

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

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

**JUNE 30, 2014**

# MISSION SPRINGS WATER DISTRICT

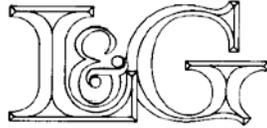
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**MISSION SPRINGS WATER DISTRICT**

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## **INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying combined statement of net position, combined statement of revenues, expenses and changes in net position, and combined statement of cash flows of Mission Springs Water District (the "District") as of and for the year ended June 30, 2014, 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 2013 financial statements and, in our report dated October 21, 2013 we expressed an unqualified opinion on those financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinion**

In our opinion the financial statements referred to above present fairly, in all material respects, the respective combined statement of net position, combined statement of revenues, expenses and changes in net position, and combined statement of cash flows of Mission Springs Water District, as of June 30, 2014, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

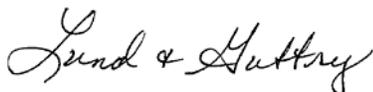
## **Other Matters**

### *Required Supplementary Information*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2014, on our consideration of the Mission Springs Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mission Springs Water District's internal control over financial reporting and compliance and should be read in conjunction with this report in considering the results of our audit.



November 13, 2014

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

**MISSION SPRINGS WATER DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2014 AND 2013**

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

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

Mission Springs Water District is comprised of the following:

Water District – The water district serves 12,961 water accounts, of which 95% are residential customers.

Sewer District – The sewer district provides sewage collection, treatment and disposal services to 7,647 single-family residences and 871 commercial establishments.

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

**DESCRIPTION OF BASIC FINANCIAL STATEMENTS**

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

**CONDENSED FINANCIAL INFORMATION**

The following condensed financial information provides an overview of M.S.W.D.'s financial activities for the fiscal year ended June 30, 2014.

**NET POSITION**

Net position, the difference between assets and liabilities, increased 3.3 percent, or \$4,235,583 to \$130,915,995 from June 30, 2013. Other assets and other liabilities are net of \$2,311,331 (2014) and \$6,198,271 (2013) of inter-fund loans.

	<u>June 30,</u> <u>2014</u>	<u>June 30,</u> <u>2013</u>	<u>Change</u>
<b>Assets</b>			
Capital assets, net	\$ 121,442,637	\$ 118,388,904	\$ 3,053,733
Other assets	24,218,264	21,053,313	3,164,951
Total assets	<u>145,660,901</u>	<u>139,442,217</u>	<u>6,218,684</u>
<b>Liabilities</b>			
Long-term liabilities	9,292,445	5,199,475	4,092,970
Other liabilities	5,452,461	7,562,330	(2,109,869)
Total liabilities	<u>14,744,906</u>	<u>12,761,805</u>	<u>1,983,101</u>
<b>Net Position</b>			
Invested in capital assets, net of debt	108,572,507	109,153,429	(580,922)
Restricted for:			
Debt service	144,350	121,790	22,560
Other purposes	24,328,832	22,503,718	1,825,114
Unrestricted (Deficit)	<u>(2,129,694)</u>	<u>(5,098,525)</u>	<u>2,968,831</u>
Total net position	<u>\$ 130,915,995</u>	<u>\$ 126,680,412</u>	<u>\$ 4,235,583</u>

**MISSION SPRINGS WATER DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2014 AND 2013**

**CAPITAL ASSETS, NET**

Increased \$3,053,733, or 2.6 percent. The following list presents a summary of capital expenditures.

Waterlines	\$ 820,458
Water Tanks	326,824
Water meters	121,598
Sewer lines	12,523,930
Sewer plant	266,112
Other acquisitions	1,046,244
Decrease in construction in progress	(8,438,739)
Less depreciation	<u>(3,612,694)</u>
 Total, net	 <u><u>\$ 3,053,733</u></u>

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

	June 30, <u>2014</u>	June 30, <u>2013</u>	<u>Change</u>
Intangible plant	\$ 1,527,663	\$ 743,228	\$ 784,435
Land and land rights	1,375,626	1,375,655	(29)
Source of supply	5,403,677	5,623,673	(219,996)
Pumping plant	12,010,137	12,093,960	(83,823)
Transmission, distribution and storage	38,103,904	38,552,590	(448,686)
Buildings and grounds	742,494	784,732	(42,238)
Furniture and fixtures	482,920	495,662	(12,742)
Radio equipment	2,453	4,103	(1,650)
Shop equipment	7,411	4,051	3,360
Autos, trucks and heavy equipment	170,680	213,443	(42,763)
Sewage collection facilities	46,403,003	34,809,646	11,593,357
Sewage treatment plants	9,987,954	10,006,552	(18,598)
Other plant in service	133,019	151,174	(18,155)
Construction in progress	<u>5,091,696</u>	<u>13,530,435</u>	<u>(8,438,739)</u>
Capital assets, net	<u><u>\$ 121,442,637</u></u>	<u><u>\$ 118,388,904</u></u>	<u><u>\$ 3,053,733</u></u>

**MISSION SPRINGS WATER DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2014 AND 2013**

**OTHER ASSETS**

Increased \$3,164,951, or 15.0 percent. The following list presents a summary of other assets and changes from June 30, 2013.

<u>Description</u>	<u>June 30,</u> <u>2014</u>	<u>June 30,</u> <u>2013</u>	<u>Change</u>	<u>Explanation</u>
Current assets – cash	\$ 1,417,822	\$ 611,811	\$ 806,011	
Restricted assets – cash	8,492,028	5,814,191	2,677,837	
Total cash	9,909,850	6,426,002	3,483,848	(1)
Assessments receivable	9,903,745	9,223,168	680,577	(2)
Accounts and notes receivable	3,803,224	4,728,262	(925,038)	(3)
All other	601,445	675,881	(74,436)	
Totals	<u>\$ 24,218,264</u>	<u>\$ 21,053,313</u>	<u>\$ 3,164,951</u>	(4)

- (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 an \$866,297 decrease in grants receivable related to Assessment District #12 and insurance proceeds
- (4) Net of inter-fund loans \$2,311,331 (2014) and \$6,198,271 (2013)

**LONG-TERM LIABILITIES**

Increased \$4,092,970, or 78.7 percent. This increase consists of:

New debt incurred	\$ 4,590,968
Payment on debt during year – less prepaid in June 2014	(792,040)
Decrease in long-term liabilities reclassified to current	312,500
Debt payments due July, 2014; prepaid June 2014	<u>(18,458)</u>
Increase in long-term liabilities	<u>\$ 4,092,970</u>

**LIABILITIES OTHER THAN LONG-TERM DEBT**

Decreased \$2,109,869 or 27.9 percent. This net decrease is primarily related to accounts payable for construction costs for Assessment District #12. Also note that inter-fund loan of \$2,311,331 (2014) and \$6,198,271 (2013) have been eliminated from this analysis.

**MISSION SPRINGS WATER DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2014 AND 2013**

**NET POSITION**

Invested In Capital Assets, Net Of Debt:

Decreased \$580,922 or 0.5 percent, from June 30, 2013.

Restricted "Net Position" increased \$1,847,674. The balances are reserved primarily for replacements and debt service.

Unrestricted Net Position increased \$2,968,831, or 58.2 percent, from the previous year. Unrestricted Net Position consists of net amounts that do not meet the definition of "restricted" or "invested in capital assets, net of related debt." However, certain of the unrestricted net position are authorized by the Board to be used for the CIP program.

**CHANGES IN NET POSITION**

The increase in net position for fiscal year 2014 was \$4,235,583. A comparative detailed analysis of all operating revenues, functional operating expenses and non-operating revenues and expense items are presented in the "COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION BY FUNCTION", on page 45.

	June 30, 2014	June 30, 2013	Change
Total operating revenues	\$ 10,930,632	\$ 10,971,039	\$ (40,407)
Total operating expenses	(8,477,573)	(8,642,292)	164,719
Operating income (loss) before depreciation	2,453,059	2,328,747	124,312
Depreciation	(3,612,694)	(3,597,086)	(15,608)
Operating income (loss)	(1,159,635)	(1,268,339)	108,704
Non-operating revenues, net	5,395,218	10,149,509	(4,754,291)
Increase (decrease) in net position	4,235,583	8,881,170	(4,645,587)
Beginning net position	126,680,412	117,799,242	8,881,170
Ending net position	<u>\$ 130,915,995</u>	<u>\$ 126,680,412</u>	<u>\$ 4,235,583</u>

Operating revenue analysis:

	June 30, 2014	June 30, 2013	Change
Water service charge	\$ 1,413,110	\$ 1,395,924	\$ 17,186
Water consumption charge	5,009,489	5,179,267	(169,778)
Water meter sales	8,330	4,703	3,627
Sewer service charges	3,775,588	3,683,362	92,226
Other	724,115	707,783	16,332
Total operating revenue	<u>\$ 10,930,632</u>	<u>\$ 10,971,039</u>	<u>\$ (40,407)</u>

**MISSION SPRINGS WATER DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2014 AND 2013**

**CHANGES IN NET POSITION** (continued)

Operating expenses analysis:

	<u>June 30,</u> <u>2014</u>	<u>June 30,</u> <u>2013</u>	<u>Change</u>	<u>Explanation</u>
Salaries and benefits	\$ 4,492,864	\$ 4,996,049	\$ (503,185)	(1)
Electricity	1,126,236	1,005,836	120,400	(2)
Water replenishment fees	91,960	90,922	1,038	
Engineering	22,546	1,303	21,243	
Legal	133,508	105,651	27,887	
Interest	354,788	351,236	3,552	
Other	<u>2,255,671</u>	<u>2,091,295</u>	<u>164,376</u>	
Total operating expenses before depreciation	<u>\$ 8,477,573</u>	<u>\$ 8,642,292</u>	<u>\$ (164,689)</u>	
Depreciation expense	<u>\$ 3,612,694</u>	<u>\$ 3,597,086</u>	<u>\$ 15,608</u>	

Depreciation expense increased \$15,608 or 0.4 percent, due to additional capital assets placed into service with a cost basis of \$15,105,165 and other assets becoming fully depreciated during 2014.

