position</b>			
Invested in capital assets, net of debt	104,495,939	108,572,507	(4,076,568)
Restricted for:			
Debt service	807,507	144,350	663,157
Other purposes	23,656,558	24,328,832	(672,274)
Unrestricted (Deficit)	<u>(2,579,166)</u>	<u>(7,517,827)</u>	<u>4,938,661</u>
Total net position	<u>\$126,380,838</u>	<u>\$125,527,862</u>	<u>\$ 852,976</u>

**MISSION SPRINGS WATER DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2015 AND 2014**

**CAPITAL ASSETS, NET**

Decreased \$1,822,661, or 1.5 percent. The following list presents a summary of capital expenditures.

Waterlines	\$ 794,934
Water meters	57,592
Sewer lines	50,403
Sewer plant	72,937
Other acquisitions	608,289
Increase in construction in progress	506,912
Less depreciation	<u>(3,913,728)</u>
Total, net	<u>(\$ 1,822,661)</u>

**Schedule of Capital Assets (net of depreciation)**

	June 30, 2015	June 30, 2014	Change
Intangible plant	\$ 1,852,714	\$ 1,527,663	\$ 325,051
Land and land rights	1,375,597	1,375,626	(29)
Source of supply	5,234,289	5,403,677	(169,388)
Pumping plant	11,558,022	12,010,137	(452,115)
Transmission, distribution and storage	37,571,470	38,103,904	(532,434)
Buildings and grounds	682,676	742,494	(59,818)
Furniture and fixtures	418,767	482,920	(64,153)
Radio equipment	802	2,453	(1,651)
Shop equipment	6,100	7,411	(1,311)
Autos, trucks and heavy equipment	132,707	170,680	(37,973)
Sewage collection facilities	45,320,666	46,403,003	(1,082,337)
Sewage treatment plants	9,745,866	9,987,954	(242,088)
Other plant in service	121,692	133,019	(11,327)
Construction in progress	5,598,608	5,091,696	506,912
Capital assets, net	<u>\$ 119,619,976</u>	<u>\$121,442,637</u>	<u>(\$1,822,661)</u>

**MISSION SPRINGS WATER DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2015 AND 2014**

**OTHER ASSETS**

Increased \$4,768,503, or 20.0 percent. The following list presents a summary of other assets and changes from June 30, 2014.

<u>Description</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>	<u>Change</u>	<u>Explanation</u>
Current assets – cash	\$ 1,181,628	\$ 1,417,822	(\$ 236,194)	
Restricted assets – cash	16,141,679	8,492,028	7,649,651	
Total cash	17,323,307	9,909,850	7,413,457	(1)
Assessments receivable	9,298,044	9,903,745	(605,701)	
Accounts and notes receivable	1,646,891	3,803,224	(2,156,333)	(2)
All other	718,525	601,445	117,080	
Totals	<u>\$ 28,986,767</u>	<u>\$ 24,218,264</u>	<u>\$ 4,768,503</u>	(3)

(1) Refer to page 15, Combined Statement of Cash Flows.

(2) Ordinary and necessary operations, as well as approximately \$1.3 Million receivable at June 30, 2014, received during 2015.

(3) Net of inter-fund loan of \$0 (2015) and \$2,311,331 (2014)

**LONG-TERM LIABILITIES**

Increased \$2,050,649, or 22.0 percent. This increase consists of:

New debt incurred	\$ 3,030,753
Payment on debt during year – less prepaid in June 2015	(783,065)
Increase in long-term liabilities reclassified to current	<u>(197,039)</u>
Increase in long-term liabilities	<u>\$ 2,050,649</u>

**LIABILITIES OTHER THAN LONG-TERM DEBT**

Increased \$42,217 or 0.4 percent. Effective June 30, 2015, prior year Liabilities other than Long-Term were restated to conform to GASB 68 requirements with an increase of \$5,388,133 to liabilities and decrease to net position at June 30, 2014. Net pension liability at June 30, 2015 amounted to \$4,849,312. Also note that inter-fund loan of \$2,311,331 (2014) was paid back during the year ended June 30, 2015.

**MISSION SPRINGS WATER DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2015 AND 2014**

**NET POSITION**

Invested In Capital Assets, Net Of Debt:

Decreased \$4,076,568 or 3.8 percent, from June 30, 2014.

Restricted "Net Position" decreased \$9,117. The balances are reserved primarily for capital replacements and debt service.

Unrestricted Net Position increased \$4,938,661, or 65.7 percent, from the previous year. Unrestricted Net Position consists of net amounts that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

However, certain of the unrestricted net position are authorized by the Board to be used for the CIP program. See below for the decrease in Unrestricted Net Position by \$5,388,133 at June 30, 2014 to conform with GASB 68 implementation during the fiscal year ended June 30, 2015 (See also Footnote No. 1).

**CHANGES IN NET POSITION**

The increase in net position for fiscal year 2015 was \$852,976. A comparative detailed analysis of all operating revenues, functional operating expenses and non-operating revenues and expense items are presented in the "COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY FUNCTION", on page 49.

	June 30, 2015	June 30, 2014	Change
Total operating revenues	\$ 11,193,123	\$ 10,930,632	\$ 262,491
Total operating expenses	<u>(8,834,594)</u>	<u>(8,477,573)</u>	<u>(357,021)</u>
Operating income (loss) before depreciation	2,358,529	2,453,059	(94,530)
Depreciation	<u>(3,913,728)</u>	<u>(3,612,694)</u>	<u>(301,034)</u>
Operating income (loss)	(1,555,199)	(1,159,635)	(395,564)
Non-operating revenues, net	<u>2,408,175</u>	<u>5,395,218</u>	<u>(2,987,043)</u>
Increase (decrease) in net position	852,976	4,235,583	(3,382,607)
Beginning net position, as previously stated at June 30, 2014	130,915,995	126,680,412	4,235,583
Prior period adjustment	<u>(5,388,133)</u>	-	<u>(5,388,133)</u>
Beginning net position as restated at July 1, 2014	<u>125,527,862</u>	<u>126,680,412</u>	<u>(1,152,550)</u>
Ending net position	<u>\$ 126,380,838</u>	<u>\$ 130,915,995</u>	<u>\$ (4,535,157)</u>

Operating revenue analysis:

	June 30, 2015	June 30, 2014	Change
Water service charge	\$ 1,426,763	\$ 1,413,110	\$ 13,653
Water consumption charge	4,830,181	5,009,489	(179,308)
Water meter sales	17,566	8,330	9,236
Sewer service charges	4,151,325	3,775,588	375,737
Other	<u>767,288</u>	<u>724,115</u>	<u>43,173</u>
Total operating revenue	<u>\$ 11,193,123</u>	<u>\$ 10,930,632</u>	<u>\$ 262,491</u>

**MISSION SPRINGS WATER DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2015 AND 2014**

**CHANGES IN NET POSITION** (continued)

Operating expenses analysis:

	June 30, 2015	June 30, 2014	Change	<u>Explanation</u>
Salaries and benefits	\$ 4,543,836	\$ 4,492,864	\$ 50,972	
Electricity	1,185,057	1,126,236	58,821	
Water replenishment fees	94,391	91,960	2,431	
Engineering	48,960	22,546	26,414	
Legal	175,325	133,508	41,817	
Interest	528,887	354,788	174,099	(1)
Other	2,258,138	2,255,671	2,467	
Total operating expenses before depreciation	<u>\$ 8,834,594</u>	<u>\$ 8,477,573</u>	<u>\$ 357,021</u>	
Depreciation expense	<u>\$ 3,913,728</u>	<u>\$ 3,612,694</u>	<u>\$ 301,034</u>	

Depreciation expense increased \$301,034 or 8.3 percent, due to additional capital assets placed into service at June 30, 2015 and 2014 with a cost basis of \$1,584,153 and \$15,105,165, respectively, and other assets becoming fully depreciated during 2015.

(1) Additional Assessment District #12 Long Term Debt incurred during the year ended June 30, 2015 (See also Footnote No. 5).

“Net non-operating revenues”, decreased \$2,987,043 or 55.4 percent.

	June 30, 2015	June 30, 2014	Change
Backup and front footage fees, water and sewer	\$ 250,226	\$ 1,298,376	\$ (1,048,150)
Contributed infrastructure	776,168	59,506	716,662
Federal and State grants	200,897	2,624,497	(2,423,600)
Property taxes	1,584,299	1,534,979	49,320
Interest on investments	436,837	493,645	(56,808)
Interest expense	(528,887)	(354,788)	(174,099)
Other	(311,365)	(260,997)	(50,368)
Total non-operating revenues, net	<u>\$ 2,408,175</u>	<u>\$ 5,395,218</u>	<u>\$ (2,987,043)</u>

Decreases in backup and front footage fees, water and sewer and Federal and State grants are due to areas of AD #12 being constructed during the year ended June 30, 2014.

**MISSION SPRINGS WATER DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2015 AND 2014**

**CHANGES IN NET POSITION** (continued)

Connection fees are charged when customers connect to the water and/or sewer systems. Single-family residences pay \$4,353 water connection fee and \$2,520 sewer connection fee.

Grants were received in fiscal year 2015 and 2014 to assist with the construction of water and sewer infrastructure. (See Note 20)

Property tax revenues are allocated to the district by Riverside County.

Interest collected from property assessments related to sewer assessment districts decrease approximately \$73,000.

Interest on investments increased \$18,116 from the Local Agency Investment Fund (L.A.I.F.) and yields increased from 0.22% to 0.28% between July 1, 2014 and June 30, 2015. The District's investment on deposit with L.A.I.F. increased \$7,324,984 for the same period.

**ASSESSMENT DISTRICT #13**

Assessment District #13 was sponsored by Mission Springs Water District (MSWD). This A.D. was for Century Vintage Homes, Mountain View Estates sub-division in Desert Hot Springs. The project consisted of "on-site" water and sewer systems and water and sewer connection fees paid to MSWD for 439 single family residential units. Bonds in the amount of \$7,200,000 were issued on December 13, 2005. All financial activity is excluded from the financial statements and footnotes of this audit report. Following is an excerpt from the official statement prepared by the underwriters, Stone & Youngberg, LLC.

"The bonds are limited obligation improvement bonds and are secured solely by the assessments and the amounts pledged under the indenture. Neither the faith and credit nor the taxing power of the water district... is pledged to the payment of the bonds."

**CALIFORNIA DROUGHT**

On April 1, 2015, Governor Brown issued executive order B-29-15 to strengthen the State's ability to manage water and habitat effectively in drought conditions. The order directed the State Water Resource Control Board ("State Water Board") to impose restrictions on urban water suppliers to achieve a statewide 25 percent reduction in portable urban water usage through February 2016. On August 31, 2015 the District received a conservation order from the State Water Board due to not meeting its individual 28% conservation target. This conservation order, among other increased conservation efforts, mandated the District to implement its in process rate study/action by March 21, 2016. The District is in the process of implementing this rate study/action, which includes a component to recover revenue lost as a result of conservation, as well as all other components of the conservation order by the mandated deadline.

**FINANCIAL STATEMENTS**

**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF NET POSITION**  
**JUNE 30, 2015**

**WITH COMPARATIVE TOTALS FOR JUNE 30, 2014**

	2015			2014	
	Water District	Sewer District	General District	Total Combined	(Memorandum only) Combined
<b>CURRENT ASSETS</b>					
Cash	\$ 390,427	\$ 400,150	\$ 391,051	\$ 1,181,628	\$ 1,417,822
Accounts receivable:					
Water and sewer	1,196,851	275,250	-	1,472,101	1,522,658
Other	110,426	64,364	-	174,790	2,280,566
Note receivable due in 12 months	11,734	-	-	11,734	2,638
Interest receivable	-	-	5,736	5,736	1,887
Prepaid expenses	-	-	135,722	135,722	139,150
Inventory	-	-	324,231	324,231	325,078
Interfund loan	-	-	-	-	2,311,331
Total current assets	1,709,438	739,764	856,740	3,305,942	8,001,130
<b>NOTE RECEIVABLE, LONG TERM</b>	127,815	-	-	127,815	24,736
<b>RESTRICTED ASSETS</b>					
Cash	2,355,881	3,799,100	9,986,698	16,141,679	8,492,028
Assessments receivable	-	9,298,044	-	9,298,044	9,903,745
Interest receivable	1,745	2,462	1,050	5,257	1,535
Taxes receivable	45,650	15,117	23,506	84,273	78,992
Issuance costs for long-term debt	12,783	10,974	-	23,757	27,429
Total restricted assets	2,416,059	13,125,697	10,011,254	25,553,010	18,503,729
<b>UTILITY PLANT</b>					
Utility plant	89,823,074	76,180,135	4,631,040	170,634,249	168,543,182
Less accumulated depreciation	(31,316,148)	(17,166,603)	(2,531,522)	(51,014,273)	(47,100,545)
Total utility plant	58,506,926	59,013,532	2,099,518	119,619,976	121,442,637
<b>TOTAL ASSETS</b>	\$ 62,760,238	\$ 72,878,993	\$ 12,967,512	\$ 148,606,743	\$ 147,972,232

(The accompanying notes are an integral part of these financial statements)

