

**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, 2019**

# 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, 2019, 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 2018 financial statements and, in our report dated October 11, 2018 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, 2019, 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.

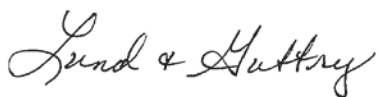
## **Other Matters**

### *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 - 9 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 October 21, 2019, 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.



October 21, 2019

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

# **MISSION SPRINGS WATER DISTRICT**

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

**JUNE 30, 2019 AND 2018**

This section of the Mission Springs Water District's (MSWD) financial statements presents our analysis of the District's financial performance and activities for the fiscal year ended June 30, 2019. This information is presented in conjunction with the audited financial statements, which follow this section.

### **ABOUT THE DISTRICT**

MSWD, formerly called Desert Hot Springs County Water District, was formed in 1953 and operates under the authority of the California Water Code. MSWD 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 Fund – Activities associated with serving 13,219 water accounts, of which 95% are residential customers.

Sewer District Fund– Activities associated with providing sewage collection, treatment and disposal services to 9,165 customers, of which 97% are residential customers.

General District Fund–Activities associated with providing administrative support to operate the water and sewer districts. The operating expenses of the General District Fund are allocated to the Water District Fund and the Sewer District Fund monthly based on pro rata labor hours.

### **OVERVIEW OF THE 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. These activities are accounted for much like that of a private business and use the full accrual method of accounting for transactions.

The district maintains its financial records and prepares financial statements using the accrual basis of accounting and accounting principles appropriate for an enterprise fund. The financial statements conform to generally accepted accounting principles (GAAP) in the United States, and to the standards set by the Governmental Accounting Standards Board (GASB). 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.

Property tax revenues are allocated to the district by Riverside County and are not restricted as to use.

The District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, during fiscal year 2015. GASB 68 requires governmental agencies to record their net pension liability on their Statement of Net Position. The net pension liability as of June 30, 2019, was \$6,816,901. See Note 9 for further information.

# MISSION SPRINGS WATER DISTRICT

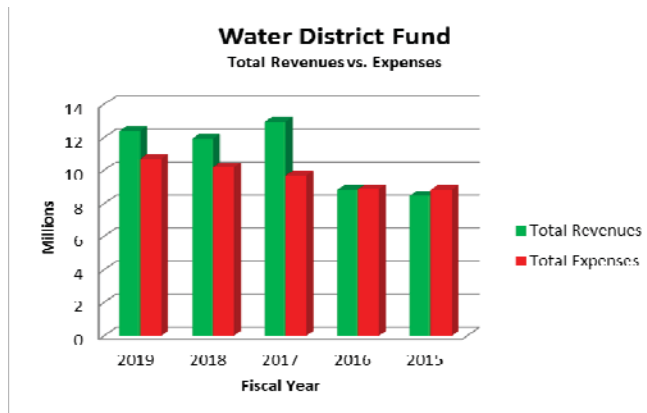
## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019 AND 2018

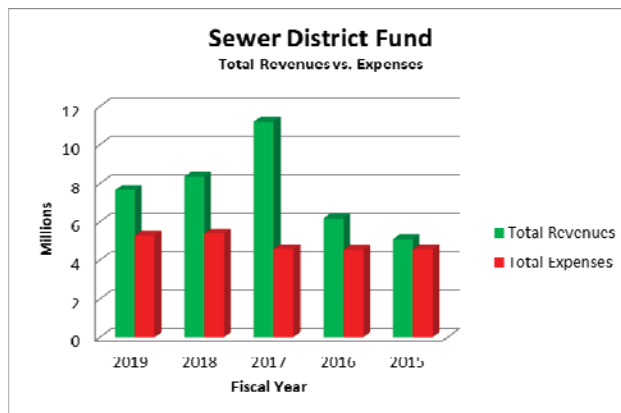
### FINANCIAL HIGHLIGHTS

The following are highlights of the financial activities of the District during the fiscal year ended June 30, 2019.

**Water District Fund.** The Water District Fund total cash and investments (including restricted) increased slightly over \$2.6 million and net position increased slightly over \$1.6 million for fiscal 2019. Operating revenues had a minor increase over June 30, 2018 of approximately \$25,000. Non-Operating revenues increased approximately \$460,000 due to an increase in net investment income and property taxes.



**Sewer District Fund.** The Sewer District Fund total cash and investments (including restricted) increased approximately \$1.7 million and net position increased slightly over \$2.3 million for fiscal 2019. Non-Operating revenues decreased slightly over \$530,000 due to a decrease in grant revenue and backup and front footage fees from sewer collection system projects completed during fiscal years 2017 and 2018.



### CONDENSED FINANCIAL INFORMATION

The following condensed financial information provides an overview of the District's financial activities for the fiscal year ended June 30, 2019.



**MISSION SPRINGS WATER DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2019 AND 2018**

**NET POSITION**

Net position, the difference between assets and liabilities, increased 3.3 percent, or \$4,679,160 to \$147,547,190 from June 30, 2018.

	<u>June 30,</u> <u>2019</u>	<u>June 30,</u> <u>2018</u>	<u>Change</u>
<b>Assets</b>			
Capital assets, net	\$ 121,936,438	\$ 122,174,220	(\$ 237,782)
Other assets	<u>50,219,955</u>	<u>44,992,020</u>	<u>5,227,935</u>
Total assets	<u>172,156,393</u>	<u>167,166,240</u>	<u>4,990,153</u>
<b>Liabilities</b>			
Long-term liabilities	8,989,651	9,638,029	( 648,378)
Other liabilities	<u>15,619,552</u>	<u>14,660,181</u>	<u>959,371</u>
Total liabilities	<u>24,609,203</u>	<u>24,298,210</u>	<u>310,993</u>
<b>Net Position</b>			
Invested in capital assets, net of debt	109,194,048	108,801,854	392,194
Restricted for:			
Debt service	917,907	864,070	53,837
Other purpose	39,957,867	36,837,909	3,119,958
Unrestricted (Deficit)	<u>( 2,522,632)</u>	<u>( 3,635,803)</u>	<u>1,113,171</u>
Total net position	<u>\$ 147,547,190</u>	<u>\$ 142,868,030</u>	<u>\$ 4,679,160</u>

**CAPITAL ASSETS, NET**

Decreased \$237,782, or 0.2 percent. The following list presents a summary of capital expenditures.

Water meters	\$ 511,297
Vehicles	290,410
Sewer facility	1,367,884
Other acquisitions	542,078
Increase in construction in progress	1,053,039
Less depreciation	<u>( 4,002,490)</u>
Total, net	<u>(\$ 237,782)</u>

**MISSION SPRINGS WATER DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2019 AND 2018**

**CAPITAL ASSETS, NET** (continued)

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

	June 30, 2019	June 30, 2018	Change
Intangible plant	\$ 1,121,471	\$ 1,340,070	(\$ 218,599)
Land and land rights	1,375,481	1,375,510	( 29)
Source of supply	4,495,129	4,680,325	( 185,196)
Pumping plant	9,974,038	10,232,361	( 258,323)
Transmission, distribution and storage	34,604,091	35,369,729	( 765,638)
Buildings and grounds	672,063	596,928	75,135
Furniture and fixtures	349,725	426,684	( 76,959)
Shop equipment	16,781	2,167	14,614
Autos, trucks and heavy equipment	676,254	486,060	190,194
Sewage collection facilities	47,629,075	47,453,700	175,375
Sewage treatment plants	8,658,847	8,970,192	( 311,345)
Other plant in service	516,534	446,584	69,950
Construction in progress	<u>11,846,949</u>	<u>10,793,910</u>	<u>1,053,039</u>
Capital assets, net	<u>\$ 121,936,438</u>	<u>\$ 122,174,220</u>	<u>(\$ 237,782)</u>

**OTHER ASSETS**

Increased \$5,227,935, or 11.6 percent. The following list presents a summary of other assets and changes from June 30, 2018.

<u>Description</u>	June 30, 2019	June 30, 2018	Change	<u>Explanation</u>
Current assets – cash	\$ 1,709,513	\$ 4,019,191	(\$ 2,309,678)	
Restricted assets – cash	<u>33,252,040</u>	<u>25,213,441</u>	<u>8,038,599</u>	
Total cash	34,961,553	29,232,632	5,728,921	(1)
Assessments receivable	9,393,560	10,137,031	( 743,471)	(2)
Accounts receivable	2,980,967	2,848,298	132,669	
All other	<u>2,883,875</u>	<u>2,774,059</u>	<u>109,816</u>	
Totals	<u>\$ 50,219,955</u>	<u>\$ 44,992,020</u>	<u>\$ 5,227,935</u>	

(1) Refer to pages 16-17, Combined Statement of Cash Flows.

(2) Normal payments of assessments and no new assessments recorded in the year.

**LONG-TERM LIABILITIES**

Decreased \$648,378, or 6.7 percent. This decrease consisted of normal debt payments during the year.