- (1) In December 2012 and January 2013, a total of 6 employees participated in an early retirement program and resigned from the District. The year ended June 30, 2014 was the first complete year in which salaries and benefits for these 6 employees were not included.
- (2) Due to electricity rate increases.

“Net non-operating revenues”, decreased \$4,754,291 or 46.8 percent.

	<u>June 30,</u> <u>2014</u>	<u>June 30,</u> <u>2013</u>	<u>Change</u>
Backup and front footage fees, water and sewer	\$ 1,298,376	\$ 5,486,960	\$ (4,188,584)
Contributed infrastructure	59,506	31,580	27,926
Federal and State revenue grants	2,624,497	3,155,756	(531,259)
Property taxes	1,534,979	1,479,327	55,652
Interest on investments	493,645	353,513	140,132
Interest expense	(354,788)	(351,236)	(3,552)
Other	<u>(260,997)</u>	<u>(6,391)</u>	<u>(254,606)</u>
Total non-operating revenues, net	<u>\$ 5,395,218</u>	<u>\$ 10,149,509</u>	<u>\$ (4,754,291)</u>

**MISSION SPRINGS WATER DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**JUNE 30, 2014 AND 2013**

**CHANGES IN NET POSITION** (continued)

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

Grants were received in fiscal year 2014 and 2013 to assist with the construction of water and sewer infrastructure. (See Note 20)

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

Interest on investments decreased \$5,768 from the Local Agency Investment Fund (L.A.I.F.) and yields decreased from 0.28% to 0.22% between July 1, 2013 and June 30, 2014. The District's investment on deposit with L.A.I.F. increased \$3,014,265 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 POSITION**  
**JUNE 30, 2014**

**WITH COMPARATIVE TOTALS FOR JUNE 30, 2013**

	<u>2014</u>				<u>2013</u>
	<u>Water District</u>	<u>Sewer District</u>	<u>General District</u>	<u>Total Combined</u>	<u>(Memorandum only) Combined</u>
<b>CURRENT ASSETS</b>					
Cash	\$ 360,987	\$ 695,331	\$ 361,504	\$ 1,417,822	\$ 611,811
Accounts receivable:					
Water and sewer	1,281,827	240,831	-	1,522,658	1,696,306
Other	972,290	1,308,276	-	2,280,566	3,031,956
Note receivable due in 12 months	2,638	-	-	2,638	3,897
Interest receivable	-	-	1,887	1,887	1,835
Prepaid expenses	-	-	139,150	139,150	172,080
Inventory	-	-	325,078	325,078	329,011
Interfund loan	-	-	2,311,331	2,311,331	6,198,271
Total current assets	<u>2,617,742</u>	<u>2,244,438</u>	<u>3,138,950</u>	<u>8,001,130</u>	<u>12,045,167</u>
<b>NOTE RECEIVABLE, LONG TERM</b>	<u>24,736</u>	<u>-</u>	<u>-</u>	<u>24,736</u>	<u>18,186</u>
<b>RESTRICTED ASSETS</b>					
Cash	1,181,217	-	7,310,811	8,492,028	5,814,191
Assessments receivable	-	9,903,745	-	9,903,745	9,223,168
Interest receivable	716	-	819	1,535	1,414
Taxes receivable	44,131	13,555	21,306	78,992	116,170
Issuance costs for long-term debt	14,223	13,206	-	27,429	33,288
Total restricted assets	<u>1,240,287</u>	<u>9,930,506</u>	<u>7,332,936</u>	<u>18,503,729</u>	<u>15,188,231</u>
<b>UTILITY PLANT</b>					
Utility plant (Note #5)	88,313,555	75,855,983	4,373,644	168,543,182	161,876,755
Less accumulated depreciation	<u>(29,096,502)</u>	<u>(15,677,122)</u>	<u>(2,326,921)</u>	<u>(47,100,545)</u>	<u>(43,487,851)</u>
Total utility plant	<u>59,217,053</u>	<u>60,178,861</u>	<u>2,046,723</u>	<u>121,442,637</u>	<u>118,388,904</u>
<b>TOTAL ASSETS</b>	<u>\$ 63,099,818</u>	<u>\$ 72,353,805</u>	<u>\$ 12,518,609</u>	<u>\$ 147,972,232</u>	<u>\$ 145,640,488</u>

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

**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF NET POSITION - CONTINUED**  
**JUNE 30, 2014**

**WITH COMPARATIVE TOTALS FOR JUNE 30, 2013**

	<u>2014</u>				<u>2013</u>
	<u>Water District</u>	<u>Sewer District</u>	<u>General District</u>	<u>Total Combined</u>	<u>(Memorandum only) Combined</u>
<b>CURRENT LIABILITIES</b>					
Accounts payable	\$ 6	\$ 2,927	\$ 731,090	\$ 734,023	\$ 2,505,294
Accrued expenses	6,587	72,294	793,168	872,049	933,145
Customer deposits	202,224	-	-	202,224	187,149
Current portion of long-term debt	17,005	462,536	-	479,541	792,041
Total current liabilities	<u>225,822</u>	<u>537,757</u>	<u>1,524,258</u>	<u>2,287,837</u>	<u>4,417,629</u>
<b>LONG-TERM DEBT</b>					
Notes and contracts	317,250	9,006,536	-	9,323,786	5,529,816
Special assessment bonds	-	156,000	-	156,000	164,000
Certificates of participation, U.S.D.A	292,200	-	-	292,200	297,700
Total	609,450	9,162,536	-	9,771,986	5,991,516
Less current portion	<u>(17,005)</u>	<u>(462,536)</u>	<u>-</u>	<u>(479,541)</u>	<u>(792,041)</u>
Total long-term debt	<u>592,445</u>	<u>8,700,000</u>	<u>-</u>	<u>9,292,445</u>	<u>5,199,475</u>
<b>OTHER LIABILITIES</b>					
Funds held in trust	35,359	2,780	-	38,139	38,139
Advance construction deposits	41,377	3,064,118	20,990	3,126,485	3,106,562
Interfund loan	-	2,311,331	-	2,311,331	6,198,271
Total other liabilities	<u>76,736</u>	<u>5,378,229</u>	<u>20,990</u>	<u>5,475,955</u>	<u>9,342,972</u>
<b>TOTAL LIABILITIES</b>	<u>895,003</u>	<u>14,615,986</u>	<u>1,545,248</u>	<u>17,056,237</u>	<u>18,960,076</u>
<b>NET POSITION</b>					
Invested in capital assets, net of debt	58,566,103	47,959,680	2,046,724	108,572,507	109,153,429
Restricted for:					
Debt service	81,160	63,190	-	144,350	121,790
Other purposes	13,952,773	8,445,470	1,930,589	24,328,832	22,503,718
Unrestricted	<u>(10,395,221)</u>	<u>1,269,479</u>	<u>6,996,048</u>	<u>(2,129,694)</u>	<u>(5,098,525)</u>
Total net assets	<u>62,204,815</u>	<u>57,737,819</u>	<u>10,973,361</u>	<u>130,915,995</u>	<u>126,680,412</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 63,099,818</u>	<u>\$ 72,353,805</u>	<u>\$ 12,518,609</u>	<u>\$ 147,972,232</u>	<u>\$ 145,640,488</u>

