

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

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

**JUNE 30, 2013**

**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

We have audited the accompanying statements of the combined statement of net assets, combined statement of revenues, expenses and changes in net assets, and combined statement of cash flows of Mission Springs Water District (the "District") as of and for the year ended June 30, 2013, 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 2012 financial statements and, in our report dated October 11, 2012 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 of Mission Springs Water District as of June 30, 2013 and the respective combined statement of net assets, combined statement of revenues, expenses and changes in net assets, and combined statement of cash flows of Mission Springs Water District, as of June 30, 2013, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

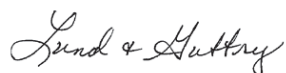
## **Other Matters**

### *Required Supplementary Information*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2013, 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, 2013

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

# MISSION SPRINGS WATER DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2013 AND 2012

### DESCRIPTION AND SCOPE OF MISSION SPRINGS WATER DISTRICT

Mission Springs Water District (M.S.W.D.), formerly called Desert Hot Springs County Water District, was formed in 1953. M.S.W.D. is located in the Coachella Valley of Southern California, ten miles north of the City of Palm Springs. The boundaries encompass an area of 135 square miles, within which the district maintains and operates pipelines, 14 water wells, 4 reservoirs and 2 waste water treatment plants. The primary service area is the City of Desert Hot Springs.

Mission Springs Water District is comprised of the following:

Water District – The water district serves 12,947 water accounts, of which 95% are residential customers.

Sewer District – The sewer district provides sewage collection, treatment and disposal services to 6,544 single-family residences and 720 commercial establishments.

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

### DESCRIPTION OF BASIC FINANCIAL STATEMENTS

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

### CONDENSED FINANCIAL INFORMATION

The following condensed financial information provides an overview of M.S.W.D.'s financial activities for the fiscal year ended June 30, 2013.

#### NET ASSETS

Net assets, the difference between assets and liabilities, increased 7.5 percent, or \$8,881,170 to \$126,680,412 from June 30, 2012. Other assets and other liabilities are net of \$6,198,271 (2013) and \$2,488,242 (2012) of inter-fund loans.

	<u>June 30,</u> <u>2013</u>	<u>June 30,</u> <u>2012</u>	<u>Change</u>
<b>Assets</b>			
Capital assets, net	\$ 118,388,904	\$112,987,018	\$ 5,401,886
Other assets	<u>21,053,313</u>	<u>15,088,756</u>	<u>5,964,557</u>
Total assets	<u>139,442,217</u>	<u>128,075,774</u>	<u>11,366,443</u>
<b>Liabilities</b>			
Long-term liabilities	5,199,475	4,320,480	878,995
Other liabilities	<u>7,562,330</u>	<u>5,956,052</u>	<u>1,606,278</u>
Total liabilities	<u>12,761,805</u>	<u>10,276,532</u>	<u>2,485,273</u>
<b>Net Assets</b>			
Invested in capital assets, net of debt	109,153,429	104,511,585	4,641,844
Restricted for:			
Debt service	121,790	99,893	21,897
Other purposes	22,503,718	20,677,889	1,825,829
Unrestricted (Deficit)	<u>(5,098,525)</u>	<u>(7,490,125)</u>	<u>2,391,600</u>
Total net assets	<u>\$ 126,680,412</u>	<u>\$117,799,242</u>	<u>\$ 8,881,170</u>

**MISSION SPRINGS WATER DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2013 AND 2012**

**CAPITAL ASSETS, NET**

Increased \$5,401,886, or 4.8 percent. The following list presents a summary of capital expenditures.

Waterlines	\$ 109,287
Water Tanks	338,516
Water meters	32,510
Sewer lines	228,541
Sewer plant	803,531
Other acquisitions	(173,306)
Increase in construction in progress	7,147,051
Less depreciation	<u>(3,084,244)</u>
Total, net	<u>\$ 5,401,886</u>

**CAPITAL ASSETS**

At June 30, 2013, Mission Springs Water District had a net investment of \$118,388,904 in capital assets. This amount represents a net increase (including additions and disposals) of \$5,401,886 or 4.8 percent over the prior year. (See Note 5)

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

	June 30, <u>2013</u>	June 30, <u>2012</u>	<u>Change</u>
Intangible plant	\$ 743,228	\$ 820,702	\$ (77,474)
Land and land rights	1,375,655	1,375,684	(29)
Source of supply	5,623,673	5,854,841	(231,168)
Pumping plant	12,093,960	12,198,011	(104,051)
Transmission, distribution and storage	38,552,590	39,787,290	(1,234,700)
Buildings and grounds	784,732	580,761	203,971
Furniture and fixtures	495,662	560,413	(64,751)
Radio equipment	4,103	5,754	(1,651)
Shop equipment	4,051	6,894	(2,843)
Autos, trucks and heavy equipment	213,443	283,936	(70,493)
Sewage collection facilities	34,809,646	34,838,864	(29,218)
Sewage treatment plants	10,006,552	10,116,947	(110,395)
Other plant in service	151,174	173,537	(22,363)
Construction in progress	<u>13,530,435</u>	<u>6,383,384</u>	<u>7,147,051</u>
Capital assets, net	<u>\$118,388,904</u>	<u>\$112,987,018</u>	<u>\$ 5,401,886</u>



**MISSION SPRINGS WATER DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2013 AND 2012**

**OTHER ASSETS**

Increased \$5,964,557, or 39.5 percent. The following list presents a summary of other assets and changes from June 30, 2012.

<u>Description</u>	<u>June 30,</u> <u>2013</u>	<u>June 30,</u> <u>2012</u>	<u>Change</u>	<u>Explanation</u>
Current assets – cash	\$ 611,811	\$ 168,660	\$ 443,151	
Restricted assets – cash	<u>5,814,191</u>	<u>6,968,976</u>	<u>(1,154,785)</u>	
Total cash	6,426,002	7,137,636	(711,634)	(1)
Assessments receivable	9,223,168	4,492,770	4,730,398	(2)
Accounts and notes receivable	4,728,262	2,640,339	2,087,923	(3)
All other	<u>675,881</u>	<u>818,011</u>	<u>(142,130)</u>	(4)
Totals	<u>\$ 21,053,313</u>	<u>\$ 15,088,756</u>	<u>\$ 5,964,557</u>	(5)

- (1) Refer to pages 15-16, Combined Statement of Cash Flows
- (2) New assessments levied relating to Assessment District #12 and others collected during the year
- (3) Ordinary and necessary operations, as well as a \$2,011,095 increase in grants receivable related to Assessment District #12
- (4) \$141,206 of Proposition 1A property taxes collected during the year ended June 30, 2013 (Footnote #4)
- (5) Net of inter-fund loans \$6,198,271 (2013) and \$2,488,242 (2012)

**LONG-TERM LIABILITIES**

Increased \$878,995, or 20.3 percent. This increase consists of:

New debt incurred	\$ 1,846,436
Payment on debt during year – less prepaid in June 2013	(1,119,623)
Decrease in long-term liabilities reclassified to current	258,552
Debt payments due July, 2013; prepaid June 2013	<u>(106,370)</u>
Decrease in long-term liabilities	<u>\$ 878,995</u>

**LIABILITIES OTHER THAN LONG-TERM DEBT**

Increased \$1,606,278, or 27.0 percent. This net increase is primarily related to accounts payable for construction costs for Assessment District #12. Also note that inter-fund loan of \$6,198,271 (2013) and \$2,488,242 (2012) have been eliminated from this analysis.

**MISSION SPRINGS WATER DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2013 AND 2012**

**NET ASSETS**

Invested In Capital Assets, Net Of Debt:

Increased \$4,641,844, or 3.9 percent, from June 30, 2012.

Restricted "Net Assets" increased \$1,847,726. The balances are reserved primarily for replacements and debt service.

Unrestricted Net Assets increased \$2,391,600, or 31.9 percent, from the previous year. Unrestricted Net Assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt." However, certain of the unrestricted net assets are authorized by the Board to be used for the CIP program.

**CHANGES IN NET ASSETS**

The increase in net assets for fiscal year 2013 was \$8,881,170. 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 ASSETS BY FUNCTION", on page 40.

	<u>June 30,</u> <u>2013</u>	<u>June 30,</u> <u>2012</u>	<u>Change</u>
Total operating revenues	\$ 10,971,039	\$ 10,845,338	\$ 125,701
Total operating expenses	<u>(8,642,292)</u>	<u>(9,024,998)</u>	<u>382,706</u>
Operating income (loss) before depreciation	2,328,747	1,820,340	508,407
Depreciation	<u>(3,597,086)</u>	<u>(3,645,574)</u>	<u>48,488</u>
Operating income (loss)	(1,268,339)	(1,825,234)	556,895
Non-operating revenues, net	<u>10,149,509</u>	<u>1,885,697</u>	<u>8,263,812</u>
Increase (decrease) in net assets	8,881,170	60,463	8,820,707
Beginning net assets	<u>117,799,242</u>	<u>117,738,779</u>	<u>60,463</u>
Ending net assets	<u>\$ 126,680,412</u>	<u>\$ 117,799,242</u>	<u>\$ 8,881,170</u>

**MISSION SPRINGS WATER DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2013 AND 2012**

**CHANGES IN NET ASSETS** (continued)

Operating revenue analysis:

	<u>June 30,</u> <u>2013</u>	<u>June 30,</u> <u>2012</u>	<u>Change</u>	
Water service charge	\$ 1,395,924	\$ 1,373,598	1.6%	
Water consumption charge	5,179,267	5,383,257	(3.8)%	
Water meter sales	4,703	10,676	(55.9)%	
Sewer service charges	3,683,362	3,394,097	8.5%	
Other	<u>707,783</u>	<u>683,710</u>	3.5%	
Total operating revenue	<u>\$ 10,971,039</u>	<u>\$ 10,845,338</u>	1.2%	

Operating expenses analysis:

	<u>June 30,</u> <u>2013</u>	<u>June 30,</u> <u>2012</u>	<u>Change</u>	<u>Explanation</u>
Salaries and benefits	\$ 4,996,049	\$ 5,168,761	(3.3)%	
Electricity	1,005,836	1,038,364	(3.1)%	
Water replenishment fees	90,922	52,423	73.4%	(1)
Engineering	1,303	67,070	(98.1)%	(2)
Legal	105,651	226,544	(53.4)%	(3)
Interest	351,236	382,636	(8.2)%	
Other	<u>2,091,295</u>	<u>2,089,200</u>	0.1%	
Total operating expenses before depreciation	<u>\$ 8,642,292</u>	<u>\$ 9,024,998</u>	(4.2)%	
Depreciation expense	<u>\$ 3,597,086</u>	<u>\$ 3,645,574</u>	(1.3)%	

Depreciation expense decreased \$48,488 or 1.3 percent, due to additional capital assets placed into service with a cost basis of \$1,726,073, capital assets removed from service with a cost basis of \$386,994 and other assets becoming fully depreciated during 2013.

- (1) During the fiscal year the District passed through to customers replenishment fees which were calculated at \$92.00 and \$82.00 per acre foot for the years ended June 30, 2013 and 2012, respectively.
- (2) Engineering costs were capitalized more in 2013 due to more construction related services provided by consulting engineers.
- (3) Legal costs decreased in 2013 due to the complaint for declaratory relief (see Note19) being in the trial court phase during 2012 and the appeals court phase in 2013 requiring less legal services.

**MISSION SPRINGS WATER DISTRICT**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

**JUNE 30, 2013 AND 2012**

**CHANGES IN NET ASSETS** (continued)

“Net non-operating revenues”, increased \$8,263,812 or 438.2 percent.