**LIABILITIES OTHER THAN LONG-TERM DEBT**

Increased \$959,372 or 6.5 percent. Effective June 30, 2015 the District complied with GASB 68 reporting requirements by adequately presenting net pension liability on the combined statement of net position. Net pension liability decreased \$416,287 and deferred inflows of resources increased \$119,682 from June 30, 2018 to \$6,816,901 and \$581,429, respectively, at June 30, 2019. Accrued expenses decreased \$343,262 from June 30, 2018 to \$1,365,398 due primarily to timing of payment from prior year's City Utility Tax of \$278,141 and a reduction of accrued expenses with the construction of two monitoring wells related to the District's participation in the Coachella Valley Multiple Species Habitat Conservation Plan in the amount of \$152,000. (See Note 18)

# MISSION SPRINGS WATER DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### JUNE 30, 2019 AND 2018

#### NET POSITION

Invested In Capital Assets, Net of Debt:

Increased \$392,194 or 0.36 percent, from June 30, 2018.

Restricted "Net Position" increased \$3,173,795. The balances are reserved primarily for capital replacements and debt service.

Unrestricted Net Position increased \$1,113,171 or 30.6 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.

#### CHANGES IN NET POSITION

The increase in net position for fiscal year 2019 was \$4,679,160. 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 47.

	June 30, 2019	June 30, 2018	Change
Total operating revenues	\$ 16,151,236	\$ 16,291,697	(\$ 140,461)
Total operating expenses	( 11,334,271)	( 10,737,174)	( 597,097)
Operating income before depreciation	4,816,965	5,554,523	( 737,558)
Depreciation	( 4,002,490)	( 3,997,997)	( 4,493)
Operating income (loss)	814,475	1,556,526	( 742,051)
Non-operating revenues, net	3,864,685	2,195,271	1,669,414
Increase (decrease) in net position	4,679,160	3,751,797	927,363
Beginning net position	142,868,030	139,116,233	3,751,797
Ending net position	<u>\$ 147,547,190</u>	<u>\$ 142,868,030</u>	<u>4,679,160</u>

On December 21, 2015 the board approved a five year revision to the rates for both water and sewer services. The first rate increase of 11.25% was applied to water and 11% applied to sewer services on March 1, 2016. Additional increases of 11.25%, 9.5% and 9.5% were applied to water services on January 1, 2017, 2018 and 2019, respectively.

A final increase of 9.5% will be applied on January 1, 2020. Additional increases of 11%, 5% and 5% were applied to sewer services on January 1, 2017, 2018 and 2019, respectively. A final increase of 5% will be applied on January 1, 2020.

Operating revenue analysis:

	June 30, 2019	June 30, 2018	Change
Water service charge	\$ 2,436,262	\$ 2,222,752	\$ 213,510
Water consumption charge	6,864,417	6,677,436	186,981
Water meter sales	67,806	60,790	7,016
Sewer service charges	5,963,895	6,128,862	( 164,967)
Other	<u>818,856</u>	<u>1,201,857</u>	<u>( 383,001)</u>
Total operating revenue	<u>\$ 16,151,236</u>	<u>\$ 16,291,697</u>	<u>(\$ 140,461)</u>

**MISSION SPRINGS WATER DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2019 AND 2018**

**CHANGES IN NET POSITION** (continued)

Operating expenses analysis:

	June 30, 2019	June 30, 2018	Change	Explanation
Salaries and benefits	\$ 5,343,731	\$ 5,499,075	(\$ 155,344)	(1)
Utilities	1,280,102	1,210,731	69,371	
Water replenishment fees	129,660	120,032	9,628	
Engineering	66,801	58,850	7,951	
Legal	1,025,590	425,116	600,474	(2)
Interest	665,441	743,021	( 77,580)	
Other	2,822,946	2,680,349	142,597	(1)
Total operating expenses before depreciation	<u>\$ 11,334,271</u>	<u>\$ 10,737,174</u>	<u>\$ 597,097</u>	
Depreciation expense	<u>\$ 4,002,490</u>	<u>\$ 3,997,997</u>	<u>\$ 4,493</u>	

Depreciation expense increased \$4,493 or 0.11 percent, due to additional capital assets placed into service at June 30, 2019 and 2018 with a cost basis of \$2,711,669 and \$1,391,687, respectively, and other assets becoming fully depreciated during 2018.

(1) Reallocation of retirement expense related to GASB 68 deferred inflows/outflows of resources See Note 9.

(2) See Note 16.

“Net non-operating revenues”, increased \$1,669,414 or 76.0 percent.

	June 30, 2019	June 30, 2018	Change
Backup and front footage fees, water and sewer	\$ 603,235	\$ 814,690	(\$ 211,455)
Contributed infrastructure	292,567	246,110	46,457
Federal and State grants	118,248	960,281	( 842,033)
Property taxes	2,125,683	1,777,903	347,780
Investment income (net)	1,796,115	827,198	968,917
Interest expense	( 665,441)	( 743,021)	77,580
Deferred inflows/outflows of resources (GASB 68)	-	( 1,246,116)	1,246,116
Other	( 405,722)	( 441,774)	36,052
Total non-operating revenues, net	<u>\$ 3,864,685</u>	<u>\$ 2,195,271</u>	<u>\$ 1,669,414</u>

Decreases in backup and front footage fees, water and sewer and Federal and State grants are due to area J2 of AD #12 being constructed during the year ended June 30, 2018. Increase in investment income (net) is due to the District utilizing a different investment pool than in previous years which generated better returns while still complying with the District's investment policy. Increase in deferred inflows/outflows of resources is due to a recalculated amount of the District's liability related to its retirement program. See Note 9.

# **MISSION SPRINGS WATER DISTRICT**

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

**JUNE 30, 2019 AND 2018**

### **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 2018 to assist with the construction of water and sewer infrastructure. A grant was received in fiscal year 2019 to assist with the construction of two monitoring wells related to the District's participation in the Coachella Valley Multiple Species Habitat Conservation Plan. (See Note 18)

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

### **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."

## **FINANCIAL STATEMENTS**

**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF NET POSITION**

**JUNE 30, 2019**

**WITH COMPARATIVE TOTALS FOR JUNE 30, 2018**

	2019			2018
	Water District	Sewer District	General District	Total Combined  (Memorandum only) Combined
<b>CURRENT ASSETS</b>				
Cash	\$ 545,507	\$ 559,287	\$ 604,719	\$ 4,019,191
Accounts receivable:				
Water and sewer	1,852,908	380,788	-	2,233,696
Other	746,092	1,179	-	747,271
Note receivable due in 12 months	14,213	-	-	14,213
Prepaid expenses	-	-	130,624	130,624
Inventory	-	-	340,090	340,090
Total current assets	3,158,720	941,254	1,075,433	5,175,407
<b>OTHER ASSETS</b>				
Note receivable, long term	82,445	-	-	82,445
Deferred outflows of resources	-	-	2,237,921	2,237,921
Total other assets	82,445	-	2,237,921	2,320,366
<b>RESTRICTED ASSETS</b>				
Cash	12,508,512	10,433,619	10,309,909	33,252,040
Assessments receivable	-	9,393,560	-	9,393,560
Taxes receivable	29,970	17,283	24,306	71,559
Issuance costs for long-term debt	7,023	-	-	7,023
Total restricted assets	12,545,505	19,844,462	10,334,215	42,724,182
<b>UTILITY PLANT</b>				
Utility plant	94,044,129	86,580,393	8,042,283	188,666,805
Less accumulated depreciation	(40,336,731)	(23,234,196)	(3,159,440)	(66,730,367)
Total utility plant	53,707,398	63,346,197	4,882,843	121,936,438
<b>TOTAL ASSETS</b>	\$ 69,494,068	\$ 84,131,913	\$ 18,530,412	\$ 172,156,393
				\$ 167,166,240

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

**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF NET POSITION - CONTINUED**  
**JUNE 30, 2019**  
**WITH COMPARATIVE TOTALS FOR JUNE 30, 2018**

	2019			2018
	Water District	Sewer District	General District	(Memorandum only) Combined
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ -	\$ 2,927	\$ 2,649,771	\$ 1,169,414
Accrued expenses	5,777	96,304	1,263,319	1,708,660
Customer deposits	334,155	-	-	314,695
Current portion of long-term debt	20,987	627,391	-	629,976
Total current liabilities	<u>360,919</u>	<u>726,622</u>	<u>3,913,090</u>	<u>3,822,745</u>
<b>LONG-TERM DEBT</b>				
Notes and contracts	255,890	9,024,538	-	9,888,504
Special assessment bonds	-	97,000	-	112,000
Certificates of participation, U.S.D.A	260,601	-	-	267,501
Total	<u>516,491</u>	<u>9,121,538</u>	<u>-</u>	<u>10,268,005</u>
Less current portion	<u>(20,987)</u>	<u>(627,391)</u>	<u>-</u>	<u>(629,976)</u>
Total long-term debt	<u>495,504</u>	<u>8,494,147</u>	<u>-</u>	<u>9,638,029</u>
<b>OTHER LIABILITIES</b>				
Net pension liability	-	-	6,816,901	7,233,188
Deferred inflows of resources	-	-	581,429	461,747
Funds held in trust	35,359	2,780	-	38,139
Advance construction deposits	82,242	3,092,134	8,076	3,104,362
Total other liabilities	<u>117,601</u>	<u>3,094,914</u>	<u>7,406,406</u>	<u>10,837,436</u>
<b>TOTAL LIABILITIES</b>	<u>974,024</u>	<u>12,315,683</u>	<u>11,319,496</u>	<u>24,298,210</u>
<b>NET POSITION</b>				
Invested in capital assets, net of debt	53,149,409	51,161,796	4,882,843	108,801,854
Restricted for:				
Debt service	87,051	830,856	-	864,070
Other purposes	20,374,424	16,975,240	2,608,203	36,837,909
Unrestricted	(5,090,840)	2,848,338	(280,130)	(3,635,803)
Total net position	<u>68,520,044</u>	<u>71,816,230</u>	<u>7,210,916</u>	<u>142,868,030</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 69,494,068</u>	<u>\$ 84,131,913</u>	<u>\$ 18,530,412</u>	<u>\$ 167,166,240</u>