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

**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013**

	2014				2013
	Water District	Sewer District	General District	Total Combined	(Memorandum only) Combined
<b>OPERATING REVENUES</b>					
Base service charge	\$ 1,413,110	\$ -	\$ -	\$ 1,413,110	\$ 1,395,924
Water consumption	5,009,489	-	-	5,009,489	5,179,267
Meter installations	8,330	-	-	8,330	4,703
Sewer service	-	3,775,588	-	3,775,588	3,683,362
Standby charges	234,047	12,646	-	246,693	248,723
Other	474,072	3,350	-	477,422	459,060
Total operating revenues	<u>7,139,048</u>	<u>3,791,584</u>	<u>-</u>	<u>10,930,632</u>	<u>10,971,039</u>
<b>OPERATING EXPENSES</b>					
Pumping	1,921,310	-	-	1,921,310	1,793,321
Transmission and distribution	1,264,156	-	-	1,264,156	1,243,516
Customer accounts	518,516	-	434,438	952,954	994,077
Sewage collection	-	228,816	-	228,816	173,541
Sewage treatment	-	1,053,373	-	1,053,373	1,210,260
Standby	79,186	33,760	-	112,946	119,365
Human Resources	-	-	51,066	51,066	76,319
Building and grounds maintenance	-	-	93,874	93,874	156,450
Vehicle maintenance	-	-	191,920	191,920	194,493
Operations support	-	-	377,254	377,254	497,269
Engineering	22,546	-	-	22,546	1,303
Insurance	-	-	105,849	105,849	127,821
Audit	-	-	23,898	23,898	19,000
Legal	-	-	133,508	133,508	105,651
Public affairs	-	-	141,559	141,559	73,379
Board of Directors	-	-	172,434	172,434	138,075
Administration	-	-	1,150,405	1,150,405	1,282,540
Accounting	-	-	581,943	581,943	537,369
Depreciation	2,166,761	1,267,872	178,061	3,612,694	3,597,086
Standby reports	9,118	2,724	-	11,842	-
Ground water management	-	-	15,000	15,000	15,000
General District allocation	2,652,757	869,372	(3,651,209)	(129,080)	(116,457)
Total operating expenses	<u>8,634,350</u>	<u>3,455,917</u>	<u>-</u>	<u>12,090,267</u>	<u>12,239,378</u>
Operating income (loss)	<u>(1,495,302)</u>	<u>335,667</u>	<u>-</u>	<u>(1,159,635)</u>	<u>(1,268,339)</u>
<b>NON-OPERATING REVENUES</b>					
Backup and front footage fees	79,880	1,218,496	-	1,298,376	5,486,960
Contributed infrastructure	3,203	56,303	-	59,506	31,580
Property taxes	622,010	344,239	568,730	1,534,979	1,479,327
Interest	3,245	464,919	25,481	493,645	353,513
Grants	-	2,624,497	-	2,624,497	3,155,756
Recovery of prior year expense	62,970	13,860	-	76,830	38,257
Gain from asset disposals - net	7,771	2,295	3,664	13,730	222,267
Total non-operating revenues	<u>779,079</u>	<u>4,724,609</u>	<u>597,875</u>	<u>6,101,563</u>	<u>10,767,660</u>

- CONTINUED -

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

**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013**

- CONTINUED -

	2014				2013
	Water District	Sewer District	General District	Total Combined	(Memorandum only) Combined
<b>NON-OPERATING EXPENSES</b>					
Interest	28,994	325,794	-	354,788	351,236
Public Employees Retirement System - Prior year costs	-	-	257,469	257,469	253,131
Uncollectible accounts	22,424	-	-	22,424	5,650
Other	2,753	68,911	-	71,664	8,134
Total non-operating expenses	<u>54,171</u>	<u>394,705</u>	<u>257,469</u>	<u>706,345</u>	<u>618,151</u>
Net non-operating revenues	<u>724,908</u>	<u>4,329,904</u>	<u>340,406</u>	<u>5,395,218</u>	<u>10,149,509</u>
<b>CHANGE IN NET POSITION</b>	(770,394)	4,665,571	340,406	4,235,583	8,881,170
<b>NET POSITION, BEGINNING 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>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 62,204,815</u>	<u>\$ 57,737,819</u>	<u>\$ 10,973,361</u>	<u>\$ 130,915,995</u>	<u>\$ 126,680,412</u>

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

**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**

	Water District			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
<b>OPERATING REVENUES</b>				
Base service charge	\$ 1,397,500	\$ 1,397,500	\$ 1,413,110	\$ 15,610
Water consumption	5,138,000	5,138,000	5,009,489	(128,511)
Meter installations	-	-	8,330	8,330
Sewer service	-	-	-	-
Standby charges	247,000	247,000	234,047	(12,953)
Other	428,655	428,655	474,072	45,417
Total operating revenues	7,211,155	7,211,155	7,139,048	(72,107)
<b>OPERATING EXPENSES</b>				
Pumping	2,007,215	2,017,215	1,921,310	95,905
Transmission and distribution	1,242,704	1,289,704	1,264,156	25,548
Customer accounts	531,562	531,562	518,516	13,046
Sewage collection	-	-	-	-
Sewage treatment	-	-	-	-
Standby	48,352	48,352	79,186	(30,834)
Human Resources	-	-	-	-
Building and grounds maintenance	-	-	-	-
Vehicle maintenance	-	-	-	-
Operations support	-	-	-	-
Engineering	50,000	46,383	22,546	23,837
Insurance	-	-	-	-
Audit	-	-	-	-
Legal	-	-	-	-
Public affairs	-	-	-	-
Board of Directors	-	-	-	-
Administration	-	-	-	-
Accounting	-	-	-	-
Depreciation	2,190,783	2,190,783	2,166,761	24,022
Standby reports	13,225	13,225	9,118	4,107
Other	-	-	-	-
General District allocation	2,308,106	2,345,646	2,652,757	(307,111)
Total operating expenses	8,391,947	8,482,870	8,634,350	(151,480)
Operating income (loss)	(1,180,792)	(1,271,715)	(1,495,302)	(223,587)
<b>NON-OPERATING REVENUES</b>				
Backup and front footage fees	30,000	30,000	79,880	49,880
Contributed infrastructure	-	-	3,203	3,203
Property taxes	575,081	575,081	622,010	46,929
Interest	1,660	1,660	3,245	1,585
Grant	-	-	-	-
Recovery of prior year expense	-	-	62,970	62,970
Gain from asset disposals - net	-	-	7,771	7,771
Total non-operating revenues	606,741	606,741	779,079	172,338

-CONTINUED-

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



General District

Budget		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
438,132	437,132	434,438	2,694
-	-	-	-
-	-	-	-
-	-	-	-
123,124	112,795	51,066	61,729
165,370	166,670	93,874	72,796
204,995	204,995	191,920	13,075
389,712	389,712	377,254	12,458
-	-	-	-
105,500	107,500	105,849	1,651
24,000	24,000	23,898	102
100,000	148,000	133,508	14,492
239,191	239,191	141,559	97,632
246,944	252,163	172,434	79,729
975,523	979,973	1,150,405	(170,432)
536,672	547,949	581,943	(33,994)
181,269	181,269	178,061	3,208
-	-	-	-
15,000	15,000	15,000	-
(3,745,432)	(3,806,349)	(3,651,209)	(155,140)
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
451,983	451,983	568,730	116,747
33,900	33,900	25,481	(8,419)
-	-	-	-
-	-	-	-
-	2,000	3,664	1,664
485,883	487,883	597,875	109,992

Combined Districts

Budget		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 1,397,500	\$ 1,397,500	\$ 1,413,110	\$ 15,610
5,138,000	5,138,000	5,009,489	(128,511)
-	-	8,330	8,330
3,695,000	3,695,000	3,775,588	80,588
260,900	260,900	246,693	(14,207)
432,155	432,155	477,422	45,267
<u>10,923,555</u>	<u>10,923,555</u>	<u>10,930,632</u>	<u>7,077</u>
2,007,215	2,017,215	1,921,310	95,905
1,242,704	1,289,704	1,264,156	25,548
969,694	968,694	952,954	15,740
197,311	197,311	228,816	(31,505)
1,192,412	1,192,412	1,053,373	139,039
72,545	72,545	112,946	(40,401)
123,124	112,795	51,066	61,729
165,370	166,670	93,874	72,796
204,995	204,995	191,920	13,075
389,712	389,712	377,254	12,458
50,000	46,383	22,546	23,837
105,500	107,500	105,849	1,651
24,000	24,000	23,898	102
100,000	148,000	133,508	14,492
239,191	239,191	141,559	97,632
246,944	252,163	172,434	79,729
975,523	979,973	1,150,405	(170,432)
536,672	547,949	581,943	(33,994)
3,682,655	3,682,655	3,612,694	69,961
16,925	16,925	11,842	5,083
15,000	15,000	15,000	-
<u>(534,627)</u>	<u>(543,322)</u>	<u>(129,080)</u>	<u>(414,242)</u>
<u>12,022,865</u>	<u>12,128,470</u>	<u>12,090,267</u>	<u>38,203</u>
<u>(1,099,310)</u>	<u>(1,204,915)</u>	<u>(1,159,635)</u>	<u>45,280</u>
6,493,284	60,000	1,298,376	1,238,376
-	-	59,506	59,506
1,295,918	1,295,918	1,534,979	239,061
422,777	422,777	493,645	70,868
1,840,000	1,840,000	2,624,497	784,497
-	-	76,830	76,830
-	2,000	13,730	11,730
<u>10,051,979</u>	<u>3,620,695</u>	<u>6,101,563</u>	<u>2,480,868</u>

**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2014**

-CONTINUED-

	Water District			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
<b>NON-OPERATING EXPENSES</b>				
Interest	27,420	27,420	28,994	(1,574)
Public Employees Retirement System - Prior year costs	-	-	-	-
Uncollectible accounts	-	-	22,424	(22,424)
Other	2,726	2,726	2,753	(27)
Total non-operating expenses	<u>30,146</u>	<u>30,146</u>	<u>54,171</u>	<u>(24,025)</u>
Net non-operating revenues	<u>576,595</u>	<u>576,595</u>	<u>724,908</u>	<u>148,313</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ (604,197)</u>	<u>\$ (695,120)</u>	(770,394)	<u>\$ (75,274)</u>
<b>NET POSITION, BEGINNING OF YEAR</b>			<u>62,975,209</u>	
<b>NET POSITION, END OF YEAR</b>			<u>\$ 62,204,815</u>	

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

Sewer District

Budget		Actual	Variance with Final Budget Positive (Negative)
Original	Final		(Negative)
300,364	300,364	325,794	(25,430)
-	-	-	-
-	-	-	-
5,224	5,224	68,911	(63,687)
305,588	305,588	394,705	(89,117)
8,653,767	2,220,483	4,329,904	2,109,421
<u>\$ 8,735,249</u>	<u>\$ 2,287,283</u>	4,665,571	<u>\$ 2,378,288</u>
		<u>53,072,248</u>	
		<u>\$ 57,737,819</u>	