**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF NET POSITION - CONTINUED**  
**JUNE 30, 2015**

**WITH COMPARATIVE TOTALS FOR JUNE 30, 2014**

	2015			2014	
	Water District	Sewer District	General District	Total Combined	(Memorandum only) Combined
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 40	\$ 2,927	\$ 766,250	\$ 769,217	\$ 734,023
Accrued expenses	6,451	117,097	862,909	986,457	872,049
Customer deposits	226,518	-	-	226,518	202,224
Current portion of long-term debt	17,530	659,050	-	676,580	479,541
Total current liabilities	250,539	779,074	1,629,159	2,658,772	2,287,837
<b>LONG-TERM DEBT</b>					
Notes and contracts	305,563	11,275,710	-	11,581,273	9,323,786
Special assessment bonds	-	152,000	-	152,000	156,000
Certificates of participation, U.S.D.A	286,401	-	-	286,401	292,200
Total	591,964	11,427,710	-	12,019,674	9,771,986
Less current portion	(17,530)	(659,050)	-	(676,580)	(479,541)
Total long-term debt	574,434	10,768,660	-	11,343,094	9,292,445
<b>OTHER LIABILITIES</b>					
Net pension liability	-	-	4,849,312	4,849,312	5,757,900
Deferred inflows/outflows of resources	-	-	192,077	192,077	(369,767)
Funds held in trust	35,359	2,780	-	38,139	38,139
Advance construction deposits	40,890	3,063,538	40,083	3,144,511	3,126,485
Interfund loan	-	-	-	-	2,311,331
Total other liabilities	76,249	3,066,318	5,081,472	8,224,039	10,864,088
<b>TOTAL LIABILITIES</b>	901,222	14,614,052	6,710,631	22,225,905	22,444,370
<b>NET POSITION</b>					
Invested in capital assets, net of debt	57,873,461	44,522,960	2,099,518	104,495,939	108,572,507
Restricted for:					
Debt service	81,449	726,058	-	807,507	144,350
Other purposes	13,952,773	7,773,196	1,930,589	23,656,558	24,328,832
Unrestricted	(10,048,667)	5,242,727	2,226,774	(2,579,166)	(7,517,827)
Total net assets	61,859,016	58,264,941	6,256,881	126,380,838	125,527,862
<b>TOTAL LIABILITIES AND NET POSITION</b>	\$ 62,760,238	\$ 72,878,993	\$ 12,967,512	\$ 148,606,743	\$ 147,972,232

(The accompanying notes are an integral part of these financial statements)

**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014**

	2015				2014
	Water District	Sewer District	General District	Total Combined	(Memorandum only) Combined
<b>OPERATING REVENUES</b>					
Base service charge	\$ 1,426,763	\$ -	\$ -	\$ 1,426,763	\$ 1,413,110
Water consumption	4,830,181	-	-	4,830,181	5,009,489
Meter installations	17,566	-	-	17,566	8,330
Sewer service	-	4,151,325	-	4,151,325	3,775,588
Standby charges	230,762	12,430	-	243,192	246,693
Other	520,420	3,676	-	524,096	477,422
Total operating revenues	<u>7,025,692</u>	<u>4,167,431</u>	<u>-</u>	<u>11,193,123</u>	<u>10,930,632</u>
<b>OPERATING EXPENSES</b>					
Pumping	1,947,284	-	-	1,947,284	1,921,310
Transmission and distribution	1,182,577	-	-	1,182,577	1,264,156
Customer accounts	455,749	-	454,273	910,022	952,954
Sewage collection	-	197,654	-	197,654	228,816
Sewage treatment	-	1,175,620	-	1,175,620	1,053,373
Standby	77,915	33,741	-	111,656	112,946
Human Resources	-	-	127,415	127,415	51,066
Building and grounds maintenance	-	-	72,018	72,018	93,874
Vehicle maintenance	-	-	168,031	168,031	191,920
Operations support	-	-	409,016	409,016	377,254
Engineering	48,960	-	-	48,960	22,546
Insurance	-	-	122,145	122,145	105,849
Audit	-	-	24,372	24,372	23,898
Legal	-	-	175,325	175,325	133,508
Public affairs	-	-	186,406	186,406	141,559
Board of Directors	-	-	141,058	141,058	172,434
Administration	-	-	1,226,731	1,226,731	1,150,405
Accounting	-	-	608,861	608,861	581,943
Depreciation	2,219,646	1,489,481	204,601	3,913,728	3,612,694
Standby reports	12,088	2,661	-	14,749	11,842
Ground water management	-	-	15,000	15,000	15,000
General District allocation	2,848,218	1,056,728	(3,935,252)	(30,306)	(129,080)
Total operating expenses	<u>8,792,437</u>	<u>3,955,885</u>	<u>-</u>	<u>12,748,322</u>	<u>12,090,267</u>
Operating income (loss)	<u>(1,766,745)</u>	<u>211,546</u>	<u>-</u>	<u>(1,555,199)</u>	<u>(1,159,635)</u>
<b>NON-OPERATING REVENUES</b>					
Backup and front footage fees	188,876	61,350	-	250,226	1,298,376
Contributed infrastructure	776,168	-	-	776,168	59,506
Property taxes	660,742	350,224	573,333	1,584,299	1,534,979
Interest	4,804	405,303	26,730	436,837	493,645
Grants	83,678	117,219	-	200,897	2,624,497
Recovery of prior year expense	39,148	4,586	-	43,734	76,830
Gain (loss) from asset disposals - net	(301,350)	-	4,235	(297,115)	13,730
Total non-operating revenues	<u>1,452,066</u>	<u>938,682</u>	<u>604,298</u>	<u>2,995,046</u>	<u>6,101,563</u>

- CONTINUED -

(The accompanying notes are an integral part of these financial statements)

**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014**

- CONTINUED -

	2015				2014
	Water District	Sewer District	General District	Total Combined	(Memorandum only) Combined
<b>NON-OPERATING EXPENSES</b>					
Interest	26,744	502,143	-	528,887	354,788
Public Employees Retirement System - Prior year costs	-	-	267,629	267,629	257,469
Pension inflows/outflows of resources	-	-	(346,744)	(346,744)	-
Uncollectible accounts	1,532	-	-	1,532	22,424
Other	2,844	120,963	11,760	135,567	71,664
Total non-operating expenses	31,120	623,106	(67,355)	586,871	706,345
Net non-operating revenues	1,420,946	315,576	671,653	2,408,175	5,395,218
<b>CHANGE IN NET POSITION</b>	(345,799)	527,122	671,653	852,976	4,235,583
<b>NET POSITION, BEGINNING OF YEAR AS PREVIOUSLY REPORTED</b>	62,204,815	57,737,819	10,973,361	130,915,995	126,680,412
<b>PRIOR PERIOD ADJUSTMENT</b>	-	-	(5,388,133)	(5,388,133)	-
<b>NET POSITION AS RESTATED, BEGINNING OF YEAR</b>	62,204,815	57,737,819	5,585,228	125,527,862	126,680,412
<b>NET POSITION, END OF YEAR</b>	\$ 61,859,016	\$ 58,264,941	\$ 6,256,881	\$ 126,380,838	\$ 130,915,995

(The accompanying notes are an integral part of these financial statements)

**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

	Water District			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
<b>OPERATING REVENUES</b>				
Base service charge	\$ 1,413,500	\$ 1,413,500	\$ 1,426,763	\$ 13,263
Water consumption	5,253,000	5,253,000	4,830,181	(422,819)
Meter installations	-	-	17,566	17,566
Sewer service	-	-	-	-
Standby charges	233,000	233,000	230,762	(2,238)
Other	441,150	441,150	520,420	79,270
Total operating revenues	<u>7,340,650</u>	<u>7,340,650</u>	<u>7,025,692</u>	<u>(314,958)</u>
<b>OPERATING EXPENSES</b>				
Pumping	2,066,611	2,097,626	1,947,284	150,342
Transmission and distribution	1,145,399	1,100,869	1,182,577	(81,708)
Customer accounts	522,212	522,212	455,749	66,463
Sewage collection	-	-	-	-
Sewage treatment	-	-	-	-
Standby	49,319	49,319	77,915	(28,596)
Human Resources	-	-	-	-
Building and grounds maintenance	-	-	-	-
Vehicle maintenance	-	-	-	-
Operations support	-	-	-	-
Engineering	20,000	60,000	48,960	11,040
Insurance	-	-	-	-
Audit	-	-	-	-
Legal	-	-	-	-
Public affairs	-	-	-	-
Board of Directors	-	-	-	-
Administration	-	-	-	-
Accounting	-	-	-	-
Depreciation	2,219,697	2,219,697	2,219,646	51
Standby reports	13,225	13,225	12,088	1,137
Other	-	-	-	-
General District allocation	2,350,837	2,504,354	2,848,218	(343,864)
Total operating expenses	<u>8,387,300</u>	<u>8,567,302</u>	<u>8,792,437</u>	<u>(225,135)</u>
Operating income (loss)	<u>(1,046,650)</u>	<u>(1,226,652)</u>	<u>(1,766,745)</u>	<u>(540,093)</u>
<b>NON-OPERATING REVENUES</b>				
Backup and front footage fees	43,530	43,530	188,876	145,346
Contributed infrastructure	-	-	776,168	776,168
Property taxes	541,233	541,233	660,742	119,509
Interest	2,460	2,460	4,804	2,344
Grant	3,330,546	3,330,546	83,678	(3,246,868)
Recovery of prior year expense	-	-	39,148	39,148
Gain from asset disposals - net	-	-	(301,350)	(301,350)
Total non-operating revenues	<u>3,917,769</u>	<u>3,917,769</u>	<u>1,452,066</u>	<u>(2,465,703)</u>

-CONTINUED-

(The accompanying notes are an integral part of these financial statements)



General District

Budget		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
461,559	467,369	454,273	13,096
-	-	-	-
-	-	-	-
-	-	-	-
108,034	169,634	127,415	42,219
177,786	177,216	72,018	105,198
193,594	192,424	168,031	24,393
405,485	415,115	409,016	6,099
-	-	-	-
104,600	104,600	122,145	(17,545)
25,000	25,000	24,372	628
99,000	183,000	175,325	7,675
240,498	240,498	186,406	54,092
206,082	206,022	141,058	64,964
1,029,819	1,118,813	1,226,731	(107,918)
547,191	548,077	608,861	(60,784)
201,124	201,124	204,601	(3,477)
-	-	-	-
15,000	15,000	15,000	-
(3,814,772)	(4,063,892)	(3,935,252)	(128,640)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
439,490	439,490	573,333	133,843
25,100	25,100	26,730	1,630
-	-	-	-
-	-	-	-
-	-	4,235	4,235
464,590	464,590	604,298	139,708

Combined Districts

Budget		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 1,413,500	\$ 1,413,500	\$ 1,426,763	\$ 13,263
5,253,000	5,253,000	4,830,181	(422,819)
-	-	17,566	17,566
4,020,000	4,020,000	4,151,325	131,325
245,000	245,000	243,192	(1,808)
444,150	444,150	524,096	79,946
<u>11,375,650</u>	<u>11,375,650</u>	<u>11,193,123</u>	<u>(182,527)</u>
2,066,611	2,097,626	1,947,284	150,342
1,145,399	1,100,869	1,182,577	(81,708)
983,771	989,581	910,022	79,559
147,454	142,954	197,654	(54,700)
1,139,982	1,223,482	1,175,620	47,862
73,995	73,995	111,656	(37,661)
108,034	169,634	127,415	42,219
177,786	177,216	72,018	105,198
193,594	192,424	168,031	24,393
405,485	415,115	409,016	6,099
20,000	60,000	48,960	11,040
104,600	104,600	122,145	(17,545)
25,000	25,000	24,372	628
99,000	183,000	175,325	7,675
240,498	240,498	186,406	54,092
206,082	206,022	141,058	64,964
1,029,819	1,118,813	1,226,731	(107,918)
547,191	548,077	608,861	(60,784)
3,932,376	3,932,376	3,913,728	18,648
17,225	17,225	14,749	2,476
15,000	15,000	15,000	-
(496,421)	(528,842)	(30,306)	(498,536)
<u>12,182,481</u>	<u>12,504,665</u>	<u>12,748,322</u>	<u>(243,657)</u>
<u>(806,831)</u>	<u>(1,129,015)</u>	<u>(1,555,199)</u>	<u>(426,184)</u>
2,243,058	2,243,058	250,226	(1,992,832)
-	-	776,168	776,168
1,259,830	1,259,830	1,584,299	324,469
419,822	419,822	436,837	17,015
6,140,546	6,140,546	200,897	(5,939,649)
-	-	43,734	43,734
-	-	(297,115)	(297,115)
<u>10,063,256</u>	<u>10,063,256</u>	<u>2,995,046</u>	<u>(7,068,210)</u>

**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2015**

-CONTINUED-

	Water District			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
<b>NON-OPERATING EXPENSES</b>				
Interest	26,680	26,680	26,744	(64)
Public Employees Retirement System - Prior year costs	-	-	-	-
Pension inflows/outflows of resources	-	-	-	-
Uncollectible accounts	-	-	1,532	(1,532)
Other	2,707	2,707	2,844	(137)
Total non-operating expenses	29,387	29,387	31,120	(1,733)
Net non-operating revenues	3,888,382	3,888,382	1,420,946	(2,467,436)
<b>CHANGE IN NET POSITION</b>	<b>\$ 2,841,732</b>	<b>\$ 2,661,730</b>	(345,799)	<b>\$ (3,007,529)</b>
<b>NET POSITION, BEGINNING OF YEAR AS PREVIOUSLY REPORTED</b>			62,204,815	
<b>PRIOR PERIOD ADJUSTMENT</b>			-	
<b>NET POSITION AS RESTATED, JULY 1, 2014</b>			62,204,815	
<b>NET POSITION, END OF YEAR</b>			<b>\$ 61,859,016</b>	

(The accompanying notes are an integral part of these financial statements)