	<u>June 30,</u> <u>2013</u>	<u>June 30,</u> <u>2012</u>
Backup and front footage fees, water and sewer	\$ 5,486,960	\$ 199,737
Contributed infrastructure	31,580	389,952
Federal and State revenue grants	3,155,756	13,316
Property taxes	1,479,327	1,481,093
Interest on investments	353,513	368,420
Interest expense	(351,236)	(382,636)
Other	<u>(6,391)</u>	<u>(184,185)</u>
Total non-operating revenues, net	<u>\$ 10,149,509</u>	<u>\$ 1,885,697</u>

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. During 2013 large amounts of fees were collected related to Assessment District #12.

Grants were received in fiscal year 2013 and 2012 to assist with the construction of water and sewer infrastructure. (See Note 21)

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

Interest on investments decreased \$14,907 from the Local Agency Investment Fund (L.A.I.F.) and yields decreased from 0.36% to 0.28% between July 1, 2012 and June 30, 2013. The District’s investment on deposit with L.A.I.F. decreased \$1,154,785 for the same period.

**ASSESSMENT DISTRICT #13**

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

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

**FINANCIAL STATEMENTS**

**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF NET ASSETS**  
**JUNE 30, 2013**

**WITH COMPARATIVE TOTALS FOR JUNE 30, 2012**

	2013			2012	
	Water District	Sewer District	General District	Total Combined	(Memorandum only) Combined
<b>CURRENT ASSETS</b>					
Cash	\$ 205,974	\$ 202,848	\$ 202,989	\$ 611,811	\$ 168,660
Accounts receivable:					
Water and sewer	1,478,352	217,954	-	1,696,306	1,551,625
Other	809,295	2,111,238	111,423	3,031,956	1,088,714
Note receivable due in 12 months	3,897	-	-	3,897	1,073
Interest receivable	-	-	1,835	1,835	4,637
Prepaid expenses	-	-	172,080	172,080	142,913
Inventory	-	-	329,011	329,011	310,122
Interfund loan	-	-	6,198,271	6,198,271	2,488,242
Total current assets	2,497,518	2,532,040	7,015,609	12,045,167	5,755,986
<b>NOTE RECEIVABLE, LONG TERM</b>	18,186	-	-	18,186	7,773
<b>RESTRICTED ASSETS</b>					
Cash	1,124,694	-	4,689,497	5,814,191	6,968,976
Assessments receivable	-	9,223,168	-	9,223,168	4,492,770
Interest receivable	519	-	895	1,414	1,509
Taxes receivable	76,422	16,131	23,617	116,170	316,021
Issuance costs for long-term debt	15,852	17,436	-	33,288	33,963
Total restricted assets	1,217,487	9,256,735	4,714,009	15,188,231	11,813,239
<b>UTILITY PLANT</b>					
Utility plant (Note #5)	87,068,767	70,648,936	4,159,052	161,876,755	153,390,625
Less accumulated depreciation	(26,929,741)	(14,409,250)	(2,148,860)	(43,487,851)	(40,403,607)
Total utility plant	60,139,026	56,239,686	2,010,192	118,388,904	112,987,018
<b>TOTAL ASSETS</b>	\$ 63,872,217	\$ 68,028,461	\$ 13,739,810	\$ 145,640,488	\$ 130,564,016

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

**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF NET ASSETS - CONTINUED**  
**JUNE 30, 2013**

**WITH COMPARATIVE TOTALS FOR JUNE 30, 2012**

	2013			2012	
	Water District	Sewer District	General District	Total Combined	(Memorandum only) Combined
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 1,354	\$ 308,761	\$ 2,195,179	\$ 2,505,294	\$ 664,070
Accrued expenses	5,582	15,887	911,676	933,145	946,319
Customer deposits	187,149	-	-	187,149	149,302
Current portion of long-term debt	16,250	775,791	-	792,041	1,050,593
Total current liabilities	210,335	1,100,439	3,106,855	4,417,629	2,810,284
<b>LONG-TERM DEBT</b>					
Notes and contracts	328,000	5,201,816	-	5,529,816	4,894,073
Special assessment bonds	-	164,000	-	164,000	174,000
Certificates of participation, U.S.D.A	297,700	-	-	297,700	303,000
Total	625,700	5,365,816	-	5,991,516	5,371,073
Less current portion	(16,250)	(775,791)	-	(792,041)	(1,050,593)
Total long-term debt	609,450	4,590,025	-	5,199,475	4,320,480
<b>OTHER LIABILITIES</b>					
Funds held in trust	35,359	2,780	-	38,139	38,139
Advance construction deposits	41,864	3,064,698	-	3,106,562	3,107,629
Interfund loan	-	6,198,271	-	6,198,271	2,488,242
Total other liabilities	77,223	9,265,749	-	9,342,972	5,634,010
<b>TOTAL LIABILITIES</b>	897,008	14,956,213	3,106,855	18,960,076	12,764,774
<b>NET ASSETS</b>					
Invested in capital assets, net of debt	59,471,835	47,671,402	2,010,192	109,153,429	104,511,585
Restricted for:					
Debt service	80,892	40,898	-	121,790	99,893
Other purposes	12,844,028	7,821,714	1,837,976	22,503,718	20,677,889
Unrestricted	(9,421,546)	(2,461,766)	6,784,787	(5,098,525)	(7,490,125)
Total net assets	62,975,209	53,072,248	10,632,955	126,680,412	117,799,242
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 63,872,217	\$ 68,028,461	\$ 13,739,810	\$ 145,640,488	\$ 130,564,016

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

**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012**

	2013				2012
	Water District	Sewer District	General District	Total Combined	(Memorandum only) Combined
<b>OPERATING REVENUES</b>					
Base service charge	\$ 1,395,924	\$ -	\$ -	\$ 1,395,924	\$ 1,373,598
Water consumption	5,179,267	-	-	5,179,267	5,383,257
Meter installations	4,703	-	-	4,703	10,676
Sewer service	-	3,683,362	-	3,683,362	3,394,097
Standby charges	235,865	12,858	-	248,723	246,330
Other	455,910	3,150	-	459,060	437,380
Total operating revenues	<u>7,271,669</u>	<u>3,699,370</u>	<u>-</u>	<u>10,971,039</u>	<u>10,845,338</u>
<b>OPERATING EXPENSES</b>					
Pumping	1,793,321	-	-	1,793,321	1,761,390
Transmission and distribution	1,243,516	-	-	1,243,516	1,262,233
Customer accounts	569,134	-	424,943	994,077	933,692
Sewage collection	-	173,541	-	173,541	161,252
Sewage treatment	-	1,210,260	-	1,210,260	1,220,285
Standby	87,277	32,088	-	119,365	110,510
Human Resources	-	-	76,319	76,319	155,279
Building and grounds maintenance	-	-	156,450	156,450	239,766
Vehicle maintenance	-	-	194,493	194,493	268,419
Operations support	-	-	497,269	497,269	526,028
Engineering	1,303	-	-	1,303	67,070
Insurance	-	-	127,821	127,821	106,436
Audit	-	-	19,000	19,000	20,436
Legal	-	-	105,651	105,651	226,544
Public affairs	-	-	73,379	73,379	60,124
Board of Directors	-	-	138,075	138,075	174,684
Administration	-	-	1,282,540	1,282,540	1,243,203
Accounting	-	-	537,369	537,369	547,701
Depreciation	2,169,768	1,227,912	199,406	3,597,086	3,645,574
Standby reports	-	-	-	-	11,165
Ground water management	-	-	15,000	15,000	20,000
General District allocation	2,857,826	873,432	(3,847,715)	(116,457)	(91,219)
Total operating expenses	<u>8,722,145</u>	<u>3,517,233</u>	<u>-</u>	<u>12,239,378</u>	<u>12,670,572</u>
Operating income (loss)	<u>(1,450,476)</u>	<u>182,137</u>	<u>-</u>	<u>(1,268,339)</u>	<u>(1,825,234)</u>
<b>NON-OPERATING REVENUES</b>					
Backup and front footage fees	63,904	5,423,056	-	5,486,960	199,737
Contributed infrastructure	10,141	21,439	-	31,580	389,952
Property taxes	683,157	302,599	493,571	1,479,327	1,481,093
Interest	6,058	314,702	32,753	353,513	368,420
Grants	-	3,155,756	-	3,155,756	13,316
Recovery of prior year expense	30,214	8,043	-	38,257	53,376
Gain from asset disposals - net	(3,347)	-	225,614	222,267	22,517
Total non-operating revenues	<u>790,127</u>	<u>9,225,595</u>	<u>751,938</u>	<u>10,767,660</u>	<u>2,528,411</u>

- CONTINUED -

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



**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012**

- CONTINUED -

	2013				2012
	Water District	Sewer District	General District	Total Combined	(Memorandum only) Combined
<b>NON-OPERATING EXPENSES</b>					
Interest	14,360	336,876	-	351,236	382,636
Public Employees Retirement System - Prior year costs	-	-	253,131	253,131	253,759
Uncollectible accounts	5,650	-	-	5,650	-
Other	1,820	6,131	183	8,134	6,319
Total non-operating expenses	<u>21,830</u>	<u>343,007</u>	<u>253,314</u>	<u>618,151</u>	<u>642,714</u>
Net non-operating revenues	<u>768,297</u>	<u>8,882,588</u>	<u>498,624</u>	<u>10,149,509</u>	<u>1,885,697</u>
<b>CHANGE IN NET ASSETS</b>	(682,179)	9,064,725	498,624	8,881,170	60,463
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>63,657,388</u>	<u>44,007,523</u>	<u>10,134,331</u>	<u>117,799,242</u>	<u>117,738,779</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 62,975,209</u>	<u>\$ 53,072,248</u>	<u>\$ 10,632,955</u>	<u>\$ 126,680,412</u>	<u>\$ 117,799,242</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 ASSETS**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

	Water District			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
<b>OPERATING REVENUES</b>				
Base service charge	\$ 1,384,000	\$ 1,384,000	\$ 1,395,924	\$ 11,924
Water consumption	5,369,000	5,369,000	5,179,267	(189,733)
Meter installations	1,900	1,900	4,703	2,803
Sewer service	-	-	-	-
Standby charges	248,000	248,000	235,865	(12,135)
Other	404,850	404,850	455,910	51,060
Total operating revenues	<u>7,407,750</u>	<u>7,407,750</u>	<u>7,271,669</u>	<u>(136,081)</u>
<b>OPERATING EXPENSES</b>				
Pumping	2,165,229	2,165,339	1,793,321	372,018
Transmission and distribution	1,203,800	1,203,190	1,243,516	(40,326)
Customer accounts	516,053	516,053	569,134	(53,081)
Sewage collection	-	-	-	-
Sewage treatment	-	-	-	-
Standby	48,352	48,352	87,277	(38,925)
Human Resources	-	-	-	-
Building and grounds maintenance	-	-	-	-
Vehicle maintenance	-	-	-	-
Operations support	-	-	-	-
Engineering	50,000	50,000	1,303	48,697
Insurance	-	-	-	-
Audit	-	-	-	-
Legal	-	-	-	-
Public affairs	-	-	-	-
Board of Directors	-	-	-	-
Administration	-	-	-	-
Accounting	-	-	-	-
Depreciation	2,189,891	2,189,891	2,169,768	20,123
Standby reports	13,225	13,225	-	13,225
Other	-	-	-	-
General District allocation	2,322,965	2,325,226	2,857,826	(532,600)
Total operating expenses	<u>8,509,515</u>	<u>8,511,276</u>	<u>8,722,145</u>	<u>(210,869)</u>
Operating income (loss)	<u>(1,101,765)</u>	<u>(1,103,526)</u>	<u>(1,450,476)</u>	<u>(346,950)</u>
<b>NON-OPERATING REVENUES</b>				
Backup and front footage fees	26,800	26,800	63,904	37,104
Contributed infrastructure	-	-	10,141	10,141
Property taxes	599,187	599,187	683,157	83,970
Interest	761	761	6,058	5,297
Grant	-	-	-	-
Recovery of prior year expense	-	-	30,214	30,214
Gain from asset disposals - net	-	-	(3,347)	(3,347)
Total non-operating revenues	<u>626,748</u>	<u>626,748</u>	<u>790,127</u>	<u>163,379</u>