(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, 2019**

**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018**

	2019				2018
	Water District	Sewer District	General District	Total Combined	(Memorandum only) Combined
<b>OPERATING REVENUES</b>					
Base service charge	\$ 2,436,262	\$ -	\$ -	\$ 2,436,262	\$ 2,222,752
Water consumption	6,864,417	-	-	6,864,417	6,677,436
Meter installations	67,806	-	-	67,806	60,790
Sewer service	-	5,963,895	-	5,963,895	6,128,862
Standby charges	220,644	12,223	-	232,867	240,591
Other	582,614	3,375	-	585,989	961,266
Total operating revenues	10,171,743	5,979,493	-	16,151,236	16,291,697
<b>OPERATING EXPENSES</b>					
Pumping	2,107,363	-	-	2,107,363	2,128,390
Transmission and distribution	1,242,961	-	-	1,242,961	1,305,307
Customer accounts	594,311	-	470,549	1,064,860	1,178,383
Sewage collection	-	108,160	-	108,160	173,698
Sewage treatment	-	1,445,406	-	1,445,406	1,349,474
Standby	86,097	40,083	-	126,180	124,691
Human Resources	-	-	161,124	161,124	177,171
Building and grounds maintenance	-	-	157,189	157,189	114,809
Vehicle maintenance	-	-	200,215	200,215	163,166
Operations support	-	-	620,339	620,339	676,033
Engineering	66,801	-	-	66,801	58,850
Insurance	-	-	114,155	114,155	113,271
Audit	-	-	25,000	25,000	27,000
Rate study	-	-	26,000	26,000	-
Legal	-	-	1,025,590	1,025,590	425,116
Public affairs	-	-	348,927	348,927	210,048
Board of Directors	-	-	226,310	226,310	187,615
Administration	-	-	1,859,085	1,859,085	1,615,274
Accounting	-	-	583,532	583,532	854,029
Depreciation	2,268,962	1,548,556	184,972	4,002,490	3,997,997
Standby reports	12,388	3,700	-	16,088	14,917
Ground water management	-	-	15,000	15,000	21,000
General District allocation	4,308,210	1,503,763	(6,017,987)	(206,014)	(181,068)
Total operating expenses	10,687,093	4,649,668	-	15,336,761	14,735,171
Operating income (loss)	(515,350)	1,329,825	-	814,475	1,556,526
<b>NON-OPERATING REVENUES</b>					
Backup and front footage fees	574,645	28,590	-	603,235	814,690
Contributed infrastructure	288,461	4,106	-	292,567	246,110
Property taxes	835,408	566,912	723,363	2,125,683	1,777,903
Investment income (net)	433,335	1,076,671	286,109	1,796,115	827,198
Grants	118,248	-	-	118,248	960,281
Recovery of prior year expense	(1,500)	-	-	(1,500)	53,220
Gain (loss) from asset disposals - net	(16,722)	-	4,378	(12,344)	(41,965)
Total non-operating revenues	2,231,875	1,676,279	1,013,850	4,922,004	4,637,437

- 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, 2019**

**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018**

- CONTINUED -

	2019				2018
	Water District	Sewer District	General District	Total Combined	(Memorandum only) Combined
<b>NON-OPERATING EXPENSES</b>					
Interest	24,579	640,862	-	665,441	743,021
Public Employees Retirement System -					
Prior year costs	-	-	375,341	375,341	359,953
Pension inflows/outflows of resources	-	-	-	-	1,246,116
Amortization and cost of debt issuance	1,440	-	-	1,440	76,666
Other	14,711	386	-	15,097	16,410
Total non-operating expenses	40,730	641,248	375,341	1,057,319	2,442,166
Net non-operating revenues	2,191,145	1,035,031	638,509	3,864,685	2,195,271
<b>CHANGE IN NET POSITION</b>	1,675,795	2,364,856	638,509	4,679,160	3,751,797
<b>NET POSITION, BEGINNING OF YEAR</b>	66,844,249	69,451,374	6,572,407	142,868,030	139,116,233
<b>NET POSITION, END OF YEAR</b>	<u>\$ 68,520,044</u>	<u>\$ 71,816,230</u>	<u>\$ 7,210,916</u>	<u>\$ 147,547,190</u>	<u>\$ 142,868,030</u>

(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, 2019**

	Water District			Variance with
	Budget		Actual	Final Budget
	Original	Final		Positive
				(Negative)
<b>OPERATING REVENUES</b>				
Base service charge	\$ 2,315,600	\$ 2,315,600	\$ 2,436,262	\$ 120,662
Water consumption	7,063,804	7,063,804	6,864,417	(199,387)
Meter installations	14,060	14,060	67,806	53,746
Sewer service	-	-	-	-
Standby charges	254,988	254,988	220,644	(34,344)
Other	595,060	595,060	582,614	(12,446)
Total operating revenues	10,243,512	10,243,512	10,171,743	(71,769)
<b>OPERATING EXPENSES</b>				
Pumping	2,058,212	2,117,932	2,107,363	10,569
Transmission and distribution	1,470,709	1,471,279	1,242,961	228,318
Customer accounts	981,221	973,561	594,311	379,250
Sewage collection	-	-	-	-
Sewage treatment	-	-	-	-
Standby	78,744	78,744	86,097	(7,353)
Human Resources	-	-	-	-
Building and grounds maintenance	-	-	-	-
Vehicle maintenance	-	-	-	-
Operations support	-	-	-	-
Engineering	66,000	85,580	66,801	18,779
Insurance	-	-	-	-
Audit	-	-	-	-
Rate study	-	-	-	-
Legal	-	-	-	-
Public affairs	-	-	-	-
Board of Directors	-	-	-	-
Administration	-	-	-	-
Accounting	-	-	-	-
Depreciation	2,283,060	2,283,060	2,268,962	14,098
Standby reports	13,500	13,500	12,388	1,112
Other	-	-	-	-
General District allocation	3,455,607	4,583,206	4,308,210	274,996
Total operating expenses	10,407,053	11,606,862	10,687,093	919,769
Operating income (loss)	(163,541)	(1,363,350)	(515,350)	848,000
<b>NON-OPERATING REVENUES</b>				
Backup and front footage fees	504,353	504,353	574,645	70,292
Contributed infrastructure	-	-	288,461	-
Property taxes	575,200	575,200	835,408	260,208
Investment income (net)	219,718	(80,148)	433,335	513,483
Grant	-	-	118,248	118,248
Recovery of prior year expense	-	(1,500)	(1,500)	-
Gain (loss) from asset disposals - net	-	-	(16,722)	(16,722)
Total non-operating revenues	1,299,271	997,905	2,231,875	945,509

-CONTINUED-

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

Sewer District

Budget		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
6,381,000	6,381,000	5,963,895	(417,105)
11,760	11,760	12,223	463
3,780	3,780	3,375	(405)
<u>6,396,540</u>	<u>6,396,540</u>	<u>5,979,493</u>	<u>(417,047)</u>
-	-	-	-
-	-	-	-
-	-	-	-
347,667	339,877	108,160	231,717
1,344,855	1,291,191	1,445,406	(154,215)
25,859	25,859	40,083	(14,224)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,601,743	1,601,743	1,548,556	53,187
1,200	1,350	3,700	(2,350)
-	-	-	-
<u>1,286,030</u>	<u>1,460,987</u>	<u>1,503,763</u>	<u>(42,776)</u>
<u>4,607,354</u>	<u>4,721,007</u>	<u>4,649,668</u>	<u>71,339</u>
<u>1,789,186</u>	<u>1,675,533</u>	<u>1,329,825</u>	<u>(345,708)</u>
12,600	12,600	28,590	15,990
-	-	4,106	4,106
328,687	328,687	566,912	238,225
709,488	704,210	1,076,671	372,461
373,000	373,000	-	(373,000)
-	-	-	-
-	-	-	-
<u>1,423,775</u>	<u>1,418,497</u>	<u>1,676,279</u>	<u>257,782</u>

General District

Budget		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
256,782	225,690	470,549	(244,859)
-	-	-	-
-	-	-	-
-	-	-	-
233,165	216,653	161,124	55,529
155,800	193,500	157,189	36,311
264,632	253,077	200,215	52,862
588,688	588,688	620,339	(31,651)
-	-	-	-
121,224	121,224	114,155	7,069
17,800	20,400	25,000	(4,600)
26,000	26,000	26,000	-
350,004	1,084,486	1,025,590	58,896
478,354	498,354	348,927	149,427
328,023	316,859	226,310	90,549
2,114,937	2,120,465	1,859,085	261,380
664,854	702,654	583,532	119,122
376,070	376,070	184,972	191,098
-	-	-	-
15,000	15,000	15,000	-
(5,991,333)	(6,759,120)	(6,017,987)	(741,133)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
482,516	482,516	723,363	240,847
(11,103)	(11,103)	286,109	297,212
-	-	-	-
-	-	-	-
-	-	4,378	4,378
471,413	471,413	1,013,850	542,437

