

MISSION SPRINGS WATER DISTRICT
DESERT HOT SPRINGS, CALIFORNIA

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

JUNE 30, 2017

MISSION SPRINGS WATER DISTRICT

TABLE OF CONTENTS

| | Page |
|---|---------|
| Independent Auditors' Report | 1 - 2 |
| Management's Discussion and Analysis | 3 - 9 |
| Financial Statements: | |
| Combined Statement of Net Position | 10 - 11 |
| Combined Statement of Revenues, Expenses and Changes in Net Position | 12 - 13 |
| Combined Statement of Revenues, Expenses and Changes in Net Position - Budget and Actual | 14 - 15 |
| Combined Statement of Cash Flows | 16 - 17 |
| Notes to Financial Statements | 18 - 35 |
| Required Supplementary Information: | |
| GASB 68 Schedules | |
| Schedule of the District's proportionate share of the Net Pension Liability | 36 |
| Schedule of Contributions | 37 |
| Supplementary Information: | |
| Schedules of Principal and Interest Repayments: | |
| Assessment District #4 Special Assessment Bonds, Series R-1 | 38 |
| Assessment District #7 Special Assessment Bonds | 39 |
| Certificates of Participation – USDA | 40 - 41 |
| Installment Sale Agreement – Assessment District #12, Phase I | 42 |
| Installment Sale Agreement – Assessment District #12, Phase II | 43 |
| Installment Sale Agreement – Mission Creek – 80 Acres | 44 |
| State Revolving Fund – Assessment District #12, Phase IV | 45 |

MISSION SPRINGS WATER DISTRICT

TABLE OF CONTENTS

| | Page |
|---|---------|
| Schedules of Principal and Interest Repayments: | |
| Installment Sale Agreement – Assessment District #12, Phase V | 46 |
| Installment Sale Agreement – Assessment District #12, Phase VI | 47 |
| Combined Statement of Revenues, Expenses and Changes in Net Assets by Function | 48 |
| Bar Graphs - Combined Operations for the Years Ended June 30, 2008 - 2017 | 49 - 51 |



LUND & GUTTRY LLP / CERTIFIED PUBLIC ACCOUNTANTS
36917 COOK STREET • SUITE 102 • PALM DESERT, CA 92211
Telephone (760) 568-2242 • Fax (760) 346-8891
www.lundandguttery.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying combined statement of net position, combined statement of revenues, expenses and changes in net position, and combined statement of cash flows of Mission Springs Water District (the "District") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. The prior year summarized information has been derived from the District's 2016 financial statements and, in our report dated November 21, 2016 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, 2017, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

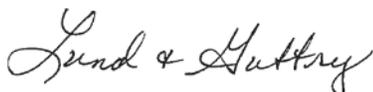
Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 - 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2017, 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 20, 2017

MANAGEMENT'S DISCUSSION
AND ANALYSIS

MISSION SPRINGS WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017 AND 2016

This section of the Mission Springs Water District's (MSWD) financial statements presents our analysis of the District's financial performance and activities for the fiscal year ended June 30, 2017. This information is presented in conjunction with the audited financial statements, which follow this section.

ABOUT THE DISTRICT

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

Mission Springs Water District is comprised of the following:

Water District Fund – Activities associated with serving 13,077 water accounts, of which 95% are residential customers.

Sewer District Fund– Activities associated with providing sewage collection, treatment and disposal services to 7,849 single-family residences and 880 commercial establishments.

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

OVERVIEW OF THE FINANCIAL STATEMENTS

Mission Springs Water District operates as a utility enterprise fund. The governing body intends to provide service to the general public on a continuing basis and to recover costs through a system of user fees. These activities are accounted for much like that of a private business and use the full accrual method of accounting for transactions.

The district maintains its financial records and prepares financial statements using the accrual basis of accounting and accounting principles appropriate for an enterprise fund. The financial statements conform to generally accepted accounting principles (GAAP) in the United States, and to the standards set by the Governmental Accounting Standards Board (GASB). Required financial statements included in this report are a Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows. Additional statements and notes to the financial statements are provided to explain some of the information in the financial statements and provide more detailed data.

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

The District implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, during fiscal year 2015. GASB 68 requires governmental agencies to record their net pension liability on their Statement of Net Position. The net pension liability as of June 30, 2017, was \$6,636,212. See Note 9 for further information.

MISSION SPRINGS WATER DISTRICT

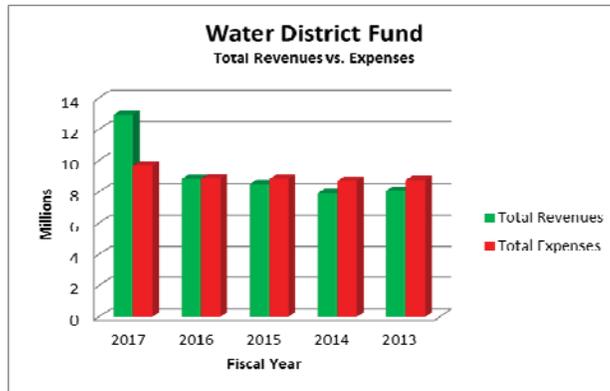
MANAGEMENT’S DISCUSSION AND ANALYSIS

JUNE 30, 2017 AND 2016

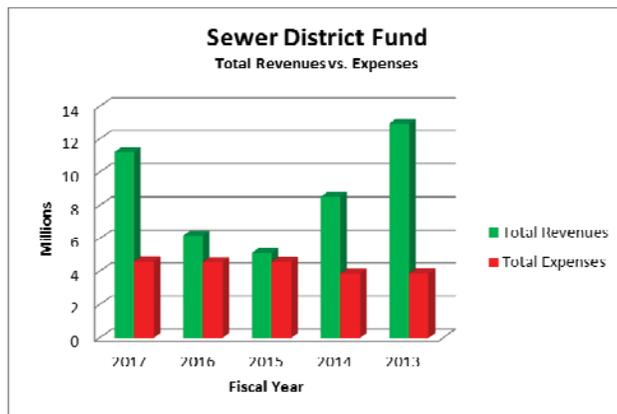
FINANCIAL HIGHLIGHTS

The following are highlights of the financial activities of the District during the fiscal year ended June 30, 2017.

Water District Fund. The Water District Fund total cash and investments (including restricted) increased slightly over \$2.1 million; net position increased slightly over \$3.2 million for fiscal 2017. This is primarily due to increased revenues. Operating revenues increased approximately \$1.7 million mostly related to lifted State drought consumption restrictions and a rate increase that was effective January 1, 2017. Non-Operating revenues increased approximately \$2.4 million due to a grant that built a solar power generating facility.



Sewer District Fund. The Sewer District Fund total cash and investments (including restricted) increased approximately \$650,000; net position increased slightly over \$6.6 million for fiscal 2017. This is primarily due to increased revenues. Operating revenues increased slightly over \$750,000 related to a rate increase that was effective January 1, 2017. Non-Operating revenues increased slightly less than \$4.3 million due to grant revenue and backup and front footage fees from sewer collection system projects completed during fiscal 2017.



CONDENSED FINANCIAL INFORMATION

The following condensed financial information provides an overview of the District’s financial activities for the fiscal year ended June 30, 2017.

MISSION SPRINGS WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017 AND 2016

NET POSITION

Net position, the difference between assets and liabilities, increased 7.7 percent, or \$9,905,449 to \$139,116,233 from June 30, 2016.

| | <u>June 30,</u> <u>2017</u> | <u>June 30,</u> <u>2016</u> | <u>Change</u> |
|---|--------------------------------|--------------------------------|---------------------|
| Assets | | | |
| Capital assets, net | \$ 122,748,943 | \$ 117,876,944 | \$ 4,871,999 |
| Other assets | 39,145,444 | 33,813,322 | 5,332,122 |
| Total assets | <u>161,894,387</u> | <u>151,690,266</u> | <u>10,204,121</u> |
| Liabilities | | | |
| Long-term liabilities | 10,205,287 | 10,784,912 | 579,625 |
| Other liabilities | 12,572,867 | 11,694,570 | (878,297) |
| Total liabilities | <u>22,778,154</u> | <u>22,479,482</u> | <u>(298,672)</u> |
| Net Position | | | |
| Invested in capital assets, net of debt | 108,859,676 | 103,429,630 | 5,430,046 |
| Restricted for: | | | |
| Debt service | 863,637 | 811,250 | 52,387 |
| Other purposes | 34,781,995 | 29,768,998 | 5,012,997 |
| Unrestricted (Deficit) | <u>(5,389,075)</u> | <u>(4,799,094)</u> | <u>(589,981)</u> |
| Total net position | <u>\$139,116,233</u> | <u>\$129,210,784</u> | <u>\$ 9,905,449</u> |

CAPITAL ASSETS, NET

Increased \$4,871,999, or 4.1 percent. The following list presents a summary of capital expenditures.

| | |
|--------------------------------------|---------------------|
| Water meters | \$ 1,326,547 |
| Sewer lines | 5,785,045 |
| Other acquisitions | 519,308 |
| Increase in construction in progress | 1,158,482 |
| Less depreciation | <u>(3,917,383)</u> |
| Total, net | <u>\$ 4,871,999</u> |

MISSION SPRINGS WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017 AND 2016

CAPITAL ASSETS, NET (continued)

Schedule of Capital Assets (net of depreciation)

| | June 30, 2017 | June 30, 2016 | Change | |
|--|-----------------------|-----------------------|---------------------|--|
| Intangible plant | \$ 1,522,023 | \$ 1,735,162 | (\$ 213,139) | |
| Land and land rights | 1,375,539 | 1,375,568 | (29) | |
| Source of supply | 4,871,430 | 5,043,733 | (172,303) | |
| Pumping plant | 10,667,592 | 11,112,659 | (445,067) | |
| Transmission, distribution and storage | 36,244,470 | 36,273,420 | (28,950) | |
| Buildings and grounds | 574,688 | 623,539 | (48,851) | |
| Furniture and fixtures | 470,063 | 441,478 | 28,585 | |
| Radio equipment | - | 401 | (401) | |
| Shop equipment | 3,478 | 4,789 | (1,311) | |
| Autos, trucks and heavy equipment | 229,695 | 106,485 | 123,210 | |
| Sewage collection facilities | 48,576,298 | 43,916,722 | 4,659,576 | |
| Sewage treatment plants | 9,095,625 | 9,420,746 | (325,121) | |
| Other plant in service | 355,719 | 218,401 | 137,318 | |
| Construction in progress | 8,762,323 | 7,603,841 | 1,158,482 | |
| Capital assets, net | <u>\$ 122,748,943</u> | <u>\$ 117,876,944</u> | <u>\$ 4,871,999</u> | |

OTHER ASSETS

Increased \$5,332,122, or 15.8 percent. The following list presents a summary of other assets and changes from June 30, 2016.

| <u>Description</u> | June 30, 2017 | June 30, 2016 | Change | <u>Explanation</u> |
|-------------------------------|----------------------|----------------------|---------------------|--------------------|
| Current assets – cash | \$ 4,903,262 | \$ 1,125,644 | \$ 3,777,618 | |
| Restricted assets – cash | 15,181,606 | 17,830,638 | (2,649,032) | |
| Total cash | 20,084,868 | 18,956,282 | 1,128,586 | (1) |
| Assessments receivable | 10,717,818 | 8,692,172 | 2,025,646 | (2) |
| Accounts and notes receivable | 5,349,887 | 3,704,997 | 1,644,890 | (3) |
| All other | 2,992,871 | 2,459,871 | 533,000 | |
| Totals | <u>\$ 39,145,444</u> | <u>\$ 33,813,322</u> | <u>\$ 5,332,122</u> | |

- (1) Refer to pages 16-17, Combined Statement of Cash Flows.
- (2) Completion of Assessment District #12 Area D2 & J1.
- (3) Increase in grants receivable during the year.

LONG-TERM LIABILITIES

Decreased \$579,625, or 5.4 percent. This decrease consisted of normal debt payments during the year.

LIABILITIES OTHER THAN LONG-TERM DEBT

Increased \$878,297 or 7.5 percent. Effective June 30, 2015 the District complied with GASB 68 reporting requirements by adequately presenting net pension liability on the combined statement of net position. Net pension liability increased \$788,388 from June 30, 2016 to \$6,636,212 at June 30, 2017.

MISSION SPRINGS WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017 AND 2016

NET POSITION

Invested In Capital Assets, Net Of Debt:

Increased \$5,430,046 or 5.2 percent, from June 30, 2016.

Restricted "Net Position" increased \$5,065,384. The balances are reserved primarily for capital replacements and debt service.

Unrestricted Net Position decreased \$589,981, or 12.3 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 2017 was \$9,905,449. 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 48.

| | <u>June 30,</u> <u>2017</u> | <u>June 30,</u> <u>2016</u> | <u>Change</u> |
|--------------------------------------|--------------------------------|--------------------------------|---------------------|
| Total operating revenues | \$ 13,622,125 | \$ 11,164,122 | \$ 2,458,003 |
| Total operating expenses | <u>(9,640,837)</u> | <u>(8,698,143)</u> | <u>(942,694)</u> |
| Operating income before depreciation | 3,981,288 | 2,465,979 | 1,515,309 |
| Depreciation | <u>(3,917,383)</u> | <u>(3,967,486)</u> | <u>50,103</u> |
| Operating income (loss) | 63,905 | (1,501,507) | 1,565,412 |
| Non-operating revenues, net | <u>9,841,544</u> | <u>4,331,453</u> | <u>5,510,091</u> |
| Increase (decrease) in net position | 9,905,449 | 2,829,946 | 7,075,503 |
| Beginning net position | <u>129,210,784</u> | <u>126,380,838</u> | <u>2,829,946</u> |
| Ending net position | <u>\$139,116,233</u> | <u>\$ 129,210,784</u> | <u>\$ 9,905,449</u> |

On December 21, 2015 the board approved a five year revision to the rates for both water and sewer services. The first rate increase of 11.25% was applied to water and 11% applied to sewer services on March 1, 2016. An additional increase of 11.25% was applied to water services on January 1, 2017, an additional increase of 9.5% will be applied on January 1, 2018, 2019 and 2020, respectively. An additional increase of 11% was applied to sewer services on January 1, 2017, an additional increase of 11% will be applied on January 1, 2018, and 5% on January 1, 2019 and 2020, respectively.