Sewer District

Budget		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
328,834	328,834	502,143	(173,309)
-	-	-	-
-	-	-	-
-	-	-	-
<u>2,871</u>	<u>121,871</u>	<u>120,963</u>	<u>908</u>
<u>331,705</u>	<u>450,705</u>	<u>623,106</u>	<u>(172,401)</u>
<u>5,349,192</u>	<u>5,230,192</u>	<u>315,576</u>	<u>(4,914,616)</u>
<u>\$ 5,589,011</u>	<u>\$ 5,327,829</u>	527,122	<u>\$ (4,800,707)</u>

57,737,819

-

57,737,819

\$ 58,264,941

General District

Budget		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
-	-	-	-
278,725	278,725	267,629	11,096
-	-	(346,744)	346,744
-	-	-	-
-	-	11,760	(11,760)
<u>278,725</u>	<u>278,725</u>	<u>(67,355)</u>	<u>346,080</u>
<u>185,865</u>	<u>185,865</u>	<u>671,653</u>	<u>485,788</u>
<u>\$ 185,865</u>	<u>\$ 185,865</u>	671,653	<u>\$ 485,788</u>

10,973,361

(5,388,133)

5,585,228

\$ 6,256,881

Combined Districts

Budget		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
355,514	355,514	528,887	(173,373)
278,725	278,725	267,629	11,096
-	-	(346,744)	346,744
-	-	1,532	(1,532)
<u>5,578</u>	<u>124,578</u>	<u>135,567</u>	<u>(10,989)</u>
<u>639,817</u>	<u>758,817</u>	<u>586,871</u>	<u>171,946</u>
<u>9,423,439</u>	<u>9,304,439</u>	<u>2,408,175</u>	<u>(6,896,264)</u>
<u>\$ 8,616,608</u>	<u>\$ 8,175,424</u>	852,976	<u>\$ (7,322,448)</u>

130,915,995

(5,388,133)

125,527,862

\$ 126,380,838

**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014**

	Water District	Sewer District
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from water and sewer sales and services	\$ 6,862,340	\$ 4,120,582
Cash received from standby charges	226,621	12,298
Cash received from water meter installations	17,566	-
Cash received (paid) for operating and maintenance expenses	(2,893,813)	(1,486,013)
Cash paid to employees	(1,787,266)	(776,829)
Cash paid for electricity	(971,597)	(177,568)
Cash paid to employees included in - Additions to utility plant	5,203	12,536
Net cash provided by operating activities	1,459,054	1,705,006
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Backup and front footage fees	76,701	61,350
Property taxes	659,223	348,662
Grants	49,159	1,326,275
Unfunded retirement liability reduction	-	-
Other	36,212	3,855
Net cash provided by noncapital financing activities	821,295	1,740,142
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Bond assessments collected	-	605,701
Interfund loan or repayment	-	(2,311,331)
Long-term debt retired	(17,486)	(765,579)
Long-term debt additions	-	3,030,753
Interest paid	(26,880)	(457,340)
Net cash provided (used) by financing activities	(44,366)	102,204
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash paid acquiring utility plant	(1,036,141)	(444,384)
Cash refunded for construction deposits	487	580
Interest earned	3,775	400,371
Net cash used by investing activities	(1,031,879)	(43,433)
<b>INCREASE (DECREASE) IN CASH</b>	1,204,104	3,503,919
<b>BALANCE OF CASH AT BEGINNING OF YEAR</b>	1,542,204	695,331
<b>BALANCE OF CASH AT END OF YEAR</b>	\$ 2,746,308	\$ 4,199,250

-CONTINUED-

(The accompanying notes are an integral part of these financial statements)

2015		2014	
General District	Total Combined	(Memorandum only) Combined	
\$ -	\$ 10,982,922	\$ 10,849,257	
-	238,919	244,806	
-	17,566	8,330	
2,374,677	(2,005,149)	(4,138,896)	
(2,032,723)	(4,596,818)	(5,077,565)	
(30,372)	(1,179,537)	(1,143,274)	
21,620	39,359	73,267	
<u>333,202</u>	<u>3,497,262</u>	<u>815,925</u>	
-	138,051	101,869	
571,133	1,579,018	1,572,157	
-	1,375,434	3,375,968	
(267,629)	(267,629)	(257,469)	
(10,713)	29,354	50,027	
<u>292,791</u>	<u>2,854,228</u>	<u>4,842,552</u>	
-	605,701	510,639	
2,311,331	-	-	
-	(783,065)	(810,498)	
-	3,030,753	4,590,968	
(3,849)	(488,069)	(297,428)	
<u>2,307,482</u>	<u>2,365,320</u>	<u>3,993,681</u>	
(253,161)	(1,733,686)	(6,662,849)	
-	1,067	1,067	
25,120	429,266	493,472	
<u>(228,041)</u>	<u>(1,303,353)</u>	<u>(6,168,310)</u>	
2,705,434	7,413,457	3,483,848	
<u>7,672,315</u>	<u>9,909,850</u>	<u>6,426,002</u>	
<u>\$ 10,377,749</u>	<u>\$ 17,323,307</u>	<u>\$ 9,909,850</u>	

**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2014**

-CONTINUED-

	Water District	Sewer District
<b>RECONCILIATION OF OPERATING INCOME (LOSS)</b>		
<b>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Net operating income (loss)	\$ (1,766,745)	\$ 211,546
Add (deduct) items not affecting cash in the year:		
Depreciation	2,219,646	1,489,481
(Increase) decrease in accounts receivable	982,799	5,139
(Increase) decrease in inventory	-	-
(Increase) decrease in prepaid expenses	-	-
Increase (decrease) in customer deposits	24,294	-
Increase (decrease) in accounts payable	34	-
Increase (decrease) in accrued liabilities	(974)	(1,160)
Net cash provided by operating activities	\$ 1,459,054	\$ 1,705,006

(The accompanying notes are an integral part of these financial statements)

2015		2014	
General District	Total Combined	(Memorandum only) Combined	
\$ -	\$ (1,555,199)	\$ (1,159,635)	
204,601	3,913,728	3,612,694	
332	988,270	181,851	
847	847	3,933	
3,428	3,428	32,930	
-	24,294	15,075	
35,160	35,194	(1,771,271)	
<u>88,834</u>	<u>86,700</u>	<u>(99,652)</u>	
<u>\$ 333,202</u>	<u>\$ 3,497,262</u>	<u>\$ 815,925</u>	

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The District maintains and prepares its financial statements using the accrual basis of accounting as prescribed by reporting standards applicable to California governmental agencies.

Inventory is carried at the lower of cost or market using the first-in, first-out method.

The utility plant is carried at cost or contributed fair market value, less accumulated depreciation and amortization computed on the straight-line method using the following approximate lives:

Intangible plant	5 - 25 years
Source of supply	10 - 50 years
Pumping plant	7 - 60 years
Treatment plant	5 - 60 years
Transmission, distribution and storage	10 - 75 years
Buildings and grounds	5 - 40 years
Furniture and fixtures	5 - 20 years
Radio equipment	5 - 15 years
Shop equipment	5 - 15 years
Autos, trucks and heavy equipment	5 - 25 years
Sewage collection facilities	40 - 75 years
Data processing equipment	7 - 10 years
Other assets	5 - 10 years

Fully depreciated utility plant of \$8,600,846 was still in service at June 30, 2015 and is reported in these financial statements.

Delinquent accounts receivable are reported to the County of Riverside for collection with property taxes.

The District makes an allocation of all general and administrative costs to the water district, sewer district and to capital improvements based on a percentage of labor hours. The allocations are made on a monthly basis.

The District accrued property taxes receivable of \$84,273 at June 30, 2015. The accrual is equivalent to the actual tax revenue received from Riverside County plus \$27,492 estimated for the "Teeter" plan payout.

The District maintains four debt service funds to account for the collection and payment of principal and interest on debt incurred to acquire sewer facilities. These debt service funds are reported in the sewer district for financial statement presentation.

Advance deposits are required when a constructed asset has specific benefit to one or more identifiable customers. A portion of these advances are generally reimbursable to developers within a ten year period if others connect. After ten years the district keeps any unreimbursed amount and amortizes it over the remaining useful life of the asset.

"Net" interest costs related to funds borrowed for capital expenditures are capitalized into construction in progress during the construction period. Subsequently, "Net" interest costs are reclassified into capital projects.

The District accrues vacation and sick leave pay in the period the employees earn the benefits.

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

The Board of Directors approves an annual budget on or before June 30 for the ensuing fiscal year. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various departments. The budget for 2014-2015 was prepared by department supervisors and administrative staff using the zero-base method.

The Board of Directors may approve supplemental budget requests. The General Manager may transfer funds between general ledger accounts within the operating budgets as long as the total budget is not affected.

All operating budget appropriations lapse at the end of the fiscal year and are rebudgeted for the ensuing year. Uncompleted capital budget projects are carried over into the subsequent fiscal year.

Budget information is presented for all District activity, whether operating or capital in nature. Budgeted revenue and expenditure amounts in the financial statements represent the original budget and final budget modified by Board authorized adjustments during the year.

The District utilizes a purchase order system as a technique to assist in controlling expenditures. Department heads request expenditures which must be approved by the General Manager who reviews the general ledger accounts and ascertains that the actual expenditures have not exceeded the budgeted amounts.

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

Net position as of July 1, 2014, has been restated as follows for the implementation of GASB No. 68:

Net position as previously reported at June 30, 2014:	\$ 130,915,995
Prior period adjustment:	
Net Pension Liability (measurement date as of June 30, 2014)	( 5,757,900)
Deferred inflows/outflows:	
District contributions made during fiscal year 2014	<u>369,767</u>
Total prior period adjustment	<u>( 5,388,133)</u>
Net position as restated, July 1, 2014	<u>\$ 125,527,862</u>

The District chose to not restate the data for the prior year because all of the information available to restate prior year amounts was not readily available. Data in prior year's column is for presentation purposes only.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Under Governmental Accounting Standards Board Statement #34 (GASB 34), enterprise funds, such as the District, have the option of consistently following or not following pronouncements issued by the Financial Accounting Standards Board (FASB) subsequent to November 30, 1989. The District has elected not to follow FASB standards issued after that date, unless such standards are specifically adopted by GASB.

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**2. PRINCIPLES OF COMBINATION**

The combined financial statements reflect the combination of all districts which comprise the Mission Springs Water District and the Mission Springs Water District Improvement Corporation including the assessment districts, with the exception of Assessment District #13.

The combined columns on the financial statements are captioned "Memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in cash flows in conformity with generally accepted accounting principles.

**3. CASH AND INVESTMENTS**

Cash and investments at June 30, 2015 consisted of the following:

Pooled Cash	<u>\$ 17,323,307</u>
Total Cash and Investments	<u>\$ 17,323,307</u>

Cash and investments are presented in the Combined Statement of Net Position as follows:

Restricted Assets:	
Cash	\$ 16,141,679
Unrestricted Assets:	
Cash	<u>1,181,628</u>
	<u>\$ 17,323,307</u>

Restricted cash of \$16,141,679 consists of customer deposits, reserves required by bond agreements, escrowed cash held for retention payments, cash held by assessment districts, debt service funds, reserves for self-insurance and reserves for capital replacements. Cash reported with current assets is cash for operations.

Interest income earned on pooled cash and investments is allocated monthly to the various funds based on the average month-end cash balances. Interest income from cash and investments with fiscal agent is credited directly to the related fund.

**Pooled Cash and Negotiable Certificates of Deposit**

All pooled cash and negotiable certificates of deposit are entirely insured or collateralized. The California Government Code requires California banks and savings and loan associations to secure a district's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of a district's deposits. California law also allows financial institutions to secure a district's deposits by pledging first trust deed mortgage notes having a value of 150% of a district's total deposits.

**Authorized Investments**

In accordance with Section 53601 of the California Government Code, the District may invest in various prescribed investments. The District's policy is to hold only those investments as set forth in Section 53601 of the California Government Code.

**Credit Risk, Carrying Amount, and Fair Value**

Investments are recorded at cost which approximates fair value.

Cash and investments of the District are summarized below and are represented by specific identifiable investment securities that are classified as to credit risk by three categories as follows: Category 1 includes deposits and investments that are insured or registered or for which securities are held by the District or its agent in the District's name; Category 2 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but in the District's name; Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the District's name.

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

3. **CASH AND INVESTMENTS** (continued)

	Category			Carrying Amount	Fair Value
	1	2	3		
Demand Deposits	<u>\$ 1,222,191</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,222,191</u>	<u>\$ 1,222,191</u>
State of California					
Local Agency Investment					
Fund (LAIF)				<u>16,101,116</u>	<u>16,107,170</u>
Total Investments				<u>16,101,116</u>	<u>16,107,170</u>
Total Cash and					
Investments				<u>\$17,323,307</u>	<u>\$17,329,361</u>

Cash and Investments with Fiscal Agent

During the year the District had monies held by trustees or fiscal agents pledged to the payment of construction of specifically identifiable capital projects. The California Government Code provides these monies, in the absence of specific statutory provisions governing the issuance of bonds or certificates; may be invested in accordance with the ordinance, resolutions or indentures specifying the types of investments its trustees or fiscal agents may make. These ordinances, resolutions, and indentures are generally more restrictive than the District's general investment policy. In no instance have additional types of investments, not permitted by the District's general investment policy, been authorized. These monies were invested in a U.S. Treasury Obligation funds or U.S. Government money market funds and therefore presented no credit risk to the District.

At June 30, 2015 there were no funds for which the District was at risk, held by trustees or fiscal agents.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the District defines cash and cash equivalents as demand account balances, cash on hand and short-term investments purchased with original maturities of less than 90 days. In accordance with GASB 34, the District has utilized the direct method to present cash flows from operating activities.