-CONTINUED-

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



General District

Budget		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
431,817	426,817	424,943	1,874
-	-	-	-
-	-	-	-
-	-	-	-
116,516	106,560	76,319	30,241
171,920	181,643	156,450	25,193
263,955	252,455	194,493	57,962
419,455	418,805	497,269	(78,464)
-	-	-	-
105,172	109,472	127,821	(18,349)
27,000	21,300	19,000	2,300
125,000	105,385	105,651	(266)
212,493	248,595	73,379	175,216
141,750	138,120	138,075	45
1,058,131	1,065,280	1,282,540	(217,260)
479,534	481,984	537,369	(55,385)
206,620	206,620	199,406	7,214
-	-	-	-
15,000	15,000	15,000	-
(3,774,363)	(3,778,036)	(3,847,715)	69,679
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
546,900	546,900	493,571	(53,329)
37,600	37,600	32,753	(4,847)
-	-	-	-
-	-	-	-
-	3,673	225,614	221,941
584,500	588,173	751,938	163,765

Combined Districts

Budget		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 1,384,000	\$ 1,384,000	\$ 1,395,924	\$ 11,924
5,369,000	5,369,000	5,179,267	(189,733)
1,900	1,900	4,703	2,803
3,615,000	3,615,000	3,683,362	68,362
262,000	262,000	248,723	(13,277)
408,350	408,350	459,060	50,710
<u>11,040,250</u>	<u>11,040,250</u>	<u>10,971,039</u>	<u>(69,211)</u>
2,165,229	2,165,339	1,793,321	372,018
1,203,800	1,203,190	1,243,516	(40,326)
947,870	942,870	994,077	(51,207)
153,969	167,969	173,541	(5,572)
1,344,916	1,330,916	1,210,260	120,656
72,545	72,545	119,365	(46,820)
116,516	106,560	76,319	30,241
171,920	181,643	156,450	25,193
263,955	252,455	194,493	57,962
419,455	418,805	497,269	(78,464)
50,000	50,000	1,303	48,697
105,172	109,472	127,821	(18,349)
27,000	21,300	19,000	2,300
125,000	105,385	105,651	(266)
212,493	248,595	73,379	175,216
141,750	138,120	138,075	45
1,058,131	1,065,280	1,282,540	(217,260)
479,534	481,984	537,369	(55,385)
3,628,214	3,628,214	3,597,086	31,128
16,925	16,925	-	16,925
15,000	15,000	15,000	-
<u>(571,816)</u>	<u>(572,372)</u>	<u>(116,457)</u>	<u>(455,915)</u>
<u>12,147,578</u>	<u>12,150,195</u>	<u>12,239,378</u>	<u>(89,183)</u>
<u>(1,107,328)</u>	<u>(1,109,945)</u>	<u>(1,268,339)</u>	<u>(158,394)</u>
49,400	49,400	5,486,960	5,437,560
-	-	31,580	31,580
1,422,603	1,422,603	1,479,327	56,724
329,109	329,109	353,513	24,404
-	-	3,155,756	3,155,756
-	-	38,257	38,257
-	3,673	222,267	218,594
<u>1,801,112</u>	<u>1,804,785</u>	<u>10,767,660</u>	<u>8,962,875</u>

**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2013**

-CONTINUED-

	Water District			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
<b>NON-OPERATING EXPENSES</b>				
Interest	14,883	14,883	14,360	523
Public Employees Retirement System - Prior year costs	-	-	-	-
Uncollectible accounts	170	670	5,650	(4,980)
Other	1,833	1,833	1,820	13
Total non-operating expenses	16,886	17,386	21,830	(4,444)
Net non-operating revenues	609,862	609,362	768,297	158,935
<b>CHANGE IN NET ASSETS</b>	<b>\$ (491,903)</b>	<b>\$ (494,164)</b>	(682,179)	<b>\$ (188,015)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>			63,657,388	
<b>NET ASSETS, END OF YEAR</b>			<b>\$ 62,975,209</b>	

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

Sewer District

Budget		Actual	Variance with Final Budget Positive (Negative)
Original	Final		(Negative)
363,741	363,741	336,876	26,865
-	-	-	-
-	-	-	-
4,860	4,860	6,131	(1,271)
368,601	368,601	343,007	25,594
221,263	221,263	8,882,588	8,661,325
<u>\$ 215,700</u>	<u>\$ 214,844</u>	9,064,725	<u>\$ 8,849,881</u>
		<u>44,007,523</u>	
		<u>\$ 53,072,248</u>	

General District

Budget		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
-	-	-	-
264,039	264,039	253,131	10,908
-	-	-	-
-	-	183	(183)
<u>264,039</u>	<u>264,039</u>	<u>253,314</u>	<u>10,725</u>
<u>320,461</u>	<u>324,134</u>	<u>498,624</u>	<u>174,490</u>
<u>\$ 320,461</u>	<u>\$ 324,134</u>	498,624	<u>\$ 174,490</u>
		<u>10,134,331</u>	
		<u>\$ 10,632,955</u>	



Combined Districts

Budget		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
378,624	378,624	351,236	27,388
264,039	264,039	253,131	10,908
170	670	5,650	(4,980)
<u>6,693</u>	<u>6,693</u>	<u>8,134</u>	<u>(1,441)</u>
<u>649,526</u>	<u>650,026</u>	<u>618,151</u>	<u>31,875</u>
<u>1,151,586</u>	<u>1,154,759</u>	<u>10,149,509</u>	<u>8,994,750</u>
<u>\$ 44,258</u>	<u>\$ 44,814</u>	8,881,170	<u>\$ 8,836,356</u>
		<u>117,799,242</u>	
		<u>\$ 126,680,412</u>	

**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012**

	Water District	Sewer District
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from water and sewer sales and services	\$ 6,880,923	\$ 3,692,009
Cash received from standby charges	237,893	13,323
Cash received from water meter installations	4,703	-
Cash received (paid) for operating and maintenance expenses	(3,459,006)	(1,280,058)
Cash paid to employees	(2,006,746)	(946,482)
Cash paid for electricity	(907,963)	(20,672)
Cash paid to employees included in - Additions to utility plant	31,268	220,897
Net cash provided by operating activities	781,072	1,679,017
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Backup and front footage fees	50,667	5,423,056
Property taxes	746,542	362,115
Grants	-	1,143,762
Unfunded retirement liability reduction	-	-
Other	23,161	7,387
Net cash provided by noncapital financing activities	820,370	6,936,320
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Bond assessments collected	-	(4,730,398)
Interfund loan or repayment	-	3,710,029
Long-term debt retired	(5,300)	(1,220,693)
Long-term debt additions	328,000	1,518,436
Interest paid	(14,459)	(333,588)
Net cash used by financing activities	308,241	(1,056,214)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash paid acquiring utility plant	(789,166)	(7,737,109)
Cash refunded for construction deposits	487	580
Proceeds from asset disposals	(3,347)	-
Interest earned	5,730	315,888
Net cash provided (used) by investing activities	(786,296)	(7,420,641)
<b>INCREASE (DECREASE) IN CASH</b>	1,123,387	138,482
<b>BALANCE OF CASH AT BEGINNING OF YEAR</b>	207,281	64,366
<b>BALANCE OF CASH AT END OF YEAR</b>	\$ 1,330,668	\$ 202,848

-CONTINUED-

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

2013		2012	
General District	Total Combined	(Memorandum only) Combined	
\$ -	\$ 10,572,932	\$ 10,462,496	
-	251,216	247,457	
-	4,703	10,676	
3,796,592	(942,472)	(3,272,650)	
(2,327,374)	(5,280,602)	(5,261,287)	
(19,691)	(948,326)	(1,020,787)	
155,896	408,061	46,829	
<u>1,605,423</u>	<u>4,065,512</u>	<u>1,212,734</u>	
-	5,473,723	200,951	
570,521	1,679,178	1,513,662	
-	1,143,762	13,316	
(253,131)	(253,131)	(253,759)	
(2,486)	28,062	53,135	
<u>314,904</u>	<u>8,071,594</u>	<u>1,527,305</u>	
-	(4,730,398)	240,580	
(3,710,029)	-	-	
-	(1,225,993)	(1,429,550)	
-	1,846,436	-	
2,802	(345,245)	(423,433)	
<u>(3,707,227)</u>	<u>(4,455,200)</u>	<u>(1,612,403)</u>	
(447,009)	(8,973,284)	(1,298,563)	
-	1,067	1,067	
225,614	222,267	22,517	
34,792	356,410	376,483	
<u>(186,603)</u>	<u>(8,393,540)</u>	<u>(898,496)</u>	
(1,973,503)	(711,634)	229,140	
<u>6,865,989</u>	<u>7,137,636</u>	<u>6,908,496</u>	
<u>\$ 4,892,486</u>	<u>\$ 6,426,002</u>	<u>\$ 7,137,636</u>	

**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2012**

-CONTINUED-

	Water District	Sewer District
<b>RECONCILIATION OF OPERATING INCOME (LOSS)</b>		
<b>TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>		
Net operating income (loss)	\$ (1,450,476)	\$ 182,137
Add (deduct) items not affecting cash in the year:		
Depreciation	2,169,768	1,227,912
(Increase) decrease in accounts receivable	25,749	(35,707)
(Increase) decrease in notes receivable	-	-
(Increase) decrease in inventory	-	-
(Increase) decrease in prepaid expenses	-	-
Increase (decrease) in customer deposits	37,847	-
Increase (decrease) in accounts payable	(843)	305,835
Increase (decrease) in accrued liabilities	(973)	(1,160)
Net cash provided by operating activities	\$ 781,072	\$ 1,679,017

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

2013	2012	
General District	Total Combined	(Memorandum only) Combined
\$ -	\$ (1,268,339)	\$ (1,825,234)
199,406	3,597,086	3,645,574
(66,060)	(76,018)	(347,473)
-	-	-
(18,889)	(18,889)	(5,042)
(29,167)	(29,167)	(3,714)
-	37,847	50,522
1,536,232	1,841,224	(24,572)
<u>(16,099)</u>	<u>(18,232)</u>	<u>(277,327)</u>
<u>\$ 1,605,423</u>	<u>\$ 4,065,512</u>	<u>\$ 1,212,734</u>

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**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 \$5,751,819 was still in service at June 30, 2013 and is reported in these financial statements.

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

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

The District accrued property taxes receivable of \$116,170 at June 30, 2013. The accrual is equivalent to the actual tax revenue received from Riverside County plus \$66,297 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, 2013**

**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 2012-2013 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.

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.

During the year ended June 30, 2013 the District entered into an early retirement agreement with six employees granting them certain post employment benefits (Note 11).

**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, 2013**

**3. CASH AND INVESTMENTS**

Cash and investments at June 30, 2013 consisted of the following:

Pooled Cash	<u>\$ 6,426,003</u>
Total Cash and Investments	<u>\$ 6,426,003</u>

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

Restricted Assets:	
Cash	\$ 5,814,191
Unrestricted Assets:	
Cash	<u>611,812</u>
	<u>\$ 6,426,003</u>

Restricted cash of \$5,814,191 consists of customer deposits, reserves required by bond agreements, escrowed cash held for retention payments, cash held by assessment districts, debt service funds, reserves for self-insurance and reserves for capital replacements. Cash reported with current assets is cash for operations.

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

Pooled Cash and Negotiable Certificates of Deposit

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

Authorized Investments

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

Credit Risk, Carrying Amount, and Fair Value

Investments are recorded at cost which approximates fair value.

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



**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

	<u>Category</u>			<u>Carrying Amount</u>	<u>Fair Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Demand Deposits	\$ 664,137	\$ -	\$ -	\$ 664,137	\$ 664,137
State of California					
Local Agency Investment Fund (LAIF)				<u>5,761,866</u>	<u>5,763,440</u>
Total Investments				<u>5,761,866</u>	<u>5,763,440</u>
Total Cash and Investments				<u>\$ 6,426,003</u>	<u>\$ 6,427,577</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, 2013 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, 2013 has maintained balances in the accounts in excess of federally insured limits. The District has not experienced any losses in its cash equivalents.