General District

Budget		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
-	-	-	-
279,059	279,059	257,469	21,590
-	-	-	-
-	-	-	-
<u>279,059</u>	<u>279,059</u>	<u>257,469</u>	<u>21,590</u>
<u>206,824</u>	<u>208,824</u>	<u>340,406</u>	<u>131,582</u>
<u>\$ 206,824</u>	<u>\$ 208,824</u>	340,406	<u>\$ 131,582</u>
		<u>10,632,955</u>	
		<u>\$ 10,973,361</u>	

Combined Districts

Budget		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
327,784	327,784	354,788	(27,004)
279,059	279,059	257,469	21,590
-	-	22,424	(22,424)
<u>7,950</u>	<u>7,950</u>	<u>71,664</u>	<u>(63,714)</u>
<u>614,793</u>	<u>614,793</u>	<u>706,345</u>	<u>(91,552)</u>
<u>9,437,186</u>	<u>3,005,902</u>	<u>5,395,218</u>	<u>2,389,316</u>
<u>\$ 8,337,876</u>	<u>\$ 1,800,987</u>	4,235,583	<u>\$ 2,434,596</u>
		<u>126,680,412</u>	
		<u>\$ 130,915,995</u>	

**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013**

	Water District	Sewer District
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from water and sewer sales and services	\$ 7,093,196	\$ 3,756,061
Cash received from standby charges	232,064	12,742
Cash received from water meter installations	8,330	-
Cash received (paid) for operating and maintenance expenses	(3,919,688)	(1,491,177)
Cash paid to employees	(1,841,323)	(750,473)
Cash paid for electricity	(873,161)	(231,048)
Cash paid to employees included in - Additions to utility plant	19,953	34,139
Net cash provided (used) by operating activities	<u>719,371</u>	<u>1,330,244</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Backup and front footage fees	74,589	27,280
Property taxes	654,301	346,815
Grants	-	3,375,968
Unfunded retirement liability reduction	-	-
Other	39,220	13,179
Net cash provided by noncapital financing activities	<u>768,110</u>	<u>3,763,242</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Bond assessments collected	-	510,639
Interfund loan or repayment	-	(3,886,940)
Long-term debt retired	(16,250)	(794,248)
Long-term debt additions	-	4,590,968
Interest paid	(27,989)	(269,387)
Net cash provided (used) by financing activities	<u>(44,239)</u>	<u>151,032</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Cash paid acquiring utility plant	(1,243,012)	(5,218,975)
Cash refunded for construction deposits	487	580
Proceeds from asset disposals	7,771	2,295
Interest earned	3,048	464,065
Net cash used by investing activities	<u>(1,231,706)</u>	<u>(4,752,035)</u>
<b>INCREASE (DECREASE) IN CASH</b>	211,536	492,483
<b>BALANCE OF CASH AT BEGINNING OF YEAR</b>	<u>1,330,668</u>	<u>202,848</u>
<b>BALANCE OF CASH AT END OF YEAR</b>	<u>\$ 1,542,204</u>	<u>\$ 695,331</u>

-CONTINUED-

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

2014		2013	
General District	Total Combined	(Memorandum only) Combined	
\$ -	\$ 10,849,257	\$ 10,572,932	
-	244,806	251,216	
-	8,330	4,703	
1,271,969	(4,138,896)	(2,201,088)	
(2,485,769)	(5,077,565)	(5,142,686)	
(39,065)	(1,143,274)	(948,326)	
19,175	73,267	408,061	
<u>(1,233,690)</u>	<u>815,925</u>	<u>2,944,812</u>	
-	101,869	72,887	
571,041	1,572,157	1,679,178	
-	3,375,968	1,143,762	
(257,469)	(257,469)	(253,131)	
<u>(2,372)</u>	<u>50,027</u>	<u>28,062</u>	
<u>311,200</u>	<u>4,842,552</u>	<u>2,670,758</u>	
-	510,639	670,438	
3,886,940	-	-	
-	(810,498)	(1,225,993)	
-	4,590,968	1,846,436	
<u>(52)</u>	<u>(297,428)</u>	<u>(345,245)</u>	
<u>3,886,888</u>	<u>3,993,681</u>	<u>945,636</u>	
(214,592)	(6,676,579)	(7,714,668)	
-	1,067	1,067	
3,664	13,730	84,351	
<u>26,359</u>	<u>493,472</u>	<u>356,410</u>	
<u>(184,569)</u>	<u>(6,168,310)</u>	<u>(7,272,840)</u>	
2,779,829	3,483,848	(711,634)	
<u>4,892,486</u>	<u>6,426,002</u>	<u>7,137,636</u>	
<u>\$ 7,672,315</u>	<u>\$ 9,909,850</u>	<u>\$ 6,426,002</u>	

**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2013**

-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)	\$ (1,495,302)	\$ 335,667
Add (deduct) items not affecting cash in the year:		
Depreciation	2,166,761	1,267,872
(Increase) decrease in accounts receivable	35,159	33,699
(Increase) decrease in inventory	-	-
(Increase) decrease in prepaid expenses	-	-
Increase (decrease) in customer deposits	15,075	-
Increase (decrease) in accounts payable	(1,348)	(305,834)
Increase (decrease) in accrued liabilities	(974)	(1,160)
Net cash provided (used) by operating activities	\$ 719,371	\$ 1,330,244

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

2014		2013
<u>General District</u>	<u>Total Combined</u>	<u>(Memorandum only) Combined</u>
\$ -	\$ (1,159,635)	\$ (1,268,339)
178,061	3,612,694	3,597,086
112,993	181,851	61,898
3,933	3,933	(18,889)
32,930	32,930	(29,167)
-	15,075	37,847
(1,464,089)	(1,771,271)	582,608
<u>(97,518)</u>	<u>(99,652)</u>	<u>(18,232)</u>
<u>\$ (1,233,690)</u>	<u>\$ 815,925</u>	<u>\$ 2,944,812</u>

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**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 \$6,378,942 was still in service at June 30, 2014 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 \$78,992 at June 30, 2014. The accrual is equivalent to the actual tax revenue received from Riverside County plus \$29,778 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, 2014**

**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 2013-2014 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.

**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, 2014**

**3. CASH AND INVESTMENTS**

Cash and investments at June 30, 2014 consisted of the following:

Pooled Cash	\$ 9,909,850
Total Cash and Investments	<u>\$ 9,909,850</u>

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

Restricted Assets:	
Cash	\$ 8,492,028
Unrestricted Assets:	
Cash	<u>1,417,822</u>
	<u>\$ 9,909,850</u>

Restricted cash of \$8,492,028 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, 2014**

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	<u>\$ 1,133,718</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,133,718</u>	<u>\$ 1,133,718</u>
State of California					
Local Agency Investment Fund (LAIF)				<u>8,776,132</u>	<u>8,778,754</u>
Total Investments				<u>8,776,132</u>	<u>8,778,754</u>
Total Cash and Investments				<u>\$ 9,909,850</u>	<u>\$ 9,912,472</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, 2014 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, 2014 has maintained balances in the accounts in excess of federally insured limits. The District has not experienced any losses in its cash equivalents.

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**4. UTILITY PLANT IN SERVICE**

Utility plant in service consisted of the following:

	Cost			Accumulated Depreciation				
	Balance 06-30-13	Additions	Deletions	Balance 06-30-14	Balance 06-30-13	Additions	Deletions	Balance 06-30-14
Intangible plant	\$ 1,268,333	\$ 861,910	\$ -	\$ 2,130,243	\$ 525,105	\$ 77,475	\$ -	\$ 602,580
Land and land rights	1,376,497	-	-	1,376,497	842	29	-	871
Source of supply	8,652,474	-	-	8,652,474	3,028,801	219,996	-	3,248,797
Pumping plant	17,684,362	385,312	-	18,069,674	5,590,402	469,135	-	6,059,537
Transmission, distribution, and storage	55,523,447	912,257	-	56,435,704	16,970,857	1,360,943	-	18,331,800
Buildings and grounds	1,727,762	14,825	-	1,742,587	943,030	57,063	-	1,000,093
Furniture and fixtures	1,257,853	87,567	-	1,345,420	762,191	100,309	-	862,500
Radio equipment	19,670	-	-	19,670	15,567	1,650	-	17,217
Shop equipment	152,276	4,157	-	156,433	148,225	797	-	149,022
Autos trucks and heavy equipment	1,703,737	49,095	-	1,752,832	1,490,294	91,858	-	1,582,152
Sewage collection facilities	44,227,261	12,523,930	-	56,751,191	9,417,615	930,573	-	10,348,188
Sewage treatment plants	14,347,130	266,113	-	14,613,243	4,340,578	284,711	-	4,625,289
Other plant in service	405,518	-	-	405,518	254,344	18,155	-	272,499
Construction in progress	13,530,435	-	8,438,739	5,091,696	-	-	-	-
Total	<u>\$ 161,876,755</u>	<u>\$ 15,105,166</u>	<u>\$ 8,438,739</u>	<u>\$ 168,543,182</u>	<u>\$ 43,487,851</u>	<u>\$ 3,612,694</u>	<u>\$ -</u>	<u>\$ 47,100,545</u>

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014**

**5. LONG-TERM DEBT**

Long-term debt consisted of the following:

	<u>Balance at 6/30/13</u>	<u>New Debt</u>	<u>Principal Repayments</u>	<u>Balance at 6/30/14</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.	\$ 99,354	\$ -	\$ 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.	363,339	-	88,116	275,223
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.	320,675	-	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.	36,000	-	-	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.	1,674,873	-	92,110	1,582,763
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.	128,000	-	8,000	120,000
Installment Sale Agreement, Note Payable to La Salle National Bank, dated September 21, 2007, original amount \$1,600,000 with interest rate of 5.020%, principal and interest payments are due each March 21 and September 21, final payment due September 21, 2027.	1,304,174	-	63,002	1,241,172

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

	Balance at 6/30/13	New Debt	Principal Repayments	Balance at 6/30/14
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.	\$ 297,700	\$ -	\$ 5,500	\$ 292,200
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.	295,640	-	122,991	172,649
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.	328,000	-	10,750	317,250
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	1,143,761	3,375,968	-	4,519,729
Installment purchase agreement, Note payable to City National Bank, dated December 19, 2013, original amount \$1,215,000, interest rate is 4.10%, principal and interest payments due each March 2 and September 2, the final payment due September 2, 2033	-	1,215,000	-	1,215,000
	5,991,516	4,590,968	810,498	9,771,986
	(792,041)			(479,541)
	\$ 5,199,475			\$ 9,292,445

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

Minimum annual debt service requirements to maturity for long-term debt outstanding at June 30, 2014 are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 698,038	\$ 1,050,622	\$ 1,748,660
2016	581,376	900,846	1,482,222
2017	448,524	748,623	1,197,147
2018	465,973	748,496	1,214,469
2019	484,120	748,284	1,232,404
2020 – 2024	2,710,964	2,040,393	4,751,357
2025 – 2029	2,427,451	481,312	2,908,763
2030 – 2034	1,844,240	169,884	2,014,124
2035 – 2039	75,900	18,504	94,404
2040 – 2041	35,400	2,408	37,808
	<u>\$ 9,771,986</u>	<u>\$ 6,909,372</u>	<u>\$ 16,681,358</u>

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

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

On July 3, 2001, the District entered into a loan agreement with the U.S.D.A. and a C.O.P. was issued in the amount of \$348,000. The proceeds were used to improve waterlines in Improvement District "E". There are unamortized debt issuance costs of \$10,454 at June 30, 2014.

**7. 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 \$0 as of June 30, 2014.

**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 \$0 at June 30, 2014.

**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 \$1,417 at June 30, 2014.

**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 \$3,439 at June 30, 2014.

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014**

**7. 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 \$8,350 at June 30, 2014.

**Water Improvements**

On June 21, 2013, the District entered into an installment purchase agreement with Holman Capital Corporation in the amount of \$328,000. The proceeds were used to purchase 80 acres of land for future water system improvements. There were \$3,769 of unamortized debt issuance costs at June 30, 2014.

**Assessment District #12, Phase V**

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

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, 2014.

**8. CALIFORNIA STATE REVOLVING FUND LOAN**

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

**9. PENSION PLANS**

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

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

9. **PENSION PLANS** (continued)

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 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 contributed 6% and 5% for the years ended June 30, 2013 and 2014, respectively) of their annual covered salary as amended by resolution 2012-05 dated June 5, 2012. Effective July 1, 2014, the District will contribute 4% 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 2014. 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 2014 was 29.896%. The District's contribution of 29.501% consists of 9.632% applicable to unfunded liability, 15.014% for current year funding and 5% 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.

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**9. PENSION PLANS** (continued)

Annual Pension Cost

For fiscal years 2014, 2013 and 2012, the District's annual pension cost was \$705,121, \$831,953, and \$904,983 respectively. The required contribution for fiscal year 2014 was determined as part of the June 30, 2012 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. Actuarial assumptions are as follows: (a) 7.50% investment rate of return (net of administrative expenses) (b) projected salary increases are 3.30%; (c) 3.00% 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.

Funded Status of the Plan

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Liability (Excess Assets)	Funded Status	Annual Covered Payroll	UAAL As a % of Payroll
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%
6/30/12	\$ 14,582,353	\$10,651,692	\$3,930,611	73.1%	\$3,235,422	121.5%

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

**10. EARLY RETIREMENT AGREEMENT**

On July 16, 2012 the District Board adopted Resolution 2012-13 providing a designated period for two years additional service credit for eligible District members of CalPERS. This early retirement program offered eligible employees two years of additional service credit toward their PERS retirement calculations as well as 18 months of COBRA insurance premiums paid by the District, following their retirement date, at the coverage level as of their retirement date. Six eligible employees accepted the early retirement agreement. The COBRA premiums paid by the District will be paid during the 18 months following each member's retirement date. As of June 30, 2014 and 2013 premiums payable under this agreement amounted to \$2,345 and \$110,148, respectively and are included in accrued expenses on the statement of net position. The additional costs related to PERS will be amortized over twenty years and included in the actuarially determined annual employer contribution rate.

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014**

**11. DEFERRED COMPENSATION PLAN**

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

**12. REFUNDING AGREEMENTS**

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

**13. COMMITMENTS AND CONTINGENCIES**

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

**14. SELF INSURANCE**

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

**15. CASH FLOW INFORMATION**

Interest paid during the year amounted to \$297,428. The following schedule represents a reconciliation of combined cash as shown on the Combined Statement of Net Position and the Combined Statement of Cash Flows:

Combined Statement of Net Position - Cash	
Cash - Restricted	\$ 8,492,028
Cash - Current Assets	<u>1,417,822</u>
Combined Statement of Net Position - Cash	<u>\$ 9,909,850</u>
Combined Statement of Cash Flows - Cash	<u>\$ 9,909,850</u>

**16. ASSESSMENT DISTRICT #12**

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

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

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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

Area “L” which consisted of 1,161 parcels was completed as of June 30, 2009. Area “F-1” which consisted of 69 parcels was completed as of June 30, 2013. Area “F & M-1” which consisted of 1,047 parcels was completed at June 30, 2014. Area “D1” which consisted of 305 parcels was completed at June 30, 2014.

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

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

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

	<u>Total Project</u>	<u>Areas Completed</u>	<u>Future Phases</u>
Equivalent dwelling units	<u>7,383</u>		
Number of parcels	<u>6,787</u>	<u>2,582</u>	<u>4,205</u>
Project costs: (estimated)			
Public right-of-way	\$52,424,417	\$21,830,070	\$30,594,347
“On-site” abatement	<u>1,357,511</u>	<u>1,357,511</u>	-
Total	<u>53,781,928</u>	<u>23,187,581</u>	<u>30,594,347</u>
Project costs: (actual to June 30, 2014)			
Public right-of-way construction	\$ -	\$ 11,721,184	\$ -
Connection fees	-	6,767,716	-
Front footage fees	-	3,179,183	-
“On-site” abatement	-	1,357,511	-
Capitalized interest	-	161,987	-
Engineering costs for future phases	-	-	1,830,803
Total	<u>\$ -</u>	<u>\$ 23,187,581</u>	<u>\$ 1,830,803</u>
Project funding			
Grant awards –			
Environment protection agency –			
Public right-of-way construction	\$ 912,962	\$ 912,962	\$ -
“On-site” abatement	1,131,538	1,131,538	-
California Proposition #40	1,169,906	1,169,906	-
California Proposition #13	744,507	744,507	-
California Proposition #84	966,650	966,650	-
California State Water Resources			
County Board	4,813,602	4,813,602	-
Army Corps of Engineers	1,168,000	-	1,168,000
Property assessments	24,989,703	11,077,122	13,912,581
Property grants and local funding	<u>17,885,060</u>	<u>2,371,294</u>	<u>15,513,766</u>
Total	<u>\$53,781,928</u>	<u>\$23,187,581</u>	<u>\$30,594,347</u>

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2014**

**17. PROPERTY TAX CALENDAR**

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

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

**18. CONTINGENCIES**

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

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

**19. SUBSEQUENT EVENTS**

The District evaluated all potential subsequent events as of November 13, 2014 when the financial statements were authorized and available to be issued. No subsequent events or transactions were identified after June 30, 2014 or as of November 13, 2014 that require disclosure to the financial statements.