Concentration of Credit Risk

The District maintains checking accounts at local financial institutions. The District at June 30, 2015 has maintained balances in the accounts in excess of federally insured limits. The District has not experienced any losses in its cash equivalents.

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**4. UTILITY PLANT IN SERVICE**

Utility plant in service consisted of the following:

	Cost			Accumulated Depreciation		
	Balance 06-30-14	Additions	Deletions	Balance 06-30-15	Deletions	Balance 06-30-14
Intangible plant	\$ 2,130,243	\$ 461,924	\$ -	\$ 2,592,167	\$ 136,873	\$ 739,453
Land and land rights	1,376,497	-	-	1,376,497	29	900
Source of supply	8,652,474	47,584	-	8,700,058	216,972	3,465,769
Pumping plant	18,069,674	28,174	-	18,097,848	480,289	6,539,826
Transmission, distribution, and storage	56,435,704	849,970	-	57,285,674	1,382,404	19,714,204
Buildings and grounds	1,742,587	-	-	1,742,587	59,818	1,059,911
Furniture and fixtures	1,345,420	47,983	-	1,393,403	112,136	974,636
Radio equipment	19,670	-	-	19,670	1,651	18,868
Shop equipment	156,433	-	-	156,433	1,311	150,333
Autos trucks and heavy equipment	1,752,832	18,765	-	1,771,597	56,738	1,638,890
Sewage collection facilities	56,751,191	50,403	-	56,801,594	1,132,740	11,480,928
Sewage treatment plants	14,613,243	72,937	-	14,686,180	315,025	4,940,314
Other plant in service	405,518	6,415	-	411,933	17,742	290,241
Construction in progress	5,091,696	916,175	409,263	5,598,608	-	-
<b>Total</b>	<b>\$ 168,543,182</b>	<b>\$ 2,500,330</b>	<b>\$ 409,263</b>	<b>\$ 170,634,249</b>	<b>\$ 3,913,728</b>	<b>\$ 51,014,273</b>

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**5. LONG-TERM DEBT**

Long-term debt consisted of the following:

	Balance at 6/30/14	New Debt	Principal Repayments	Balance at 6/30/15
Installment Sale Agreement, Note payable to LaSalle National Bank, dated July 25, 2003 original amount \$1,800,000 with interest rate of 4.060%, principal and interest payments are due each January 28 and July 28, final payment due July 28, 2015.	\$ 275,223	\$ -	\$ 181,634	\$ 93,589
Assessment District #4, Special Assessment Bond – Series R-1, Date of issue February 15, 1983, original issue amount \$88,200, 11.375% coupon rate, secured by cash and assessments receivable, interest payable semiannually, principal payable in annual installments through July 2, 2022.	36,000	-	4,000	32,000
Installment Sale Agreement, Note payable to La Salle National Bank, dated June 26, 2006, original amount \$2,200,000 with interest rate of 5.340%, principal and interest payments are due each June 26 and December 26, final payment due June 26, 2026.	1,582,763	-	97,094	1,485,669
Assessment District #7, Special Assessment Bonds - Date of issue February 28, 1985, original amount \$222,000, 7.25% coupon rate, secured by cash and assessments receivable, interest due semiannually, principal due annually through July 2, 2024.	120,000	-	-	120,000
Installment Sale Agreement, Note Payable to La Salle National Bank, dated September 21, 2007, original amount \$1,600,000 with interest rate of 5.020%, principal and interest payments are due each March 21 and September 21, final payment due September 21, 2027.	1,241,172	-	66,205	1,174,967
Certificates of Participation - (U.S. Dept. of Agriculture) Date of issue July 3, 2001, original amount \$348,000, Interest rate is 4.5%, interest payments due February 1 and August 1, with principal payments due each February 1, the final principal payment is due February 1, 2041.	292,200	-	5,799	286,401

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**5. LONG-TERM DEBT** (continued)

	Balance at 6/30/14	New Debt	Principal Repayments	Balance at 6/30/15
Government Obligation Contract, Note Payable to Kansas State Bank of Manhattan, Dated December 9, 2011, original amount \$374,675, Interest rate is 4.4%, principal and interest payments due monthly, final payment due November 1, 2015.	\$ 172,649	\$ -	\$ 128,531	\$ 44,118
Installment Purchase Agreement, Note payable to Holman Capital Corporation, dated June 21, 2013, original amount \$328,000, interest rate is 4.19%, principal and interest payments due each June 7 and December 7, the final payment due June 7, 2033.	317,250	-	11,687	305,563
State Revolving Fund Loan – (CA State Water Resources Control Board), dated August 21, 2012 as amended on January 24, 2013, total agreement amount of up to \$9,957,921 of which 50% qualifies for principal forgiveness, interest rate is 2.2%, principal and interest payments due annually on January 31 beginning in 2015, final payment due January 31, 2034	4,519,729	330,753	193,307	4,657,175
Installment purchase agreement, Note payable to City National Bank, dated December 19, 2013, original amount \$1,215,000, interest rate is 4.10%, principal and interest payments due each March 2 and September 2, the final payment due September 2, 2033	1,215,000	-	32,153	1,182,847
Installment purchase agreement, Note payable to BBVA Compass Bank, dated November 1, 2014, original amount \$2,700,000, interest rate is 3.95%, principal and interest payments due each March 2 and September 2, the final payment due September 2, 2029	-	2,700,000	62,655	2,637,345
	9,771,986	3,030,753	783,065	12,019,674
	(479,541)			(676,580)
	\$ 9,292,445			\$ 11,343,094

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**5. LONG-TERM DEBT** (continued)

Minimum annual debt service requirements to maturity for long-term debt outstanding at June 30, 2015 are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 676,580	\$ 429,098	\$ 1,105,678
2017	558,039	406,545	964,584
2018	579,613	384,844	964,457
2019	602,041	362,204	964,245
2020	624,332	338,650	962,982
2021 – 2025	3,498,546	1,303,428	4,801,974
2026 – 2030	3,807,186	637,095	4,444,281
2031 – 2035	1,575,936	124,629	1,700,565
2036 – 2040	79,300	15,090	94,390
2041	<u>18,101</u>	<u>814</u>	<u>18,915</u>
	<u>\$ 12,019,674</u>	<u>\$ 4,002,397</u>	<u>\$ 16,022,071</u>

**6. CERTIFICATES OF PARTICIPATION (C.O.P.'s)**

**U.S. Dept. Of Agriculture (U.S.D.A.)**

On July 3, 2001, the District entered into a loan agreement with the U.S.D.A. and a C.O.P. was issued in the amount of \$348,000. The proceeds were used to improve waterlines in Improvement District "E". There are unamortized debt issuance costs of \$9,230 at June 30, 2015.

**7. INSTALLMENT SALE AGREEMENTS**

**Assessment District #11, Areas C-2 and E**

On July 25, 2003, the District entered into an installment sale agreement with LaSalle National Bank in the amount of \$1,800,000. The proceeds from this contract were used to purchase Assessment District #11 bonds totaling \$1,697,391. These bond proceeds were used for Assessment District #11, areas C-2 and E, costs and supplemented the District's share of costs with the remaining \$102,609. Unamortized debt issuance costs were \$109 at June 30, 2015.

**Assessment District #12, Phase I**

On June 26, 2006, the District entered into an installment sale agreement with La Salle National Bank in the amount of \$2,200,000. The proceeds from this contract were used to purchase Assessment District #12 bonds totaling \$1,630,024. The bond proceeds were used for Assessment District #12, phase I, costs and supplemented the District's share of costs with the remaining \$569,976. Unamortized debt issuance costs were \$3,151 at June 30, 2015.

**Assessment District #12, Phase II**

On September 21, 2007, the District entered into an installment sale agreement with La Salle National Bank in the amount of \$1,600,000. The proceeds from this contract were used to purchase Assessment District #12 bonds totaling \$1,329,530. The bond proceeds were used for Assessment District #12, phase II, costs and supplemented the District's share of costs with the remaining \$270,470. Unamortized debt issuance costs were \$7,714 at June 30, 2015.

**Water Improvements**

On June 21, 2013, the District entered into an installment purchase agreement with Holman Capital Corporation in the amount of \$328,000. The proceeds were used to purchase 80 acres of land for future water system improvements. There were \$3,553 of unamortized debt issuance costs at June 30, 2015.

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**7. INSTALLMENT SALE AGREEMENTS** (continued)

**Assessment District #12, Phase V**

On December 19, 2013, the District entered into an installment sale agreement with City National Bank in the amount of \$1,215,000. The proceeds from this contract were used to purchase Assessment District #12 Bonds totaling \$1,096,329. The bond proceeds were used for Assessment District #12, Phase V costs and supplemented the District's share of costs with the remaining \$118,671. Debt issuance costs amounted to \$64,000 and were reflected in the statement of revenues, expenses and changes in net position at June 30, 2014.

**Assessment District #12, Phase VI**

On November 1, 2014, the District entered into an installment sale agreement with BBVA Compass Bank in the amount of \$2,700,000. The proceeds from this contract were used to purchase Assessment District #12 Bonds totaling \$2,582,000. The bond proceeds will be used for Assessment District #12, Phase VI. Debt issuance costs amounted to \$118,000 and were reflected in the statement of revenues, expenses and changes in net position at June 30, 2015.

In accordance with provisions of the installment sale agreements, the District has complied with minimum net revenues required for the fiscal year ended June 30, 2015.

**8. CALIFORNIA STATE REVOLVING FUND LOAN**

On August 21, 2012, the District entered into a financing agreement with the California State Water Resources Control Board in the amount of \$9,957,921. This program is a loan from the Clean Water State Revolving Fund ("SRF") of which 50% of the principal amount will be forgiven. This is made possible through Federal Environmental Protection Agency funds granted to the SRF. The proceeds of this agreement were used for Assessment District #12, Phase III costs.

**9. PENSION PLANS**

On September 13, 2001, the Directors of the Mission Springs Water District adopted Resolution No. 2001-29 authorizing a contract with the California Public Employees' Retirement System (CalPERS). On September 17, 2001, a contract was executed with CalPERS. An amendment to the contract to increase the benefit calculation from 2.5% at 55 years of age to 2.7% at 55 years of age was authorized by the board of directors. This amendment became effective on July 1, 2005. On December 17, 2012, the Directors of the Mission Springs Water District adopted Resolution No. 2012-19 amending the contributions schedules of the plan in accordance with the California Public Employee Pension Reform Act of 2013 (PEPRA). Employees hired after January 1, 2013, and meeting the definition of a "new member" under PEPRA, shall begin at a benefit of 1% after age 52 with an annual increment of 0.025% for every quarter year thereafter with a maximum retirement benefit of 2.5% at age 67 with early retirement available at age 52. Under PEPRA, the District and the new member will share equally the normal contributions to the new member's retirement on a pre-tax basis.

Employees who elected to participate in CalPERS received years of service credit from their hire date to September 17, 2001, the contract date. Partial funding for the prior years of service credit was accomplished by a transfer of plan assets from a defined contribution plan, previously sponsored by the district, to CalPERS. This transfer of plan assets occurred on October 30, 2001. An unfunded pension liability resulted from the above transaction in the amount of \$1,346,655. An additional \$517,000 was added to the unfunded liability resulting from the contract amendment that was effective July 1, 2005.

This unfunded liability is being amortized over the period ending 2018, with contributions by the employer of 8.227% being applied to qualified payroll, after July 1, 2011. The "Funded Status of the Plan" is presented at the end of this discussion.

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**9. PENSION PLANS** (continued)

Plan Description

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

Benefits Provided

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

The Plan's provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>Prior to January 1, 2013</u>	<u>On of after January 1, 2013</u>
Hire date		
Benefit formula	2.7% @ 55	2.5% @ 67
Benefit vesting schedule	5 year service	5 year service
Benefit payments	monthly for life	monthly for life
Retirement age	50 – 55	52 – 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	8.00%	6.25%
Required employer contribution rates	29.896%	6.25%

Contributions

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

For the year ended June 30, 2015, the contributions recognized as part of pension expense were as follows:

Contributions – employer	\$ 369,767
Contributions – employee (paid by employer)	105,313

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**9. PENSION PLANS** (continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources

As of June 30, 2015, the District's proportionate share of the net pension liability amounted to \$4,849,312.

The District's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability as of June 30, 2013 and 2014 was as follows:

Proportion – June 30, 2013	0.12888%
Proportion – June 30, 2014	0.19621%
Change – Increase (Decrease)	0.06733%

For the year ended June 30, 2015, the District recognized pension expense of \$451,096. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	-
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	-	( 939,248)
Adjustments due to Differences in Proportions	-	( 50,669)
Total	<u>\$ -</u>	<u>(\$ 989,917)</u>

\$989,917 reported as deferred inflows of resources related to pensions, other than the employer-specific item, will be recognized in future pension expense as follows:

<u>Year Ended June 30</u>	
2015	\$ (252,908)
2016	(252,908)
2017	(249,289)
2018	(234,812)
2019	-
Thereafter	-
	<u>\$ (989,917)</u>

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

9. **PENSION PLANS** (continued)

Actuarial Assumptions

The total pension liability in the June 30, 2013 actuarial valuation was determined using the following actuarial assumptions:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Payroll Growth	3.0%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.50%
Mortality	Derived using CalPERS Membership data for all Funds

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. To determine whether the municipal bond rate should be used in the calculation of a discount rate, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the differences in calculation and did not find it to be a material difference.