**4. PROPOSITION 1A BORROWING BY THE STATE OF CALIFORNIA**

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in-lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state repaid this borrowing plus interest in June, 2013. After repayment of this initial borrowing, the California legislature may consider only one additional borrowing within a ten-year period. The amount of this borrowing pertaining to the District was \$141,206 and was repaid during the year ended June 30, 2013.

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**5. UTILITY PLANT IN SERVICE**

Utility plant in service consisted of the following:

	Cost			Accumulated Depreciation		
	Balance 06-30-12	Additions	Deletions	Balance 06-30-13	Deletions	Balance 06-30-13
Intangible plant	\$ 1,268,333	\$ -	\$ -	\$ 1,268,333	\$ 77,474	\$ 525,105
Land and land rights	1,376,497	-	-	1,376,497	29	842
Source of supply	8,652,474	-	-	2,797,633	231,168	3,028,801
Pumping plant	17,331,588	352,774	-	5,133,577	456,825	5,590,402
Transmission, distribution, and storage	55,395,907	127,540	-	55,523,447	1,362,240	16,970,857
Buildings and grounds	1,672,074	128,779	73,091	1,091,313	52,039	943,030
Furniture and fixtures	1,211,703	48,000	1,850	651,290	112,751	762,191
Radio equipment	19,670	-	-	13,916	1,651	15,567
Shop equipment	157,389	-	5,113	150,495	1,459	148,225
Autos trucks and heavy equipment	1,973,769	36,908	306,940	1,689,833	107,402	1,490,294
Sewage collection facilities	43,358,467	868,794	-	8,519,603	898,012	9,417,615
Sewage treatment plants	14,183,852	163,278	-	4,066,905	273,673	4,340,578
Other plant in service	405,518	-	-	231,981	22,363	254,344
Construction in progress	6,383,384	8,873,124	1,726,073	-	-	-
<b>Total</b>	<b>\$ 153,390,625</b>	<b>\$ 10,599,197</b>	<b>\$ 2,113,067</b>	<b>\$ 161,876,755</b>	<b>\$ 3,597,086</b>	<b>\$ 43,487,851</b>

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**6. LONG-TERM DEBT**

Long-term debt consisted of the following:

	<u>Balance at</u>		<u>New</u>	<u>Principal</u>	<u>Balance at</u>
	<u>6/30/12</u>		<u>Debt</u>	<u>Repayments</u>	<u>6/30/13</u>
Installment Sale Agreement, Note payable to LaSalle National Bank, dated December 26, 2001, original amount \$1,500,000 with interest rate of 4.882%, principal and interest payments are due each June 26 and December 26, final payment due December 26, 2013.	\$ 291,017	-	-	\$ 191,663	\$ 99,354
Installment Sale Agreement, Note payable to LaSalle National Bank, dated July 25, 2003 original amount \$1,800,000 with interest rate of 4.060%, principal and interest payments are due each January 28 and July 28, final payment due July 28, 2015.	534,347	-	-	171,008	363,339
Installment Sale Agreement, Note payable to LaSalle National Bank, dated December 17, 2003, original amount \$5,300,000 with interest rate of 4.210%, principal and interest payments are due each June 17 and December 17, final payment due December 17, 2013.	942,326	-	-	621,651	320,675
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.	39,000	-	-	3,000	36,000
Installment Sale Agreement, Note payable to La Salle National Bank, dated June 26, 2006, original amount \$2,200,000 with interest rate of 5.340%, principal and interest payments are due each June 26 and December 26, final payment due June 26, 2026.	1,762,254	-	-	87,381	1,674,873

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

<p>Assessment District #7, Special Assessment Bonds -  Date of issue February 28, 1985, original amount \$222,000,  7.25% coupon rate, secured by cash and assessments receivable,  interest due semiannually, principal due annually through  July 2, 2024.</p>	<p>\$ 135,000</p>	<p>-</p>	<p>\$ 7,000</p>	<p>\$ 128,000</p>
<p>Installment Sale Agreement, Note Payable to La Salle National Bank,  dated September 21, 2007, original amount \$1,600,000 with interest  rate of 5.020%, principal and interest payments are due each March 21  and September 21, final payment due September 21, 2027.</p>	<p>1,364,129</p>	<p>-</p>	<p>59,955</p>	<p>1,304,174</p>
<p>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.</p>	<p>303,000</p>	<p>-</p>	<p>5,300</p>	<p>297,700</p>
<p>Government Obligation Contract, Note Payable to Kansas State Bank  of Manhattan, Dated December 9, 2011, original amount \$374,675,  Interest rate is 4.4%, principal and interest payments due monthly,  final payment due November 1, 2015.</p>	<p>-</p>	<p>374,675</p>	<p>79,035</p>	<p>295,640</p>
<p>Installment Purchase Agreement, Note payable to Holman Capital  Corporation, dated June 21, 2013, original amount \$328,000,  interest rate is 4.19%, principal and interest payments due each  June 7 and December 7, the final payment due June 7, 2033.</p>	<p>-</p>	<p>328,000</p>	<p>-</p>	<p>328,000</p>

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

State Revolving Fund Loan – (CA State Water Resources Control Board), dated August 21, 2012 as amended on January 24, 2013, total agreement amount of up to \$9,957,921 of which 50% qualifies for principal forgiveness, interest rate is 2.2%, principal and interest payments due annually on January 31 beginning in 2015, final payment due January 31, 2034

	<u>Balance at</u> 6/30/12	<u>New</u> <u>Debt</u>	<u>Principal</u> <u>Repayments</u>	<u>Balance at</u> 6/30/13
	\$ -	\$ 1,143,761	\$ -	\$ 1,143,761
	\$ 5,371,073	\$ 1,846,436	\$ 1,225,993	\$ 5,991,516
Less current portion	<u>(1,050,593)</u>			<u>(792,041)</u>
Total long-term debt	<u>\$ 4,320,480</u>			<u>\$ 5,199,475</u>

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

Minimum annual debt service requirements to maturity for long-term debt outstanding at June 30, 2013 are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 792,041	\$ 213,086	\$ 1,005,127
2015	548,141	223,935	772,076
2016	398,389	200,144	598,533
2017	260,660	185,648	446,308
2018	273,091	173,090	446,181
2019 – 2023	1,568,363	654,402	2,222,765
2024 – 2028	1,462,236	259,693	1,721,929
2029 – 2033	494,226	78,649	572,875
2034 – 2038	142,471	21,776	164,247
2039 – 2041	51,898	4,744	56,642
	<u>\$ 5,991,516</u>	<u>\$ 2,015,167</u>	<u>\$ 8,006,683</u>

**7. 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 \$11,672 at June 30, 2013.

**8. INSTALLMENT SALE AGREEMENTS**

**Sewer Improvements**

On December 17, 2003, the District entered into an installment sale agreement with La Salle National Bank in the amount of \$5,300,000. Proceeds were utilized to finance the acquisition or construction of certain public improvements for the District. Debt issuance costs of \$24,921 were incurred on the installment sale agreement. Unamortized debt issuance costs are \$1,247 as of June 30, 2013.

**Assessment District #11, Areas B and C-1**

On December 26, 2001, the District entered into an installment sale agreement with La Salle National Bank in the amount of \$1,500,000. The proceeds from this contract were used to purchase Assessment District #11 bonds totaling \$1,335,170. The bond proceeds were used for Assessment District #11, areas B and C-1, costs and supplemented the District's share of costs with the remaining \$164,830. Unamortized debt issuance costs were \$760 at June 30, 2013.

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

On July 25, 2003, the District entered into an installment sale agreement with LaSalle National Bank in the amount of \$1,800,000. The proceeds from this contract were used to purchase Assessment District #11 bonds totaling \$1,697,391. These bond proceeds were used for Assessment District #11, areas C-2 and E, costs and supplemented the District's share of costs with the remaining \$102,609. Unamortized debt issuance costs were \$2,724 at June 30, 2013.

**Assessment District #12, Phase I**

On June 26, 2006, the District entered into an installment sale agreement with La Salle National Bank in the amount of \$2,200,000. The proceeds from this contract were used to purchase Assessment District #12 bonds totaling \$1,630,024. The bond proceeds were used for Assessment District #12, phase I, costs and supplemented the District's share of costs with the remaining \$569,976. Unamortized debt issuance costs were \$3,726 at June 30, 2013.

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

**Assessment District #12, Phase II**

On September 21, 2007, the District entered into an installment sale agreement with La Salle National Bank in the amount of \$1,600,000. The proceeds from this contract were used to purchase Assessment District #12 bonds totaling \$1,329,530. The bond proceeds were used for Assessment District #12, phase II, costs and supplemented the District's share of costs with the remaining \$270,470. Unamortized debt issuance costs were \$8,980 at June 30, 2013.

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, 2013.

**9. CALIFORNIA STATE REVOLVING FUND LOAN**

On August 21, 2012, the District entered into a financing agreement with the California State Water Resources Control Board in the amount of \$9,957,921. This program is a loan from the Clean Water State Revolving Fund ("SRF") of which 50% of the principal amount will be forgiven. This is made possible through Federal Environmental Protection Agency funds granted to the SRF. The first loan payment will not be due until one year after the completion of construction which is estimated to be January 31, 2015. The proceeds of this agreement were used for Assessment District #12, Phase III costs.

**10. PENSION PLANS**

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

**California Public Employees' Retirement System (CalPERS)**

Employees who elected to participate in CalPERS received years of service credit from their hire date to September 17, 2001, the contract date. Partial funding for the prior years of service credit was accomplished by a transfer of plan assets from a defined contribution plan, previously sponsored by the district, to CalPERS. This transfer of plan assets occurred on October 30, 2001. An unfunded pension liability resulted from the above transaction in the amount of \$1,346,655. An additional \$517,000 was added to the unfunded liability resulting from the contract amendment that was effective July 1, 2005. This unfunded liability is being amortized over the period ending 2018, with contributions by the employer of 8.227% being applied to qualified payroll, after July 1, 2011. The "Funded Status of the Plan" is presented at the end of this discussion.

**Plan Description**

The District's defined benefit pension plan (the Plan) provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plan is part of the Public Agency portion of the CalPERS, an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes within the Public Employees' Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through a local

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**10. PENSION PLANS** (continued)

Plan Description (continued)

ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 P Street - Sacramento, CA 94229-2701.

Funding Policy

Active plan members in the Plan are required to contribute 8% (of which the District currently contributed 7% and 6% for the years ended June 30, 2012 and 2013, respectively) of their annual covered salary as amended by resolution 2012-05 dated June 5, 2012. Effective July 1, 2013 and 2014, the District will contribute 5% and 4%, respectively, of the required employee contribution rate of 8% as provided by resolution 2012-05. New employees hired after January 1, 2013 are required to contribute 6.25% of their annual covered salary as provided by PEPRA and resolution No. 2012-19 dated December 17, 2012. Employee contributions were paid through payroll deductions in 2013. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal 2013 was 29.501%. The District's contribution of 29.501% consists of 8.976% applicable to unfunded liability, 14.525% for current year funding and 6% of the employees' required contribution. The contribution requirements of the Plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

For fiscal years 2013, 2012 and 2011, the District's annual pension cost was \$831,953, \$904,983, and \$838,781 respectively. The required contribution for fiscal year 2013 was determined as part of the June 30, 2011 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. Actuarial assumptions were modified by CalPERS and incorporated into calculations effective July 1, 2004. The new assumptions are as follows: (a) 7.75% investment rate of return (net of administrative expenses; (b) projected salary increases are 3.55%; (c) 3.25% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3%. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis.