Operating revenue analysis:

| | <u>June 30,</u> <u>2017</u> | <u>June 30,</u> <u>2016</u> | <u>Change</u> |
|--------------------------|--------------------------------|--------------------------------|---------------------|
| Water service charge | \$ 1,990,184 | \$ 1,555,857 | \$ 434,327 |
| Water consumption charge | 5,501,976 | 4,433,456 | 1,068,520 |
| Water meter sales | 50,235 | 46,849 | 3,386 |
| Sewer service charges | 5,116,304 | 4,356,867 | 759,437 |
| Other | <u>963,426</u> | <u>771,093</u> | <u>192,333</u> |
| Total operating revenue | <u>\$ 13,622,125</u> | <u>\$ 11,164,122</u> | <u>\$ 2,458,003</u> |

MISSION SPRINGS WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017 AND 2016

CHANGES IN NET POSITION (continued)

Operating expenses analysis:

| | June 30, 2017 | June 30, 2016 | Change | Explanation |
|--|---------------------|---------------------|--------------------|-------------|
| Salaries and benefits | \$ 5,061,711 | \$ 4,340,821 | \$ 720,890 | (1) |
| Electricity | 1,016,577 | 1,047,063 | (30,486) | |
| Water replenishment fees | 88,949 | 71,842 | 17,107 | |
| Engineering | 30,323 | 45,844 | (15,521) | |
| Legal | 369,436 | 287,313 | 82,123 | |
| Interest | 696,563 | 739,491 | (42,928) | |
| Other | <u>2,377,278</u> | <u>2,165,769</u> | <u>211,509</u> | (2) |
| Total operating expenses before depreciation | <u>\$ 9,640,837</u> | <u>\$ 8,698,143</u> | <u>\$ 942,694</u> | |
| Depreciation expense | <u>\$ 3,917,383</u> | <u>\$ 3,967,486</u> | <u>(\$ 50,103)</u> | |

Depreciation expense decreased \$50,103 or 1.3 percent, due to additional capital assets placed into service at June 30, 2017 and 2016 with a cost basis of \$7,630,900 and \$560,349, respectively, and other assets becoming fully depreciated during 2016.

- (1) Addition of several new positions and replacement of vacant employees during the year.
- (2) Additional expenditures related to the onboarding of new personnel.

“Net non-operating revenues”, increased \$5,510,091 or 127.2 percent.

| | June 30, 2017 | June 30, 2016 | Change |
|---|---------------------|---------------------|---------------------|
| Backup and front footage fees, water and sewer | \$ 3,365,298 | \$ 322,860 | \$ 3,042,438 |
| Contributed infrastructure | 1,186,612 | - | 1,186,612 |
| Federal and State grants | 4,227,717 | 1,789,298 | 2,438,419 |
| Property taxes | 1,671,275 | 1,625,177 | 46,098 |
| Interest on investments | 772,152 | 724,909 | 47,243 |
| Interest expense | (696,563) | (739,491) | 42,928 |
| Deferred inflows/outflows of resources (GASB68) | (306,790) | 946,657 | (1,253,447) |
| Other | <u>(378,157)</u> | <u>(337,957)</u> | <u>(40,200)</u> |
| Total non-operating revenues, net | <u>\$ 9,841,544</u> | <u>\$ 4,331,453</u> | <u>\$ 5,510,091</u> |

Increases in backup and front footage fees, water and sewer and Federal and State grants are due to areas D2 and J1 of AD #12 being constructed during the year ended June 30, 2017. An increase in the amount of contributed infrastructure is due to an increase in development construction. Decrease in deferred inflows/outflows of resources is due to a recalculated amount of the District's liability related to its retirement program.

MISSION SPRINGS WATER DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017 AND 2016

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 2017 and 2016 to assist with the construction of water and sewer infrastructure. (See Note 19)

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

Interest on investments increased \$40,145 from the Local Agency Investment Fund (L.A.I.F.) and yields increased from 0.55% to 0.92% between July 1, 2016 and June 30, 2017. The District's investment on deposit with L.A.I.F. decreased \$2,747,400 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, 2017

WITH COMPARATIVE TOTALS FOR JUNE 30, 2016

| | 2017 | | | 2016 |
|-----------------------------------|-------------------|-------------------|---------------------|----------------------------------|
| | Water District | Sewer District | General District | Total Combined |
| | \$ | \$ | \$ | \$ |
| CURRENT ASSETS | | | | |
| Cash | 1,673,707 | 1,555,353 | 1,674,202 | 4,903,262 |
| Accounts receivable: | | | | |
| Water and sewer | 1,326,786 | 351,007 | - | 1,677,793 |
| Other | 3,069,335 | 602,759 | - | 3,672,094 |
| Note receivable due in 12 months | 14,318 | - | - | 14,318 |
| Interest receivable | - | - | 13,180 | 13,180 |
| Prepaid expenses | - | - | 180,851 | 180,851 |
| Inventory | - | - | 352,618 | 352,618 |
| Total current assets | 6,084,146 | 2,509,119 | 2,220,851 | 10,814,116 |
| OTHER ASSETS | | | | |
| Note receivable, long term | 91,370 | - | - | 91,370 |
| Deferred inflows of resources | - | - | 2,234,689 | 2,234,689 |
| Total other assets | 91,370 | - | 2,234,689 | 2,326,059 |
| RESTRICTED ASSETS | | | | |
| Cash | 3,770,149 | 4,272,489 | 7,138,968 | 15,181,606 |
| Assessments receivable | - | 10,717,818 | - | 10,717,818 |
| Interest receivable | 10,490 | 6,906 | 4,111 | 21,507 |
| Taxes receivable | 27,977 | 15,413 | 22,028 | 65,418 |
| Issuance costs for long-term debt | 9,903 | 9,017 | - | 18,920 |
| Total restricted assets | 3,818,519 | 15,021,643 | 7,165,107 | 26,005,269 |
| UTILITY PLANT | | | | |
| Utility plant | 91,809,192 | 82,500,795 | 7,168,836 | 181,478,823 |
| Less accumulated depreciation | (35,812,620) | (20,132,319) | (2,784,941) | (58,729,880) |
| Total utility plant | 55,996,572 | 62,368,476 | 4,383,895 | 122,748,943 |
| TOTAL ASSETS | \$ 65,990,607 | \$ 79,899,238 | \$ 16,004,542 | \$ 161,894,387 |
| | | | | (Memorandum only) Combined |
| | | | | \$ 1,125,644 |
| | | | | 1,800,649 |
| | | | | 1,904,348 |
| | | | | 11,565 |
| | | | | 10,975 |
| | | | | 138,180 |
| | | | | 327,049 |
| | | | | 5,318,410 |
| | | | | 98,595 |
| | | | | 1,753,091 |
| | | | | 1,851,686 |
| | | | | 17,830,638 |
| | | | | 8,692,172 |
| | | | | 13,188 |
| | | | | 85,944 |
| | | | | 21,284 |
| | | | | 26,643,226 |
| | | | | 172,758,182 |
| | | | | (54,881,238) |
| | | | | 117,876,944 |
| | | | | \$ 151,690,266 |

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

MISSION SPRINGS WATER DISTRICT
COMBINED STATEMENT OF NET POSITION - CONTINUED
JUNE 30, 2017

WITH COMPARATIVE TOTALS FOR JUNE 30, 2016

| | 2017 | | | 2016 | |
|---|----------------------|----------------------|----------------------|-----------------------|----------------------------------|
| | Water District | Sewer District | General District | Total Combined | (Memorandum only) Combined |
| CURRENT LIABILITIES | | | | | |
| Accounts payable | \$ - | \$ 2,927 | \$ 960,184 | \$ 963,111 | \$ 979,812 |
| Accrued expenses | 6,133 | 105,496 | 867,383 | 979,012 | 884,364 |
| Customer deposits | 258,124 | - | - | 258,124 | 258,993 |
| Current portion of long-term debt | 19,180 | 560,439 | - | 579,619 | 558,042 |
| Total current liabilities | <u>283,437</u> | <u>668,862</u> | <u>1,827,567</u> | <u>2,779,866</u> | <u>2,681,211</u> |
| LONG-TERM DEBT | | | | | |
| Notes and contracts | 281,830 | 10,102,975 | - | 10,384,805 | 10,923,553 |
| Special assessment bonds | - | 126,000 | - | 126,000 | 139,000 |
| Certificates of participation, U.S.D.A | 274,101 | - | - | 274,101 | 280,401 |
| Total | 555,931 | 10,228,975 | - | 10,784,906 | 11,342,954 |
| Less current portion | (19,180) | (560,439) | - | (579,619) | (558,042) |
| Total long-term debt | <u>536,751</u> | <u>9,668,536</u> | <u>-</u> | <u>10,205,287</u> | <u>10,784,912</u> |
| OTHER LIABILITIES | | | | | |
| Net pension liability | - | - | 6,636,212 | 6,636,212 | 5,847,824 |
| Deferred outflows of resources | - | - | - | - | - |
| Funds held in trust | 35,359 | 2,780 | - | 38,139 | 38,139 |
| Advance construction deposits | 41,500 | 3,062,862 | 14,288 | 3,118,650 | 3,127,396 |
| Total other liabilities | 76,859 | 3,065,642 | 6,650,500 | 9,793,001 | 9,013,359 |
| TOTAL LIABILITIES | <u>897,047</u> | <u>13,403,040</u> | <u>8,478,067</u> | <u>22,778,154</u> | <u>22,479,482</u> |
| NET POSITION | | | | | |
| Invested in capital assets, net of debt | 55,399,141 | 49,076,640 | 4,383,895 | 108,859,676 | 103,429,630 |
| Restricted for: | | | | | |
| Debt service | 82,756 | 780,881 | - | 863,637 | 811,250 |
| Other purposes | 17,407,561 | 15,036,529 | 2,337,905 | 34,781,995 | 29,768,998 |
| Unrestricted | (7,795,898) | 1,602,148 | 804,675 | (5,389,075) | (4,799,094) |
| Total net assets | 65,093,560 | 66,496,198 | 7,526,475 | 139,116,233 | 129,210,784 |
| TOTAL LIABILITIES AND NET POSITION | <u>\$ 65,990,607</u> | <u>\$ 79,899,238</u> | <u>\$ 16,004,542</u> | <u>\$ 161,894,387</u> | <u>\$ 151,690,266</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, 2017

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016

| | 2017 | | | | 2016 |
|--|--------------------|-------------------|---------------------|-------------------|----------------------------------|
| | Water District | Sewer District | General District | Total Combined | (Memorandum only) Combined |
| OPERATING REVENUES | | | | | |
| Base service charge | \$ 1,990,184 | \$ - | \$ - | \$ 1,990,184 | \$ 1,555,857 |
| Water consumption | 5,501,976 | - | - | 5,501,976 | 4,433,456 |
| Meter installations | 50,235 | - | - | 50,235 | 46,849 |
| Sewer service | - | 5,116,304 | - | 5,116,304 | 4,356,867 |
| Standby charges | 230,674 | 12,264 | - | 242,938 | 242,476 |
| Other | 717,063 | 3,425 | - | 720,488 | 528,617 |
| Total operating revenues | <u>8,490,132</u> | <u>5,131,993</u> | <u>-</u> | <u>13,622,125</u> | <u>11,164,122</u> |
| OPERATING EXPENSES | | | | | |
| Pumping | 1,696,551 | - | - | 1,696,551 | 1,645,671 |
| Transmission and distribution | 1,339,396 | - | - | 1,339,396 | 1,108,651 |
| Customer accounts | 561,784 | - | 535,677 | 1,097,461 | 1,155,160 |
| Sewage collection | - | 134,877 | - | 134,877 | 145,064 |
| Sewage treatment | - | 1,178,790 | - | 1,178,790 | 1,143,537 |
| Standby | 84,077 | 38,035 | - | 122,112 | 108,653 |
| Human Resources | - | - | 113,642 | 113,642 | 141,127 |
| Building and grounds maintenance | - | - | 77,926 | 77,926 | 65,293 |
| Vehicle maintenance | - | - | 141,059 | 141,059 | 136,564 |
| Operations support | - | - | 670,206 | 670,206 | 432,610 |
| Engineering | 30,323 | - | - | 30,323 | 45,844 |
| Insurance | - | - | 109,303 | 109,303 | 128,871 |
| Audit | - | - | 21,000 | 21,000 | 21,460 |
| Legal | - | - | 369,436 | 369,436 | 287,313 |
| Public affairs | - | - | 194,182 | 194,182 | 211,603 |
| Board of Directors | - | - | 157,217 | 157,217 | 145,485 |
| Administration | - | - | 1,510,401 | 1,510,401 | 1,279,312 |
| Accounting | - | - | 791,898 | 791,898 | 623,995 |
| Depreciation | 2,237,024 | 1,488,882 | 191,477 | 3,917,383 | 3,967,486 |
| Standby reports | 17,276 | 6,373 | - | 23,649 | 15,757 |
| Ground water management | - | - | 25,000 | 25,000 | 30,000 |
| General District allocation | 3,672,030 | 1,072,802 | (4,908,424) | (163,592) | (173,827) |
| Total operating expenses | <u>9,638,461</u> | <u>3,919,759</u> | <u>-</u> | <u>13,558,220</u> | <u>12,665,629</u> |
| Operating income (loss) | <u>(1,148,329)</u> | <u>1,212,234</u> | <u>-</u> | <u>63,905</u> | <u>(1,501,507)</u> |
| NON-OPERATING REVENUES | | | | | |
| Backup and front footage fees | 399,085 | 2,966,213 | - | 3,365,298 | 322,860 |
| Contributed infrastructure | 1,165,614 | 20,998 | - | 1,186,612 | - |
| Property taxes | 671,686 | 392,871 | 606,718 | 1,671,275 | 1,625,177 |
| Interest | 31,052 | 676,818 | 64,282 | 772,152 | 724,909 |
| Grants | 2,209,729 | 2,017,988 | - | 4,227,717 | 1,789,298 |
| Recovery of prior year expense | - | - | - | - | 92 |
| Gain (loss) from asset disposals - net | (25,408) | (1,911) | 6,028 | (21,291) | 4,359 |
| Total non-operating revenues | <u>4,451,758</u> | <u>6,072,977</u> | <u>677,028</u> | <u>11,201,763</u> | <u>4,466,695</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, 2017