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

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

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**9. PENSION PLANS** (continued)

Discount Rate (continued)

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

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

<u>Asset Class</u>	New <u>Strategic Plan</u>	<u>Real Return Years 1-10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	<u>2.0%</u>	(0.55%)	(1.05%)
Total	<u>100.0%</u>		

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

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

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

1% Decrease	6.50%
Net Pension Liability	\$ 7,306,665
Current Discount Rate	7.50%
Net Pension Liability	\$ 4,849,312
1% Increase	8.50%
Net Pension Liability	\$ 2,809,942

Pension Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**9. PENSION PLANS** (continued)

Payable to the Pension Plan

At June 30, 2015, the District reported a payable of \$12,681 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

**10. EARLY RETIREMENT AGREEMENT**

On July 16, 2012 the District Board adopted Resolution 2012-13 providing a designated period for two years additional service credit for eligible District members of CalPERS. This early retirement program offered eligible employees two years of additional service credit toward their PERS retirement calculations as well as 18 months of COBRA insurance premiums paid by the District, following their retirement date, at the coverage level as of their retirement date. Six eligible employees accepted the early retirement agreement. The COBRA premiums paid by the District were paid during the 18 months following each member's retirement date through July 31, 2014. As of June 30, 2014 premiums payable under this agreement amounted to \$2,345 and were included in accrued expenses on the statement of net position. The additional costs related to PERS will be amortized over twenty years and included in the actuarially determined annual employer contribution rate. All MSWD obligations relating to these agreements were fulfilled during the year ended June 30, 2015.

**11. DEFERRED COMPENSATION PLAN**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Retirement law allows "rollovers" of 457 plan assets into other qualified retirement plans. Participants are fully vested at all times and the District or creditors of the District have no claim against the plan. All funds are held by an outside trustee and excluded from the combined statement of net position in conformity with Government Auditing Standards.

**12. REFUNDING AGREEMENTS**

Refunding agreements are amounts due to developers for water and sewer systems donated to the District. Refunds are based on new connections to each system. The District is not liable for amounts not refunded at the expiration of an agreement. Refer to Note 13 for refunding agreements on front footage charges.

**13. COMMITMENTS AND CONTINGENCIES**

The District has entered into agreements to partially reimburse developers for payments made to construct water and/or sewer lines donated to the District. Reimbursement is to be made from the front footage charges collected by the District when new connections are made to the lines.

**14. SELF INSURANCE**

The Board of Directors established a reserve for self insurance in the amount of \$150,000. The reserve is intended to fund the purchase of liability and property coverage and to assure that cash is available for deductibles and self-insurance purposes.

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**15. CASH FLOW INFORMATION**

Interest paid during the year amounted to \$488,069. The following schedule represents a reconciliation of combined cash as shown on the Combined Statement of Net Position and the Combined Statement of Cash Flows:

Combined Statement of Net Position - Cash	
Cash - Restricted	\$ 16,141,679
Cash - Current Assets	<u>1,181,628</u>
Combined Statement of Net Position - Cash	<u>\$ 17,323,307</u>
Combined Statement of Cash Flows - Cash	<u>\$ 17,323,307</u>

**16. ASSESSMENT DISTRICT #12**

A special election was held on July 20, 2004 where the electorate voted to form Sewer Assessment District #12. The engineers estimated project costs are \$52,424,417. The estimated project costs do not include any bond issuance costs, septic system abatement costs or any allowances for inflationary or deflationary considerations. The project consists of 7,383 "equivalent dwelling units" represented by 6,787 individual parcels. As grants become available portions of the Assessment District are "phased" for construction to the extent that grant funds combined with other available funding will provide for completion of parts of the total project.

During fiscal year June 30, 2011 the District received grant assistance from the U.S. Army Corps of Engineers which paid for engineering of future phases of the project.

Area "L" which consisted of 1,161 parcels was completed as of June 30, 2009. Area "F-1" which consisted of 69 parcels was completed as of June 30, 2013. Area "F & M-1" which consisted of 1,047 parcels was completed at June 30, 2014. Area "D1" which consisted of 305 parcels was completed at June 30, 2014. Area D2 and J1 are expected to be completed in the 2016 fiscal year.

The District, in cooperation with State authorities, is diligently pursuing the connection of any remaining, unconnected parcels.

On July 19, 2014, in accordance with California's Municipal Improvement Act of 1913, Assessment District #12 expired.

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**16. ASSESSMENT DISTRICT #12 – (continued)**

Presented below is a schedule of funding status for the project.

	<u>Total Project</u>	<u>Areas Completed</u>	<u>Future Phases</u>
Equivalent dwelling units	<u>7,383</u>		
Number of parcels	<u>6,787</u>	<u>2,582</u>	<u>4,205</u>
Project costs: (estimated)			
Public right-of-way	\$52,424,417	\$21,830,070	\$30,594,347
“On-site” abatement	<u>1,357,511</u>	<u>1,357,511</u>	-
Total	<u>\$53,781,928</u>	<u>\$23,187,581</u>	<u>\$30,594,347</u>
Project costs: (actual to June 30, 2015)			
Public right-of-way construction	\$ -	\$ 11,721,184	\$ -
Connection fees	-	6,767,716	-
Front footage fees	-	3,179,183	-
“On-site” abatement	-	1,357,511	-
Capitalized interest	-	161,987	-
Engineering costs for future phases	-	-	1,830,803
Total	<u>\$ -</u>	<u>\$ 23,187,581</u>	<u>\$ 1,830,803</u>
Project funding			
Grant awards –			
Environment protection agency –			
Public right-of-way construction	\$ 912,962	\$ 912,962	\$ -
“On-site” abatement	1,131,538	1,131,538	-
California Proposition #40	1,169,906	1,169,906	-
California Proposition #13	744,507	744,507	-
California Proposition #84	966,650	966,650	-
California State Water Resources			
County Board	4,813,602	4,813,602	-
Army Corps of Engineers	1,168,000	-	1,168,000
Property assessments	24,989,703	11,077,122	13,912,581
Property grants and local funding	<u>17,885,060</u>	<u>2,371,294</u>	<u>15,513,766</u>
Total	<u>\$53,781,928</u>	<u>\$23,187,581</u>	<u>\$30,594,347</u>

**17. PROPERTY TAX CALENDAR**

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien Date	March 1
Levy Date	July 1 through June 30
Due Dates	November 1 <sup>st</sup> – 1 <sup>st</sup> Installment March 1 <sup>st</sup> – 2 <sup>nd</sup> Installment
Delinquent Dates	December 10 <sup>th</sup> – 1 <sup>st</sup> Installment April 10 <sup>th</sup> – 2 <sup>nd</sup> Installment

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**18. CONTINGENCIES**

The District is involved from time to time in claims arising in the ordinary course of its business. While the ultimate liability, if any, arising from these claims cannot be predicted with certainty, the District believes that the resolution of these matters will not likely have a material effect on the District's financial statements.

On July 11, 2011, the District filed a complaint for declaratory relief in the Superior Court of California, County of Riverside, against the Registrar of Voters and against certain individual real parties in interest. The claim arises out of a pre-election challenge by the District to certain proposed 2011 initiatives, which attempt to use the initiative process to reduce water and sewer rates, and to then impose a ceiling for all future rate increases based on a vaguely defined Consumer Price Index. The Demurrer and Anti-Slapp Motion filed by the individual real parties in interest were denied by the Riverside County Superior Court. The real parties in interest appealed the denial of the Anti-Slapp Motion to the California Court of Appeal. The real parties of interest appealed the denial of the Anti-Slapp Motion to California of Appeal, 4<sup>th</sup> District Division 2. The Court of Appeal affirmed the trial court's denial of the Anti-Slapp motion. Thereafter, the initiative proponents requested that the entire Division 2 Court of Appeal review the case en banc. This request was not granted. The proponents then filed a petition for review with the California Supreme Court requesting that the Supreme Court grant review of the Appellate Court's order. The California Supreme Court denied the petition for review on October 16, 2013.

**19. SUBSEQUENT EVENTS**

The District evaluated all potential subsequent events as of November 12, 2015 when the financial statements were authorized and available to be issued.

On April 21, 2014 Resolution 2014-9 was adopted to establish procedures and requirements for implementation of the Coachella Valley Multiple Species Habitat Conservation Plan and the Coachella Valley Multiple Species Habitat Conservation Plan/Natural Community Conservation Plan, as revised by the Major Amendment. The District, as a permittee of the plan, will be required to contribute \$350,000. The Major Amendment is awaiting approval by federal and state wildlife agencies and is expected to be approved by December 31, 2015. The required contribution is not due and payable until the Major Amendment is approved and financing options are offered through the Amendment for up to five years.

No subsequent events or transactions other than those mentioned above were identified after June 30, 2015 or as of November 12, 2015 that require disclosure to the financial statements.

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015**

**20. GRANT AWARDS**

Summarized below are grants included in the Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position. Reimbursable costs are included in "Grants Receivable" on the Statement of Net Position. Revenue from the grants is presented in the Statement of Revenue, Expenses and Changes in Net Position under "Non-Operating Revenues". (Refer to Note 16)

Grantor	Purpose	Fiscal Year Ending June 30, 2015									
		Grant Amount	Grants Receivable (Reimbursable Costs)		Water District		Sewer District		Grant Income		Unexpended Portion of Grant
			Water District	Sewer District	Prior	Current	Prior	Current	Prior	Current	
California Department of Water Resources	Mission Creek & Garnett Hills Water Management Plan	\$ 84,224	\$ -	\$ -	\$ 45,742	\$ 38,482	\$ -	\$ -	\$ -	\$ -	\$ -
California Department of Water Resources (Prop #84)	Regional Water Conservation Program	169,050	34,519	-	-	45,196	-	-	-	-	123,854
California Department of Water Resources (Prop #84)	Assessment District #12 Sewer Project D1 (Note 7)	1,000,000	-	-	-	-	-	966,650	-	33,350	-
California State Water Resources Control Board	Assessment District #12 Sewer Project F&M1 (Note 8)	4,815,379	-	-	-	-	-	4,813,603	-	1,776	-
California Department of Water Resources (Prop #84)	Assessment District #12 Sewer Project D2 (Note 7)	1,845,000	-	29,631	-	-	-	-	-	29,631	1,815,369
California State Water Resources Control Board	Assessment District #12 Sewer Project J1 (Note 7)	960,000	-	21,836	-	-	-	-	-	52,462	907,538
<b>Totals</b>		<b>\$ 8,873,653</b>	<b>\$ 34,519</b>	<b>\$ 51,467</b>	<b>\$ 45,742</b>	<b>\$ 83,678</b>	<b>\$ 5,780,253</b>	<b>\$ 117,219</b>	<b>\$ 5,780,253</b>	<b>\$ 117,219</b>	<b>\$ 2,846,761</b>

**REQUIRED SUPPLEMENTARY INFORMATION**

**MISSION SPRINGS WATER DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**JUNE 30, 2015**

	2015
Proportion of the net pension liability	0.07793%
Proportionate share of the net pension liability	\$4,849,312
Covered - employee payroll	\$2,591,793
Proportionate Share of the net pension liability as percentage of covered-employee payroll	187.10%
Plan fiduciary net position	\$1,948,990
Plan fiduciary net position as a percentage of the total pension liability	73.82%

**Notes to Schedule:**

**Benefit changes:** There were no benefit changes for the year ended June 30, 2015.

**Changes in assumptions:** There were no changes in assumptions for the year ended June 30, 2015.

**MISSION SPRINGS WATER DISTRICT**  
**SCHEDULE OF CONTRIBUTIONS**  
**JUNE 30, 2015**

	2015
Contractually required contribution (actuarially determined)	\$ 650,239
Contributions in relation to the actuarially determined contributions	650,239
Contribution deficiency (excess)	\$ -
 Covered-employee payroll	 \$2,591,793
 Contributions as a percentage of covered-employee payroll	 25.09%

**Notes to Schedule:**

**Benefit changes:** There were no benefit changes for the year ended June 30, 2015.

**Changes in assumptions:** There were no changes in assumptions for the year ended June 30, 2015.

**SUPPLEMENTARY INFORMATION**

**MISSION SPRINGS WATER DISTRICT**

**SCHEDULE OF PRINCIPAL AND INTEREST REPAYMENTS**  
**ASSESSMENT DISTRICT #4 SPECIAL ASSESSMENT BONDS, SERIES R-1**

<u>Date</u>	<u>Interest Due</u>	<u>Coupon Rate</u>	<u>Principal Payment</u>	<u>Total Debt Service</u>	<u>Balance Principal Unpaid</u>
6/30/2015	\$ -	-	\$ -	\$ -	\$ 32,000
7/2/15	1,820	11.375	4,000	5,820	28,000
1/2/16	1,593	11.375	-	1,593	28,000
7/2/16	1,593	11.375	4,000	5,593	24,000
1/2/17	1,365	11.375	-	1,365	24,000
7/2/17	1,365	11.375	4,000	5,365	20,000
1/2/18	1,138	11.375	-	1,138	20,000
7/2/18	1,138	11.375	4,000	5,138	16,000
1/2/19	910	11.375	-	910	16,000
7/2/19	910	11.375	4,000	4,910	12,000
1/2/20	683	11.375	-	683	12,000
7/2/20	683	11.375	4,000	4,683	8,000
1/2/21	455	11.375	-	455	8,000
7/2/21	455	11.375	4,000	4,455	4,000
1/2/22	228	11.375	-	228	4,000
7/2/22	<u>228</u>	11.375	<u>4,000</u>	<u>4,228</u>	-
	<u>\$ 14,564</u>		<u>\$ 32,000</u>	<u>\$ 46,564</u>	