Funded Status of the Plan

The table below displays the Entry Age Normal Accrued Liability, the Actuarial Value of Assets, the Unfunded Liability, Funded Status (i.e., the ratio of the Actuarial Value of Assets to Entry Age Normal Accrued Liability), the estimated annual covered payroll and the Unfunded Actuarial Accrued Liability (UAAL) as a percentage of that covered payroll.



**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**10. PENSION PLANS** (continued)

**Funded Status of the Plan** (continued)

		<u>Funded Status of the Plan</u>					
<u>Valuation</u>	<u>Entry Age</u>	<u>Normal</u>	<u>Actuarial</u>	<u>Unfunded</u>	<u>Annual</u>	<u>UAAL</u>	
<u>Date</u>	<u>Accrued</u>	<u>Value</u>	<u>Value</u>	<u>Liability</u>	<u>Funded</u>	<u>Covered</u>	
	<u>Liability</u>	<u>of Assets</u>	<u>(Excess</u>	<u>Assets)</u>	<u>Status</u>	<u>Payroll</u>	
			<u>As a % of</u>			<u>Payroll</u>	
5/31/01	\$ 2,724,188	\$1,377,533	\$1,346,655	50.6%	\$1,740,674	77.4%	
6/30/02	\$ 2,961,005	\$1,386,140	\$1,574,865	46.8%	\$1,747,475	90.1%	
6/30/03	\$ 3,825,059	\$1,813,009	\$2,012,050	47.4%	\$1,747,289	115.2%	
6/30/04	\$ 4,948,294	\$2,303,985	\$2,644,309	46.6%	\$2,244,366	117.8%	
6/30/05	*	*	\$2,755,106	*	\$2,630,632	104.7%	
6/30/06	*	*	\$2,706,663	*	\$2,950,085	91.7%	
6/30/07	*	*	\$2,645,568	*	\$3,279,739	80.7%	
6/30/08	*	*	\$2,570,934	*	\$3,534,147	72.7%	
6/30/09	*	*	\$2,481,427	*	\$3,721,715	66.7%	
6/30/10	*	*	\$2,375,600	*	\$3,521,924	67.5%	
6/30/11	\$ 13,486,170	\$9,568,977	\$3,917,193	71.0%	\$3,308,694	118.4%	

\*Data not provided in the June 30, 2010, 2009, 2008, 2007, 2006 and 2005 Actuarial Valuations.

**11. EARLY RETIREMENT AGREEMENT**

On July 16, 2012 the District Board adopted Resolution 2012-13 providing a designated period for two years additional service credit for eligible District members of CalPERS. This early retirement program offers eligible employees two years of additional service credit toward their PERS retirement calculations as well as 18 months of COBRA insurance premiums paid by the District, following their retirement date, at the coverage level as of their retirement date. Six eligible employees accepted the early retirement agreement. The COBRA premiums paid by the District will be paid during the 18 months following each member's retirement date. As of June 30, 2013 there was one year of premiums still payable under this agreement which amounted to \$110,148 and is included accrued expenses on the statement of net assets. The additional costs related to PERS will be amortized over twenty years and included in the actuarially determined annual employer contribution rate.

**12. 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 assets in conformity with Government Auditing Standards.

**13. 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 14 for refunding agreements on front footage charges.

**14. 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.

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**15. SELF INSURANCE**

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

**16. CASH FLOW INFORMATION**

Interest paid during the year amounted to \$345,245. The following schedule represents a reconciliation of combined cash as shown on the Combined Statement of Net Assets and the Combined Statement of Cash Flows:

Combined Statement of Net Assets - Cash	
Cash - Restricted	\$ 5,814,191
Cash - Current Assets	<u>611,811</u>
Combined Statement of Net Assets - Cash	<u>\$ 6,426,002</u>
Combined Statement of Cash Flows - Cash	<u>\$ 6,426,002</u>

**17. ASSESSMENT DISTRICT #12**

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

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

Area "L" which consisted of 1,161 parcels was completed as of June 30, 2009. Area "F-1" which consisted of 69 parcels was completed as of June 30, 2013. Area "F & M-1" which consisted of 1,047 parcels was substantially complete at June 30, 2013.

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

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

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

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

	<u>Total Project</u>	<u>Area "L"</u>	<u>Future Phases</u>
Equivalent dwelling units	<u>7,383</u>		
Number of parcels	<u>6,787</u>	<u>1,230</u>	<u>5,557</u>
Project costs: (estimated)			
Public right-of-way	\$ 52,424,417	\$ 9,268,273	\$ 43,156,144
"On-site" abatement	<u>1,357,511</u>	<u>1,357,511</u>	<u>-</u>
Total	<u>\$ 53,781,928</u>	<u>\$ 10,625,784</u>	<u>\$ 43,156,144</u>
Project costs: (actual to June 30, 2012)			
Public right-of-way construction	\$ -	\$ 5,940,932	\$ -
Connection fees	-	2,644,775	-
Front footage fees	-	520,579	-
"On-site" abatement	-	1,357,511	-
Capitalized interest	-	161,987	-
Engineering costs for future phases	<u>-</u>	<u>-</u>	<u>1,830,803</u>
Total	<u>\$ -</u>	<u>\$ 10,625,784</u>	<u>\$ 1,830,803</u>
Project funding:			
Grant awards –			
Environment projection agency –			
Public right-of-way construction	\$ 912,962	\$ 912,962	\$ -
"On-site" abatement	1,131,538	1,131,538	-
California Proposition #40	1,169,906	1,169,906	-
California Proposition #13	744,507	744,507	-
Army Corps of Engineers	1,168,000	-	1,168,000
Property assessments	24,989,703	4,295,577	20,694,126
Proposed grants and local funding	<u>23,665,312</u>	<u>2,371,294</u>	<u>21,294,018</u>
Total	<u>\$ 53,781,928</u>	<u>\$ 10,625,784</u>	<u>\$ 43,156,144</u>

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**18. 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

**19. 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.

Subject to the foregoing, at June 30, 2013 the only claim or lawsuit pending is a claim filed by the District as a complaint for declaratory relief in the Superior Court of California, County of Riverside, against the Registrar of Voters and against certain individual real parties in interest. The claim arises out of a pre-election challenge by the District to certain proposed 2011 initiatives, which attempt to use the initiative process to reduce water and sewer rates, and to then impose a ceiling for all future rate increases based on a vaguely defined Consumer Price Index. The Demurrer and Anti-Slapp Motion filed by the individual real parties in interest were denied by the Riverside County Superior Court. The real parties in interest appealed the denial of the Anti-Slapp Motion to the California Court of Appeal. The real parties of interest appealed the denial of the Anti-Slapp Motion to California of Appeal, 4<sup>th</sup> District Division 2. The Court of Appeal affirmed the trial court's denial of the Anti-Slapp motion. Thereafter, the initiative proponents requested that the entire Division 2 Court of Appeal review the case en banc. This request was not granted. The proponents then filed a petition for review with the California Supreme Court requesting that the Supreme Court grant review of the Appellate Court's order. The California Supreme Court has not yet indicated whether it will review the case. If these initiatives are found by the California Supreme Court to be lawful, placed on the ballot and passed, this passage would have an adverse impact on the District's revenues. No determination has been made on whether the California Supreme Court will grant review as of October 21, 2013.

**20. SUBSEQUENT EVENTS**

The District evaluated all potential subsequent events as of October 21, 2013 when the financial statements were authorized and available to be issued. No subsequent events or transactions were identified after June 30, 2013 or as of October 21, 2013 that require disclosure to the financial statements.

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2013**

**21. GRANT AWARDS**

Summarized below are grants included in the Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets. Reimbursable costs are included in "Grants Receivable" on the Statement of Net Assets. Revenue from the grants is presented in the Statement of Revenue, Expenses and Changes in Net Assets under "Non-Operating Revenues". (Refer to Note 17)

Grantor	Purpose	Fiscal Year Ending June 30, 2013									
		Grant Amount	Grants Receivable (Reimbursable Costs)		Water District		Sewer District		Grant Income		Unexpended Portion of Grant
			Water District	Sewer District	Prior	Current	Prior	Current	Prior	Current	
United States Department of the Interior - Bureau of Reclamation	Water reclamation study	\$ 185,000	\$ -	\$ -	\$ 45,916	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 139,084
California Department of Water Resources	Mission Creek & Garnett Hills Water Management Plan	245,739	-	-	10,425	-	-	-	-	-	235,314
California State Water Resources Control Board	Assessment District #12 Sewer Project F&M1 (Note 9)	4,978,961	-	2,011,994	-	-	-	-	3,155,756	-	1,823,205
<b>Totals</b>		<b>\$ 5,409,700</b>	<b>\$ -</b>	<b>\$ 2,011,994</b>	<b>\$ 56,341</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,155,756</b>	<b>\$ -</b>	<b>\$ 2,197,603</b>

**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>
6/30/2013	\$ -	-	\$ -	\$ -	\$ 36,000
1/2/14	2,048	11.375	-	2,048	36,000
7/2/14	2,048	11.375	4,000	6,048	32,000
1/2/15	1,820	11.375	-	1,820	32,000
7/2/15	1,820	11.375	4,000	5,820	28,000
1/2/16	1,593	11.375	-	1,593	28,000
7/2/16	1,593	11.375	4,000	5,593	24,000
1/2/17	1,365	11.375	-	1,365	24,000
7/2/17	1,365	11.375	4,000	5,365	20,000
1/2/18	1,138	11.375	-	1,138	20,000
7/2/18	1,138	11.375	4,000	5,138	16,000
1/2/19	910	11.375	-	910	16,000
7/2/19	910	11.375	4,000	4,910	12,000
1/2/20	683	11.375	-	683	12,000
7/2/20	683	11.375	4,000	4,683	8,000
1/2/21	455	11.375	-	455	8,000
7/2/21	455	11.375	4,000	4,455	4,000
1/2/22	228	11.375	-	228	4,000
7/2/22	228	11.375	4,000	4,228	-
	<u>\$ 20,480</u>		<u>\$ 36,000</u>	<u>\$ 56,480</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>
6/30/2013	\$ -	-	\$ -	\$ -	\$ 128,000
1/2/14	4,640	7.250	-	4,640	128,000
7/2/14	4,640	7.250	8,000	12,640	120,000
1/2/15	4,350	7.250	-	4,350	120,000
7/2/15	4,350	7.250	9,000	13,350	111,000
1/2/16	4,023	7.250	-	4,023	111,000
7/2/16	4,023	7.250	9,000	13,023	102,000
1/2/17	3,697	7.250	-	3,697	102,000
7/2/17	3,697	7.250	10,000	13,697	92,000
1/2/18	3,335	7.250	-	3,335	92,000
7/2/18	3,335	7.250	11,000	14,335	81,000
1/2/19	2,936	7.250	-	2,936	81,000
7/2/19	2,936	7.250	11,000	13,936	70,000
1/2/20	2,537	7.250	-	2,537	70,000
7/2/20	2,537	7.250	12,000	14,537	58,000
1/2/21	2,102	7.250	-	2,102	58,000
7/2/21	2,102	7.250	13,000	15,102	45,000
1/2/22	1,631	7.250	-	1,631	45,000
7/2/22	1,631	7.250	14,000	15,631	31,000
1/2/23	1,123	7.250	-	1,123	31,000
7/2/23	1,123	7.250	15,000	16,123	16,000
1/2/24	580	7.250	-	580	16,000
7/2/24	580	7.250	16,000	16,580	-
	<u>\$ 61,908</u>		<u>\$ 128,000</u>	<u>\$ 189,908</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>
6/30/2013	\$ -	-	\$ -	\$ -	\$ 297,700
8/1/13	6,698	4.500	-	6,698	297,700
2/1/14	6,698	4.500	5,500	12,198	292,200
8/1/14	6,575	4.500	-	6,575	292,200
2/1/15	6,575	4.500	5,800	12,375	286,400
8/1/15	6,444	4.500	-	6,444	286,400
2/1/16	6,444	4.500	6,000	12,444	280,400
8/1/16	6,309	4.500	-	6,309	280,400
2/1/17	6,309	4.500	6,300	12,609	274,100
8/1/17	6,167	4.500	-	6,167	274,100
2/1/18	6,167	4.500	6,600	12,767	267,500
8/1/18	6,019	4.500	-	6,019	267,500
2/1/19	6,019	4.500	6,900	12,919	260,600
8/1/19	5,864	4.500	-	5,864	260,600
2/1/20	5,864	4.500	7,200	13,064	253,400
8/1/20	5,702	4.500	-	5,702	253,400
2/1/21	5,702	4.500	7,500	13,202	245,900
8/1/21	5,533	4.500	-	5,533	245,900
2/1/22	5,533	4.500	7,900	13,433	238,000
8/1/22	5,355	4.500	-	5,355	238,000
2/1/23	5,355	4.500	8,200	13,555	229,800
8/1/23	5,171	4.500	-	5,171	229,800
2/1/24	5,171	4.500	8,600	13,771	221,200
8/1/24	4,977	4.500	-	4,977	221,200
2/1/25	4,977	4.500	8,900	13,877	212,300
8/1/25	4,777	4.500	-	4,777	212,300
2/1/26	4,777	4.500	9,400	14,177	202,900
8/1/26	4,565	4.500	-	4,565	202,900
2/1/27	4,565	4.500	9,800	14,365	193,100
8/1/27	4,345	4.500	-	4,345	193,100
2/1/28	4,345	4.500	10,200	14,545	182,900
8/1/28	4,115	4.500	-	4,115	182,900
2/1/29	4,115	4.500	10,700	14,815	172,200
8/1/29	3,875	4.500	-	3,875	172,200