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016

- CONTINUED -

| | 2017 | | | | 2016 |
|--|-------------------|-------------------|---------------------|-------------------|----------------------------------|
| | Water District | Sewer District | General District | Total Combined | (Memorandum only) Combined |
| NON-OPERATING EXPENSES | | | | | |
| Interest | 26,046 | 670,517 | - | 696,563 | 739,491 |
| Public Employees Retirement System - Prior year costs | - | - | 342,759 | 342,759 | 330,640 |
| Pension inflows/outflows of resources | - | - | 306,790 | 306,790 | (946,657) |
| Uncollectible accounts | - | - | - | - | 7,167 |
| Other | 8,420 | 5,687 | - | 14,107 | 4,601 |
| Total non-operating expenses | 34,466 | 676,204 | 649,549 | 1,360,219 | 135,242 |
| Net non-operating revenues | 4,417,292 | 5,396,773 | 27,479 | 9,841,544 | 4,331,453 |
| CHANGE IN NET POSITION | 3,268,963 | 6,609,007 | 27,479 | 9,905,449 | 2,829,946 |
| NET POSITION, BEGINNING OF YEAR | 61,824,597 | 59,887,191 | 7,498,996 | 129,210,784 | 126,380,838 |
| NET POSITION, END OF YEAR | \$ 65,093,560 | \$ 66,496,198 | \$ 7,526,475 | \$ 139,116,233 | \$ 129,210,784 |

(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, 2017

| | Water District | | | Variance with Final Budget Positive (Negative) |
|----------------------------------|--------------------|--------------------|--------------------|---|
| | Budget | | Actual | |
| | Original | Final | | |
| OPERATING REVENUES | | | | |
| Base service charge | \$ 1,917,500 | \$ 1,917,500 | \$ 1,990,184 | \$ 72,684 |
| Water consumption | 5,788,093 | 5,788,093 | 5,501,976 | (286,117) |
| Meter installations | 2,280 | 2,280 | 50,235 | 47,955 |
| Sewer service | - | - | - | - |
| Standby charges | 237,200 | 237,200 | 230,674 | (6,526) |
| Other | 599,522 | 599,522 | 717,063 | 117,541 |
| Total operating revenues | <u>8,544,595</u> | <u>8,544,595</u> | <u>8,490,132</u> | <u>(54,463)</u> |
| OPERATING EXPENSES | | | | |
| Pumping | 2,149,063 | 2,181,379 | 1,696,551 | 484,828 |
| Transmission and distribution | 1,288,464 | 1,330,214 | 1,339,396 | (9,182) |
| Customer accounts | 1,058,094 | 950,278 | 561,784 | 388,494 |
| Sewage collection | - | - | - | - |
| Sewage treatment | - | - | - | - |
| Standby | 67,995 | 67,995 | 84,077 | (16,082) |
| Human Resources | - | - | - | - |
| Building and grounds maintenance | - | - | - | - |
| Vehicle maintenance | - | - | - | - |
| Operations support | - | - | - | - |
| Engineering | 48,000 | 48,000 | 30,323 | 17,677 |
| Insurance | - | - | - | - |
| Audit | - | - | - | - |
| Legal | - | - | - | - |
| Public affairs | - | - | - | - |
| Board of Directors | - | - | - | - |
| Administration | - | - | - | - |
| Accounting | - | - | - | - |
| Depreciation | 2,214,290 | 2,214,290 | 2,237,024 | (22,734) |
| Standby reports | 14,520 | 14,520 | 17,276 | (2,756) |
| Other | - | - | - | - |
| General District allocation | 3,084,127 | 3,084,127 | 3,672,030 | (587,903) |
| Total operating expenses | <u>9,924,553</u> | <u>9,890,803</u> | <u>9,638,461</u> | <u>252,342</u> |
| Operating income (loss) | <u>(1,379,958)</u> | <u>(1,346,208)</u> | <u>(1,148,329)</u> | <u>197,879</u> |
| NON-OPERATING REVENUES | | | | |
| Backup and front footage fees | 52,236 | 52,236 | 399,085 | 346,849 |
| Contributed infrastructure | - | - | 1,165,614 | 1,165,614 |
| Property taxes | 572,251 | 572,251 | 671,686 | 99,435 |
| Interest | 11,210 | 11,210 | 31,052 | 19,842 |
| Grant | 3,415,546 | 3,415,546 | 2,209,729 | (1,205,817) |
| Recovery of prior year expense | - | - | - | - |
| Gain from asset disposals - net | - | - | (25,408) | (25,408) |
| Total non-operating revenues | <u>4,051,243</u> | <u>4,051,243</u> | <u>4,451,758</u> | <u>400,515</u> |

-CONTINUED-

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

General District

| Budget | | Actual | Variance with Final Budget Positive (Negative) |
|-------------|-------------|-------------|---|
| Original | Final | | |
| \$ - | \$ - | \$ - | \$ - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| 676,090 | 677,290 | 535,677 | 141,613 |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| 110,895 | 111,695 | 113,642 | (1,947) |
| 191,073 | 191,073 | 77,926 | 113,147 |
| 197,248 | 197,248 | 141,059 | 56,189 |
| 564,178 | 564,178 | 670,206 | (106,028) |
| - | - | - | - |
| 132,180 | 132,180 | 109,303 | 22,877 |
| 32,000 | 26,000 | 21,000 | 5,000 |
| 250,000 | 356,000 | 369,436 | (13,436) |
| 362,713 | 338,363 | 194,182 | 144,181 |
| 250,682 | 252,682 | 157,217 | 95,465 |
| 1,456,465 | 1,353,015 | 1,510,401 | (157,386) |
| 787,996 | 811,796 | 791,898 | 19,898 |
| 233,740 | 233,740 | 191,477 | 42,263 |
| - | - | - | - |
| 30,000 | 30,000 | 25,000 | 5,000 |
| (5,275,260) | (5,275,260) | (4,908,424) | (366,836) |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| 469,165 | 469,165 | 606,718 | 137,553 |
| 38,902 | 38,902 | 64,282 | 25,380 |
| - | - | - | - |
| - | - | - | - |
| - | - | 6,028 | 6,028 |
| 508,067 | 508,067 | 677,028 | 168,961 |

Combined Districts

| Budget | | Actual | Variance with Final Budget Positive (Negative) |
|--------------------|--------------------|-------------------|---|
| Original | Final | | |
| \$ 1,917,500 | \$ 1,917,500 | \$ 1,990,184 | \$ 72,684 |
| 5,788,093 | 5,788,093 | 5,501,976 | (286,117) |
| 2,280 | 2,280 | 50,235 | 47,955 |
| 4,421,712 | 4,421,712 | 5,116,304 | 694,592 |
| 249,200 | 249,200 | 242,938 | (6,262) |
| <u>596,272</u> | <u>596,272</u> | <u>720,488</u> | <u>124,216</u> |
| <u>12,975,057</u> | <u>12,975,057</u> | <u>13,622,125</u> | <u>647,068</u> |
| | | | |
| 2,149,063 | 2,181,379 | 1,696,551 | 484,828 |
| 1,288,464 | 1,330,214 | 1,339,396 | (9,182) |
| 1,734,184 | 1,627,568 | 1,097,461 | 530,107 |
| 196,278 | 226,278 | 134,877 | 91,401 |
| 1,242,792 | 1,246,542 | 1,178,790 | 67,752 |
| 102,016 | 102,016 | 122,112 | (20,096) |
| 110,895 | 111,695 | 113,642 | (1,947) |
| 191,073 | 191,073 | 77,926 | 113,147 |
| 197,248 | 197,248 | 141,059 | 56,189 |
| 564,178 | 564,178 | 670,206 | (106,028) |
| 48,000 | 48,000 | 30,323 | 17,677 |
| 132,180 | 132,180 | 109,303 | 22,877 |
| 32,000 | 26,000 | 21,000 | 5,000 |
| 250,000 | 356,000 | 369,436 | (13,436) |
| 362,713 | 338,363 | 194,182 | 144,181 |
| 250,682 | 252,682 | 157,217 | 95,465 |
| 1,456,465 | 1,353,015 | 1,510,401 | (157,386) |
| 787,996 | 811,796 | 791,898 | 19,898 |
| 3,951,089 | 3,951,089 | 3,917,383 | 33,706 |
| 15,735 | 15,735 | 23,649 | (7,914) |
| 30,000 | 30,000 | 25,000 | 5,000 |
| <u>(978,105)</u> | <u>(978,105)</u> | <u>(163,592)</u> | <u>(814,513)</u> |
| <u>14,114,946</u> | <u>14,114,946</u> | <u>13,558,220</u> | <u>556,726</u> |
| <u>(1,139,889)</u> | <u>(1,139,889)</u> | <u>63,905</u> | <u>1,203,794</u> |
| | | | |
| 4,447,863 | 4,447,863 | 3,365,298 | (1,082,565) |
| - | - | 1,186,612 | 1,186,612 |
| 1,349,176 | 1,349,176 | 1,671,275 | 322,099 |
| 668,738 | 711,893 | 772,152 | 60,259 |
| 10,744,546 | 10,744,546 | 4,227,717 | (6,516,829) |
| - | - | - | - |
| - | - | (21,291) | (21,291) |
| <u>17,210,323</u> | <u>17,253,478</u> | <u>11,201,763</u> | <u>(6,051,715)</u> |

MISSION SPRINGS WATER DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

-CONTINUED-

| | Water District | | | Variance with Final Budget Positive (Negative) |
|--|---------------------|---------------------|----------------------|---|
| | Budget | | Actual | |
| | Original | Final | | |
| NON-OPERATING EXPENSES | | | | |
| Interest | 25,381 | 25,381 | 26,046 | (665) |
| Public Employees Retirement System - Prior year costs | - | - | - | - |
| Pension inflows/outflows of resources | - | - | - | - |
| Uncollectible accounts | - | - | - | - |
| Other | 3,374 | 3,374 | 8,420 | (5,046) |
| Total non-operating expenses | <u>28,755</u> | <u>28,755</u> | <u>34,466</u> | <u>(5,711)</u> |
| Net non-operating revenues | <u>4,022,488</u> | <u>4,022,488</u> | <u>4,417,292</u> | <u>394,804</u> |
| CHANGE IN NET POSITION | <u>\$ 2,642,530</u> | <u>\$ 2,676,280</u> | 3,268,963 | <u>\$ 592,683</u> |
| NET POSITION, BEGINNING OF YEAR | | | <u>61,824,597</u> | |
| NET POSITION, END OF YEAR | | | <u>\$ 65,093,560</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) |
| 670,740 | 670,740 | 670,517 | 223 |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |
| <u>1,633</u> | <u>1,633</u> | <u>5,687</u> | <u>(4,054)</u> |
| <u>672,373</u> | <u>672,373</u> | <u>676,204</u> | <u>(3,831)</u> |
| <u>11,978,640</u> | <u>12,021,795</u> | <u>5,396,773</u> | <u>(6,625,022)</u> |
| <u>\$ 12,218,709</u> | <u>\$ 12,228,114</u> | 6,609,007 | <u>\$ (5,619,107)</u> |
| | | <u>59,887,191</u> | |
| | | <u>\$ 66,496,198</u> | |

General District

| Budget | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------|---------------------|---------------------|---|
| Original | Final | | |
| - | - | - | - |
| 326,132 | 326,132 | 342,759 | (16,627) |
| 360,000 | 360,000 | 306,790 | 53,210 |
| - | - | - | - |
| - | - | - | - |
| <u>686,132</u> | <u>686,132</u> | <u>649,549</u> | <u>36,583</u> |
| <u>(178,065)</u> | <u>(178,065)</u> | <u>27,479</u> | <u>205,544</u> |
| <u>\$ (178,065)</u> | <u>\$ (178,065)</u> | 27,479 | <u>\$ 205,544</u> |
| | | <u>7,498,996</u> | |
| | | <u>\$ 7,526,475</u> | |

Combined Districts

| Budget | | Actual | Variance with Final Budget Positive (Negative) |
|----------------------|----------------------|-----------------------|---|
| Original | Final | | |
| 696,121 | 696,121 | 696,563 | (442) |
| 326,132 | 326,132 | 342,759 | (16,627) |
| 360,000 | 360,000 | 306,790 | 53,210 |
| - | - | - | - |
| <u>5,007</u> | <u>5,007</u> | <u>14,107</u> | <u>(9,100)</u> |
| <u>1,387,260</u> | <u>1,387,260</u> | <u>1,360,219</u> | <u>27,041</u> |
| <u>15,823,063</u> | <u>15,866,218</u> | <u>9,841,544</u> | <u>(6,024,674)</u> |
| <u>\$ 14,683,174</u> | <u>\$ 14,726,329</u> | 9,905,449 | <u>\$ (4,820,880)</u> |
| | | <u>129,210,784</u> | |
| | | <u>\$ 139,116,233</u> | |