**MISSION SPRINGS WATER DISTRICT**

**SCHEDULE OF PRINCIPAL AND INTEREST REPAYMENTS**  
**ASSESSMENT DISTRICT #7 SPECIAL ASSESSMENT BONDS**

<u>Date</u>	<u>Interest Due</u>	<u>Coupon Rate</u>	<u>Principal Payment</u>	<u>Total Debt Service</u>	<u>Balance Principal Unpaid</u>
6/30/2015	\$ -	-	\$ -	\$ -	\$ 120,000
7/2/15	4,350	7.250	9,000	13,350	111,000
1/2/16	4,023	7.250	-	4,023	111,000
7/2/16	4,023	7.250	9,000	13,023	102,000
1/2/17	3,697	7.250	-	3,697	102,000
7/2/17	3,697	7.250	10,000	13,697	92,000
1/2/18	3,335	7.250	-	3,335	92,000
7/2/18	3,335	7.250	11,000	14,335	81,000
1/2/19	2,936	7.250	-	2,936	81,000
7/2/19	2,936	7.250	11,000	13,936	70,000
1/2/20	2,537	7.250	-	2,537	70,000
7/2/20	2,537	7.250	12,000	14,537	58,000
1/2/21	2,102	7.250	-	2,102	58,000
7/2/21	2,102	7.250	13,000	15,102	45,000
1/2/22	1,631	7.250	-	1,631	45,000
7/2/22	1,631	7.250	14,000	15,631	31,000
1/2/23	1,123	7.250	-	1,123	31,000
7/2/23	1,123	7.250	15,000	16,123	16,000
1/2/24	580	7.250	-	580	16,000
7/2/24	580	7.250	16,000	16,580	-
	<u>\$ 48,278</u>		<u>\$ 120,000</u>	<u>\$ 168,278</u>	

**MISSION SPRINGS WATER DISTRICT**

**SCHEDULE OF PRINCIPAL AND INTEREST REPAYMENTS**

**CERTIFICATES OF PARTICIPATION**

**UNITED STATES DEPARTMENT OF AGRICULTURE**

<u>Date</u>	<u>Interest Due</u>	<u>Coupon Rate</u>	<u>Principal Payment</u>	<u>Total Debt Service</u>	<u>Balance Principal Unpaid</u>
6/30/2015	\$ -	-	\$ -	\$ -	\$ 286,401
8/1/15	6,444	4.500	-	6,444	286,401
2/1/16	6,444	4.500	6,000	12,444	280,401
8/1/16	6,309	4.500	-	6,309	280,401
2/1/17	6,309	4.500	6,300	12,609	274,101
8/1/17	6,167	4.500	-	6,167	274,101
2/1/18	6,167	4.500	6,600	12,767	267,501
8/1/18	6,019	4.500	-	6,019	267,501
2/1/19	6,019	4.500	6,900	12,919	260,601
8/1/19	5,864	4.500	-	5,864	260,601
2/1/20	5,864	4.500	7,200	13,064	253,401
8/1/20	5,702	4.500	-	5,702	253,401
2/1/21	5,702	4.500	7,500	13,202	245,901
8/1/21	5,533	4.500	-	5,533	245,901
2/1/22	5,533	4.500	7,900	13,433	238,001
8/1/22	5,355	4.500	-	5,355	238,001
2/1/23	5,355	4.500	8,200	13,555	229,801
8/1/23	5,171	4.500	-	5,171	229,801
2/1/24	5,171	4.500	8,600	13,771	221,201
8/1/24	4,977	4.500	-	4,977	221,201
2/1/25	4,977	4.500	8,900	13,877	212,301
8/1/25	4,777	4.500	-	4,777	212,301
2/1/26	4,777	4.500	9,400	14,177	202,901
8/1/26	4,565	4.500	-	4,565	202,901
2/1/27	4,565	4.500	9,800	14,365	193,101
8/1/27	4,345	4.500	-	4,345	193,101
2/1/28	4,345	4.500	10,200	14,545	182,901
8/1/28	4,115	4.500	-	4,115	182,901
2/1/29	4,115	4.500	10,700	14,815	172,201
8/1/29	3,875	4.500	-	3,875	172,201
2/1/30	3,875	4.500	11,100	14,975	161,101
8/1/30	3,625	4.500	-	3,625	161,101
2/1/31	3,625	4.500	11,600	15,225	149,501
8/1/31	3,364	4.500	-	3,364	149,501
2/1/32	3,364	4.500	12,200	15,564	137,301
8/1/32	3,089	4.500	-	3,089	137,301
2/1/33	3,089	4.500	12,700	15,789	124,601

-CONTINUED-

**MISSION SPRINGS WATER DISTRICT**

**SCHEDULE OF PRINCIPAL AND INTEREST REPAYMENTS**

**CERTIFICATES OF PARTICIPATION**

**UNITED STATES DEPARTMENT OF AGRICULTURE**

-CONTINUED-

<u>Date</u>	<u>Interest Due</u>	<u>Coupon Rate</u>	<u>Principal Payment</u>	<u>Total Debt Service</u>	<u>Balance Principal Unpaid</u>
8/1/33	2,804	4.500	-	2,804	124,601
2/1/34	2,804	4.500	13,300	16,104	111,301
8/1/34	2,504	4.500	-	2,504	111,301
2/1/35	2,504	4.500	13,900	16,404	97,401
8/1/35	2,192	4.500	-	2,192	97,401
2/1/36	2,192	4.500	14,500	16,692	82,901
8/1/36	1,865	4.500	-	1,865	82,901
2/1/37	1,865	4.500	15,200	17,065	67,701
8/1/37	1,523	4.500	-	1,523	67,701
2/1/38	1,523	4.500	15,800	17,323	51,901
8/1/38	1,168	4.500	-	1,168	51,901
2/1/39	1,168	4.500	16,500	17,668	35,401
8/1/39	797	4.500	-	797	35,401
2/1/40	797	4.500	17,300	18,097	18,101
8/1/40	407	4.500	-	407	18,101
2/1/41	407	4.500	18,101	18,508	-
	<u>\$ 205,112</u>		<u>\$ 286,401</u>	<u>\$ 491,513</u>	

**MISSION SPRINGS WATER DISTRICT**

**SCHEDULE OF PRINCIPAL AND INTEREST REPAYMENTS**

**INSTALLMENT SALE AGREEMENT**

**ASSESSMENT DISTRICT #11, PHASE II**

<u>Date</u>	<u>Interest Due</u>	<u>Interest Rate</u>	<u>Principal Payment</u>	<u>Total Debt Service</u>	<u>Balance Principal Unpaid</u>
6/30/2015	\$ -	-	\$ -	\$ -	\$ 93,589
7/28/15	<u>1,903</u>	4.060	<u>93,589</u>	<u>95,492</u>	-
	<u>\$ 1,903</u>		<u>\$ 93,589</u>	<u>\$ 95,492</u>	

**MISSION SPRINGS WATER DISTRICT**

**SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS**

**INSTALLMENT SALE AGREEMENT**

**ASSESSMENT DISTRICT #12, PHASE I**

<u>Date</u>	<u>Interest Due</u>	<u>Coupon Rate</u>	<u>Principal Payment</u>	<u>Total Debt Service</u>	<u>Balance Principal Unpaid</u>
6/30/2015	\$ -	\$ -	\$ -	\$ -	\$ 1,485,669
12/26/15	39,667	5.340	50,500	90,167	1,435,169
6/26/16	38,319	5.340	51,848	90,167	1,383,321
12/26/16	36,935	5.340	53,232	90,167	1,330,089
6/26/17	35,513	5.340	54,654	90,167	1,275,435
12/26/17	34,054	5.340	56,113	90,167	1,219,322
6/26/18	32,556	5.340	57,611	90,167	1,161,711
12/26/18	31,018	5.340	59,149	90,167	1,102,562
6/26/19	29,438	5.340	60,729	90,167	1,041,833
12/26/19	27,817	5.340	62,350	90,167	979,483
6/26/20	26,152	5.340	64,015	90,167	915,468
12/26/20	24,443	5.340	65,724	90,167	849,744
6/26/21	22,688	5.340	67,479	90,167	782,265
12/26/21	20,886	5.340	69,281	90,167	712,984
6/26/22	19,037	5.340	71,130	90,167	641,854
12/26/22	17,137	5.340	73,030	90,167	568,824
6/26/23	15,188	5.340	74,979	90,167	493,845
12/26/23	13,186	5.340	76,981	90,167	416,864
6/26/24	11,130	5.340	79,037	90,167	337,827
12/26/24	9,020	5.340	81,147	90,167	256,680
6/26/25	6,854	5.340	83,313	90,167	173,367
12/26/25	4,629	5.340	85,538	90,167	87,829
6/26/26	2,338	5.340	87,829	90,167	-
	<u>\$ 498,005</u>		<u>\$ 1,485,669</u>	<u>\$ 1,983,674</u>	

**MISSION SPRINGS WATER DISTRICT**

**SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS**

**INSTALLMENT SALE AGREEMENT**

**ASSESSMENT DISTRICT #12, PHASE II**

<u>Date</u>	<u>Interest Due</u>	<u>Coupon Rate</u>	<u>Principal Payment</u>	<u>Total Debt Service</u>	<u>Balance Principal Unpaid</u>
6/30/2015	\$ -	-	\$ -	\$ -	\$ 1,174,967
9/21/15	29,492	5.020	34,353	63,845	1,140,614
3/21/16	28,629	5.020	35,216	63,845	1,105,398
9/21/16	27,746	5.020	36,099	63,845	1,069,299
3/21/17	26,840	5.020	37,005	63,845	1,032,294
9/21/17	25,910	5.020	37,935	63,845	994,359
3/21/18	24,959	5.020	38,886	63,845	955,473
9/21/18	23,982	5.020	39,863	63,845	915,610
3/21/19	22,982	5.020	40,863	63,845	874,747
9/21/19	21,957	5.020	41,888	63,845	832,859
3/21/20	20,905	5.020	42,940	63,845	789,919
9/21/20	19,827	5.020	44,018	63,845	745,901
3/21/21	18,722	5.020	45,123	63,845	700,778
9/21/21	17,590	5.020	46,255	63,845	654,523
3/21/22	16,428	5.020	47,417	63,845	607,106
9/21/22	15,239	5.020	48,606	63,845	558,500
3/21/23	14,018	5.020	49,827	63,845	508,673
9/21/23	12,768	5.020	51,077	63,845	457,596
3/21/24	11,486	5.020	52,359	63,845	405,237
9/21/24	10,172	5.020	53,673	63,845	351,564
3/21/25	8,824	5.020	55,021	63,845	296,543
9/21/25	7,443	5.020	56,402	63,845	240,141
3/21/26	6,028	5.020	57,817	63,845	182,324
9/21/26	4,577	5.020	59,268	63,845	123,056
3/21/27	3,089	5.020	60,756	63,845	62,300
9/21/27	1,545	5.020	62,300	63,845	-
	<u>\$ 421,158</u>		<u>\$ 1,174,967</u>	<u>\$ 1,596,125</u>	

**MISSION SPRINGS WATER DISTRICT**

**SCHEDULE OF PRINCIPAL AND INTEREST REPAYMENTS**

**INSTALLMENT SALE AGREEMENT**

**BELT FILTER PRESS**

<u>Date</u>	<u>Interest Due</u>	<u>Interest Rate</u>	<u>Principal Payment</u>	<u>Total Debt Service</u>	<u>Balance Principal Unpaid</u>
6/30/2015	\$ -	-	\$ -	\$ -	\$ 44,118
8/1/15	162	4.414	10,969	11,131	33,149
9/1/15	122	4.414	11,009	11,131	22,140
10/1/15	81	4.414	11,050	11,131	11,090
11/1/15	<u>41</u>	4.414	<u>11,090</u>	<u>11,131</u>	-
	<u>\$ 406</u>		<u>\$ 44,118</u>	<u>\$ 44,524</u>	

**MISSION SPRINGS WATER DISTRICT**

**SCHEDULE OF PRINCIPAL AND INTEREST REPAYMENTS**

**INSTALLMENT SALE AGREEMENT**

**MISSION CREEK - 80 ACRES**

<u>Date</u>	<u>Interest Due</u>	<u>Interest Rate</u>	<u>Principal Payment</u>	<u>Total Debt Service</u>	<u>Balance Principal Unpaid</u>
6/30/2015	\$ -	-	\$ -	\$ -	\$ 305,563
12/7/15	6,487	4.190	5,704	12,191	299,859
6/7/16	6,365	4.190	5,826	12,191	294,033
12/7/16	6,242	4.190	5,949	12,191	288,084
6/7/17	6,082	4.190	6,109	12,191	281,975
12/7/17	5,986	4.190	6,205	12,191	275,770
6/7/18	5,822	4.190	6,369	12,191	269,401
12/7/18	5,719	4.190	6,472	12,191	262,929
6/7/19	5,551	4.190	6,640	12,191	256,289
12/7/19	5,441	4.190	6,750	12,191	249,539
6/7/20	5,297	4.190	6,894	12,191	242,645
12/7/20	5,151	4.190	7,040	12,191	235,605
6/7/21	4,974	4.190	7,217	12,191	228,388
12/7/21	4,848	4.190	7,343	12,191	221,045
6/7/22	4,667	4.190	7,524	12,191	213,521
12/7/22	4,533	4.190	7,658	12,191	205,863
6/7/23	4,346	4.190	7,845	12,191	198,018
12/7/23	4,204	4.190	7,987	12,191	190,031
6/7/24	4,034	4.190	8,157	12,191	181,874
12/7/24	3,861	4.190	8,330	12,191	173,544
6/7/25	3,664	4.190	8,527	12,191	165,017
12/7/25	3,503	4.190	8,688	12,191	156,329
6/7/26	3,300	4.190	8,891	12,191	147,438
12/7/26	3,130	4.190	9,061	12,191	138,377
6/7/27	2,921	4.190	9,270	12,191	129,107
12/7/27	2,741	4.190	9,450	12,191	119,657
6/7/28	2,540	4.190	9,651	12,191	110,006
12/7/28	2,335	4.190	9,856	12,191	100,150
6/7/29	2,114	4.190	10,077	12,191	90,073
12/7/29	1,912	4.190	10,279	12,191	79,794
6/7/30	1,685	4.190	10,506	12,191	69,288
12/7/30	1,471	4.190	10,720	12,191	58,568
6/7/31	1,236	4.190	10,955	12,191	47,613
12/7/31	1,011	4.190	11,180	12,191	36,433
6/7/32	773	4.190	11,418	12,191	25,015
12/7/32	531	4.190	11,660	12,191	13,355
6/7/33	<u>282</u>	4.190	<u>13,355</u>	<u>13,637</u>	-
	<u>\$ 134,759</u>		<u>\$ 305,563</u>	<u>\$ 440,322</u>	