**MISSION SPRINGS WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**20. GRANT AWARDS**

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

		Fiscal Year Ending June 30, 2013							
<u>Grantor</u>	<u>Purpose</u>	Grant Amount	Grants Receivable (Reimbursable Costs)		Grant Income				Unexpended Portion of Grant
			Water District	Sewer District	Water District		Sewer District		
					Prior	Current	Prior	Current	
California Department of Water Resources	Mission Creek & Garnett Hills Water Management Plan	\$ 245,739	\$ -	\$ -	\$ 10,425	\$ -	\$ -	\$ -	\$ 235,314
California Department of Water Resources (Prop #84)	Assessment District #12 Sewer Project D1 (Note 7)	1,025,641	-	966,650	-	-	-	966,650	58,991
California State Water Resources Control Board	Assessment District #12 Sewer Project F&M1 (Note 8)	<u>4,978,961</u>	<u>-</u>	<u>293,873</u>	<u>-</u>	<u>-</u>	<u>3,155,756</u>	<u>1,657,847</u>	<u>165,358</u>
Totals		<u>\$ 6,250,341</u>	<u>\$ -</u>	<u>\$ 1,260,523</u>	<u>\$ 10,425</u>	<u>\$ -</u>	<u>\$ 3,155,756</u>	<u>\$ 2,624,497</u>	<u>\$ 459,663</u>

**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>
6/30/2014	\$ -	-	\$ -	\$ -	\$ 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	<u>228</u>	11.375	<u>4,000</u>	<u>4,228</u>	-
	<u>\$ 18,432</u>		<u>\$ 36,000</u>	<u>\$ 54,432</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>
6/30/2014	\$ -	-	\$ -	\$ -	\$ 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>\$ 52,628</u>		<u>\$ 120,000</u>	<u>\$ 172,628</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>
6/30/2014	\$ -	-	\$ -	\$ -	\$ 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
2/1/30	3,875	4.500	11,100	14,975	161,100
8/1/30	3,625	4.500	-	3,625	161,100

-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>
2/1/31	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>\$ 218,262</u>		<u>\$ 292,200</u>	<u>\$ 510,462</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>
6/30/2014	\$ -	-	\$ -	\$ -	\$ 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>\$ 11,253</u>		<u>\$ 275,223</u>	<u>\$ 286,476</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>
6/30/2014	\$ -	\$ -	\$ -	\$ -	\$ 1,582,763
12/26/14	42,260	5.340	47,907	90,167	1,534,856
6/26/15	40,981	5.340	49,186	90,167	1,485,670
12/26/15	39,667	5.340	50,500	90,167	1,435,170
6/26/16	38,319	5.340	51,848	90,167	1,383,322
12/26/16	36,935	5.340	53,232	90,167	1,330,090
6/26/17	35,513	5.340	54,654	90,167	1,275,436
12/26/17	34,054	5.340	56,113	90,167	1,219,323
6/26/18	32,556	5.340	57,611	90,167	1,161,712
12/26/18	31,018	5.340	59,149	90,167	1,102,563
6/26/19	29,438	5.340	60,729	90,167	1,041,834
12/26/19	27,817	5.340	62,350	90,167	979,484
6/26/20	26,152	5.340	64,015	90,167	915,469
12/26/20	24,443	5.340	65,724	90,167	849,745
6/26/21	22,688	5.340	67,479	90,167	782,266
12/26/21	20,886	5.340	69,281	90,167	712,985
6/26/22	19,037	5.340	71,130	90,167	641,855
12/26/22	17,137	5.340	73,030	90,167	568,825
6/26/23	15,188	5.340	74,979	90,167	493,846
12/26/23	13,186	5.340	76,981	90,167	416,865
6/26/24	11,130	5.340	79,037	90,167	337,828
12/26/24	9,020	5.340	81,147	90,167	256,681
6/26/25	6,854	5.340	83,313	90,167	173,368
12/26/25	4,629	5.340	85,538	90,167	87,830
6/26/26	<u>2,345</u>	5.340	<u>87,830</u>	<u>90,175</u>	-
	<u>\$ 581,253</u>		<u>\$ 1,582,763</u>	<u>\$ 2,164,016</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>
6/30/2014	\$ -	-	\$ -	\$ -	\$ 1,241,172
9/21/14	31,153	5.020	32,692	63,845	1,208,480
3/21/15	30,333	5.020	33,512	63,845	1,174,968
9/21/15	29,492	5.020	34,353	63,845	1,140,615
3/21/16	28,629	5.020	35,216	63,845	1,105,399
9/21/16	27,746	5.020	36,099	63,845	1,069,300
3/21/17	26,840	5.020	37,005	63,845	1,032,295
9/21/17	25,910	5.020	37,935	63,845	994,360
3/21/18	24,959	5.020	38,886	63,845	955,474
9/21/18	23,982	5.020	39,863	63,845	915,611
3/21/19	22,982	5.020	40,863	63,845	874,748
9/21/19	21,957	5.020	41,888	63,845	832,860
3/21/20	20,905	5.020	42,940	63,845	789,920
9/21/20	19,827	5.020	44,018	63,845	745,902
3/21/21	18,722	5.020	45,123	63,845	700,779
9/21/21	17,590	5.020	46,255	63,845	654,524
3/21/22	16,428	5.020	47,417	63,845	607,107
9/21/22	15,239	5.020	48,606	63,845	558,501
3/21/23	14,018	5.020	49,827	63,845	508,674
9/21/23	12,768	5.020	51,077	63,845	457,597
3/21/24	11,486	5.020	52,359	63,845	405,238
9/21/24	10,172	5.020	53,673	63,845	351,565
3/21/25	8,824	5.020	55,021	63,845	296,544
9/21/25	7,443	5.020	56,402	63,845	240,142
3/21/26	6,028	5.020	57,817	63,845	182,325
9/21/26	4,577	5.020	59,268	63,845	123,057
3/21/27	3,089	5.020	60,756	63,845	62,301
9/21/27	<u>1,563</u>	5.020	<u>62,301</u>	<u>63,864</u>	-
	<u>\$ 482,662</u>		<u>\$ 1,241,172</u>	<u>\$ 1,723,834</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>
6/30/2014	\$ -	-	\$ -	\$ -	\$ 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>\$ 5,447</u>		<u>\$ 172,649</u>	<u>\$ 178,096</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>
6/30/2014	\$ -	-	\$ -	\$ -	\$ 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>\$ 146,008</u>		<u>\$ 317,250</u>	<u>\$ 463,258</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>
6/30/2014	\$ -	-	\$ -	\$ -	\$ 4,519,729
1/31/15	99,434	2.200	182,341	281,775	4,337,388
1/31/16	95,422	2.200	186,353	281,775	4,151,035
1/31/17	91,322	2.200	190,453	281,775	3,960,582
1/31/18	87,133	2.200	194,642	281,775	3,765,940
1/31/19	82,850	2.200	198,925	281,775	3,567,015
1/31/20	78,474	2.200	203,301	281,775	3,363,714
1/31/21	74,001	2.200	207,774	281,775	3,155,940
1/31/22	69,430	2.200	212,345	281,775	2,943,595
1/31/23	64,759	2.200	217,016	281,775	2,726,579
1/31/24	59,985	2.200	221,790	281,775	2,504,789
1/31/25	55,105	2.200	226,670	281,775	2,278,119
1/31/26	50,118	2.200	231,657	281,775	2,046,462
1/31/27	45,022	2.200	236,753	281,775	1,809,709
1/31/28	39,813	2.200	241,962	281,775	1,567,747
1/31/29	34,490	2.200	247,285	281,775	1,320,462
1/31/30	29,050	2.200	252,725	281,775	1,067,737
1/31/31	23,490	2.200	258,285	281,775	809,452
1/31/32	17,808	2.200	263,967	281,775	545,485
1/31/33	12,000	2.200	269,775	281,775	275,710
1/31/34	<u>6,065</u>	2.200	<u>275,710</u>	<u>281,775</u>	-
	<u>\$ 1,115,771</u>		<u>\$ 4,519,729</u>	<u>\$ 5,635,500</u>	

Note: The above 20 year amortization is based on the loan amount of \$4,519,729 outstanding at June 30, 2014.