MISSION SPRINGS WATER DISTRICT
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016

| | Water District | Sewer District |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Cash received from water and sewer sales and services | \$ 8,374,491 | \$ 5,077,317 |
| Cash received from standby charges | 233,619 | 12,304 |
| Cash received from water meter installations | 50,235 | - |
| Cash received (paid) for operating and maintenance expenses | (4,552,520) | (1,624,794) |
| Cash paid to employees | (1,957,979) | (731,887) |
| Cash paid for electricity | (851,269) | (152,695) |
| Cash paid to employees included in - Additions to utility plant | 15,499 | 52,494 |
| Net cash provided by operating activities | 1,312,076 | 2,632,739 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | |
| Backup and front footage fees | 403,557 | 205,678 |
| Property taxes | 691,412 | 392,629 |
| Grants | 268,499 | 2,131,939 |
| Unfunded retirement liability reduction | - | - |
| Other | (6,980) | (4,763) |
| Net cash provided by noncapital financing activities | 1,356,488 | 2,725,483 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | |
| Bond assessments collected | - | 734,889 |
| Long-term debt retired | (18,364) | (539,684) |
| Interest paid | (26,211) | (675,838) |
| Net cash provided (used) by financing activities | (44,575) | (480,633) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Cash paid acquiring utility plant | (533,600) | (4,894,910) |
| Cash refunded for construction deposits | - | 97 |
| Interest earned | 24,643 | 676,608 |
| Net cash used by investing activities | (508,957) | (4,218,205) |
| INCREASE (DECREASE) IN CASH | 2,115,032 | 659,384 |
| BALANCE OF CASH AT BEGINNING OF YEAR | 3,328,824 | 5,168,458 |
| BALANCE OF CASH AT END OF YEAR | \$ 5,443,856 | \$ 5,827,842 |

-CONTINUED-

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

| 2017 | | 2016 | |
|---------------------|----------------------|----------------------------------|--|
| General District | Total Combined | (Memorandum only) Combined | |
| \$ - | \$ 13,451,808 | \$ 10,546,249 | |
| - | 245,923 | 242,188 | |
| - | 50,235 | 46,849 | |
| 2,592,920 | (3,584,394) | (3,105,387) | |
| (2,346,784) | (5,036,650) | (4,443,101) | |
| (26,510) | (1,030,474) | (1,084,317) | |
| 7,080 | 75,073 | 74,850 | |
| <u>226,706</u> | <u>4,171,521</u> | <u>2,277,331</u> | |
| - | 609,235 | 352,249 | |
| 607,761 | 1,691,802 | 1,623,506 | |
| - | 2,400,438 | 47,363 | |
| (342,759) | (342,759) | (330,640) | |
| - | (11,743) | (9,813) | |
| <u>265,002</u> | <u>4,346,973</u> | <u>1,682,665</u> | |
| - | 734,889 | 605,872 | |
| - | (558,048) | (676,720) | |
| (2,205) | (704,254) | (751,163) | |
| <u>(2,205)</u> | <u>(527,413)</u> | <u>(822,011)</u> | |
| (2,197,915) | (7,626,425) | (2,222,568) | |
| - | 97 | 580 | |
| 62,582 | 763,833 | 716,978 | |
| <u>(2,135,333)</u> | <u>(6,862,495)</u> | <u>(1,505,010)</u> | |
| (1,645,830) | 1,128,586 | 1,632,975 | |
| <u>10,459,000</u> | <u>18,956,282</u> | <u>17,323,307</u> | |
| <u>\$ 8,813,170</u> | <u>\$ 20,084,868</u> | <u>\$ 18,956,282</u> | |

MISSION SPRINGS WATER DISTRICT
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016

-CONTINUED-

| | Water District | Sewer District |
|---|-------------------|-------------------|
| RECONCILIATION OF OPERATING INCOME (LOSS) | | |
| TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | |
| Net operating income (loss) | \$ (1,148,329) | \$ 1,212,234 |
| Add (deduct) items not affecting cash in the year: | | |
| Depreciation | 2,237,024 | 1,488,882 |
| (Increase) decrease in accounts receivable | 222,512 | (34,369) |
| (Increase) decrease in inventory | - | - |
| (Increase) decrease in prepaid expenses | - | - |
| Increase (decrease) in customer deposits | 869 | - |
| Increase (decrease) in accounts payable | - | (28,687) |
| Increase (decrease) in accrued liabilities | - | (5,321) |
| Net cash provided by operating activities | \$ 1,312,076 | \$ 2,632,739 |

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

| 2017 | | 2016 |
|---------------------|---------------------|----------------------------------|
| General District | Total Combined | (Memorandum only) Combined |
| \$ - | \$ 63,905 | \$ (1,501,507) |
| 191,477 | 3,917,383 | 3,967,486 |
| - | 188,143 | (313,088) |
| (25,569) | (25,569) | (2,818) |
| (42,671) | (42,671) | (2,458) |
| (8,650) | (7,781) | 14,170 |
| 11,983 | (16,704) | 210,595 |
| <u>100,136</u> | <u>94,815</u> | <u>(95,049)</u> |
| <u>\$ 226,706</u> | <u>\$ 4,171,521</u> | <u>\$ 2,277,331</u> |

MISSION SPRINGS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

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 \$11,622,381 was still in service at June 30, 2017 and is reported in these financial statements.

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

The District increased its capitalization policy from \$1,000 to \$10,000 beginning July 1, 2016.

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 \$65,418 at June 30, 2017. The accrual is equivalent to the actual tax revenue received from Riverside County plus \$22,464 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, 2017

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 2016-2017 was prepared by department supervisors and administrative staff using the zero-base method.

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

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

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

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

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

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

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

2. PRINCIPLES OF COMBINATION

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

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

MISSION SPRINGS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

3. CASH AND INVESTMENTS

Cash and investments at June 30, 2017 consisted of the following:

| | |
|----------------------------|----------------------|
| Pooled Cash | \$ 20,084,868 |
| Total Cash and Investments | <u>\$ 20,084,868</u> |

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

| | |
|----------------------|----------------------|
| Restricted Assets: | |
| Cash | \$ 15,181,606 |
| Unrestricted Assets: | |
| Cash | <u>4,903,262</u> |
| | <u>\$ 20,084,868</u> |

Restricted cash of \$15,181,606 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, 2017

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>\$5,071,341</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,071,341</u> | <u>\$ 5,071,341</u> |
| State of California | | | | | |
| Local Agency Investment Fund (LAIF) | | | | <u>15,013,527</u> | <u>14,997,622</u> |
| Total Investments | | | | <u>15,013,527</u> | <u>14,997,622</u> |
| Total Cash and Investments | | | | <u>\$20,084,868</u> | <u>\$20,068,963</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, 2017 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, 2017 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, 2017

4. UTILITY PLANT IN SERVICE

Utility plant in service consisted of the following:

| | Cost | | Accumulated Depreciation | | Balance 06-30-17 |
|--|-----------------------|----------------------|--------------------------|---------------------|----------------------|
| | Balance 06-30-16 | Balance 06-30-17 | Balance 06-30-16 | Balance 06-30-17 | |
| Intangible plant | \$ 2,702,358 | \$ 2,702,358 | \$ 967,196 | \$ 213,139 | \$ 1,180,335 |
| Land and land rights | 1,376,497 | 1,376,497 | 929 | 29 | 958 |
| Source of supply | 8,700,058 | 17,134 | 3,656,325 | 189,437 | 3,845,762 |
| Pumping plant | 18,134,642 | 29,410 | 7,021,983 | 474,477 | 7,496,460 |
| Transmission, distribution, and storage | 57,371,715 | 1,326,547 | 21,098,295 | 1,355,497 | 22,453,792 |
| Buildings and grounds | 1,742,587 | - | 1,119,048 | 48,851 | 1,167,899 |
| Furniture and fixtures | 1,520,448 | 155,497 | 1,078,970 | 126,912 | 1,205,882 |
| Radio equipment | 19,670 | - | 19,269 | 401 | 19,670 |
| Shop equipment | 156,433 | - | 151,644 | 1,311 | 152,955 |
| Autos trucks and heavy equipment | 1,700,983 | 149,178 | 1,594,498 | 25,968 | 1,551,725 |
| Sewage collection facilities | 56,524,283 | 5,785,045 | 12,607,561 | 1,125,469 | 13,733,030 |
| Sewage treatment plants | 14,686,180 | - | 5,265,434 | 325,121 | 5,590,555 |
| Other plant in service | 518,487 | 168,089 | 300,086 | 30,771 | 330,857 |
| Construction in progress | 7,603,841 | 7,602,770 | - | - | - |
| Total | \$ 172,758,182 | \$ 15,233,670 | \$ 54,881,238 | \$ 3,917,383 | \$ 58,729,880 |

MISSION SPRINGS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

5. LONG-TERM DEBT

Long-term debt consisted of the following:

| | | | | |
|--|-------------------|----------|-----------------|------------------|
| <p>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.</p> | <p>\$ 28,000</p> | <p>-</p> | <p>\$ 4,000</p> | <p>\$ 24,000</p> |
| <p>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.</p> | <p>11,383,321</p> | <p>-</p> | <p>107,887</p> | <p>1,275,434</p> |
| <p>Assessment District #7, Special Assessment Bonds - Date of issue February 28, 1985, original amount \$222,000, 7.25% coupon rate, secured by cash and assessments receivable, interest due semiannually, principal due annually through July 2, 2024.</p> | <p>111,000</p> | <p>-</p> | <p>9,000</p> | <p>102,000</p> |
| <p>Installment Sale Agreement, Note Payable to La Salle National Bank, dated September 21, 2007, original amount \$1,600,000 with interest rate of 5.020%, principal and interest payments are due each March 21 and September 21, final payment due September 21, 2027.</p> | <p>1,105,398</p> | <p>-</p> | <p>73,106</p> | <p>1,032,292</p> |
| <p>Certificates of Participation - (U.S. Dept. of Agriculture) Date of issue July 3, 2001, original amount \$348,000, Interest rate is 4.5%, interest payments due February 1 and August 1, with principal payments due each February 1, the final principal payment is due February 1, 2041.</p> | <p>280,401</p> | <p>-</p> | <p>6,300</p> | <p>274,101</p> |

MISSION SPRINGS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

5. LONG-TERM DEBT (continued)

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.

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

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

Installment purchase agreement, Note payable to BBVA Compass Bank, dated November 1, 2014, original amount \$2,700,000, interest rate is 3.95%, principal and interest payments due each March 2 and September 2, the final payment due September 2, 2029

| | Balance at 6/30/16 | New Debt | Principal Repayments | Balance at 6/30/17 |
|--|-----------------------|-------------|-------------------------|-----------------------|
| | \$ 293,894 | \$ - | \$ 12,064 | \$ 281,830 |
| | 4,456,490 | - | 204,467 | 4,252,023 |
| | 1,139,054 | - | 45,607 | 1,093,447 |
| | 2,545,396 | - | 95,617 | 2,449,779 |
| | 11,342,954 | - | 558,048 | 10,784,906 |
| | (558,042) | | | (579,619) |
| | <u>\$ 10,784,912</u> | | | <u>\$ 10,209,287</u> |

MISSION SPRINGS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

5. LONG-TERM DEBT (continued)

Minimum annual debt service requirements to maturity for long-term debt outstanding at June 30, 2017 are as follows:

| <u>Year Ending</u> <u>June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------------|----------------------|---------------------|----------------------|
| 2018 | \$ 579,619 | \$ 384,838 | \$ 964,457 |
| 2019 | 602,048 | 362,197 | 964,245 |
| 2020 | 624,339 | 338,643 | 962,982 |
| 2021 | 648,629 | 314,040 | 962,669 |
| 2022 | 673,966 | 288,404 | 962,370 |
| 2023 – 2027 | 3,553,108 | 1,025,352 | 4,578,460 |
| 2028 – 2032 | 3,223,224 | 394,783 | 3,618,007 |
| 2033 – 2037 | 812,272 | 50,567 | 862,839 |
| 2038 – 2041 | <u>67,701</u> | <u>7,790</u> | <u>75,491</u> |
| | <u>\$ 10,784,906</u> | <u>\$ 3,166,614</u> | <u>\$ 13,951,520</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 \$6,782 at June 30, 2017.

7. INSTALLMENT SALE AGREEMENTS

Assessment District #12, Phase I

On June 26, 2006, the District entered into an installment sale agreement with La Salle National Bank in the amount of \$2,200,000. The proceeds from this contract were used to purchase Assessment District #12 bonds totaling \$1,630,024. The bond proceeds were used for Assessment District #12, phase I, costs and supplemented the District’s share of costs with the remaining \$569,976. Unamortized debt issuance costs were \$2,575 at June 30, 2017.

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 \$6,442 at June 30, 2017.

Water Improvements

On June 21, 2013, the District entered into an installment purchase agreement with Holman Capital Corporation in the amount of \$328,000. The proceeds were used to purchase 80 acres of land for future water system improvements. Unamortized debt issuance costs were \$3,121 at June 30, 2017.

Assessment District #12, Phase V

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

MISSION SPRINGS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

7. INSTALLMENT SALE AGREEMENTS (continued)

Assessment District #12, Phase VI

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

In accordance with provisions of the installment sale agreements, the District has complied with minimum net revenues required for the fiscal year ended June 30, 2017.