**MISSION SPRINGS WATER DISTRICT**

**SCHEDULE OF PRINCIPAL AND INTEREST REPAYMENTS**  
**STATE REVOLVING FUND ASSESSMENT DISTRICT #12, PHASE IV**

<u>Date</u>	<u>Interest Due</u>	<u>Interest Rate</u>	<u>Principal Payment</u>	<u>Total Debt Service</u>	<u>Balance Principal Unpaid</u>
6/30/2015	\$ -	-	\$ -	\$ -	\$ 4,657,175
1/31/16	101,826	2.200	200,684	302,510	4,456,491
1/31/17	98,043	2.200	204,467	302,510	4,252,024
1/31/18	93,544	2.200	208,966	302,510	4,043,058
1/31/19	88,947	2.200	213,563	302,510	3,829,495
1/31/20	84,249	2.200	218,261	302,510	3,611,234
1/31/21	79,447	2.200	223,063	302,510	3,388,171
1/31/22	74,540	2.200	227,970	302,510	3,160,201
1/31/23	69,525	2.200	232,985	302,510	2,927,216
1/31/24	64,399	2.200	238,111	302,510	2,689,105
1/31/25	59,160	2.200	243,350	302,510	2,445,755
1/31/26	53,807	2.200	248,703	302,510	2,197,052
1/31/27	48,335	2.200	254,175	302,510	1,942,877
1/31/28	42,743	2.200	259,767	302,510	1,683,110
1/31/29	37,029	2.200	265,481	302,510	1,417,629
1/31/30	31,188	2.200	271,322	302,510	1,146,307
1/31/31	25,219	2.200	277,291	302,510	869,016
1/31/32	19,118	2.200	283,392	302,510	585,624
1/31/33	12,884	2.200	289,626	302,510	295,998
1/31/34	<u>6,512</u>	2.200	<u>295,998</u>	<u>302,510</u>	-
	<u>\$ 1,090,515</u>		<u>\$ 4,657,175</u>	<u>\$ 5,747,690</u>	

**MISSION SPRINGS WATER DISTRICT**

**SCHEDULE OF PRINCIPAL AND INTEREST REPAYMENTS**

**INSTALLMENT SALE AGREEMENT**

**ASSESSMENT DISTRICT #12, PHASE V**

<u>Date</u>	<u>Interest Due</u>	<u>Interest Rate</u>	<u>Principal Payment</u>	<u>Total Debt Service</u>	<u>Balance Principal Unpaid</u>
6/30/2015	\$ -	-	\$ -	\$ -	\$ 1,182,847
9/2/15	24,249	4.100	21,674	45,923	1,161,173
3/2/16	23,804	4.100	22,119	45,923	1,139,054
9/2/16	23,351	4.100	22,572	45,923	1,116,482
3/2/17	22,888	4.100	23,035	45,923	1,093,447
9/2/17	22,416	4.100	23,507	45,923	1,069,940
3/2/18	21,934	4.100	23,989	45,923	1,045,951
9/2/18	21,442	4.100	24,481	45,923	1,021,470
3/2/19	20,940	4.100	24,983	45,923	996,487
9/2/19	20,429	4.100	25,494	45,923	970,993
3/2/20	19,906	4.100	26,017	45,923	944,976
9/2/20	19,372	4.100	26,551	45,923	918,425
3/2/21	18,828	4.100	27,095	45,923	891,330
9/2/21	18,272	4.100	27,651	45,923	863,679
3/2/22	17,706	4.100	28,217	45,923	835,462
9/2/22	17,127	4.100	28,796	45,923	806,666
3/2/23	16,537	4.100	29,386	45,923	777,280
9/2/23	15,935	4.100	29,988	45,923	747,292
3/2/24	15,320	4.100	30,603	45,923	716,689
9/2/24	14,692	4.100	31,231	45,923	685,458
3/2/25	14,052	4.100	31,871	45,923	653,587
9/2/25	13,399	4.100	32,524	45,923	621,063
3/2/26	12,732	4.100	33,191	45,923	587,872
9/2/26	12,051	4.100	33,872	45,923	554,000
3/2/27	11,358	4.100	34,565	45,923	519,435
9/2/27	10,648	4.100	35,275	45,923	484,160
3/2/28	9,926	4.100	35,997	45,923	448,163
9/2/28	9,188	4.100	36,735	45,923	411,428
3/2/29	8,434	4.100	37,489	45,923	373,939
9/2/29	7,666	4.100	38,257	45,923	335,682
3/2/30	6,882	4.100	39,041	45,923	296,641
9/2/30	6,081	4.100	39,842	45,923	256,799
3/2/31	5,265	4.100	40,658	45,923	216,141
9/2/31	4,431	4.100	41,492	45,923	174,649
3/2/32	3,581	4.100	42,342	45,923	132,307
9/2/32	2,712	4.100	43,211	45,923	89,096
3/2/33	1,827	4.100	44,096	45,923	45,000
9/2/33	923	4.100	45,000	45,923	-
	<u>\$ 516,304</u>		<u>\$ 1,182,847</u>	<u>\$ 1,699,151</u>	

**MISSION SPRINGS WATER DISTRICT**

**SCHEDULE OF PRINCIPAL AND INTEREST REPAYMENTS**

**INSTALLMENT SALE AGREEMENT**

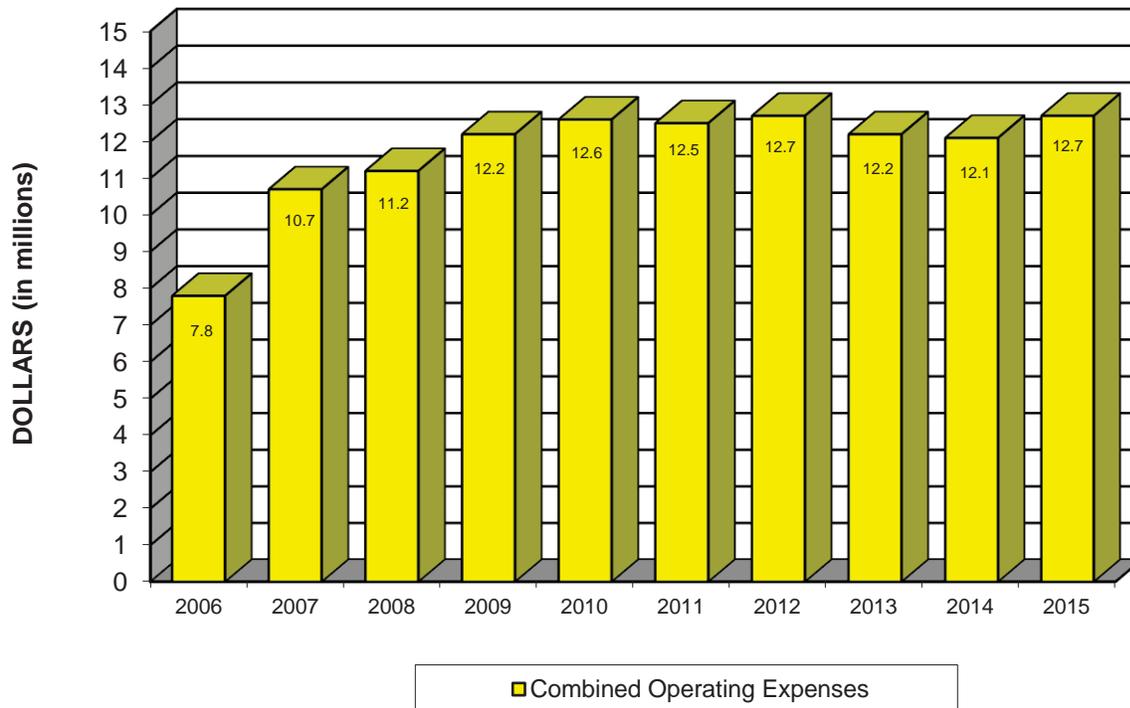
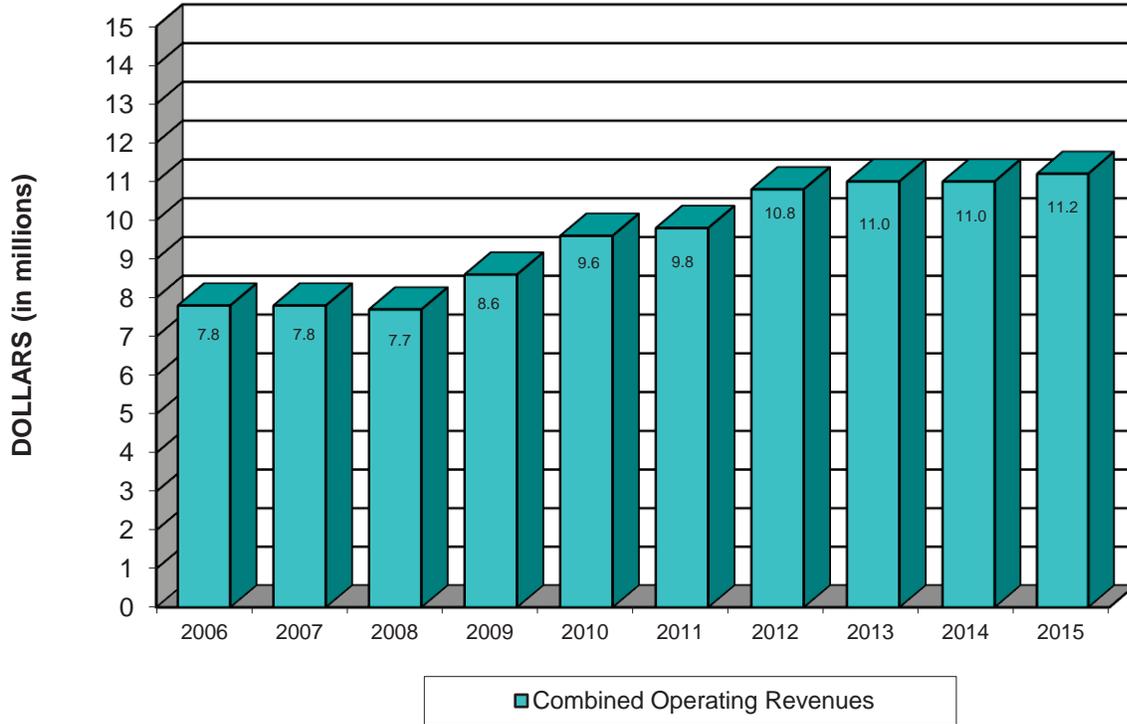
**ASSESSMENT DISTRICT #12, PHASE VI**

<u>Date</u>	<u>Interest Due</u>	<u>Interest Rate</u>	<u>Principal Payment</u>	<u>Total Debt Service</u>	<u>Balance Principal Unpaid</u>
6/30/2015	\$ -	-	\$ -	\$ -	\$ 2,637,345
9/2/15	52,088	3.950	45,525	97,613	2,591,820
3/2/16	51,189	3.950	46,424	97,613	2,545,396
9/2/16	50,272	3.950	47,341	97,613	2,498,055
3/2/17	49,337	3.950	48,276	97,613	2,449,779
9/2/17	48,383	3.950	49,230	97,613	2,400,549
3/2/18	47,411	3.950	50,202	97,613	2,350,347
9/2/18	46,420	3.950	51,193	97,613	2,299,154
3/2/19	45,408	3.950	52,205	97,613	2,246,949
9/2/19	44,377	3.950	53,236	97,613	2,193,713
3/2/20	43,326	3.950	54,287	97,613	2,139,426
9/2/20	42,254	3.950	55,359	97,613	2,084,067
3/2/21	41,161	3.950	56,452	97,613	2,027,615
9/2/21	40,046	3.950	57,567	97,613	1,970,048
3/2/22	38,909	3.950	58,704	97,613	1,911,344
9/2/22	37,749	3.950	59,864	97,613	1,851,480
3/2/23	36,567	3.950	61,046	97,613	1,790,434
9/2/23	35,361	3.950	62,252	97,613	1,728,182
3/2/24	34,132	3.950	63,481	97,613	1,664,701
9/2/24	32,878	3.950	64,735	97,613	1,599,966
3/2/25	31,600	3.950	66,013	97,613	1,533,953
9/2/25	30,296	3.950	67,317	97,613	1,466,636
3/2/26	28,966	3.950	68,647	97,613	1,397,989
9/2/26	27,610	3.950	70,003	97,613	1,327,986
3/2/27	26,228	3.950	71,385	97,613	1,256,601
9/2/27	24,818	3.950	72,795	97,613	1,183,806
3/2/28	23,380	3.950	74,233	97,613	1,109,573
9/2/28	21,914	3.950	75,699	97,613	1,033,874
3/2/29	20,419	3.950	77,194	97,613	956,680
9/2/29	<u>18,894</u>	3.950	<u>956,680</u>	<u>975,574</u>	-
	<u>\$ 1,071,393</u>		<u>\$ 2,637,345</u>	<u>\$ 3,708,738</u>	