-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>
2/1/30	3,875	4.500	11,100	14,975	161,100
8/1/30	3,625	4.500	-	3,625	161,100
2/1/31	3,625	4.500	11,600	15,225	149,500
8/1/31	3,364	4.500	-	3,364	149,500
2/1/32	3,364	4.500	12,200	15,564	137,300
8/1/32	3,089	4.500	-	3,089	137,300
2/1/33	3,089	4.500	12,700	15,789	124,600
8/1/33	2,804	4.500	-	2,804	124,600
2/1/34	2,804	4.500	13,300	16,104	111,300
8/1/34	2,504	4.500	-	2,504	111,300
2/1/35	2,504	4.500	13,900	16,404	97,400
8/1/35	2,192	4.500	-	2,192	97,400
2/1/36	2,192	4.500	14,500	16,692	82,900
8/1/36	1,865	4.500	-	1,865	82,900
2/1/37	1,865	4.500	15,200	17,065	67,700
8/1/37	1,523	4.500	-	1,523	67,700
2/1/38	1,523	4.500	15,800	17,323	51,900
8/1/38	1,168	4.500	-	1,168	51,900
2/1/39	1,168	4.500	16,500	17,668	35,400
8/1/39	797	4.500	-	797	35,400
2/1/40	797	4.500	17,300	18,097	18,100
8/1/40	407	4.500	-	407	18,100
2/1/41	407	4.500	18,100	18,507	-
	<u>\$ 231,658</u>		<u>\$ 297,700</u>	<u>\$ 529,358</u>	

**MISSION SPRINGS WATER DISTRICT**

**SCHEDULE OF PRINCIPAL AND INTEREST REPAYMENTS**

**INSTALLMENT SALE AGREEMENT**

**ASSESSMENT DISTRICT #11 - PHASE I**

<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>
6/30/2013	\$ -	-	\$ -	\$ -	\$ 99,354
12/26/13	<u>2,425</u>	4.882	<u>99,354</u>	<u>101,779</u>	-
	<u>\$ 2,425</u>		<u>\$ 99,354</u>	<u>\$ 101,779</u>	

**MISSION SPRINGS WATER DISTRICT**

**SCHEDULE OF PRINCIPAL AND INTEREST REPAYMENTS**

**INSTALLMENT SALE AGREEMENT**

**ASSESSMENT DISTRICT #11, PHASE II**

<u>Date</u>	<u>Interest Due</u>	<u>Interest Rate</u>	<u>Principal Payment</u>	<u>Total Debt Service</u>	<u>Balance Principal Unpaid</u>
6/30/2013	\$ -	-	\$ -	\$ -	\$ 363,339
1/28/14	7,376	4.060	88,116	95,492	275,223
7/28/14	5,587	4.060	89,905	95,492	185,318
1/28/15	3,762	4.060	91,730	95,492	93,588
7/28/15	<u>1,904</u>	4.060	<u>93,588</u>	<u>95,492</u>	-
	<u>\$ 18,629</u>		<u>\$ 363,339</u>	<u>\$ 381,968</u>	

**MISSION SPRINGS WATER DISTRICT**

**SCHEDULE OF PRINCIPAL AND INTEREST REPAYMENTS**

**INSTALLMENT SALE AGREEMENT**

**LITTLE MORONGO SEWER INTERCEPTOR**

<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>
6/30/2013	\$ -	-	\$ -	\$ -	\$ 320,675
12/17/13	<u>6,748</u>	4.210	<u>320,675</u>	<u>327,423</u>	-
	<u>\$ 6,748</u>		<u>\$ 320,675</u>	<u>\$ 327,423</u>	

**MISSION SPRINGS WATER DISTRICT**

**SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS**

**INSTALLMENT SALE AGREEMENT**

**ASSESSMENT DISTRICT #12, PHASE I**

<u>Date</u>	<u>Interest Due</u>	<u>Coupon Rate</u>	<u>Principal Payment</u>	<u>Total Debt Service</u>	<u>Balance Principal Unpaid</u>
6/30/2013	\$ -	\$ -	\$ -	\$ -	\$ 1,674,873
12/26/13	44,719	5.340	45,448	90,167	1,629,425
6/26/14	43,506	5.340	46,661	90,167	1,582,764
12/26/14	42,260	5.340	47,907	90,167	1,534,857
6/26/15	40,981	5.340	49,186	90,167	1,485,671
12/26/15	39,667	5.340	50,500	90,167	1,435,171
6/26/16	38,319	5.340	51,848	90,167	1,383,323
12/26/16	36,935	5.340	53,232	90,167	1,330,091
6/26/17	35,513	5.340	54,654	90,167	1,275,437
12/26/17	34,054	5.340	56,113	90,167	1,219,324
6/26/18	32,556	5.340	57,611	90,167	1,161,713
12/26/18	31,018	5.340	59,149	90,167	1,102,564
6/26/19	29,438	5.340	60,729	90,167	1,041,835
12/26/19	27,817	5.340	62,350	90,167	979,485
6/26/20	26,152	5.340	64,015	90,167	915,470
12/26/20	24,443	5.340	65,724	90,167	849,746
6/26/21	22,688	5.340	67,479	90,167	782,267
12/26/21	20,886	5.340	69,281	90,167	712,986
6/26/22	19,037	5.340	71,130	90,167	641,856
12/26/22	17,137	5.340	73,030	90,167	568,826
6/26/23	15,188	5.340	74,979	90,167	493,847
12/26/23	13,186	5.340	76,981	90,167	416,866
6/26/24	11,130	5.340	79,037	90,167	337,829
12/26/24	9,020	5.340	81,147	90,167	256,682
6/26/25	6,854	5.340	83,313	90,167	173,369
12/26/25	4,629	5.340	85,538	90,167	87,831
6/26/26	<u>2,345</u>	5.340	<u>87,831</u>	<u>90,176</u>	-
	<u>\$ 669,478</u>		<u>\$ 1,674,873</u>	<u>\$ 2,344,351</u>	

**MISSION SPRINGS WATER DISTRICT**

**SCHEDULE OF PRINCIPAL AND INTEREST PAYMENTS**

**INSTALLMENT SALE AGREEMENT**

**ASSESSMENT DISTRICT #12, PHASE II**

<u>Date</u>	<u>Interest Due</u>	<u>Coupon Rate</u>	<u>Principal Payment</u>	<u>Total Debt Service</u>	<u>Balance Principal Unpaid</u>
6/30/2013	\$ -	-	\$ -	\$ -	\$ 1,304,174
9/21/13	32,735	5.020	31,110	63,845	1,273,064
3/21/14	31,954	5.020	31,891	63,845	1,241,173
9/21/14	31,153	5.020	32,692	63,845	1,208,481
3/21/15	30,333	5.020	33,512	63,845	1,174,969
9/21/15	29,492	5.020	34,353	63,845	1,140,616
3/21/16	28,629	5.020	35,216	63,845	1,105,400
9/21/16	27,746	5.020	36,099	63,845	1,069,301
3/21/17	26,840	5.020	37,005	63,845	1,032,296
9/21/17	25,910	5.020	37,935	63,845	994,361
3/21/18	24,959	5.020	38,886	63,845	955,475
9/21/18	23,982	5.020	39,863	63,845	915,612
3/21/19	22,982	5.020	40,863	63,845	874,749
9/21/19	21,957	5.020	41,888	63,845	832,861
3/21/20	20,905	5.020	42,940	63,845	789,921
9/21/20	19,827	5.020	44,018	63,845	745,903
3/21/21	18,722	5.020	45,123	63,845	700,780
9/21/21	17,590	5.020	46,255	63,845	654,525
3/21/22	16,428	5.020	47,417	63,845	607,108
9/21/22	15,239	5.020	48,606	63,845	558,502
3/21/23	14,018	5.020	49,827	63,845	508,675
9/21/23	12,768	5.020	51,077	63,845	457,598
3/21/24	11,486	5.020	52,359	63,845	405,239
9/21/24	10,172	5.020	53,673	63,845	351,566
3/21/25	8,824	5.020	55,021	63,845	296,545
9/21/25	7,443	5.020	56,402	63,845	240,143
3/21/26	6,028	5.020	57,817	63,845	182,326
9/21/26	4,577	5.020	59,268	63,845	123,058
3/21/27	3,089	5.020	60,756	63,845	62,302
9/21/27	<u>1,563</u>	5.020	<u>62,302</u>	<u>63,865</u>	-
	<u>\$ 547,351</u>		<u>\$ 1,304,174</u>	<u>\$ 1,851,525</u>	