8. CALIFORNIA STATE REVOLVING FUND LOAN

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

9. PENSION PLANS

On September 13, 2001, the Directors of the Mission Springs Water District adopted Resolution No. 2001-29 authorizing a contract with the California Public Employees' Retirement System (CalPERS). On September 17, 2001, a contract was executed with CalPERS. An amendment to the contract to increase the benefit calculation from 2.5% at 55 years of age to 2.7% at 55 years of age was authorized by the board of directors. This amendment became effective on July 1, 2005. On December 17, 2012, the Directors of the Mission Springs Water District adopted Resolution No. 2012-19 amending the contributions schedules of the plan in accordance with the California Public Employee Pension Reform Act of 2013 (PEPRA). Employees hired after January 1, 2013, and meeting the definition of a "new member" under PEPRA, shall begin at a benefit of 1% after age 52 with an annual increment of 0.025% for every quarter year thereafter with a maximum retirement benefit of 2.0% at age 62 with early retirement available at age 52. Under PEPRA, the District and the new member will share equally the normal contributions to the new member's retirement on a pre-tax basis.

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

This unfunded liability is being amortized over the period ending 2020, with contributions by the employer of 8.227% being applied to qualified payroll, after July 1, 2011. The "Funded Status of the Plan" is presented at the end of this discussion.

Plan Description

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

MISSION SPRINGS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

9. PENSION PLANS (continued)

Benefits Provided

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

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

| | <u>Prior to</u> <u>January 1, 2013</u> | <u>On of after</u> <u>January 1, 2013</u> |
|---|---|--|
| Hire date | | |
| Benefit formula | 2.7% @ 55 | 2.5% @ 67 |
| Benefit vesting schedule | 5 year service | 5 year service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50 – 55 | 52 – 67 |
| Monthly benefits, as a % of eligible compensation | 2.0% to 2.7% | 1.0% to 2.5% |
| Required employee contribution rates | 8.00% | 6.250% |
| Required employer contribution rates | 11.008% | 6.555% |

Contributions

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

For the year ended June 30, 2017, the contributions recognized as part of pension expense were as follows:

| | <u>June 30, 2016</u> | <u>Contributions</u> <u>Subsequent to</u> <u>Measurement</u> <u>Date through</u> <u>June 30, 2017</u> |
|---|----------------------|---|
| Contributions – employer | \$ 708,422 | \$ 405,409 |
| Contributions – employee (paid by employer) | <u>100,901</u> | <u>125,618</u> |
| Total employer contributions | <u>\$ 809,323</u> | <u>\$ 531,027</u> |

MISSION SPRINGS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

9. PENSION PLANS (continued)

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

As of June 30, 2017, the District's proportionate share of the net pension liability amounted to \$6,636,212.

The District's net pension liability is measured as the proportionate share of the net pension liability. The District's June 30, 2017 net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability as of June 30, 2015 and 2016 was as follows:

| | |
|------------------------------|----------|
| Proportion – June 30, 2015 | 0.14127% |
| Proportion – June 30, 2016 | 0.13984% |
| Change – Increase (Decrease) | 0.00143% |

For the year ended June 30, 2016, the District recognized pension expense of \$712,199. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between Expected and Actual Experience | \$ 22,294 | \$ - |
| Changes of Assumptions | - | (273,620) |
| Net Difference between Projected and Actual Earnings on Pension Plan Investments | 1,424,101 | - |
| Deferred Contributions | 205,375 | (109,983) |
| Adjustments due to Differences in Proportions | <u>735,255</u> | <u>(174,142)</u> |
| Total | <u>\$ 2,387,025</u> | <u>(\$ 557,745)</u> |
| Pension Contributions Made Subsequent to Measurement Date | <u>405,409</u> | <u>-</u> |
| Total Deferred Outflows/Inflows of Resources On the Combined Statement of Net Position | <u>\$ 2,792,434</u> | <u>(\$ 557,745)</u> |

\$1,829,280 reported as deferred inflows of resources related to pensions, other than the employer-specific item, will be recognized in future pension expense as follows:

| <u>Year Ended June 30</u> | |
|-------------------------------|-----------------------|
| 2018 | \$ 476,647 |
| 2019 | 413,799 |
| 2020 | 569,976 |
| 2021 | 368,858 |
| 2022 | - |
| Thereafter | <u>-</u> |
| | <u>(\$ 1,829,280)</u> |

MISSION SPRINGS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

9. PENSION PLANS (continued)

Actuarial Assumptions

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---------------------------|---|
| Valuation Date | June 30, 2015 |
| Measurement Date | June 30, 2016 |
| Measurement Period | June 30, 2015 – June 30, 2016 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 7.65% |
| Inflation | 2.75% |
| Payroll Growth | 3.0% |
| Projected Salary Increase | Varies by Entry Age and Service |
| Investment Rate of Return | 7.50% |
| Mortality | Derived using CalPERS Membership data for all Funds |

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 percent will be applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

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

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

MISSION SPRINGS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

9. PENSION PLANS (continued)

Discount Rate (continued)

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

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

| <u>Asset Class</u> | <u>New Strategic Plan</u> | <u>Real Return Years 1-10(a)</u> | <u>Real Return Years 11+(b)</u> |
|-------------------------------|-----------------------------------|--------------------------------------|-------------------------------------|
| Global Equity | 51.0% | 5.25% | 5.71% |
| Global Debt Securities | 20.0% | 0.99% | 2.43% |
| Inflation Assets | 6.0% | 0.45% | 3.36% |
| Private Equity | 10.0% | 6.83% | 6.95% |
| Real Estate | 10.0% | 4.50% | 5.13% |
| Infrastructure and Forestland | 2.0% | 4.50% | 5.09% |
| Liquidity | 1.0% | (0.55%) | (1.05%) |
| Total | <u>100.0%</u> | | |

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

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

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

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

| | |
|-----------------------|--------------|
| 1% Decrease | 6.65% |
| Net Pension Liability | \$ 9,346,776 |
| | |
| Current Discount Rate | 7.65% |
| Net Pension Liability | \$ 6,636,212 |
| | |
| 1% Increase | 8.65% |
| Net Pension Liability | \$ 4,396,065 |

Pension Fiduciary Net Position

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

MISSION SPRINGS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2017

Payable to the Pension Plan

At June 30, 2017, the District reported a payable of \$723 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2017.

On July 16, 2012 the District Board adopted Resolution 2012-13 providing a designated period for two years additional service credit for eligible District members of CalPERS. This early retirement program offered eligible employees two years of additional service credit toward their PERS retirement calculations as well as 18 months of COBRA insurance premiums paid by the District, following their retirement date, at the coverage level as of their retirement date. Six eligible employees accepted the early retirement agreement. The COBRA premiums paid by the District were paid during the 18 months following each member's retirement date through July 31, 2014. The additional costs related to PERS will be amortized over twenty years and included in the actuarially determined annual employer contribution rate.

10. DEFERRED COMPENSATION PLAN

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

11. REFUNDING AGREEMENTS

Refunding agreements are amounts due to developers for water and sewer systems donated to the District. Refunds are based on new connections to each system. The District is not liable for amounts not refunded at the expiration of an agreement. Refer to Note 12 for refunding agreements on front footage charges.

12. COMMITMENTS AND CONTINGENCIES

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

13. SELF INSURANCE

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

MISSION SPRINGS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

14. CASH FLOW INFORMATION

Interest paid during the year amounted to \$704,254. 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 | \$ 15,181,606 |
| Cash - Current Assets | <u>4,903,262</u> |
| Combined Statement of Net Position - Cash | <u>\$ 20,084,868</u> |
| Combined Statement of Cash Flows - Cash | <u>\$ 20,084,868</u> |

15. ASSESSMENT DISTRICT #12

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

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

Area “L” which consisted of 1,161 parcels was completed as of June 30, 2009. Area “F-1” which consisted of 69 parcels was completed as of June 30, 2013. Area “F & M-1” which consisted of 1,047 parcels was completed at June 30, 2014. Area “D1” which consisted of 305 parcels was completed at June 30, 2014. Area D2 and J1 which consisted of 690 parcels was completed at June 30, 2017.

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

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

MISSION SPRINGS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

15. ASSESSMENT DISTRICT #12 – (continued)

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

| | <u>Total Project</u> | <u>Areas Completed</u> | <u>Future Phases</u> |
|--|--------------------------|----------------------------|--------------------------|
| Equivalent dwelling units | <u>7,383</u> | | |
| Number of parcels | <u>6,787</u> | <u>3,272</u> | <u>3,515</u> |
| Project costs: (estimated) | | | |
| Public right-of-way | \$52,424,417 | \$21,830,070 | \$30,594,347 |
| “On-site” abatement | <u>1,357,511</u> | <u>1,357,511</u> | - |
| Total | <u>\$53,781,928</u> | <u>\$23,187,581</u> | <u>\$30,594,347</u> |
| Project costs: (actual to June 30, 2015) | | | |
| Public right-of-way construction | \$ - | \$ 11,721,184 | \$ - |
| Connection fees | - | 6,767,716 | - |
| Front footage fees | - | 3,179,183 | - |
| “On-site” abatement | - | 1,357,511 | - |
| Capitalized interest | - | 161,987 | - |
| Engineering costs for future phases | - | - | 1,830,803 |
| Total | <u>\$ -</u> | <u>\$ 23,187,581</u> | <u>\$ 1,830,803</u> |
| Project funding | | | |
| Grant awards – | | | |
| Environment protection agency – | | | |
| Public right-of-way construction | \$ 912,962 | \$ 912,962 | \$ - |
| “On-site” abatement | 1,131,538 | 1,131,538 | - |
| California Proposition #40 | 1,169,906 | 1,169,906 | - |
| California Proposition #13 | 744,507 | 744,507 | - |
| California Proposition #84 | 966,650 | 966,650 | - |
| California State Water Resources | | | |
| County Board | 4,813,602 | 4,813,602 | - |
| Army Corps of Engineers | 1,168,000 | - | 1,168,000 |
| Property assessments | 24,989,703 | 11,077,122 | 13,912,581 |
| Property grants and local funding | <u>17,885,060</u> | <u>2,371,294</u> | <u>15,513,766</u> |
| Total | <u>\$53,781,928</u> | <u>\$23,187,581</u> | <u>\$30,594,347</u> |

16. 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 st – 1 st Installment March 1 st – 2 nd Installment |
| Delinquent Dates | December 10 th – 1 st Installment April 10 th – 2 nd Installment |

MISSION SPRINGS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

17. 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.

18. SUBSEQUENT EVENTS

The District evaluated all potential subsequent events as of November 20, 2017 when the financial statements were authorized and available to be issued.

No subsequent events or transactions were identified after June 30, 2017 or as of November 20, 2017 that require disclosure to the financial statements.

MISSION SPRINGS WATER DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

19. 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 15)

| Grantor | Purpose | Fiscal Year Ending June 30, 2017 | | | | | | | | | | Unexpended Portion of Grant |
|--|--|----------------------------------|--|-------------------|---------------------|---------------------|-------------------|---------------------|--------------|-------------|-----------------------------|-----------------------------|
| | | Grant Amount | Grants Receivable (Reimbursable Costs) | | Water District | | Sewer District | | Grant Income | | Unexpended Portion of Grant | |
| | | | Water District | Sewer District | Prior | Current | Prior | Current | Prior | Current | | |
| | | | | | | | | | | | | |
| California South Coast Air Quality Management District | Solar Photovoltaic Ground Mounted System | \$ 3,330,546 | \$ 2,866,017 | \$ - | \$ 764,071 | \$ 2,101,945 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 464,530 |
| California Department of Water Resources (Prop #84) | Regional Water Conservation Program | 169,558 | 52,287 | - | 113,842 | 55,716 | - | - | - | - | - | - |
| California Department of Water Resources (Prop #84) | Regional Water Conservation Drought Grant | 403,972 | 138,490 | - | 251,662 | 48,733 | - | - | - | - | - | 103,577 |
| California Department of Water Resources (Prop #84) | Regional Water Conservation Water Supply Reliability Program | 919,196 | 3,335 | - | - | 3,335 | - | - | - | - | - | 915,861 |
| California Department of Water Resources (Prop #84) | Regional Water Conservation Recycled Water Program | 245,000 | - | - | - | - | - | - | - | - | - | 245,000 |
| California Department of Water Resources (Prop #84) | Assessment District #12 Sewer Project D2 (Note 7) | 1,845,000 | - | 501,695 | - | - | 65,299 | 1,779,701 | - | - | - | - |
| California State Water Resources Control Board | Assessment District #12 Sewer Project J1 (Note 7) | 960,000 | - | 93,377 | - | - | 721,713 | 238,287 | - | - | - | - |
| United States Department of the Army - Army Corps of Engineers | Assessment District #15 Sewer Project J2 | 1,000,000 | - | - | - | - | - | - | - | - | - | 1,000,000 |
| Totals | | \$ 8,873,272 | \$ 3,060,129 | \$ 595,072 | \$ 1,129,575 | \$ 2,209,729 | \$ 787,012 | \$ 2,017,988 | \$ - | \$ - | \$ - | \$ 2,728,968 |

REQUIRED SUPPLEMENTARY INFORMATION

MISSION SPRINGS WATER DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
JUNE 30, 2017

| | 2017 |
|---|--------------|
| Proportion of the net pension liability | 0.19103% |
| Proportionate share of the net pension liability | \$ 6,636,212 |
| Covered - employee payroll | \$ 2,499,289 |
| Proportionate Share of the net pension liability as percentage of covered-employee payroll | 265.52% |
| Plan fiduciary net position | \$ 33,905 |
| Plan fiduciary net position as a percentage of the total pension liability | 0.51% |

Notes to Schedule:

Benefit changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool for the year ended June 30, 2017.