**MISSION SPRINGS WATER DISTRICT**

**SCHEDULE OF PRINCIPAL AND INTEREST REPAYMENTS**

**INSTALLMENT SALE AGREEMENT**

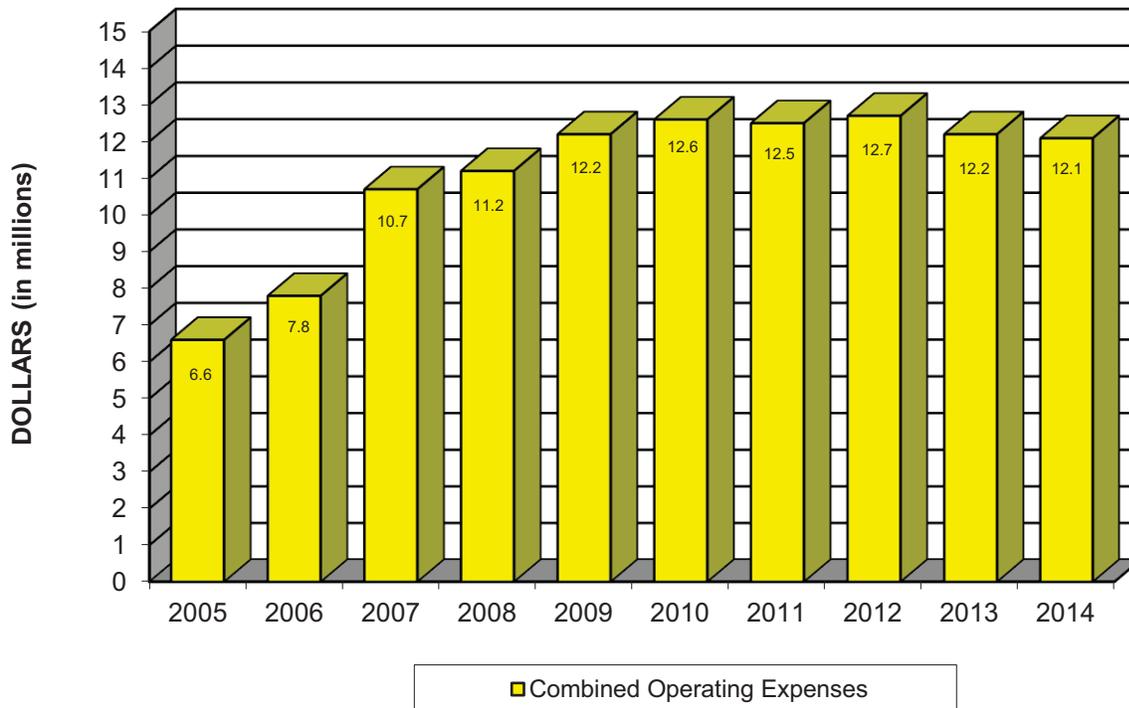
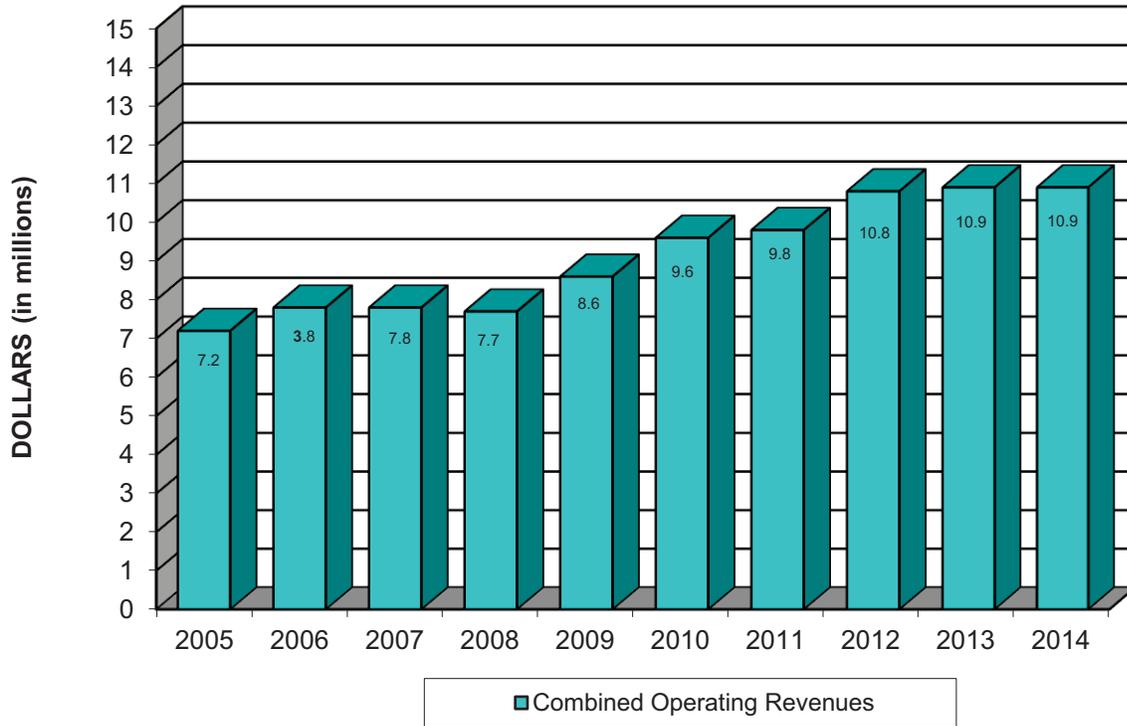
**ASSESSMENT DISTRICT #12, PHASE V**

<u>Date</u>	<u>Interest Due</u>	<u>Interest Rate</u>	<u>Principal Payment</u>	<u>Total Debt Service</u>	<u>Balance Principal Unpaid</u>
6/30/2014	\$ -	-	\$ -	\$ -	\$ 1,215,000
9/2/14	35,006	4.100	10,917	45,923	1,204,083
3/2/15	24,684	4.100	21,239	45,923	1,182,844
9/2/15	24,249	4.100	21,674	45,923	1,161,170
3/2/16	23,804	4.100	22,119	45,923	1,139,051
9/2/16	23,351	4.100	22,572	45,923	1,116,479
3/2/17	22,888	4.100	23,035	45,923	1,093,444
9/2/17	22,416	4.100	23,507	45,923	1,069,937
3/2/18	21,934	4.100	23,989	45,923	1,045,948
9/2/18	21,442	4.100	24,481	45,923	1,021,467
3/2/19	20,940	4.100	24,983	45,923	996,484
9/2/19	20,428	4.100	25,495	45,923	970,989
3/2/20	19,906	4.100	26,017	45,923	944,972
9/2/20	19,372	4.100	26,551	45,923	918,421
3/2/21	18,828	4.100	27,095	45,923	891,326
9/2/21	18,273	4.100	27,650	45,923	863,676
3/2/22	17,706	4.100	28,217	45,923	835,459
9/2/22	17,127	4.100	28,796	45,923	806,663
3/2/23	16,537	4.100	29,386	45,923	777,277
9/2/23	15,935	4.100	29,988	45,923	747,289
3/2/24	15,320	4.100	30,603	45,923	716,686
9/2/24	14,692	4.100	31,231	45,923	685,455
3/2/25	14,052	4.100	31,871	45,923	653,584
9/2/25	13,399	4.100	32,524	45,923	621,060
3/2/26	12,732	4.100	33,191	45,923	587,869
9/2/26	12,052	4.100	33,871	45,923	553,998
3/2/27	11,357	4.100	34,566	45,923	519,432
9/2/27	10,649	4.100	35,274	45,923	484,158
3/2/28	9,926	4.100	35,997	45,923	448,161
9/2/28	9,188	4.100	36,735	45,923	411,426
3/2/29	8,435	4.100	37,488	45,923	373,938
9/2/29	7,666	4.100	38,257	45,923	335,681
3/2/30	6,882	4.100	39,041	45,923	296,640
9/2/30	6,081	4.100	39,842	45,923	256,798
3/2/31	5,265	4.100	40,658	45,923	216,140
9/2/31	4,431	4.100	41,492	45,923	174,648
3/2/32	3,581	4.100	42,342	45,923	132,306
9/2/32	2,713	4.100	43,210	45,923	89,096
3/2/33	1,827	4.100	44,096	45,923	45,000
9/2/33	923	4.100	45,000	45,923	-
	<u>\$ 575,997</u>		<u>\$ 1,215,000</u>	<u>\$ 1,790,997</u>	

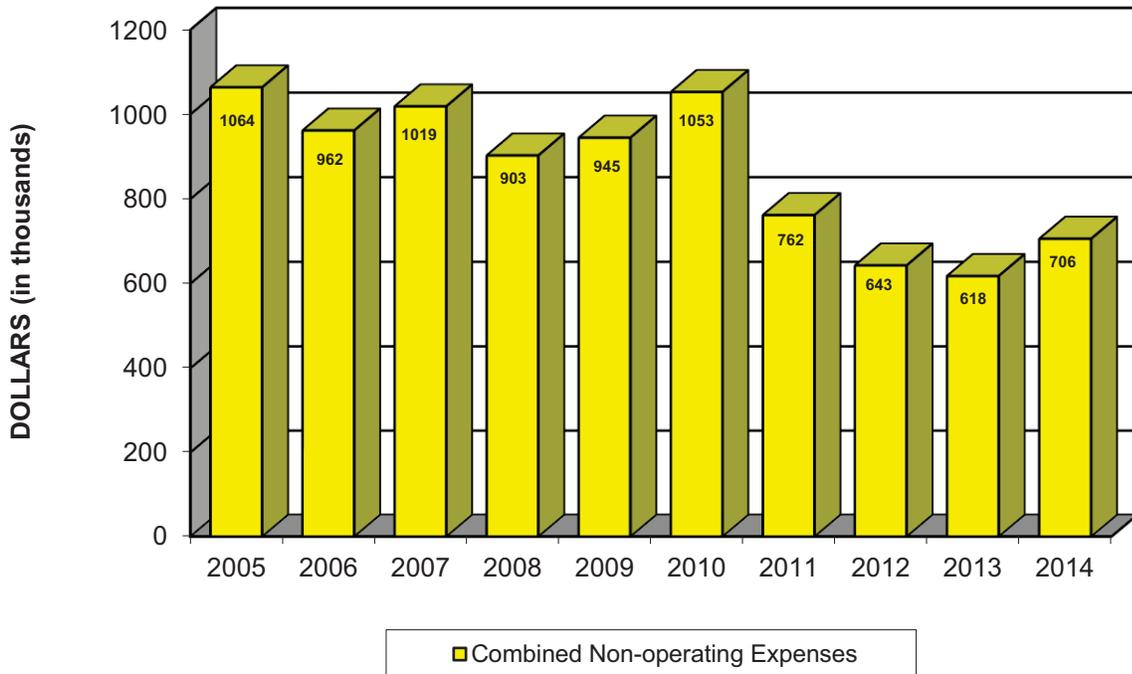
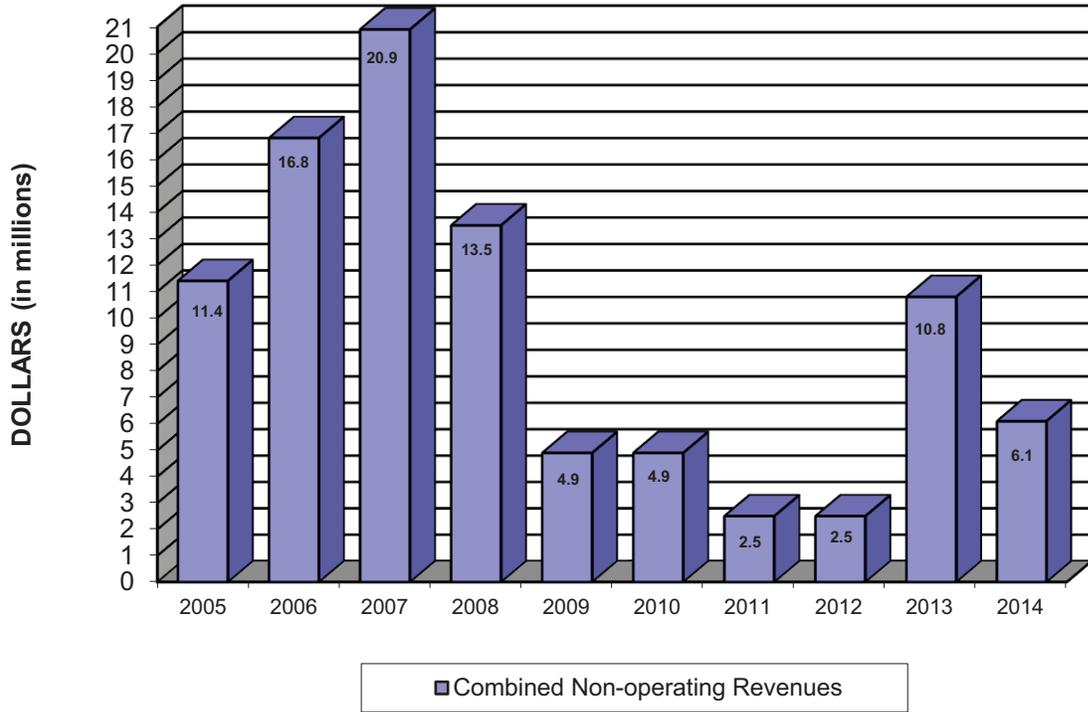
**MISSION SPRINGS WATER DISTRICT**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN NET POSITION BY OBJECT**  
**FOR THE YEAR ENDED JUNE 30, 2014**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2013**