Combined Districts

Budget		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 2,315,600	\$ 2,315,600	\$ 2,436,262	\$ 120,662
7,063,804	7,063,804	6,864,417	(199,387)
14,060	14,060	67,806	53,746
6,381,000	6,381,000	5,963,895	(417,105)
266,748	266,748	232,867	(33,881)
598,840	598,840	585,989	(12,851)
<u>16,640,052</u>	<u>16,640,052</u>	<u>16,151,236</u>	<u>(488,816)</u>
2,058,212	2,117,932	2,107,363	10,569
1,470,709	1,471,279	1,242,961	228,318
1,238,003	1,199,251	1,064,860	134,391
347,667	339,877	108,160	231,717
1,344,855	1,291,191	1,445,406	(154,215)
104,603	104,603	126,180	(21,577)
233,165	216,653	161,124	55,529
155,800	193,500	157,189	36,311
264,632	253,077	200,215	52,862
588,688	588,688	620,339	(31,651)
66,000	85,580	66,801	18,779
121,224	121,224	114,155	7,069
17,800	20,400	25,000	(4,600)
26,000	26,000	26,000	-
350,004	1,084,486	1,025,590	58,896
478,354	498,354	348,927	149,427
328,023	316,859	226,310	90,549
2,114,937	2,120,465	1,859,085	261,380
664,854	702,654	583,532	119,122
4,260,873	4,260,873	4,002,490	258,383
14,700	14,850	16,088	(1,238)
15,000	15,000	15,000	-
<u>(1,249,696)</u>	<u>(714,927)</u>	<u>(206,014)</u>	<u>(508,913)</u>
<u>15,014,407</u>	<u>16,327,869</u>	<u>15,336,761</u>	<u>991,108</u>
<u>1,625,645</u>	<u>312,183</u>	<u>814,475</u>	<u>502,292</u>
516,953	516,953	603,235	86,282
-	-	292,567	292,567
1,386,403	1,386,403	2,125,683	739,280
918,103	612,959	1,796,115	1,183,156
373,000	373,000	118,248	(254,752)
-	(1,500)	(1,500)	-
-	-	(12,344)	(12,344)
<u>3,194,459</u>	<u>2,887,815</u>	<u>4,922,004</u>	<u>2,034,189</u>

**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2019**

-CONTINUED-

	Water District			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
NON-OPERATING EXPENSES				
Interest	23,125	23,125	24,579	(1,454)
Public Employees Retirement System - Prior year costs	-	-	-	-
Pension inflows/outflows of resources	-	-	-	-
Amortization and cost of debt issuance	1,440	1,440	1,440	-
Other	1,932	10,892	14,711	(3,819)
Total non-operating expenses	26,497	35,457	40,730	(5,273)
Net non-operating revenues	1,272,774	962,448	2,191,145	940,236
CHANGE IN NET POSITION	\$ 1,109,233	\$ (400,902)	1,675,795	\$ 1,788,236
NET POSITION, BEGINNING OF YEAR			66,844,249	
NET POSITION, END OF YEAR			\$ 68,520,044	

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

Sewer District

Budget		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
641,577	641,577	640,862	715
-	-	-	-
-	-	-	-
-	-	-	-
-	-	386	(386)
641,577	641,577	641,248	329
782,198	776,920	1,035,031	258,111
<u>\$ 2,571,384</u>	<u>\$ 2,452,453</u>	2,364,856	<u>\$ (87,597)</u>
		<u>69,451,374</u>	
		<u>\$ 71,816,230</u>	



General District

Budget		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
-	-	-	-
681,506	681,506	375,341	306,165
-	-	-	-
-	-	-	-
-	-	-	-
<u>681,506</u>	<u>681,506</u>	<u>375,341</u>	<u>306,165</u>
<u>(210,093)</u>	<u>(210,093)</u>	<u>638,509</u>	<u>848,602</u>
<u>\$ (210,093)</u>	<u>\$ (210,093)</u>	638,509	<u>\$ 848,602</u>
		<u>6,572,407</u>	
		<u>\$ 7,210,916</u>	

Combined Districts

Budget		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
664,702	664,702	665,441	(739)
681,506	681,506	375,341	306,165
-	-	-	-
1,440	1,440	1,440	-
1,932	10,892	15,097	(4,205)
<u>1,349,580</u>	<u>1,358,540</u>	<u>1,057,319</u>	<u>301,221</u>
<u>1,844,879</u>	<u>1,529,275</u>	<u>3,864,685</u>	<u>2,335,410</u>
<u>\$ 3,470,524</u>	<u>\$ 1,841,458</u>	4,679,160	<u>\$ 2,837,702</u>
		<u>142,868,030</u>	
		<u>\$ 147,547,190</u>	

**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018**

	Water District	Sewer District
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from water and sewer sales and services	\$ 9,882,868	\$ 5,929,192
Cash received from standby charges	220,299	12,251
Cash received from water meter installations	67,806	-
Cash received (paid) for operating and maintenance expenses	(5,491,412)	(2,024,648)
Cash paid to employees	(2,022,853)	(892,908)
Cash paid for electricity	(924,452)	(185,574)
Cash paid to employees included in - Additions to utility plant	31,952	30,082
Net cash provided by operating activities	<u>1,764,208</u>	<u>2,868,395</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Backup and front footage fees	600,267	28,590
Property taxes	831,834	564,544
Grants	75,882	-
Unfunded retirement liability reduction	-	-
Other	(16,211)	(386)
Net cash provided (used) by noncapital financing activities	<u>1,491,772</u>	<u>592,748</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Bond assessments collected	-	743,471
Long-term debt retired	(20,127)	(609,849)
Long-term debt additions	-	-
Interest paid	(24,756)	(654,186)
Net cash used by financing activities	<u>(44,883)</u>	<u>(520,564)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash paid acquiring utility plant	(991,773)	(2,322,457)
Interest earned	433,335	1,076,671
Net cash used by investing activities	<u>(558,438)</u>	<u>(1,245,786)</u>
<b>INCREASE IN CASH</b>	2,652,659	1,694,793
<b>BALANCE OF CASH AT BEGINNING OF YEAR</b>	<u>10,401,360</u>	<u>9,298,113</u>
<b>BALANCE OF CASH AT END OF YEAR</b>	<u><u>\$ 13,054,019</u></u>	<u><u>\$ 10,992,906</u></u>

-CONTINUED-

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

2019		2018
General District	Total Combined	(Memorandum only) Combined
\$ -	\$ 15,812,060	\$ 15,472,916
-	232,550	243,203
-	67,806	60,790
3,948,281	(3,567,779)	(3,213,970)
(2,519,250)	(5,435,011)	(5,497,324)
(26,961)	(1,136,987)	(1,074,152)
7,418	69,452	68,121
<u>1,409,488</u>	<u>6,042,091</u>	<u>6,059,584</u>
-	628,857	798,098
720,138	2,116,516	1,780,929
-	75,882	3,941,388
(862,571)	(862,571)	(359,953)
-	(16,597)	36,810
<u>(142,433)</u>	<u>1,942,087</u>	<u>6,197,272</u>
-	743,471	580,787
-	(629,976)	(2,911,914)
-	-	2,395,013
-	(678,942)	(725,888)
<u>-</u>	<u>(565,447)</u>	<u>(662,002)</u>
(171,695)	(3,485,925)	(3,295,795)
286,109	1,796,115	848,705
<u>114,414</u>	<u>(1,689,810)</u>	<u>(2,447,090)</u>
1,381,469	5,728,921	9,147,764
<u>9,533,159</u>	<u>29,232,632</u>	<u>20,084,868</u>
<u>\$ 10,914,628</u>	<u>\$ 34,961,553</u>	<u>\$ 29,232,632</u>

**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018**

-CONTINUED-

	Water District	Sewer District
<b>RECONCILIATION OF OPERATING INCOME</b>		
<b>TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Net operating income (loss)	\$ (515,350)	\$ 1,329,825
Add (deduct) items not affecting cash in the year:		
Depreciation	2,268,962	1,548,556
Increase in accounts receivable	(51,046)	(39,257)
(Increase) decrease in inventory	-	-
Decrease in prepaid expenses	-	-
Increase in customer deposits	60,202	29,272
Increase (decrease) in accounts payable	-	(1)
Increase (decrease) in accrued liabilities	1,440	-
Net cash provided by operating activities	<u>\$ 1,764,208</u>	<u>\$ 2,868,395</u>

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

2019		2018
General District	Total Combined	(Memorandum only) Combined
\$ -	\$ 814,475	\$ 1,556,526
184,972	4,002,490	3,997,997
-	(90,303)	(469,061)
45,535	45,535	(33,007)
17,379	17,379	32,848
8,076	97,550	42,283
1,483,285	1,483,284	206,303
(329,759)	(328,319)	725,695
<u>\$ 1,409,488</u>	<u>\$ 6,042,091</u>	<u>\$ 6,059,584</u>

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**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 \$15,961,477 was still in service at June 30, 2019 and is reported in these financial statements.

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

Beginning July 1, 2016, the District's asset capitalization policy is \$10,000 and a useful life of more than one year.

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 \$71,559 at June 30, 2019. The accrual is equivalent to the actual tax revenue received from Riverside County plus \$22,000 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, 2019**

**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 2018-2019 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.

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.