Changes in assumptions: There were no changes of assumptions for the year ended June 30, 2017.

MISSION SPRINGS WATER DISTRICT
SCHEDULE OF CONTRIBUTIONS
JUNE 30, 2017

| | 2017 |
|---|-----------------|
| Contractually required contribution (actuarially determined) | \$ 809,323 |
| Contributions in relation to the actuarially determined contributions | 897,795 |
| Contribution deficiency (excess) | \$ (88,472) |
| Covered-employee payroll | \$2,499,289 |
| Contributions as a percentage of covered-employee payroll | 32.38% |

Notes to Schedule of Plan Contributions:

For the measurement period ended June 30, 2016 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2015 total pension liability determined in the June 30, 2015 actuarial accounting valuation. The June 30, 2016 total pension liability was based on the following actuarial methods and assumptions:

| | |
|----------------------------------|--|
| Actuarial Cost Method | Entry Age Normal in accordance with the requirements of GASB Statement No. 68 |
| Actuarial Assumptions | |
| Discount Rate | 7.65% |
| Inflation | 2.75% |
| Payroll Growth | 3.00% |
| Salary Increases | Varies by Entry Age and Service |
| Mortality Rate Table | Derived using CalPERS' Membership Data for all Funds |
| Post Retirement Benefit Increase | Contract COLA up to 2.7% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter |

All other actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on CalPERS' website.

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> |
|-------------|-------------------------|------------------------|------------------------------|-----------------------------------|---|
| 6/30/2017 | \$ - | - | \$ - | \$ - | \$ 24,000 |
| 7/2/17 | 1,365 | 11.375 | 4,000 | 5,365 | 20,000 |
| 1/2/18 | 1,138 | 11.375 | - | 1,138 | 20,000 |
| 7/2/18 | 1,138 | 11.375 | 4,000 | 5,138 | 16,000 |
| 1/2/19 | 910 | 11.375 | - | 910 | 16,000 |
| 7/2/19 | 910 | 11.375 | 4,000 | 4,910 | 12,000 |
| 1/2/20 | 683 | 11.375 | - | 683 | 12,000 |
| 7/2/20 | 683 | 11.375 | 4,000 | 4,683 | 8,000 |
| 1/2/21 | 455 | 11.375 | - | 455 | 8,000 |
| 7/2/21 | 455 | 11.375 | 4,000 | 4,455 | 4,000 |
| 1/2/22 | 228 | 11.375 | - | 228 | 4,000 |
| 7/2/22 | 228 | 11.375 | 4,000 | 4,228 | - |
| | <u>\$ 8,193</u> | | <u>\$ 24,000</u> | <u>\$ 32,193</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> |
|-------------|-------------------------|------------------------|------------------------------|-----------------------------------|---|
| 6/30/2017 | \$ - | - | \$ - | \$ - | \$ 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 | <u>580</u> | 7.250 | <u>16,000</u> | <u>16,580</u> | - |
| | <u>\$ 32,185</u> | | <u>\$ 102,000</u> | <u>\$ 134,185</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> |
|-------------|-------------------------|------------------------|------------------------------|-----------------------------------|---|
| 6/30/2017 | \$ - | - | \$ - | \$ - | \$ 274,101 |
| 8/1/17 | 6,167 | 4.500 | - | 6,167 | 274,101 |
| 2/1/18 | 6,167 | 4.500 | 6,600 | 12,767 | 267,501 |
| 8/1/18 | 6,019 | 4.500 | - | 6,019 | 267,501 |
| 2/1/19 | 6,019 | 4.500 | 6,900 | 12,919 | 260,601 |
| 8/1/19 | 5,864 | 4.500 | - | 5,864 | 260,601 |
| 2/1/20 | 5,864 | 4.500 | 7,200 | 13,064 | 253,401 |
| 8/1/20 | 5,702 | 4.500 | - | 5,702 | 253,401 |
| 2/1/21 | 5,702 | 4.500 | 7,500 | 13,202 | 245,901 |
| 8/1/21 | 5,533 | 4.500 | - | 5,533 | 245,901 |
| 2/1/22 | 5,533 | 4.500 | 7,900 | 13,433 | 238,001 |
| 8/1/22 | 5,355 | 4.500 | - | 5,355 | 238,001 |
| 2/1/23 | 5,355 | 4.500 | 8,200 | 13,555 | 229,801 |
| 8/1/23 | 5,171 | 4.500 | - | 5,171 | 229,801 |
| 2/1/24 | 5,171 | 4.500 | 8,600 | 13,771 | 221,201 |
| 8/1/24 | 4,977 | 4.500 | - | 4,977 | 221,201 |
| 2/1/25 | 4,977 | 4.500 | 8,900 | 13,877 | 212,301 |
| 8/1/25 | 4,777 | 4.500 | - | 4,777 | 212,301 |
| 2/1/26 | 4,777 | 4.500 | 9,400 | 14,177 | 202,901 |
| 8/1/26 | 4,565 | 4.500 | - | 4,565 | 202,901 |
| 2/1/27 | 4,565 | 4.500 | 9,800 | 14,365 | 193,101 |
| 8/1/27 | 4,345 | 4.500 | - | 4,345 | 193,101 |
| 2/1/28 | 4,345 | 4.500 | 10,200 | 14,545 | 182,901 |
| 8/1/28 | 4,115 | 4.500 | - | 4,115 | 182,901 |
| 2/1/29 | 4,115 | 4.500 | 10,700 | 14,815 | 172,201 |
| 8/1/29 | 3,875 | 4.500 | - | 3,875 | 172,201 |
| 2/1/30 | 3,875 | 4.500 | 11,100 | 14,975 | 161,101 |
| 8/1/30 | 3,625 | 4.500 | - | 3,625 | 161,101 |
| 2/1/31 | 3,625 | 4.500 | 11,600 | 15,225 | 149,501 |
| 8/1/31 | 3,364 | 4.500 | - | 3,364 | 149,501 |
| 2/1/32 | 3,364 | 4.500 | 12,200 | 15,564 | 137,301 |
| 8/1/32 | 3,089 | 4.500 | - | 3,089 | 137,301 |
| 2/1/33 | 3,089 | 4.500 | 12,700 | 15,789 | 124,601 |
| 8/1/33 | 2,804 | 4.500 | - | 2,804 | 124,601 |
| 2/1/34 | 2,804 | 4.500 | 13,300 | 16,104 | 111,301 |
| 8/1/34 | 2,504 | 4.500 | - | 2,504 | 111,301 |
| 2/1/35 | 2,504 | 4.500 | 13,900 | 16,404 | 97,401 |

-CONTINUED-

MISSION SPRINGS WATER DISTRICT

SCHEDULE OF PRINCIPAL AND INTEREST REPAYMENTS
CERTIFICATES OF PARTICIPATION
UNITED STATES DEPARTMENT OF AGRICULTURE

-CONTINUED-

| <u>Date</u> | <u>Interest Due</u> | <u>Coupon Rate</u> | <u>Principal Payment</u> | <u>Total Debt Service</u> | <u>Balance Principal Unpaid</u> |
|-------------|-------------------------|------------------------|------------------------------|-----------------------------------|---|
| 8/1/35 | 2,192 | 4.500 | - | 2,192 | 97,401 |
| 2/1/36 | 2,192 | 4.500 | 14,500 | 16,692 | 82,901 |
| 8/1/36 | 1,865 | 4.500 | - | 1,865 | 82,901 |
| 2/1/37 | 1,865 | 4.500 | 15,200 | 17,065 | 67,701 |
| 8/1/37 | 1,523 | 4.500 | - | 1,523 | 67,701 |
| 2/1/38 | 1,523 | 4.500 | 15,800 | 17,323 | 51,901 |
| 8/1/38 | 1,168 | 4.500 | - | 1,168 | 51,901 |
| 2/1/39 | 1,168 | 4.500 | 16,500 | 17,668 | 35,401 |
| 8/1/39 | 797 | 4.500 | - | 797 | 35,401 |
| 2/1/40 | 797 | 4.500 | 17,300 | 18,097 | 18,101 |
| 8/1/40 | 407 | 4.500 | - | 407 | 18,101 |
| 2/1/41 | 407 | 4.500 | 18,101 | 18,508 | - |
| | <u>\$ 179,606</u> | | <u>\$ 274,101</u> | <u>\$ 453,707</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> |
|-------------|-------------------------|------------------------|------------------------------|-----------------------------------|---|
| 6/30/2017 | \$ - | \$ - | \$ - | \$ - | \$ 1,275,434 |
| 12/26/17 | 34,054 | 5.340 | 56,113 | 90,167 | 1,219,321 |
| 6/26/18 | 32,556 | 5.340 | 57,611 | 90,167 | 1,161,710 |
| 12/26/18 | 31,018 | 5.340 | 59,149 | 90,167 | 1,102,561 |
| 6/26/19 | 29,438 | 5.340 | 60,729 | 90,167 | 1,041,832 |
| 12/26/19 | 27,817 | 5.340 | 62,350 | 90,167 | 979,482 |
| 6/26/20 | 26,152 | 5.340 | 64,015 | 90,167 | 915,467 |
| 12/26/20 | 24,443 | 5.340 | 65,724 | 90,167 | 849,743 |
| 6/26/21 | 22,688 | 5.340 | 67,479 | 90,167 | 782,264 |
| 12/26/21 | 20,886 | 5.340 | 69,281 | 90,167 | 712,983 |
| 6/26/22 | 19,037 | 5.340 | 71,130 | 90,167 | 641,853 |
| 12/26/22 | 17,137 | 5.340 | 73,030 | 90,167 | 568,823 |
| 6/26/23 | 15,188 | 5.340 | 74,979 | 90,167 | 493,844 |
| 12/26/23 | 13,186 | 5.340 | 76,981 | 90,167 | 416,863 |
| 6/26/24 | 11,130 | 5.340 | 79,037 | 90,167 | 337,826 |
| 12/26/24 | 9,020 | 5.340 | 81,147 | 90,167 | 256,679 |
| 6/26/25 | 6,854 | 5.340 | 83,313 | 90,167 | 173,366 |
| 12/26/25 | 4,629 | 5.340 | 85,538 | 90,167 | 87,828 |
| 6/26/26 | <u>2,338</u> | 5.340 | <u>87,828</u> | <u>90,166</u> | - |
| | <u>\$ 347,571</u> | | <u>\$ 1,275,434</u> | <u>\$ 1,623,005</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> |
|-------------|---------------------|--------------------|--------------------------|---------------------------|---------------------------------|
| 6/30/2017 | \$ - | - | \$ - | \$ - | \$ 1,032,292 |
| 9/21/17 | 25,910 | 5.020 | 37,935 | 63,845 | 994,357 |
| 3/21/18 | 24,959 | 5.020 | 38,886 | 63,845 | 955,471 |
| 9/21/18 | 23,982 | 5.020 | 39,863 | 63,845 | 915,608 |
| 3/21/19 | 22,982 | 5.020 | 40,863 | 63,845 | 874,745 |
| 9/21/19 | 21,957 | 5.020 | 41,888 | 63,845 | 832,857 |
| 3/21/20 | 20,905 | 5.020 | 42,940 | 63,845 | 789,917 |
| 9/21/20 | 19,827 | 5.020 | 44,018 | 63,845 | 745,899 |
| 3/21/21 | 18,722 | 5.020 | 45,123 | 63,845 | 700,776 |
| 9/21/21 | 17,590 | 5.020 | 46,255 | 63,845 | 654,521 |
| 3/21/22 | 16,428 | 5.020 | 47,417 | 63,845 | 607,104 |
| 9/21/22 | 15,239 | 5.020 | 48,606 | 63,845 | 558,498 |
| 3/21/23 | 14,018 | 5.020 | 49,827 | 63,845 | 508,671 |
| 9/21/23 | 12,768 | 5.020 | 51,077 | 63,845 | 457,594 |
| 3/21/24 | 11,486 | 5.020 | 52,359 | 63,845 | 405,235 |
| 9/21/24 | 10,172 | 5.020 | 53,673 | 63,845 | 351,562 |
| 3/21/25 | 8,824 | 5.020 | 55,021 | 63,845 | 296,541 |
| 9/21/25 | 7,443 | 5.020 | 56,402 | 63,845 | 240,139 |
| 3/21/26 | 6,028 | 5.020 | 57,817 | 63,845 | 182,322 |
| 9/21/26 | 4,577 | 5.020 | 59,268 | 63,845 | 123,054 |
| 3/21/27 | 3,089 | 5.020 | 60,756 | 63,845 | 62,298 |
| 9/21/27 | <u>1,545</u> | 5.020 | <u>62,298</u> | <u>63,843</u> | - |
| | <u>\$ 308,451</u> | | <u>\$ 1,032,292</u> | <u>\$ 1,340,743</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> |
|-------------|---------------------|----------------------|--------------------------|---------------------------|---------------------------------|
| 6/30/2017 | \$ - | - | \$ - | \$ - | \$ 281,830 |
| 12/7/17 | 5,983 | 4.190 | 6,208 | 12,191 | 275,622 |
| 6/7/18 | 5,819 | 4.190 | 6,372 | 12,191 | 269,250 |
| 12/7/18 | 5,716 | 4.190 | 6,475 | 12,191 | 262,775 |
| 6/7/19 | 5,547 | 4.190 | 6,644 | 12,191 | 256,131 |
| 12/7/19 | 5,437 | 4.190 | 6,754 | 12,191 | 249,377 |
| 6/7/20 | 5,294 | 4.190 | 6,897 | 12,191 | 242,480 |
| 12/7/20 | 5,147 | 4.190 | 7,044 | 12,191 | 235,436 |
| 6/7/21 | 4,970 | 4.190 | 7,221 | 12,191 | 228,215 |
| 12/7/21 | 4,845 | 4.190 | 7,346 | 12,191 | 220,869 |
| 6/7/22 | 4,663 | 4.190 | 7,528 | 12,191 | 213,341 |
| 12/7/22 | 4,529 | 4.190 | 7,662 | 12,191 | 205,679 |
| 6/7/23 | 4,342 | 4.190 | 7,849 | 12,191 | 197,830 |
| 12/7/23 | 4,200 | 4.190 | 7,991 | 12,191 | 189,839 |
| 6/7/24 | 4,030 | 4.190 | 8,161 | 12,191 | 181,678 |
| 12/7/24 | 3,857 | 4.190 | 8,334 | 12,191 | 173,344 |
| 6/7/25 | 3,660 | 4.190 | 8,531 | 12,191 | 164,813 |
| 12/7/25 | 3,499 | 4.190 | 8,692 | 12,191 | 156,121 |
| 6/7/26 | 3,296 | 4.190 | 8,895 | 12,191 | 147,226 |
| 12/7/26 | 3,125 | 4.190 | 9,066 | 12,191 | 138,160 |
| 6/7/27 | 2,917 | 4.190 | 9,274 | 12,191 | 128,886 |
| 12/7/27 | 2,736 | 4.190 | 9,455 | 12,191 | 119,431 |
| 6/7/28 | 2,535 | 4.190 | 9,656 | 12,191 | 109,775 |
| 12/7/28 | 2,330 | 4.190 | 9,861 | 12,191 | 99,914 |
| 6/7/29 | 2,109 | 4.190 | 10,082 | 12,191 | 89,832 |
| 12/7/29 | 1,907 | 4.190 | 10,284 | 12,191 | 79,548 |
| 6/7/30 | 1,679 | 4.190 | 10,512 | 12,191 | 69,036 |
| 12/7/30 | 1,466 | 4.190 | 10,725 | 12,191 | 58,311 |
| 6/7/31 | 1,231 | 4.190 | 10,960 | 12,191 | 47,351 |
| 12/7/31 | 1,005 | 4.190 | 11,186 | 12,191 | 36,165 |
| 6/7/32 | 768 | 4.190 | 11,423 | 12,191 | 24,742 |
| 12/7/32 | 525 | 4.190 | 11,666 | 12,191 | 13,076 |
| 6/7/33 | 276 | 4.190 | 13,076 | 13,352 | - |
| | <u>\$ 109,443</u> | | <u>\$ 281,830</u> | <u>\$ 391,273</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> |
|-------------|---------------------|----------------------|--------------------------|---------------------------|---------------------------------|
| 6/30/2017 | \$ - | - | \$ - | \$ - | \$ 4,252,023 |
| 1/31/18 | 93,544 | 2.200 | 208,966 | 302,510 | 4,043,057 |
| 1/31/19 | 88,947 | 2.200 | 213,563 | 302,510 | 3,829,494 |
| 1/31/20 | 84,249 | 2.200 | 218,261 | 302,510 | 3,611,233 |
| 1/31/21 | 79,447 | 2.200 | 223,063 | 302,510 | 3,388,170 |
| 1/31/22 | 74,540 | 2.200 | 227,970 | 302,510 | 3,160,200 |
| 1/31/23 | 69,525 | 2.200 | 232,985 | 302,510 | 2,927,215 |
| 1/31/24 | 64,399 | 2.200 | 238,111 | 302,510 | 2,689,104 |
| 1/31/25 | 59,160 | 2.200 | 243,350 | 302,510 | 2,445,754 |
| 1/31/26 | 53,807 | 2.200 | 248,703 | 302,510 | 2,197,051 |
| 1/31/27 | 48,335 | 2.200 | 254,175 | 302,510 | 1,942,876 |
| 1/31/28 | 42,743 | 2.200 | 259,767 | 302,510 | 1,683,109 |
| 1/31/29 | 37,029 | 2.200 | 265,481 | 302,510 | 1,417,628 |
| 1/31/30 | 31,188 | 2.200 | 271,322 | 302,510 | 1,146,306 |
| 1/31/31 | 25,219 | 2.200 | 277,291 | 302,510 | 869,015 |
| 1/31/32 | 19,118 | 2.200 | 283,392 | 302,510 | 585,623 |
| 1/31/33 | 12,884 | 2.200 | 289,626 | 302,510 | 295,997 |
| 1/31/34 | <u>6,512</u> | 2.200 | <u>295,997</u> | <u>302,509</u> | - |
| | <u>\$ 890,646</u> | | <u>\$ 4,252,023</u> | <u>\$ 5,142,669</u> | |