**MISSION SPRINGS WATER DISTRICT**

**SCHEDULE OF PRINCIPAL AND INTEREST REPAYMENTS**

**INSTALLMENT SALE AGREEMENT**

**BELT FILTER PRESS**

<u>Date</u>	<u>Interest Due</u>	<u>Interest Rate</u>	<u>Principal Payment</u>	<u>Total Debt Service</u>	<u>Balance Principal Unpaid</u>
6/30/2013	\$ -	-	\$ -	\$ -	\$ 295,640
8/1/13	1,088	4.414	10,043	11,131	285,597
9/1/13	1,050	4.414	10,081	11,131	275,516
10/1/13	1,013	4.414	10,118	11,131	265,398
11/1/13	977	4.414	10,154	11,131	255,244
12/1/13	939	4.414	10,192	11,131	245,052
1/1/14	901	4.414	10,230	11,131	234,822
2/1/14	864	4.414	10,267	11,131	224,555
3/1/14	826	4.414	10,305	11,131	214,250
4/1/14	788	4.414	10,343	11,131	203,907
5/1/14	750	4.414	10,381	11,131	193,526
6/1/14	712	4.414	10,419	11,131	183,107
7/1/14	673	4.414	10,458	11,131	172,649
8/1/14	635	4.414	10,496	11,131	162,153
9/1/14	596	4.414	10,535	11,131	151,618
10/1/14	558	4.414	10,573	11,131	141,045
11/1/14	519	4.414	10,612	11,131	130,433
12/1/14	480	4.414	10,651	11,131	119,782
1/1/15	440	4.414	10,691	11,131	109,091
2/1/15	401	4.414	10,730	11,131	98,361
3/1/15	362	4.414	10,769	11,131	87,592
4/1/15	322	4.414	10,809	11,131	76,783
5/1/15	283	4.414	10,848	11,131	65,935
6/1/15	242	4.414	10,889	11,131	55,046
7/1/15	203	4.414	10,928	11,131	44,118
8/1/15	162	4.414	10,969	11,131	33,149
9/1/15	122	4.414	11,009	11,131	22,140
10/1/15	81	4.414	11,050	11,131	11,090
11/1/15	41	4.414	11,090	11,131	-
	<u>\$ 16,028</u>		<u>\$ 295,640</u>	<u>\$ 311,668</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>
6/30/2013	\$ -	-	\$ -	\$ -	\$ 328,000
12/7/13	6,872	4.190	5,319	12,191	322,681
6/7/14	6,760	4.190	5,431	12,191	317,250
12/7/14	6,646	4.190	5,545	12,191	311,705
6/7/15	6,530	4.190	5,661	12,191	306,044
12/7/15	6,412	4.190	5,779	12,191	300,265
6/7/16	6,291	4.190	5,900	12,191	294,365
12/7/16	6,167	4.190	6,024	12,191	288,341
6/7/17	6,041	4.190	6,150	12,191	282,191
12/7/17	5,912	4.190	6,279	12,191	275,912
6/7/18	5,780	4.190	6,411	12,191	269,501
12/7/18	5,646	4.190	6,545	12,191	262,956
6/7/19	5,509	4.190	6,682	12,191	256,274
12/7/19	5,369	4.190	6,822	12,191	249,452
6/7/20	5,226	4.190	6,965	12,191	242,487
12/7/20	5,080	4.190	7,111	12,191	235,376
6/7/21	4,931	4.190	7,260	12,191	228,116
12/7/21	4,779	4.190	7,412	12,191	220,704
6/7/22	4,624	4.190	7,567	12,191	213,137
12/7/22	4,465	4.190	7,726	12,191	205,411
6/7/23	4,304	4.190	7,887	12,191	197,524
12/7/23	4,138	4.190	8,053	12,191	189,471
6/7/24	3,970	4.190	8,221	12,191	181,250
12/7/24	3,797	4.190	8,394	12,191	172,856
6/7/25	3,621	4.190	8,570	12,191	164,286
12/7/25	3,442	4.190	8,749	12,191	155,537
6/7/26	3,259	4.190	8,932	12,191	146,605
12/7/26	3,071	4.190	9,120	12,191	137,485
6/7/27	2,881	4.190	9,310	12,191	128,175
12/7/27	2,685	4.190	9,506	12,191	118,669
6/7/28	2,486	4.190	9,705	12,191	108,964
12/7/28	2,283	4.190	9,908	12,191	99,056
6/7/29	2,075	4.190	10,116	12,191	88,940
12/7/29	1,863	4.190	10,328	12,191	78,612
6/7/30	1,647	4.190	10,544	12,191	68,068
12/7/30	1,426	4.190	10,765	12,191	57,303
6/7/31	1,201	4.190	10,990	12,191	46,313
12/7/31	970	4.190	11,221	12,191	35,092
6/7/32	736	4.190	11,455	12,191	23,637
12/7/32	495	4.190	11,696	12,191	11,941
6/7/33	250	4.190	11,941	12,191	-
	<u>\$ 159,640</u>		<u>\$ 328,000</u>	<u>\$ 487,640</u>	

**MISSION SPRINGS WATER DISTRICT**

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

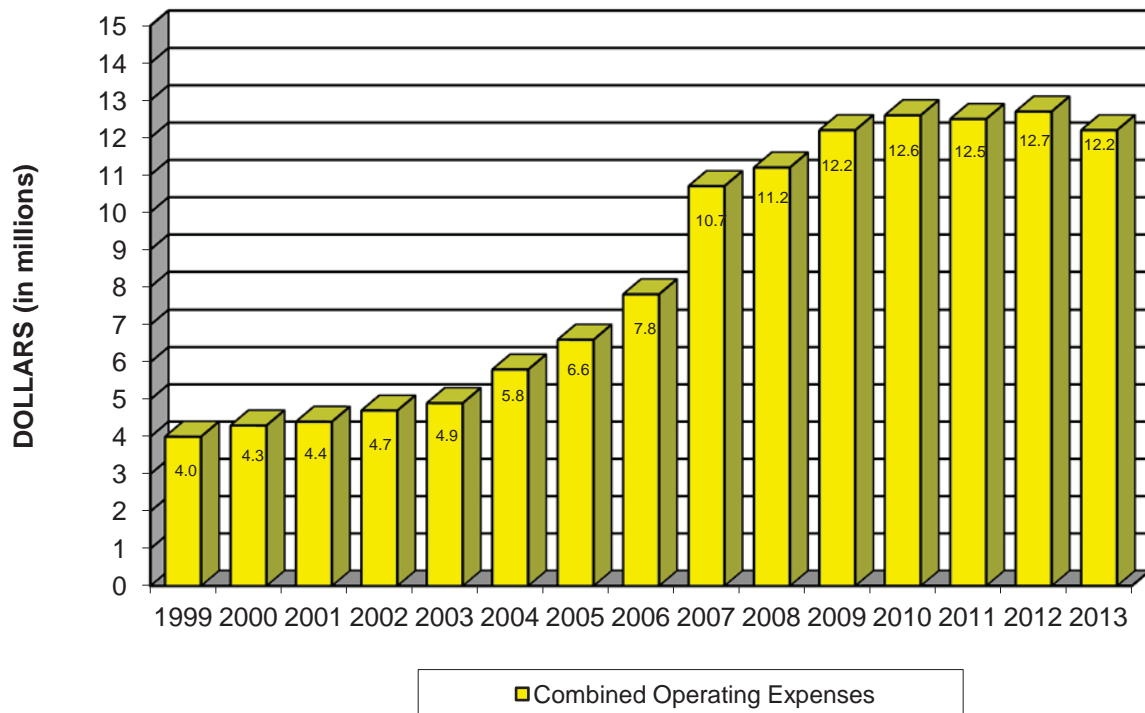
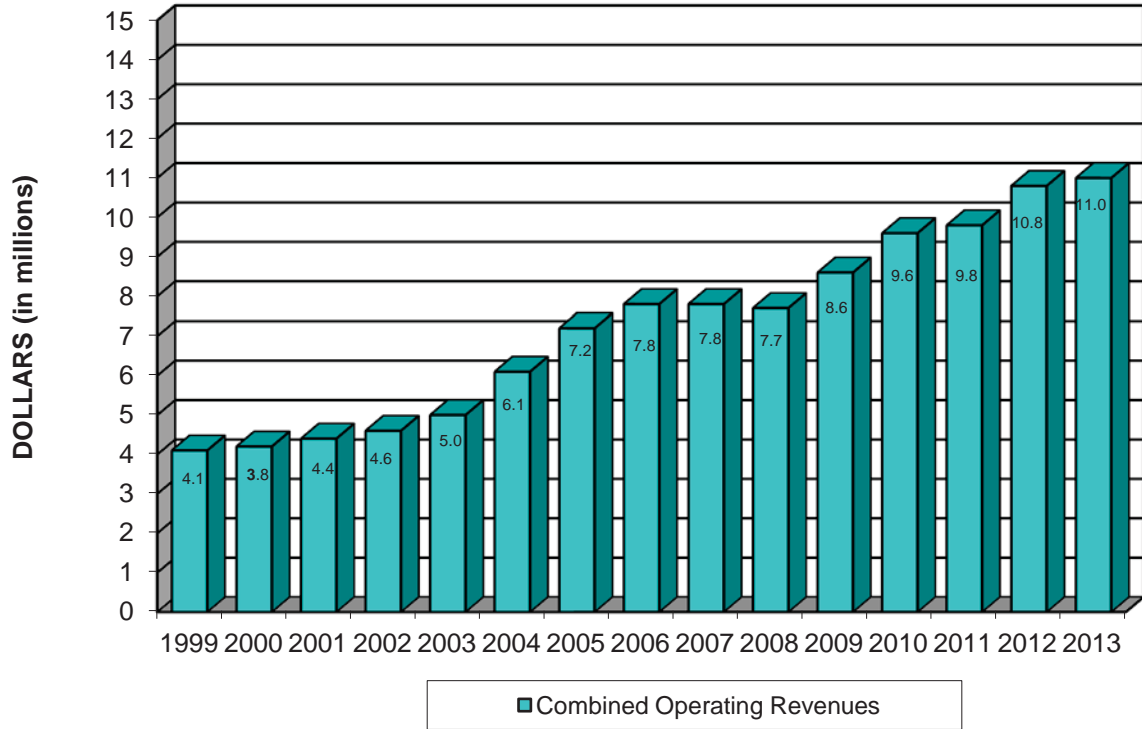
<u>Date</u>	<u>Interest Due</u>	<u>Interest Rate</u>	<u>Principal Payment</u>	<u>Total Debt Service</u>	<u>Balance Principal Unpaid</u>
6/30/2013	\$ -	-	\$ -	\$ -	\$ 1,143,761
1/31/15	25,163	2.200	46,143	71,306	1,097,618
1/31/16	24,148	2.200	47,158	71,306	1,050,460
1/31/17	23,110	2.200	48,196	71,306	1,002,264
1/31/18	22,050	2.200	49,256	71,306	953,008
1/31/19	20,966	2.200	50,340	71,306	902,668
1/31/20	19,859	2.200	51,447	71,306	851,221
1/31/21	18,727	2.200	52,579	71,306	798,642
1/31/22	17,570	2.200	53,736	71,306	744,906
1/31/23	16,388	2.200	54,918	71,306	689,988
1/31/24	15,180	2.200	56,126	71,306	633,862
1/31/25	13,945	2.200	57,361	71,306	576,501
1/31/26	12,683	2.200	58,623	71,306	517,878
1/31/27	11,393	2.200	59,913	71,306	457,965
1/31/28	10,075	2.200	61,231	71,306	396,734
1/31/29	8,728	2.200	62,578	71,306	334,156
1/31/30	7,351	2.200	63,955	71,306	270,201
1/31/31	5,944	2.200	65,362	71,306	204,839
1/31/32	4,506	2.200	66,800	71,306	138,039
1/31/33	3,037	2.200	68,269	71,306	69,770
1/31/34	<u>1,536</u>	2.200	<u>69,770</u>	<u>71,306</u>	-
	<u>\$ 282,359</u>		<u>\$ 1,143,761</u>	<u>\$ 1,426,120</u>	

Note: The above 20 year amortization is based on the loan amount of outstanding outstanding at June 30, 2013.