	2014			(Memorandum only)	2013
	<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	1,413,110	\$ -	\$ -	1,413,110	\$ 1,395,924
Water consumption	5,009,489	-	-	5,009,489	5,179,267
Meter installations	8,330	-	-	8,330	4,703
Sewer service	-	3,775,588	-	3,775,588	3,683,362
Other operating revenue	474,072	-	-	474,072	455,910
Backup and front footage fees	79,880	1,218,496	-	1,298,376	5,486,960
Contributed infrastructure	3,203	56,303	-	59,506	31,580
Property taxes	622,010	344,239	568,730	1,534,979	1,479,327
Standby charges	234,047	12,646	-	246,693	248,723
Fats, oils & grease fees	-	3,350	-	3,350	3,150
Interest	3,245	464,919	25,481	493,645	353,513
Grants	-	2,624,497	-	2,624,497	3,155,756
Recovery of prior year expense	62,970	13,860	-	76,830	38,257
Amortization of deposit for maintenance	487	580	-	1,067	1,067
Gain (loss) from asset disposals	7,771	2,295	3,664	13,730	222,267
Total revenues	<u>7,918,614</u>	<u>8,516,773</u>	<u>597,875</u>	<u>17,033,262</u>	<u>21,739,766</u>
<b>EXPENSES</b>					
Salaries and wages	1,188,417	468,281	1,250,285	2,906,983	3,143,912
Employee benefits	632,953	248,053	704,875	1,585,881	1,852,137
Public Employees Retirement -Prior year costs	-	-	257,469	257,469	253,131
Materials and supplies	511,611	116,786	215,741	844,138	778,937
Outside services	407,406	326,188	877,917	1,611,511	1,481,030
Ground water replenishment fees	91,960	-	-	91,960	90,922
Utilities	943,604	154,231	28,401	1,126,236	1,005,836
Directors' fees	-	-	31,310	31,310	33,000
Engineering	22,546	-	-	22,546	1,303
Insurance	-	-	105,850	105,850	127,821
Legal	-	-	133,508	133,508	105,651
Audit	-	-	23,898	23,898	19,000
Depreciation	2,166,761	1,267,872	178,061	3,612,694	3,597,086
Interest	28,994	325,794	-	354,788	351,236
Standby reports	9,118	2,724	-	11,842	-
Dues and subscriptions	-	888	38,057	38,945	37,927
Training and conferences	7,704	2,101	45,934	55,739	65,037
Amortization	1,427	68,231	-	69,658	5,892
Ground water manangement	-	-	15,000	15,000	15,000
Other expenses	23,750	681	2,372	26,803	10,195
Subtotal	6,036,251	2,981,830	3,908,678	12,926,759	12,975,053
General District Allocation	<u>2,652,757</u>	<u>869,372</u>	<u>(3,651,209)</u>	<u>(129,080)</u>	<u>(116,457)</u>
Total expenses	<u>8,689,008</u>	<u>3,851,202</u>	<u>257,469</u>	<u>12,797,679</u>	<u>12,858,596</u>
<b>CHANGE IN NET POSITION</b>	(770,394)	4,665,571	340,406	4,235,583	8,881,170
<b>NET POSITION, BEGINNING 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>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 62,204,815</u>	<u>\$ 57,737,819</u>	<u>\$ 10,973,361</u>	<u>\$ 130,915,995</u>	<u>\$ 126,680,412</u>

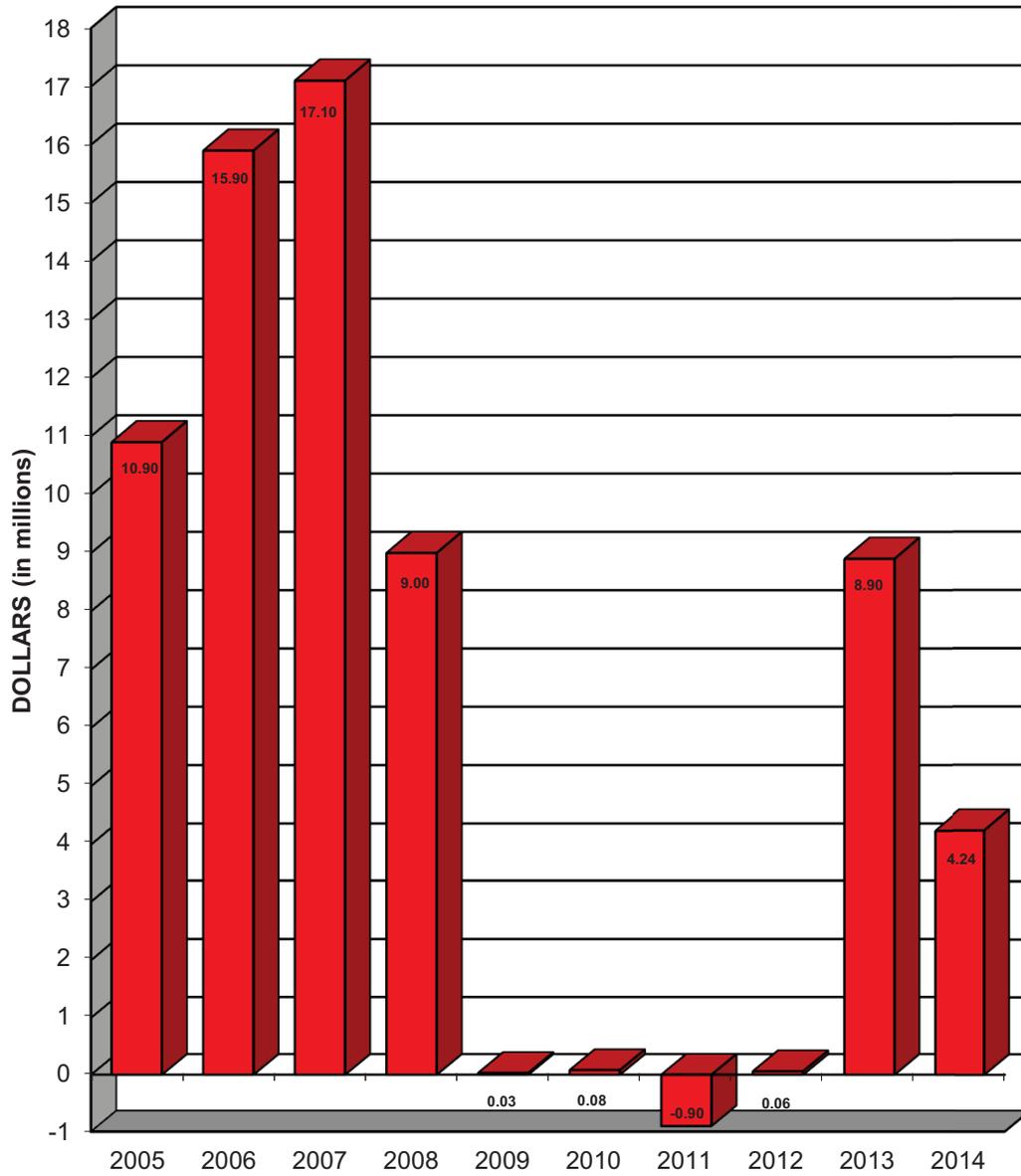
**MISSION SPRINGS WATER DISTRICT**  
**COMBINED OPERATING REVENUES AND OPERATING EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2005-2014**



**MISSION SPRINGS WATER DISTRICT**  
**COMBINED NON-OPERATING REVENUES AND NON-OPERATING EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2005-2014**



**MISSION SPRINGS WATER DISTRICT**  
**COMBINED INCOME**  
**FOR THE YEARS ENDED JUNE 30, 2005-2014**



■ Combined Income