MISSION SPRINGS WATER DISTRICT

SCHEDULE OF PRINCIPAL AND INTEREST REPAYMENTS

INSTALLMENT SALE AGREEMENT

ASSESSMENT DISTRICT #12, PHASE V

| <u>Date</u> | <u>Interest Due</u> | <u>Interest Rate</u> | <u>Principal Payment</u> | <u>Total Debt Service</u> | <u>Balance Principal Unpaid</u> |
|-------------|---------------------|----------------------|--------------------------|---------------------------|---------------------------------|
| 6/30/2017 | \$ - | - | \$ - | \$ - | \$ 1,093,447 |
| 9/2/17 | 22,416 | 4.100 | 23,507 | 45,923 | 1,069,940 |
| 3/2/18 | 21,934 | 4.100 | 23,989 | 45,923 | 1,045,951 |
| 9/2/18 | 21,442 | 4.100 | 24,481 | 45,923 | 1,021,470 |
| 3/2/19 | 20,940 | 4.100 | 24,983 | 45,923 | 996,487 |
| 9/2/19 | 20,429 | 4.100 | 25,494 | 45,923 | 970,993 |
| 3/2/20 | 19,906 | 4.100 | 26,017 | 45,923 | 944,976 |
| 9/2/20 | 19,372 | 4.100 | 26,551 | 45,923 | 918,425 |
| 3/2/21 | 18,828 | 4.100 | 27,095 | 45,923 | 891,330 |
| 9/2/21 | 18,272 | 4.100 | 27,651 | 45,923 | 863,679 |
| 3/2/22 | 17,706 | 4.100 | 28,217 | 45,923 | 835,462 |
| 9/2/22 | 17,127 | 4.100 | 28,796 | 45,923 | 806,666 |
| 3/2/23 | 16,537 | 4.100 | 29,386 | 45,923 | 777,280 |
| 9/2/23 | 15,935 | 4.100 | 29,988 | 45,923 | 747,292 |
| 3/2/24 | 15,320 | 4.100 | 30,603 | 45,923 | 716,689 |
| 9/2/24 | 14,692 | 4.100 | 31,231 | 45,923 | 685,458 |
| 3/2/25 | 14,052 | 4.100 | 31,871 | 45,923 | 653,587 |
| 9/2/25 | 13,399 | 4.100 | 32,524 | 45,923 | 621,063 |
| 3/2/26 | 12,732 | 4.100 | 33,191 | 45,923 | 587,872 |
| 9/2/26 | 12,051 | 4.100 | 33,872 | 45,923 | 554,000 |
| 3/2/27 | 11,358 | 4.100 | 34,565 | 45,923 | 519,435 |
| 9/2/27 | 10,648 | 4.100 | 35,275 | 45,923 | 484,160 |
| 3/2/28 | 9,926 | 4.100 | 35,997 | 45,923 | 448,163 |
| 9/2/28 | 9,188 | 4.100 | 36,735 | 45,923 | 411,428 |
| 3/2/29 | 8,434 | 4.100 | 37,489 | 45,923 | 373,939 |
| 9/2/29 | 7,666 | 4.100 | 38,257 | 45,923 | 335,682 |
| 3/2/30 | 6,882 | 4.100 | 39,041 | 45,923 | 296,641 |
| 9/2/30 | 6,081 | 4.100 | 39,842 | 45,923 | 256,799 |
| 3/2/31 | 5,265 | 4.100 | 40,658 | 45,923 | 216,141 |
| 9/2/31 | 4,431 | 4.100 | 41,492 | 45,923 | 174,649 |
| 3/2/32 | 3,581 | 4.100 | 42,342 | 45,923 | 132,307 |
| 9/2/32 | 2,712 | 4.100 | 43,211 | 45,923 | 89,096 |
| 3/2/33 | 1,827 | 4.100 | 44,096 | 45,923 | 45,000 |
| 9/2/33 | 923 | 4.100 | 45,000 | 45,923 | - |
| | <u>\$ 422,012</u> | | <u>\$ 1,093,447</u> | <u>\$ 1,515,459</u> | |

MISSION SPRINGS WATER DISTRICT

SCHEDULE OF PRINCIPAL AND INTEREST REPAYMENTS

INSTALLMENT SALE AGREEMENT

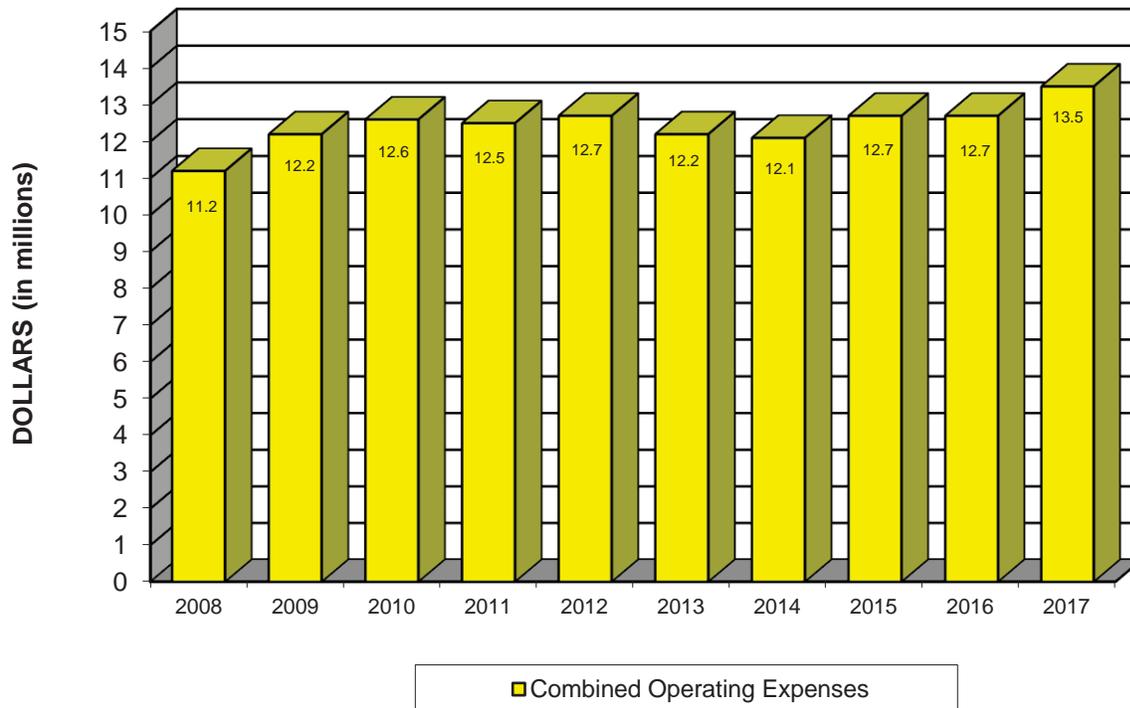
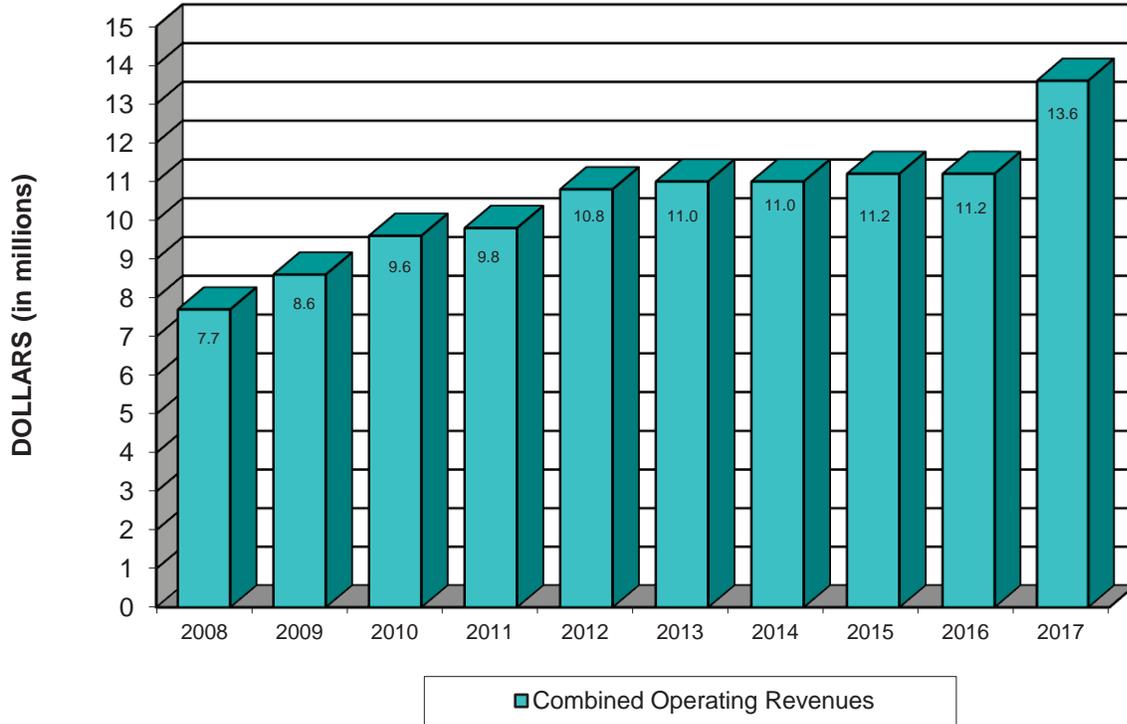
ASSESSMENT DISTRICT #12, PHASE VI