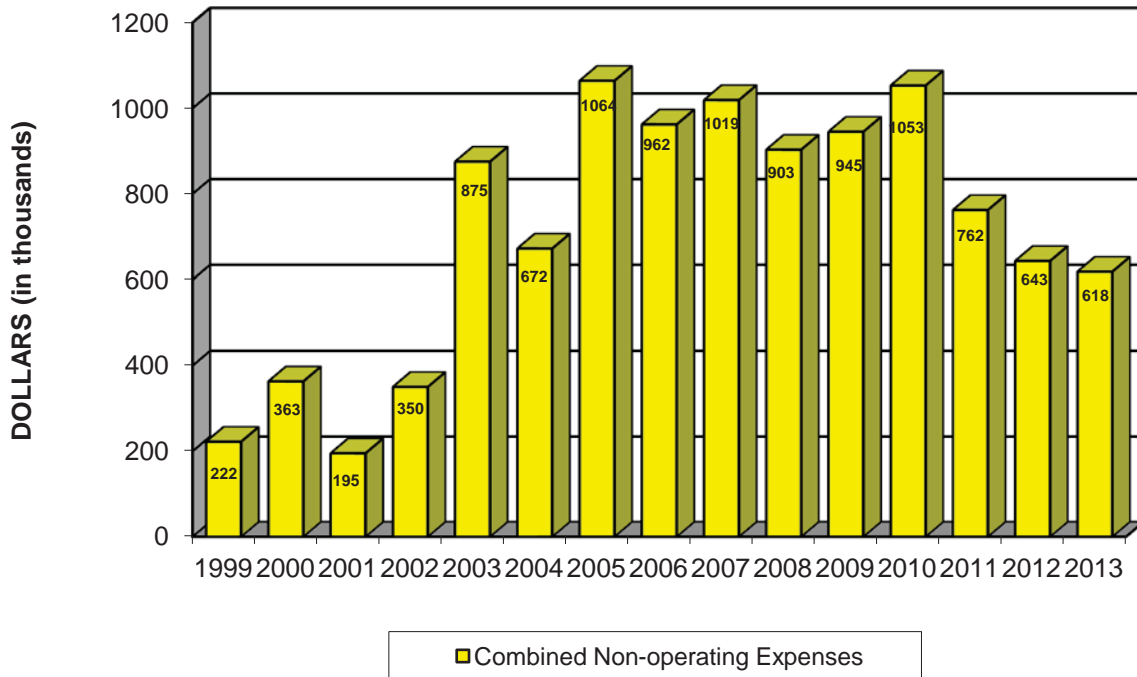
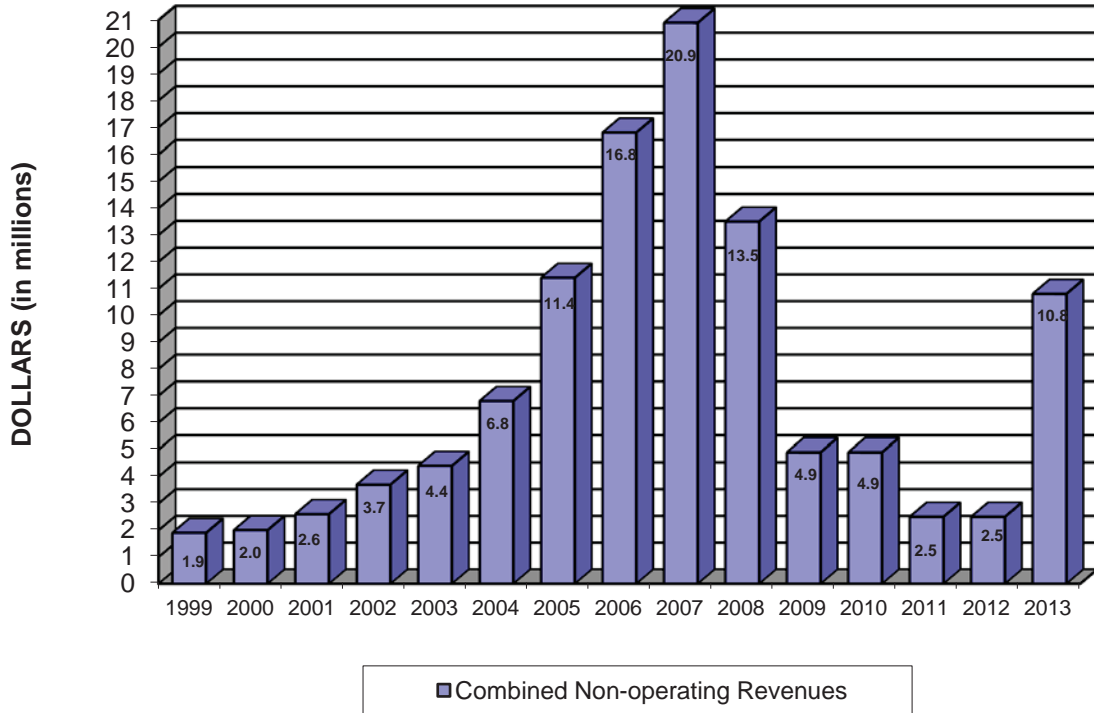
**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET ASSETS BY OBJECT**  
**FOR THE YEAR ENDED JUNE 30, 2013**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2012**

	2013			(Memorandum only)	2012
	<u>Water District</u>	<u>Sewer District</u>	<u>General District</u>	<u>Combined</u>	(Memorandum only) <u>Combined</u>
<b>REVENUES</b>					
Base service charge	1,395,924	\$ -	\$ -	1,395,924	\$ 1,373,598
Water consumption	5,179,267	-	-	5,179,267	5,383,257
Meter installations	4,703	-	-	4,703	10,676
Sewer service	-	3,683,362	-	3,683,362	3,394,097
Other operating revenue	455,910	-	-	455,910	433,480
Backup and front footage fees	63,904	5,423,056	-	5,486,960	199,737
Contributed infrastructure	10,141	21,439	-	31,580	389,952
Property taxes	683,157	302,599	493,571	1,479,327	1,481,093
Standby charges	235,865	12,858	-	248,723	246,330
Fats, oils & grease fees	-	3,150	-	3,150	3,900
Interest	6,058	314,702	32,753	353,513	368,420
Grants	-	3,155,756	-	3,155,756	13,316
Recovery of prior year expense	30,214	8,043	-	38,257	53,376
Amortization of deposit for maintenance	487	580	-	1,067	1,067
Gain (loss) from asset disposals	(3,347)	-	225,614	222,267	22,517
Total revenues	<u>8,062,283</u>	<u>12,925,545</u>	<u>751,938</u>	<u>21,739,766</u>	<u>13,374,816</u>
<b>EXPENSES</b>					
Salaries and wages	1,252,900	459,706	1,431,306	3,143,912	3,380,259
Employee benefits	722,578	265,879	863,680	1,852,137	1,788,502
Public Employees Retirement -Prior year costs	-	-	253,131	253,131	253,759
Materials and supplies	434,671	140,553	203,713	778,937	782,008
Outside services	334,769	421,981	724,280	1,481,030	1,482,025
Ground water replenishment fees	90,922	-	-	90,922	52,423
Utilities	850,178	125,765	29,893	1,005,836	1,038,364
Directors' fees	-	-	33,000	33,000	37,542
Engineering	1,303	-	-	1,303	67,070
Insurance	-	-	127,821	127,821	106,436
Legal	-	-	105,651	105,651	226,544
Audit	-	-	19,000	19,000	20,436
Depreciation	2,169,768	1,227,912	199,406	3,597,086	3,645,574
Interest	14,360	336,876	-	351,236	382,636
Standby reports	-	-	-	-	11,165
Dues and subscriptions	-	840	37,087	37,927	37,662
Training and conferences	7,717	1,745	55,575	65,037	65,789
Amortization	417	5,475	-	5,892	7,137
Ground water manangement	-	-	15,000	15,000	20,000
Other expenses	7,053	656	2,486	10,195	241
Subtotal	<u>5,886,636</u>	<u>2,987,388</u>	<u>4,101,029</u>	<u>12,975,053</u>	<u>13,405,572</u>
General District Allocation	<u>2,857,826</u>	<u>873,432</u>	<u>(3,847,715)</u>	<u>(116,457)</u>	<u>(91,219)</u>
Total expenses	<u>8,744,462</u>	<u>3,860,820</u>	<u>253,314</u>	<u>12,858,596</u>	<u>13,314,353</u>
<b>CHANGE IN NET ASSETS</b>	(682,179)	9,064,725	498,624	8,881,170	60,463
<b>NET ASSETS BEGINNING OF YEAR</b>	<u>63,657,388</u>	<u>44,007,523</u>	<u>10,134,331</u>	<u>117,799,242</u>	<u>117,738,779</u>
<b>NET ASSETS END OF YEAR</b>	<u>\$ 62,975,209</u>	<u>\$ 53,072,248</u>	<u>\$ 10,632,955</u>	<u>\$ 126,680,412</u>	<u>\$ 117,799,242</u>

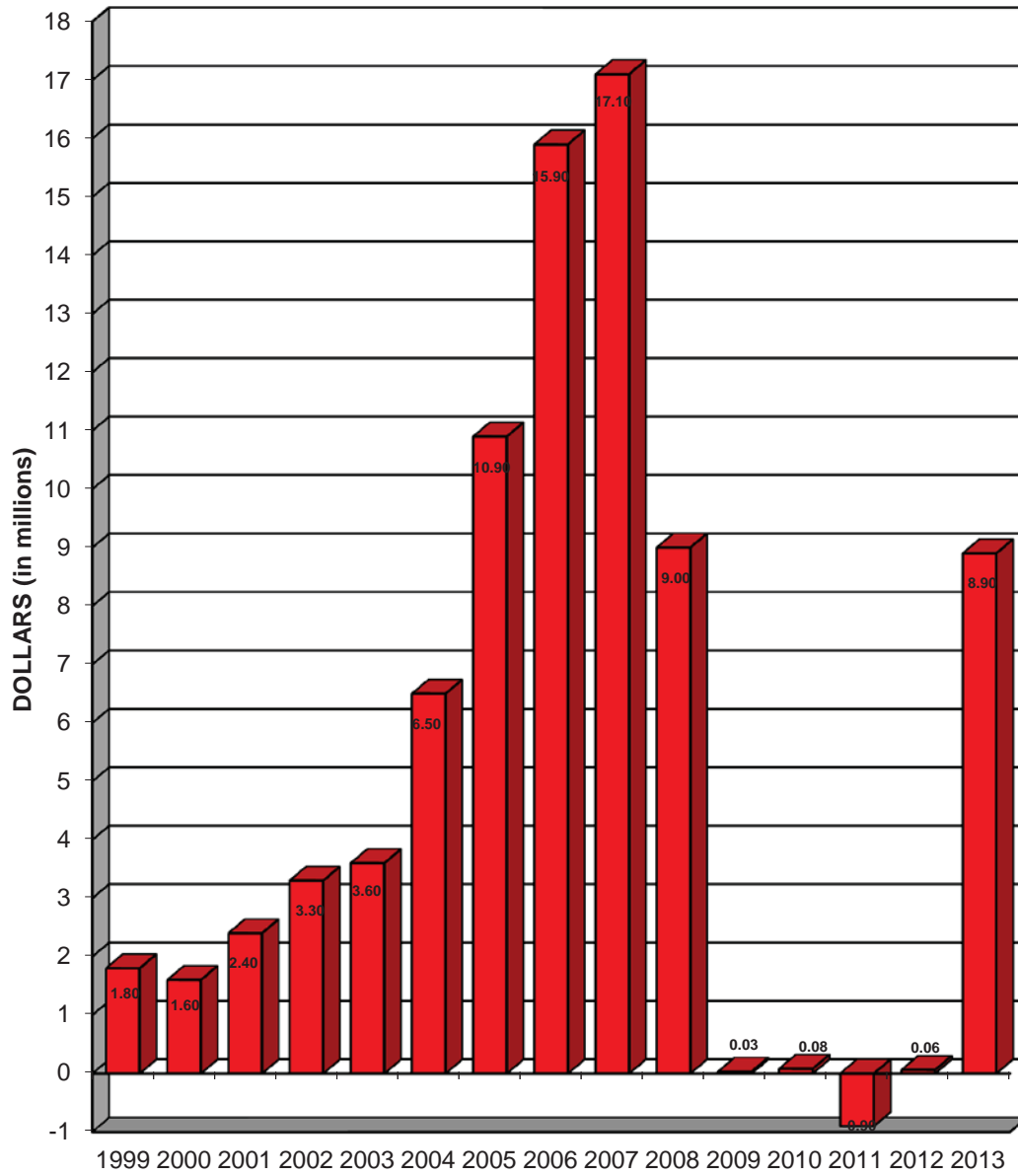
**MISSION SPRINGS WATER DISTRICT**  
**COMBINED OPERATING REVENUES AND OPERATING EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 1999-2013**



**MISSION SPRINGS WATER DISTRICT**  
**COMBINED NON-OPERATING REVENUES AND NON-OPERATING EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 1999-2013**



**MISSION SPRINGS WATER DISTRICT**  
**COMBINED INCOME**  
**FOR THE YEARS ENDED JUNE 30, 1999-2013**



■ Combined Income