**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.



**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**3. CASH AND INVESTMENTS**

Cash and investments at June 30, 2019 consisted of the following:

Pooled Cash	\$ 34,961,553
Total Cash and Investments	<u>\$ 34,961,553</u>

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

Restricted Assets:	
Cash	\$ 33,252,040
Unrestricted Assets:	
Cash	<u>1,709,513</u>
	<u>\$ 34,961,553</u>

Restricted cash of \$33,252,040 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**

All pooled cash is 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 and monthly adjusted for 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, 2019**

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

	<u>Category</u>			<u>Carrying</u>	<u>Fair</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Amount</u>	<u>Value</u>
Demand Deposits	<u>\$ 1,732,111</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,732,111</u>	<u>\$ 1,732,111</u>
CalTRUST, a public agency				<u>33,229,442</u>	<u>33,229,442</u>
Total Investments				<u>33,229,442</u>	<u>33,229,442</u>
Total Cash and Investments				<u>\$34,961,553</u>	<u>\$34,961,553</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, 2019 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, 2019 has maintained balances in the accounts in excess of federally insured limits. The District has not experienced any losses in its cash equivalents.

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**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**5. LONG-TERM DEBT**

Long-term debt consisted of the following:

	Balance at <u>6/30/18</u>	New <u>Debt</u>	Principal <u>Repayments</u>	Balance at <u>6/30/19</u>
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.	\$ 20,000	\$ -	\$ 4,000	\$ 16,000
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 payable semiannually, principal due annually through July 2, 2024.	92,000	-	11,000	81,000
Installment Sale Agreement, Note payable to City National Bank, dated December 22, 2017, original amount \$2,395,012 with interest rate of 2.90%, principal and interest payments are due each March 21 and September 21, final payment is due September 21, 2027.	2,180,031	-	228,424	1,951,607
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.	267,501	-	6,900	260,601
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 is due June 7, 2033.	269,117	-	13,227	255,890
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 is due January 31, 2034.	4,043,058	-	213,563	3,829,495

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

	Balance at <u>6/30/18</u>	New Debt	Principal Repayments	Balance at <u>6/30/19</u>
\$ 1,045,951	\$	-	\$ 49,464	\$ 996,487
<u>2,350,347</u>		<u>-</u>	<u>103,398</u>	<u>2,246,949</u>
10,268,005	\$	<u>-</u>	\$ <u>629,976</u>	9,638,029
( <u>629,976</u> )				( <u>648,378</u> )
<u>\$ 9,638,029</u>				<u>\$ 8,989,651</u>

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 is due September 2, 2033.

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 is due September 2, 2029.

Less current portion

Total long-term debt

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

Minimum annual debt service requirements to maturity for long-term debt outstanding at June 30, 2019 are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 648,378	\$ 296,580	\$ 944,958
2021	668,354	276,291	944,645
2022	689,018	255,327	944,345
2023	710,196	233,660	943,856
2024	728,102	211,508	939,610
2025 – 2029	3,184,979	734,979	3,919,958
2030 – 2034	2,897,701	195,672	3,093,373
2035 – 2039	75,900	18,504	94,404
2040 – 2041	35,401	2,408	37,809
	<u>\$ 9,638,029</u>	<u>\$ 2,224,929</u>	<u>\$ 11,862,958</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 \$4,334 at June 30, 2019.

**7. INSTALLMENT SALE AGREEMENTS**

**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. On December 22, 2017 the District entered into a loan agreement with City National Bank to combine the two La Salle National Bank loans and lower the interest rate from 5.34% to 2.90%. Unamortized debt issuance costs were \$0 at June 30, 2019.

**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. On December 22, 2017 the District entered into a loan agreement with City National Bank to combine the two La Salle National Bank loans and lower the interest rate from 5.02% to 2.90%. Unamortized debt issuance costs were \$0 at June 30, 2019.

**Assessment District #12, Phase I and II Refinance**

On December 22, 2017 the District entered into a loan agreement with City National Bank in the amount of \$2,395,013. The proceeds from this contract were used to pay off the two La Salle National Bank loans in the amount of \$1,309,488 and \$1,019,315, respectively. The payoff amount included the last scheduled interest payments for each loan in the amount of \$34,054 and \$24,958, respectively. Debt issuance costs amounted to \$66,210 and were reflected in the statement of revenues, expenses and changes in net position at June 30, 2018.

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

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

**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. Unamortized debt issuance costs were \$2,689 at June 30, 2019.

**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 were 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, 2019.

**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 was 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 contribution 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 2.0% at age 62 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.



**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**9. PENSION PLANS** (continued)

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 2020, 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.

**Plan Description**

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan), administered by the California Public Employees' Retirement System (CalPERS). The Plan's benefit provisions are established by statute. The Plan is included as a pension trust fund in the CalPERS Comprehensive Annual Financial Report, which is available online at [www.calpers.ca.gov](http://www.calpers.ca.gov).

The Plan consists of a miscellaneous pool and a safety pool (referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively, including those of the Mission Springs Water District. The Mission Springs Water District's employer rate plans in the miscellaneous risk pool include the Miscellaneous plan (Miscellaneous) and the PEPRA Miscellaneous plan (PEPRA Misc.). The Mission Springs Water District does not have any rate plans in the safety risk pool.

**Benefits Provided**

The Plan provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Classic members and PEPRA Safety members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPRA Miscellaneous members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is the Basic Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

**Employer Rate Plans in the Miscellaneous Risk Pool**

Employer rate plan	<u>Miscellaneous</u>	<u>PEPRA Misc.</u>
	Prior to January 01, 2013	On or after January 01, 2013
Hire Date	2013	01, 2013
Benefit formula	2.7% @ 55	2.0% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	52
Monthly benefits, as of % of eligible compensation	2.0% to 2.7%	1.0% to 2.5%
Required employee contribution rates	7.952%	6.250%
Required employer contribution rates	11.569%	6.842%



**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**9. PENSION PLANS** (continued)

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the CalPERS actuary and shall be effective on the July 1 following notice of a change in the rate. Contribution rates for the employer rate plans are determined through the CalPERS' annual actuarial valuation process. Each employer rate plan's actuarially determined rate is based on the estimated amount necessary to pay the employer rate plan's allocated share of the cost of benefits earned by employees during the year, and any unfunded accrued liability. The Mission Springs Water District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The Mission Springs Water District's contributions to the risk pools in the Plan for the year ended June 30, 2019, were as follows:

	<u>Contributions</u>
Miscellaneous Risk Pool	\$ 1,027,933
Safety Risk Pool	<u>-</u>
Total contributions	<u>\$ 1,027,933</u>

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

As of June 30, 2019, Mission Springs Water District reported net pension liabilities for its proportionate shares of the net pension liability of each risk pool as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous Risk Pool	\$ 6,816,901
Safety Risk Pool	<u>-</u>
Total net pension liability	<u>\$ 6,816,901</u>

The proportionate share of the total NPL to each of the enterprise and internal service funds is not being allocated because it is deemed to have an immaterial effect on the financial statements.

The Mission Springs Water District's net pension liability for each risk pool is measured as the proportionate share of each risk pool's net pension liability. GASB 68 indicates that to the extent different contribution rates are assessed based on separate relationships that constitute the collective net pension liability, the determination of the employer's proportionate share of the collective net pension liability should be made in a manner that reflects those relationships. The allocation method used by CalPERS to determine each employer's proportionate share reflects those relationships through the employer rate plans they sponsor within the respective risk pools. An actuarial measurement of the employer's rate plan liability and asset-related information are used where available, and proportional allocations of individual employer rate plan amounts as of the valuation date are used where not available.

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**9. PENSION PLANS** (continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

The Mission Springs Water District's proportionate share of the net pension liability as of June 30, 2017, the valuation date, was calculated as follows:

In determining an employer's proportionate share, the employer rate plans included in the Plan were assigned to either the Miscellaneous or Safety risk pool. Estimates of the total pension liability and the fiduciary net position were first determined for the individual rate plans and each risk pool as of the valuation date, June 30, 2017. Each employer rate plan's fiduciary net position was subtracted from its total pension liability to obtain its net pension liability as of the valuation date. The Mission Springs Water District's proportionate share percentage for each risk pool at the valuation date was calculated by dividing the Mission Springs Water District's net pension liability for each of its employer rate plans within each risk pool by the net pension liability of the respective risk pool as of the valuation date.

The Mission Springs Water District's proportionate share of the net pension liability as of June 30, 2018, the measurement date, was calculated as follows:

Each risk pool's total pension liability was computed at the measurement date, June 30, 2018, by applying standard actuarial roll-forward methods to the total pension liability amounts as of the valuation date. The fiduciary net position for each risk pool at the measurement date was determined by CalPERS' Financial Office. The net pension liability for each risk pool at June 30, 2018, was computed by subtracting the respective risk pool's fiduciary net position from its total pension liability.