| <u>Date</u> | <u>Interest Due</u> | <u>Interest Rate</u> | <u>Principal Payment</u> | <u>Total Debt Service</u> | <u>Balance Principal Unpaid</u> |
|-------------|---------------------|----------------------|--------------------------|---------------------------|---------------------------------|
| 6/30/2017 | \$ - | - | \$ - | \$ - | \$ 2,449,779 |
| 9/2/17 | 48,383 | 3.950 | 49,230 | 97,613 | 2,400,549 |
| 3/2/18 | 47,411 | 3.950 | 50,202 | 97,613 | 2,350,347 |
| 9/2/18 | 46,420 | 3.950 | 51,193 | 97,613 | 2,299,154 |
| 3/2/19 | 45,408 | 3.950 | 52,205 | 97,613 | 2,246,949 |
| 9/2/19 | 44,377 | 3.950 | 53,236 | 97,613 | 2,193,713 |
| 3/2/20 | 43,326 | 3.950 | 54,287 | 97,613 | 2,139,426 |
| 9/2/20 | 42,254 | 3.950 | 55,359 | 97,613 | 2,084,067 |
| 3/2/21 | 41,161 | 3.950 | 56,452 | 97,613 | 2,027,615 |
| 9/2/21 | 40,046 | 3.950 | 57,567 | 97,613 | 1,970,048 |
| 3/2/22 | 38,909 | 3.950 | 58,704 | 97,613 | 1,911,344 |
| 9/2/22 | 37,749 | 3.950 | 59,864 | 97,613 | 1,851,480 |
| 3/2/23 | 36,567 | 3.950 | 61,046 | 97,613 | 1,790,434 |
| 9/2/23 | 35,361 | 3.950 | 62,252 | 97,613 | 1,728,182 |
| 3/2/24 | 34,132 | 3.950 | 63,481 | 97,613 | 1,664,701 |
| 9/2/24 | 32,878 | 3.950 | 64,735 | 97,613 | 1,599,966 |
| 3/2/25 | 31,600 | 3.950 | 66,013 | 97,613 | 1,533,953 |
| 9/2/25 | 30,296 | 3.950 | 67,317 | 97,613 | 1,466,636 |
| 3/2/26 | 28,966 | 3.950 | 68,647 | 97,613 | 1,397,989 |
| 9/2/26 | 27,610 | 3.950 | 70,003 | 97,613 | 1,327,986 |
| 3/2/27 | 26,228 | 3.950 | 71,385 | 97,613 | 1,256,601 |
| 9/2/27 | 24,818 | 3.950 | 72,795 | 97,613 | 1,183,806 |
| 3/2/28 | 23,380 | 3.950 | 74,233 | 97,613 | 1,109,573 |
| 9/2/28 | 21,914 | 3.950 | 75,699 | 97,613 | 1,033,874 |
| 3/2/29 | 20,419 | 3.950 | 77,194 | 97,613 | 956,680 |
| 9/2/29 | 18,894 | 3.950 | 956,680 | 975,574 | - |
| | <u>\$ 868,507</u> | | <u>\$ 2,449,779</u> | <u>\$ 3,318,286</u> | |

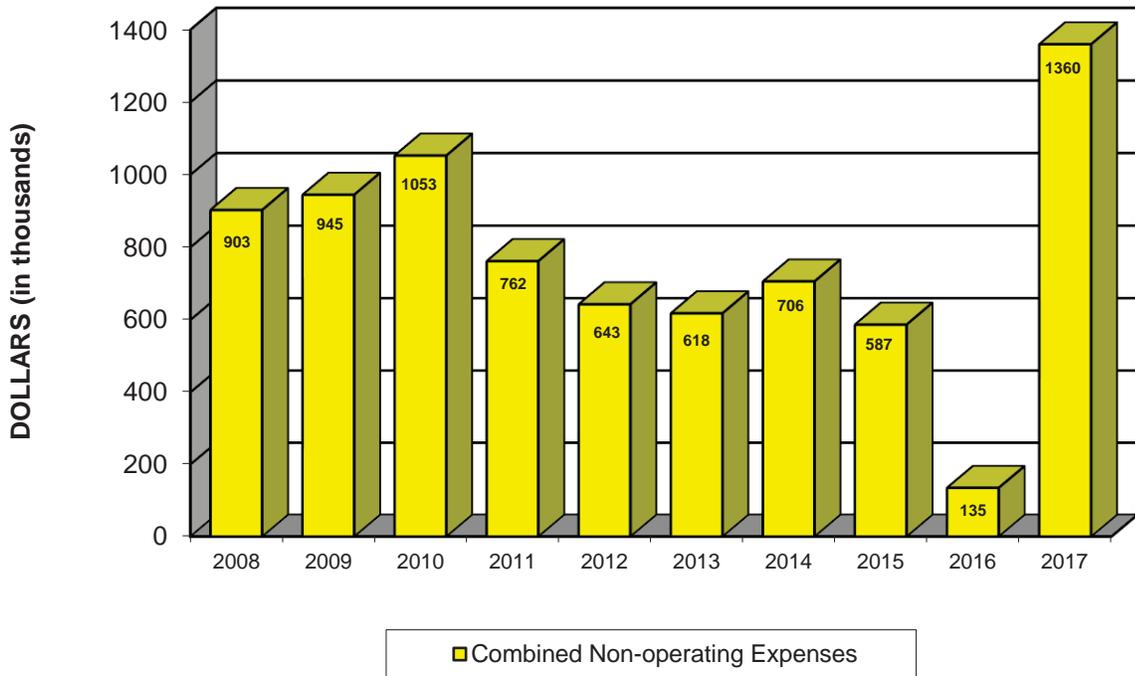
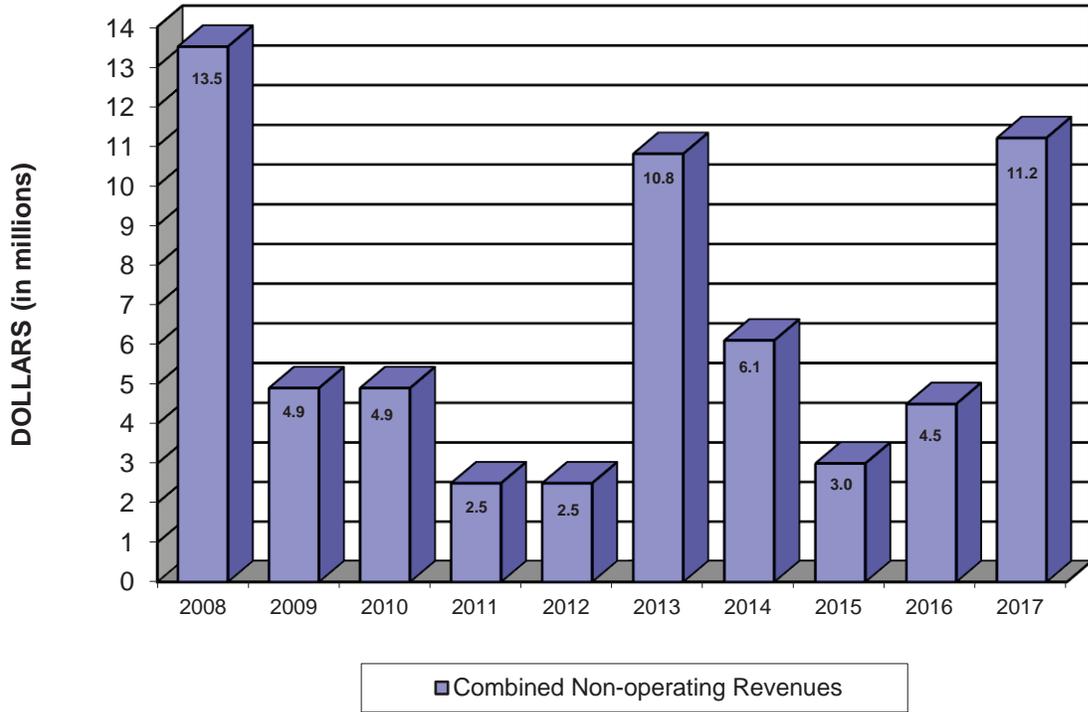
MISSION SPRINGS WATER DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION BY OBJECT
FOR THE YEAR ENDED JUNE 30, 2017
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED 2016

| | 2017 | | | 2016 | |
|---|----------------------|----------------------|---------------------|----------------------------------|----------------------------------|
| | Water District | Sewer District | General District | (Memorandum only) Combined | (Memorandum only) Combined |
| REVENUES | | | | | |
| Base service charge | 1,990,184 | \$ - | \$ - | 1,990,184 | \$ 1,555,857 |
| Water consumption | 5,501,976 | - | - | 5,501,976 | 4,433,456 |
| Meter installations | 50,235 | - | - | 50,235 | 46,849 |
| Sewer service | - | 5,116,304 | - | 5,116,304 | 4,356,867 |
| Other operating revenue | 717,063 | - | - | 717,063 | 524,842 |
| Backup and front footage fees | 399,085 | 2,966,213 | - | 3,365,298 | 322,860 |
| Contributed infrastructure | 1,165,614 | 20,998 | - | 1,186,612 | - |
| Property taxes | 671,686 | 392,871 | 606,718 | 1,671,275 | 1,625,177 |
| Standby charges | 230,674 | 12,264 | - | 242,938 | 242,476 |
| Fats, oils & grease fees | - | 3,425 | - | 3,425 | 3,775 |
| Interest | 31,052 | 676,818 | 64,282 | 772,152 | 724,909 |
| Grants | 2,209,729 | 2,017,988 | - | 4,227,717 | 1,789,298 |
| Recovery of prior year expense | - | - | - | - | 92 |
| Amortization of deposit for maintenance | - | 97 | - | 97 | 580 |
| Gain (loss) from asset disposals | (25,408) | (1,911) | 6,028 | (21,291) | 4,359 |
| Total revenues | <u>12,941,890</u> | <u>11,205,067</u> | <u>677,028</u> | <u>24,823,985</u> | <u>15,631,397</u> |
| EXPENSES | | | | | |
| Salaries and wages | 1,240,698 | 437,362 | 1,522,379 | 3,200,439 | 2,746,624 |
| Employee benefits | 701,782 | 242,031 | 917,459 | 1,861,272 | 1,594,197 |
| Pension inflows/outflows of resources | - | - | 306,790 | 306,790 | (946,657) |
| Public Employees Retirement -Prior year costs | - | - | 342,759 | 342,759 | 330,640 |
| Materials and supplies | 440,601 | 107,556 | 247,298 | 795,455 | 833,962 |
| Outside services | 362,710 | 411,517 | 1,326,703 | 2,100,930 | 1,911,414 |
| Ground water replenishment fees | 88,949 | - | - | 88,949 | 71,842 |
| Utilities | 841,374 | 149,360 | 25,843 | 1,016,577 | 1,047,063 |
| Directors' fees | - | - | 31,800 | 31,800 | 30,180 |
| Engineering | 30,323 | - | - | 30,323 | 45,844 |
| Insurance | - | - | 109,303 | 109,303 | 128,871 |
| Legal | - | - | 369,436 | 369,436 | 287,313 |
| Audit | - | - | 21,000 | 21,000 | 21,460 |
| Depreciation | 2,237,024 | 1,488,882 | 191,477 | 3,917,383 | 3,967,486 |
| Interest | 26,046 | 670,517 | - | 696,563 | 739,491 |
| Standby reports | 17,276 | 6,373 | - | 23,649 | 15,757 |
| Dues and subscriptions | - | 1,027 | 40,992 | 42,019 | 40,755 |
| Training and conferences | 5,694 | 2,946 | 79,734 | 88,374 | 66,603 |
| Amortization | 1,440 | 924 | - | 2,364 | 2,473 |
| Ground water management | - | - | 25,000 | 25,000 | 30,000 |
| Other expenses | 6,980 | 4,763 | - | 11,743 | 9,960 |
| Subtotal | <u>6,000,897</u> | <u>3,523,258</u> | <u>5,557,973</u> | <u>15,082,128</u> | <u>12,975,278</u> |
| General District Allocation | <u>3,672,030</u> | <u>1,072,802</u> | <u>(4,908,424)</u> | <u>(163,592)</u> | <u>(173,827)</u> |
| Total expenses | <u>9,672,927</u> | <u>4,596,060</u> | <u>649,549</u> | <u>14,918,536</u> | <u>12,801,451</u> |
| CHANGE IN NET POSITION | 3,268,963 | 6,609,007 | 27,479 | 9,905,449 | 2,829,946 |
| NET POSITION, BEGINNING OF YEAR | <u>61,824,597</u> | <u>59,887,191</u> | <u>7,498,996</u> | <u>129,210,784</u> | <u>126,380,838</u> |
| NET POSITION, END OF YEAR | <u>\$ 65,093,560</u> | <u>\$ 66,496,198</u> | <u>\$ 7,526,475</u> | <u>\$ 139,116,233</u> | <u>\$ 129,210,784</u> |

MISSION SPRINGS WATER DISTRICT
COMBINED OPERATING REVENUES AND OPERATING EXPENSES
FOR THE YEARS ENDED JUNE 30, 2008-2017



MISSION SPRINGS WATER DISTRICT
COMBINED NON-OPERATING REVENUES AND NON-OPERATING EXPENSES
FOR THE YEARS ENDED JUNE 30, 2008-2017



MISSION SPRINGS WATER DISTRICT
OPERATING INCOME/(LOSS) AND CHANGE IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2008-2017