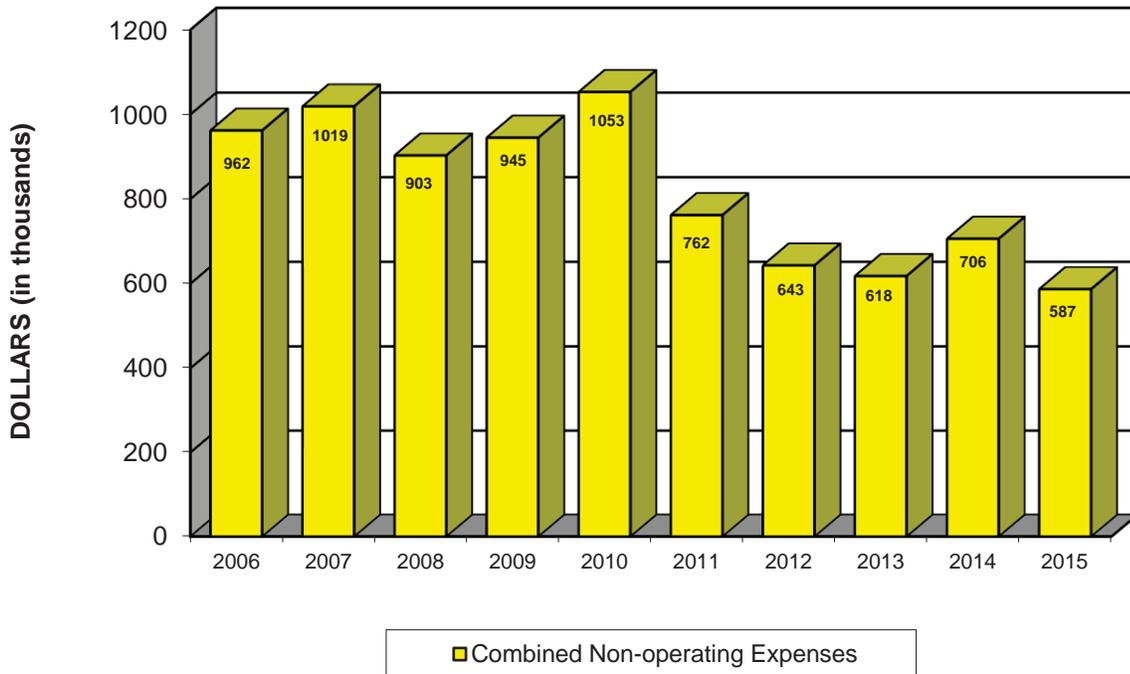
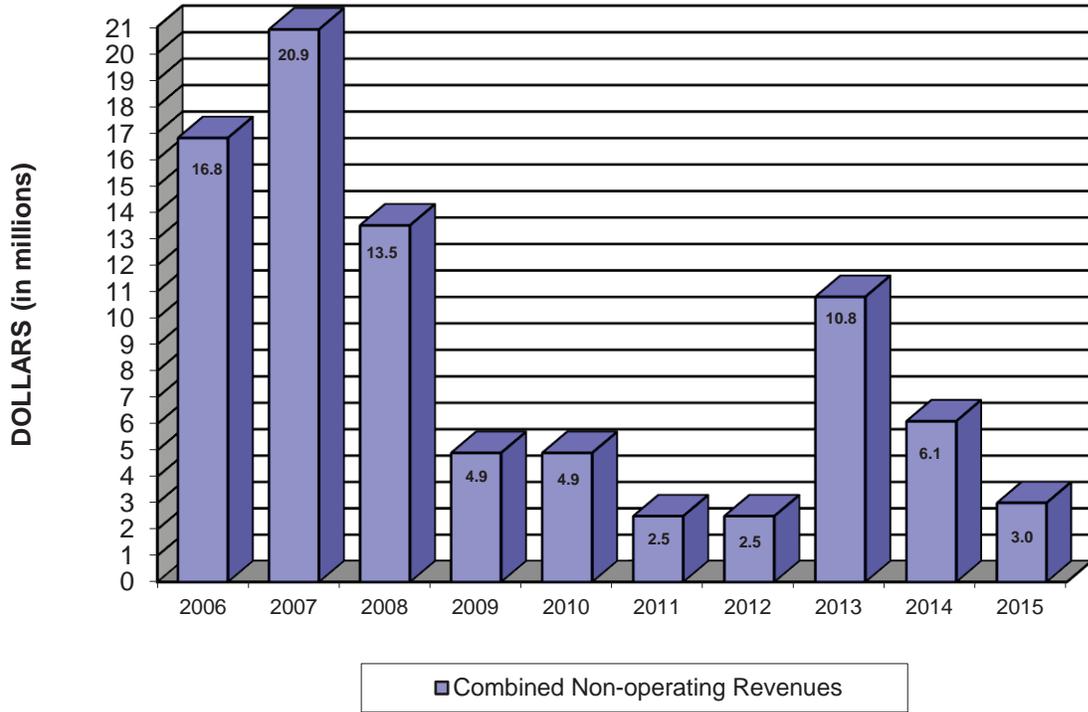
**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION BY OBJECT**  
**FOR THE YEAR ENDED JUNE 30, 2015**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2014**

	2015			2014	
	Water District	Sewer District	General District	(Memorandum only) Combined	(Memorandum only) Combined
<b>REVENUES</b>					
Base service charge	1,426,763	\$ -	\$ -	1,426,763	\$ 1,413,110
Water consumption	4,830,181	-	-	4,830,181	5,009,489
Meter installations	17,566	-	-	17,566	8,330
Sewer service	-	4,151,325	-	4,151,325	3,775,588
Other operating revenue	520,420	-	-	520,420	474,072
Backup and front footage fees	188,876	61,350	-	250,226	1,298,376
Contributed infrastructure	776,168	-	-	776,168	59,506
Property taxes	660,742	350,224	573,333	1,584,299	1,534,979
Standby charges	230,762	12,430	-	243,192	246,693
Fats, oils & grease fees	-	3,676	-	3,676	3,350
Interest	4,804	405,303	26,730	436,837	493,645
Grants	83,678	117,219	-	200,897	2,642,497
Recovery of prior year expense	39,148	4,586	-	43,734	76,830
Amortization of deposit for maintenance	487	580	-	1,067	1,067
Gain (loss) from asset disposals	(301,350)	-	4,235	(297,115)	13,730
Total revenues	<u>8,478,245</u>	<u>5,106,693</u>	<u>604,298</u>	<u>14,189,236</u>	<u>17,051,262</u>
<b>EXPENSES</b>					
Salaries and wages	1,156,704	496,376	1,270,802	2,923,882	2,906,983
Employee benefits	625,359	267,917	726,678	1,619,954	1,585,881
Pension inflows/outflows of resources	-	-	(346,744)	(346,744)	-
Public Employees Retirement -Prior year costs	-	-	267,629	267,629	257,469
Materials and supplies	403,462	78,254	227,558	709,274	844,138
Outside services	400,259	381,319	1,004,090	1,785,668	1,611,511
Ground water replenishment fees	94,391	-	-	94,391	91,960
Utilities	977,481	177,553	30,023	1,185,057	1,126,236
Directors' fees	-	-	34,660	34,660	31,310
Engineering	48,960	-	-	48,960	22,546
Insurance	-	-	122,145	122,145	105,850
Legal	-	-	175,325	175,325	133,508
Audit	-	-	24,372	24,372	23,898
Depreciation	2,219,646	1,489,481	204,601	3,913,728	3,612,694
Interest	26,744	502,143	-	528,887	354,788
Standby reports	12,088	2,661	-	14,749	11,842
Dues and subscriptions	-	936	45,330	46,266	38,945
Training and conferences	6,356	5,240	55,715	67,311	55,739
Amortization	1,440	120,232	-	121,672	69,658
Ground water management	-	-	15,000	15,000	15,000
Other expenses	2,936	731	10,713	14,380	26,803
Subtotal	<u>5,975,826</u>	<u>3,522,843</u>	<u>3,867,897</u>	<u>13,366,566</u>	<u>12,926,759</u>
General District Allocation	<u>2,848,218</u>	<u>1,056,728</u>	<u>(3,935,252)</u>	<u>(30,306)</u>	<u>(129,080)</u>
Total expenses	<u>8,824,044</u>	<u>4,579,571</u>	<u>(67,355)</u>	<u>13,336,260</u>	<u>12,797,679</u>
<b>CHANGE IN NET POSITION</b>	(345,799)	527,122	671,653	852,976	4,235,583
<b>NET POSITION, BEGINNING OF YEAR AS PREVIOUSLY REPORTED</b>	62,204,815	57,737,819	10,973,361	130,915,995	126,680,412
<b>PRIOR PERIOD ADJUSTMENT</b>	-	-	(5,388,133)	(5,388,133)	-
<b>NET POSITION AS RESTATED, BEGINNING OF YEAR</b>	<u>62,204,815</u>	<u>57,737,819</u>	<u>5,585,228</u>	<u>125,527,862</u>	<u>126,680,412</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 61,859,016</u>	<u>\$ 58,264,941</u>	<u>\$ 6,256,881</u>	<u>\$ 126,380,838</u>	<u>\$ 130,915,995</u>

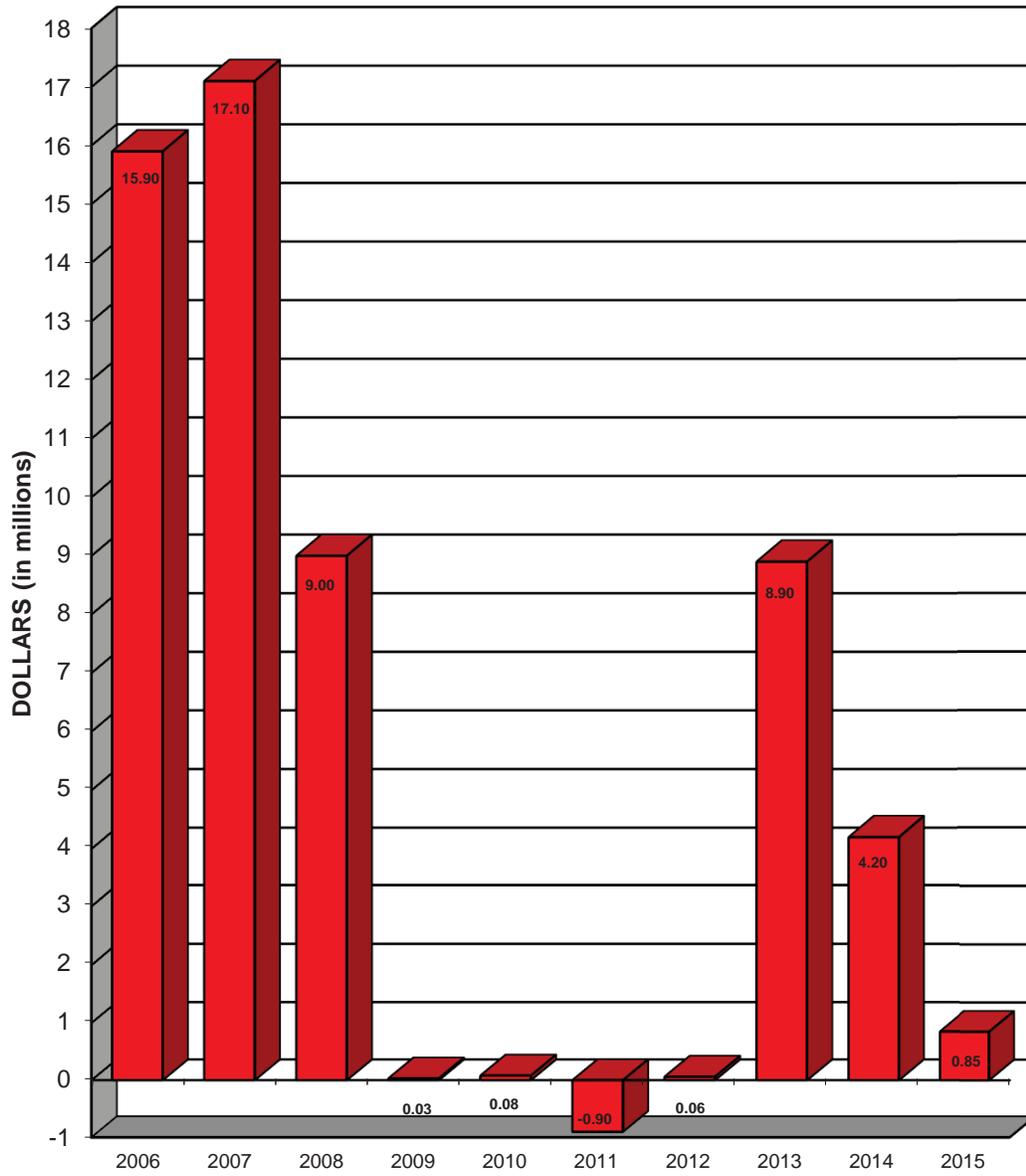
**MISSION SPRINGS WATER DISTRICT**  
**COMBINED OPERATING REVENUES AND OPERATING EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2006-2015**



**MISSION SPRINGS WATER DISTRICT**  
**COMBINED NON-OPERATING REVENUES AND NON-OPERATING EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2006-2015**



**MISSION SPRINGS WATER DISTRICT**  
**CHANGE IN NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2006-2015**



■ Change in Net Position