The individual employer risk pool's proportionate share percentage of the total pension liability and fiduciary net position as of June 30, 2018, was calculated by applying Mission Springs Water District's proportionate share percentage as of the valuation date (described above) to the respective risk pool's total pension liability and fiduciary net position as of June 30, 2018, to obtain the total pension liability and fiduciary net position as of June 30, 2018. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

The Mission Springs Water District's proportionate share percentage of the net pension liability for each risk pool as of June 30, 2017, and June 30, 2018, was as follows:

	<u>Miscellaneous Risk Pool</u>
Proportion at measurement date – June 30, 2017	0.183488%
Proportion at measurement date – June 30, 2018	<u>0.180881%</u>
Change – decrease	<u>( 0.002607)%</u>

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**9. PENSION PLANS** (continued)

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (continued)

For the year ended June 30, 2019, the Mission Springs Water District recognized pension expense of \$540,701. At June 30, 2019, the Mission Springs Water District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	\$ 197,811	(\$ 67,844)
Changes in Assumptions	592,393	( 144,046)
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	44,317	-
Adjustment due to Differences in Proportions	130,369	( 266,904)
Differences between Actual and Required		
Contributions	245,098	( 102,635)
Contributions after Measurement Date	1,027,933	-
Total	<u>\$ 2,237,921</u>	<u>(\$ 581,429)</u>

Amounts other than contributions subsequent to the measurement date reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Date <u>June 30:</u>	Deferred Outflows/(Inflows) of Resources
2019	\$ 483,413
2020	332,081
2021	( 144,858)
2022	( 42,077)
2023	-
Thereafter	-
Total	<u>\$ 628,559</u>

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**9. PENSION PLANS** (continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increase (1)	Varies By Age & Length of Service
Investment Rate of Return (2)	7.00%
Mortality Rate Table (3)	Derived using CalPERS' Membership Data for all Funds

- (1) Depending on age, service and type of employment
- (2) Net of Pension Plan Investments and Administrative Expenses; includes Inflation
- (3) The mortality table used was developed based on CalPERS – specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 experience study report (based on CalPERS demographic data from 1997 to 2011) available online at <https://www.calpers.ca.gov/docs/forms-publications/calpers-experience-study-2014.pdf>.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan 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 employer rate plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, *GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2018 based on June 30, 2017 Valuations*, that can be obtained from the CalPERS website.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 7.00% 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 7.15%. 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 difference in calculation and did not find it to be a material difference.

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**9. PENSION PLANS** (continued)

Discount Rate (continued)

In the December 2016 and April 2017 meetings, the Board voted to lower the funding discount rates used for the PERF. In making its decision, the Board reviewed recommendations from CalPERS team members, external pension and investment consultants, and input from employer and employee stakeholder groups. A lowered funding discount rate for the PERF will be phased in over a three-year period beginning July 1, 2018 for public agencies and school districts.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term (60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for the Plan. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	New	Real Return Years 1-10 (a)	Real Return Years 11+(b)
	Strategic <u>Allocation</u>		
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	(0.92%)

(1) An expected inflation of 2.0% used for this period.

(2) An expected inflation of 2.92% used for this period.

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**9. PENSION PLANS** (continued)

**Sensitivity of the Mission Springs Water District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the Mission Springs Water District's proportionate share of the net pension liability of the each risk pool as of the measurement date, calculated using the discount rate, as well as what the Mission Springs Water 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:

	<u>Discount Rate</u> <u>-1% (6.15%)</u>	<u>Current Discount</u> <u>Rate (7.15%)</u>	<u>Discount Rate</u> <u>+1% (8.15%)</u>
Mission Springs Water District's Proportionate share of the Miscellaneous Risk Pool's net pension liability	\$ 9,942,625	\$ 6,816,901	\$ 4,236,666

**10. 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.

**11. 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 12 for refunding agreements on front footage charges.

**12. 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.

**13. INSURANCE**

The Board of Directors established a reserve for 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.

**14. CASH FLOW INFORMATION**

Interest paid during the year amounted to \$678,944. 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	\$ 33,252,040
Cash - Current Assets	<u>1,709,513</u>
Combined Statement of Net Position - Cash	<u>\$ 34,961,553</u>
Combined Statement of Cash Flows - Cash	<u>\$ 34,961,553</u>

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**15. 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

**16. 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.

The District filed a lawsuit with a neighboring Agency challenging their election to become the exclusive groundwater agency within the District's boundary. Early internal settlement discussions and formal mediation did not resolve the matter. The Board presidents of both Districts recently met and verbally agreed to conditional settlement terms. Further, both Districts have retained consultants to assist with pursuing complex issues that will need to be addressed and resolved in order to implement the settlement terms verbally agreed upon by the two Board presidents.

**17. SUBSEQUENT EVENTS**

The District evaluated all potential subsequent events as of October 21, 2019 when the financial statements were authorized and available to be issued. No subsequent events or transactions were identified after June 30, 2019 or as of October 21, 2019 that require disclosure to the financial statements.

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**18. 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".

Fiscal Year Ending June 30, 2019										
Grantor	Purpose	Grant Amount	Grants Receivable (Reimbursable Costs)		Grant Income				Unexpended Portion of Grant	
			Water District	Sewer District	Water District		Sewer District			
					Prior	Current	Prior	Current		
California South Coast Air Quality Management District	Solar Photovoltaic Ground Mounted System	\$ 3,330,546	\$ 492,164	\$ -	\$ 3,011,065	\$ (9,022)	\$ -	\$ -	\$ 328,503	
California Department of Water Resources (Prop #84)	Regional Water Conservation Program	169,558	16,770	-	169,558	-	-	-	-	
California Department of Water Resources (Prop #84)	Regional Water Conservation Drought Grant	365,113	60,660	-	365,113	-	-	-	-	
California Department of Water Resources (Prop #84)	Regional Water Conservation Water Supply Reliability Program	919,196	21,182	-	9,412	11,770	-	-	898,014	
California Department of Water Resources (Prop #84)	Regional Water Conservation Recycled Water Program	245,000	10,183	-	10,183	-	-	-	234,817	
Coachella Valley Mountains Conservancy (Prop #1)	Installation of Groundwater Monitoring Wells	115,500	115,500	-	-	-	-	115,500	-	
California Department of Water Resources (Prop #1)	Groundwater Protection Program Sewer Project H & I	372,677	-	-	-	-	-	-	372,677	
United States Department of the Interior - Bureau of Reclamation	WaterSMART: Water and Energy Efficiency Grant	300,000	-	-	-	-	-	-	300,000	
United States Department of the Army - Army Corps of Engineers	Assessment District #15 Sewer Project J2	1,000,000	-	-	-	-	734,255	-	265,745	
United States Department of the Army - Army Corps of Engineers	Assessment District Sewer Project A & G Design	1,200,000	-	-	-	-	-	-	1,200,000	
Totals		\$ 8,017,590	\$ 716,459	\$ -	\$ 3,565,331	\$ 2,748	\$ 734,255	\$ 115,500	\$ 3,599,756	



**REQUIRED SUPPLEMENTARY INFORMATION**

**MISSION SPRINGS WATER DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**JUNE 30, 2019**

**LAST TEN YEARS\***

Miscellaneous Plan Measurement Date	June 30, 2014	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018
Plan's Proportion of the PERF C Net Pension Liability/(Asset)	0.077930%	0.085197%	0.076692%	0.072935%	0.070742%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 4,849,312	\$ 5,847,823	\$ 6,636,212	\$ 7,233,188	\$ 6,816,901
Plan's Covered - Employee Payroll	\$ 2,591,793	\$ 2,725,521	\$ 2,499,289	\$ 2,923,408	\$ 3,112,969
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered - Employee Payroll	187.10%	214.56%	265.52%	247.42%	218.98%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	73.82%	69.65%	0.51%	205.31%	70.50%

**Notes to Schedule:**

**Benefit changes:** Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis.

There were no changes to benefit terms that applied to all members of the Public Agency Pool.

**Changes in assumptions:** The assumptions for individual salary increases and overall payroll growth were reduced from 3.00 percent to 2.75 percent.

\* Fiscal Year 2015 was the first year of implementation, therefore only 5 years are shown.

**MISSION SPRINGS WATER DISTRICT**  
**SCHEDULE OF PENSION PLAN CONTRIBUTIONS**  
**JUNE 30, 2019**

Miscellaneous Plan	CalPERS Fiscal Year June 30, 2014	CalPERS Fiscal Year June 30, 2015	CalPERS Fiscal Year June 30, 2016	CalPERS Fiscal Year June 30, 2017	CalPERS Fiscal Year June 30, 2018
Actuarially Determined Contributions	\$ 650,239	\$ 810,210	\$ 897,795	\$ 953,145	\$ 1,027,932
Actual Contributions During the Measurement Period	<u>\$ (650,239)</u>	<u>\$ (810,210)</u>	<u>\$ (897,795)</u>	<u>\$ (953,145)</u>	<u>\$ (1,027,932)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - Employee Payroll	\$ 2,591,793	\$ 2,709,881	\$ 2,499,289	\$ 2,923,408	\$ 3,324,419
Contributions as a Percentage of Covered - Employee Payroll	25.09%	29.90%	35.92%	32.60%	30.92%

**Notes to Schedule of Plan Contributions:**

Contribution Valuation Date: June 30, 2012    June 30, 2013    June 30, 2014    June 30, 2015    June 30, 2016

\* Fiscal Year 2015 was the first year of implementation, therefore only 5 years are shown.

**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>
6/30/2019	\$ -	-	\$ -	\$ -	\$ 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>\$ 3,642</u>		<u>\$ 16,000</u>	<u>\$ 19,642</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>
6/30/2019	\$ -	-	\$ -	\$ -	\$ 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>\$ 18,882</u>		<u>\$ 81,000</u>	<u>\$ 99,882</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>
6/30/19	\$ -	-	\$ -	\$ -	\$ 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
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

-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>
8/1/37	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	<u>407</u>	4.500	<u>18,101</u>	<u>18,508</u>	-
	<u>\$ 155,234</u>		<u>\$ 260,601</u>	<u>\$ 415,835</u>	



**MISSION SPRINGS WATER DISTRICT**

**SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS**

**INSTALLMENT SALE AGREEMENT**

**ASSESSMENT DISTRICT #12, PHASE I AND PHASE II - REFINANCE**

<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>
6/30/19	\$ -	-	\$ -	\$ -	\$ 1,951,607
9/21/19	28,298	2.90	116,702	145,000	1,834,905
3/21/20	26,606	2.90	118,394	145,000	1,716,511
9/21/20	24,889	2.90	120,111	145,000	1,596,400
3/21/21	23,148	2.90	121,852	145,000	1,474,548
9/21/21	21,381	2.90	123,619	145,000	1,350,929
3/21/22	19,588	2.90	125,412	145,000	1,225,517
9/21/22	17,770	2.90	127,230	145,000	1,098,287
3/21/23	15,925	2.90	129,075	145,000	969,212
9/21/23	14,054	2.90	130,946	145,000	838,266
3/21/24	12,155	2.90	132,845	145,000	705,421
9/21/24	10,229	2.90	134,771	145,000	570,650
3/21/25	8,274	2.90	136,726	145,000	433,924
9/21/25	6,292	2.90	138,708	145,000	295,216
3/21/26	4,281	2.90	140,719	145,000	154,497
9/21/26	2,240	2.90	50,760	53,000	103,737
3/21/27	1,504	2.90	51,496	53,000	52,241
9/21/27	759	2.90	52,241	53,000	-
	<u>\$ 237,393</u>		<u>\$ 1,951,607</u>	<u>\$ 2,189,000</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>
6/30/19	\$ -	-	\$ -	\$ -	\$ 255,890
12/7/19	5,369	4.190	6,822	12,191	249,068
6/7/20	5,226	4.190	6,965	12,191	242,103
12/7/20	5,080	4.190	7,111	12,191	234,992
6/7/21	4,931	4.190	7,260	12,191	227,732
12/7/21	4,779	4.190	7,412	12,191	220,320
6/7/22	4,624	4.190	7,567	12,191	212,753
12/7/22	4,465	4.190	7,726	12,191	205,027
6/7/23	4,303	4.190	7,888	12,191	197,139
12/7/23	4,138	4.190	8,053	12,191	189,086
6/7/24	3,969	4.190	8,222	12,191	180,864
12/7/24	3,797	4.190	8,394	12,191	172,470
6/7/25	3,621	4.190	8,570	12,191	163,900
12/7/25	3,442	4.190	8,749	12,191	155,151
6/7/26	3,259	4.190	8,932	12,191	146,219
12/7/26	3,071	4.190	9,120	12,191	137,099
6/7/27	2,880	4.190	9,311	12,191	127,788
12/7/27	2,685	4.190	9,506	12,191	118,282
6/7/28	2,486	4.190	9,705	12,191	108,577
12/7/28	2,283	4.190	9,908	12,191	98,669
6/7/29	2,075	4.190	10,116	12,191	88,553
12/7/29	1,863	4.190	10,328	12,191	78,225
6/7/30	1,647	4.190	10,544	12,191	67,681
12/7/30	1,426	4.190	10,765	12,191	56,916
6/7/31	1,201	4.190	10,990	12,191	45,926
12/7/31	1,078	4.190	11,113	12,191	34,813
6/7/32	710	4.190	11,481	12,191	23,332
12/7/32	568	4.190	11,623	12,191	11,709
6/7/33	482	4.190	11,709	12,191	-
	<u>\$ 85,458</u>		<u>\$ 255,890</u>	<u>\$ 341,348</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>
6/30/19	\$ -	-	\$ -	\$ -	\$ 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>\$ 708,155</u>		<u>\$ 3,829,495</u>	<u>\$ 4,537,650</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>
6/30/19	\$ -	-	\$ -	\$ -	\$ 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>\$ 335,280</u>		<u>\$ 996,487</u>	<u>\$ 1,331,767</u>	

**MISSION SPRINGS WATER DISTRICT**

**SCHEDULE OF PRINCIPAL AND INTEREST REPAYMENTS**

**INSTALLMENT SALE AGREEMENT**

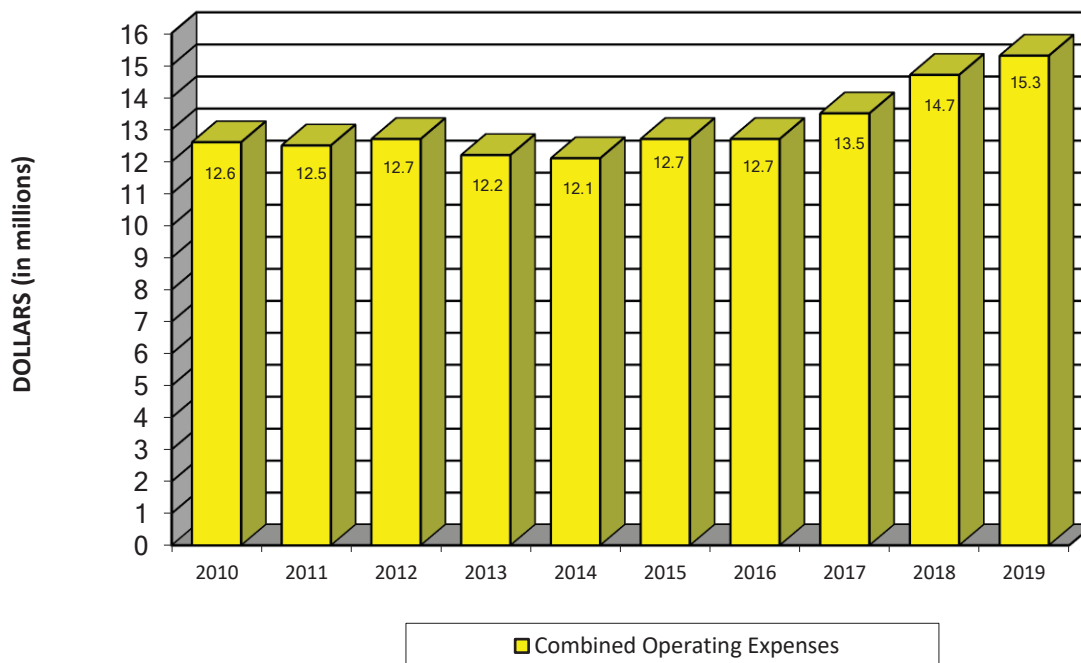
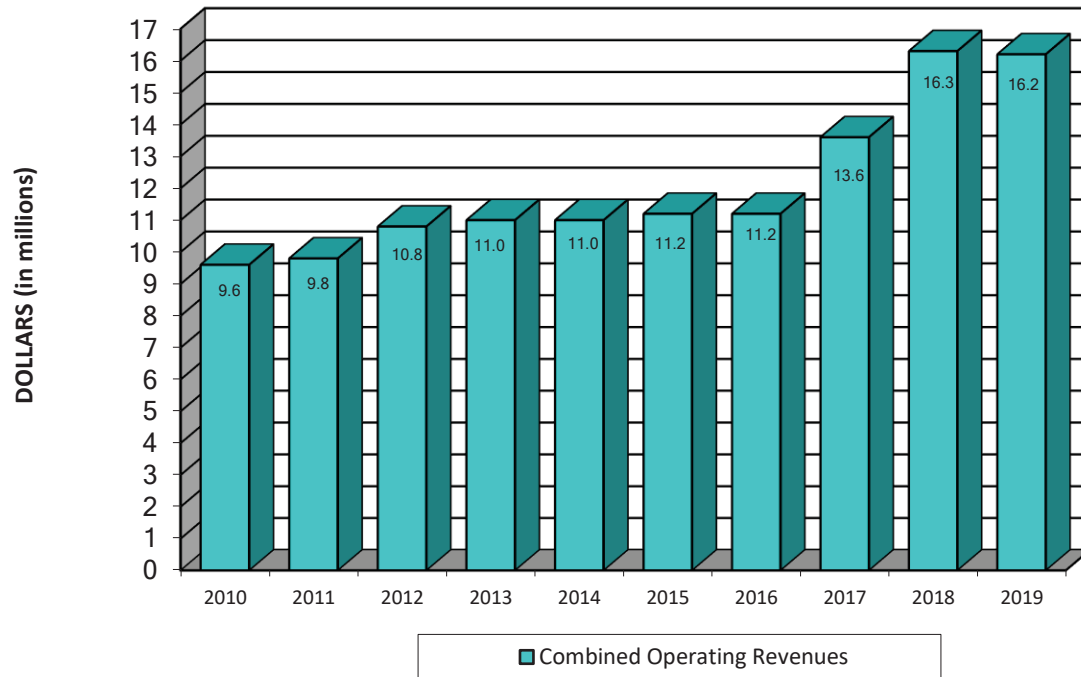
**ASSESSMENT DISTRICT #12, PHASE VI**

<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>
6/30/19	\$ -	-	\$ -	\$ -	\$ 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	18,894	3.950	956,680	975,574	-
	<u>\$ 680,885</u>		<u>\$ 2,246,949</u>	<u>\$ 2,927,834</u>	

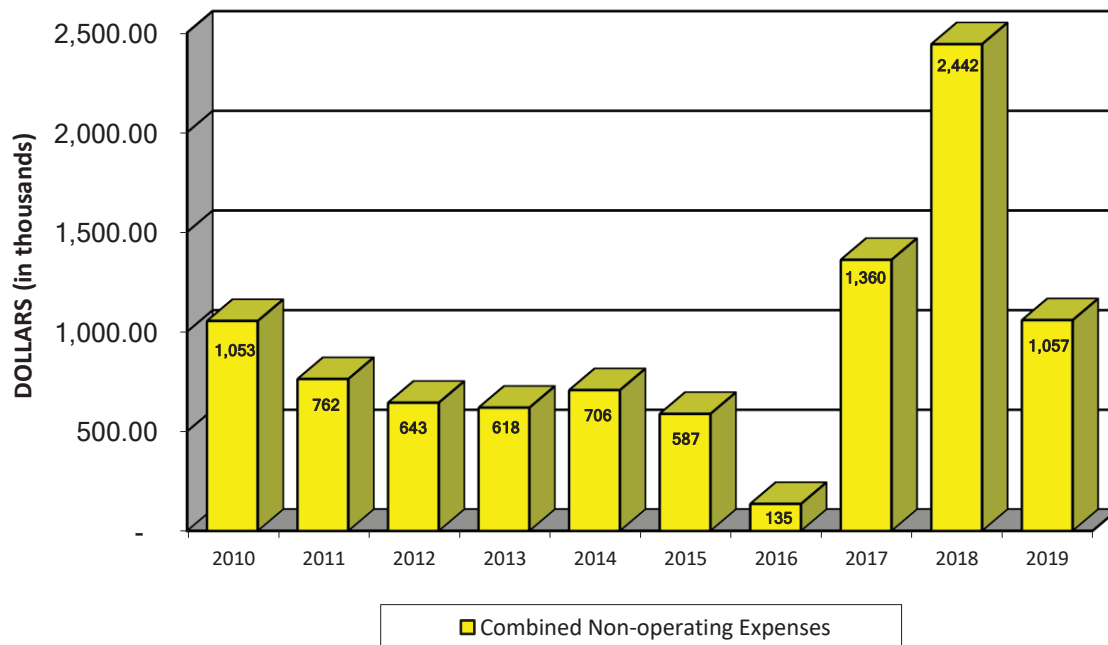
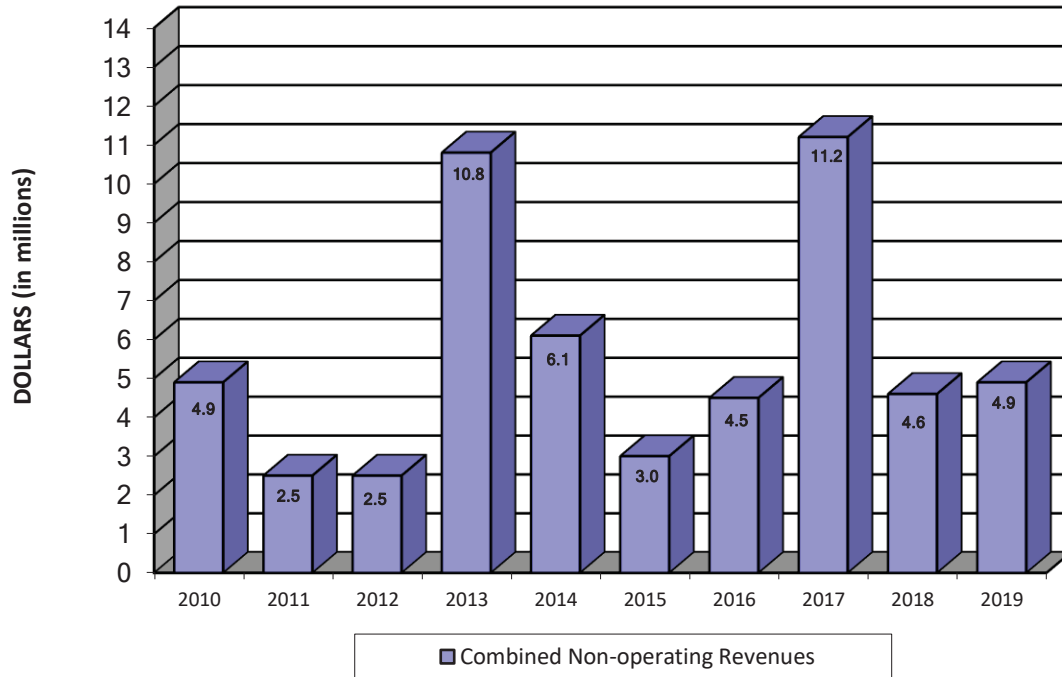
**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION BY FUNCTION**  
**FOR THE YEAR ENDED JUNE 30, 2019**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2018**

	2019			(Memorandum only)	2018 (Memorandum only)
	<u>District</u>	<u>District</u>	<u>District</u>	<u>Combined</u>	<u>Combined</u>
<b>REVENUES</b>					
Base service charge	2,436,262	\$ -	\$ -	2,436,262	\$ 2,222,752
Water consumption	6,864,417	-	-	6,864,417	6,677,436
Meter installations	67,806	-	-	67,806	60,790
Sewer service	-	5,963,895	-	5,963,895	6,128,862
Other operating revenue	582,614	-	-	582,614	957,866
Backup and front footage fees	574,645	28,590	-	603,235	814,690
Contributed infrastructure	288,461	4,106	-	292,567	246,110
Property taxes	835,408	566,912	723,363	2,125,683	1,777,903
Standby charges	220,644	12,223	-	232,867	240,591
Fats, oils & grease fees	-	3,375	-	3,375	3,400
Investment income (net)	433,335	1,076,671	286,109	1,796,115	827,198
Grants	118,248	-	-	118,248	960,281
Recovery of prior year expense	(1,500)	-	-	(1,500)	53,220
Gain (loss) from asset disposals	(16,722)	-	4,378	(12,344)	(41,965)
Total revenues	<u>12,403,618</u>	<u>7,655,772</u>	<u>1,013,850</u>	<u>21,073,240</u>	<u>20,929,134</u>
<b>EXPENSES</b>					
Salaries and wages	1,357,551	589,151	1,677,959	3,624,661	3,418,512
Employee benefits	633,350	273,675	812,045	1,719,070	2,080,563
Pension inflows/outflows of resources	-	-	-	-	1,246,116
Public Employees Retirement -Prior year costs	-	-	375,341	375,341	359,953
Materials and supplies	393,897	74,308	343,835	812,040	1,167,836
Outside services	460,902	445,223	1,564,626	2,470,751	2,054,392
Ground water replenishment fees	129,660	-	-	129,660	120,032
Utilities	1,047,254	203,359	29,489	1,280,102	1,210,731
Directors' fees	-	-	38,100	38,100	40,600
Engineering	66,801	-	-	66,801	58,850
Insurance	-	-	114,155	114,155	113,271
Audit	-	-	25,000	25,000	27,000
Rate study	-	-	26,000	26,000	-
Legal	-	-	1,025,590	1,025,590	425,116
Depreciation	2,268,962	1,548,556	184,972	4,002,490	3,997,997
Interest	24,579	640,862	-	665,441	743,021
Standby reports	12,388	3,700	-	16,088	14,917
Dues and subscriptions	-	555	47,132	47,687	46,090
Training and conferences	8,118	7,378	114,084	129,580	119,332
Amortization and cost of debt issuance	1,440	-	-	1,440	76,666
Ground water management	-	-	15,000	15,000	21,000
Other expenses	<u>14,711</u>	<u>386</u>	<u>-</u>	<u>15,097</u>	<u>16,410</u>
Subtotal	6,419,613	3,787,153	6,393,328	16,600,094	17,358,405
General District Allocation	<u>4,308,210</u>	<u>1,503,763</u>	<u>(6,017,987)</u>	<u>(206,014)</u>	<u>(181,068)</u>
Total expenses	<u>10,727,823</u>	<u>5,290,916</u>	<u>375,341</u>	<u>16,394,080</u>	<u>17,177,337</u>
<b>CHANGE IN NET POSITION</b>	1,675,795	2,364,856	638,509	4,679,160	3,751,797
<b>NET POSITION, BEGINNING OF YEAR</b>	<u>66,844,249</u>	<u>69,451,374</u>	<u>6,572,407</u>	<u>142,868,030</u>	<u>139,116,233</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 68,520,044</u>	<u>\$ 71,816,230</u>	<u>\$ 7,210,916</u>	<u>\$ 147,547,190</u>	<u>\$ 142,868,030</u>

**MISSION SPRINGS WATER DISTRICT**  
**COMBINED OPERATING REVENUES AND OPERATING EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2010-2019**



**MISSION SPRINGS WATER DISTRICT**  
**COMBINED NON-OPERATING REVENUES AND NON-OPERATING EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2010-2019**





**MISSION SPRINGS WATER DISTRICT**  
**OPERATING INCOME/(LOSS) AND CHANGE IN NET POSITION**  
**FOR THE YEARS ENDED JUNE 30, 2010-2019**

