

ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)

For Fiscal Year Ended June 30, 2024

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20 24



*Prepared by the MSWD
Finance Department*



Mission Springs Water District

66575 Second Street, Desert Hot Springs, CA 92240

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Mission Springs Water District
Desert Hot Springs, California

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2024

Prepared by:
Finance Department

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Annual Comprehensive Financial Report
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Introductory Section



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December XX, 2025

To the Board of Directors and Customers of Mission Springs Water District:

Mission Springs Water District (MSWD or District) is pleased to present the Annual Comprehensive Financial Report (ACFR) for the Fiscal Year 2023-2024, which ended June 30, 2024. The ACFR is intended to provide the Board of Directors, MSWD's customers, the public, and interested parties with a broad financial outlook of the District. State law requires that every special district submit an audited annual financial report to the State Controller within seven months of the close of each fiscal year. In addition, debt covenants also require MSWD to submit an ACFR to the State Water Resources Control Board within 270 days after the end of each fiscal year.

MSWD staff prepared this financial report in conjunction with the Independent Auditors' Report issued by Rogers, Anderson, Malody, & Scott, LLP, a certified public accounting firm, and they have issued an unmodified ("clean") opinion on the District's financial statements for the year ended June 30, 2024. The independent auditor's report is located at the front of the Financial Section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Profile of the Mission Springs Water District

A Brief History

While prospecting for water, early homesteaders in the desert discovered the hot springs that made this area famous. It was not until 1940, however, that the first subdivisions were established and L.W. Coffee started the village that he called Desert Hot Springs.

The critical need for freshwater led residents to form a mutual water company, which eventually proved unsatisfactory. Later, a privately-owned utility, called the Desert Hot Springs Mutual Water Company, acquired its assets. But this too failed and widespread dissatisfaction led local citizens to form a publicly-owned water district.

Formation

By 1953, an election swept the new Desert County Water District into existence with a vote of 246 to 9. The new District began with 100,000 feet of pipelines, five water wells, and two reservoirs. It covered one square mile.

The District was later renamed the Mission Springs Water District (MSWD) and expanded rapidly. It absorbed parts of the Coachella Valley County Water District, the West Palm Springs Village, and San Geronio Mutual Water Company systems. Today, it boasts more than 1.25 million feet of pipelines, 13 water wells, and 24 reservoirs, serving an area of 135 square miles with approximately 44,000 residents.

As early as 1954, local citizens petitioned for sewer service. The cost, however, was prohibitive. But growth brought an overload to the septic systems and health hazards to the community. MSWD built the Alan L. Horton Wastewater Treatment Plant in 1972, and it has expanded four times to a treatment capacity of 2.0 million gallons of wastewater per day.

Government

Mission Springs Water District (MSWD) is County Water District under Subsection 30000 et seq. of the California Water Code and was incorporated in 1953. MSWD is governed by a five-member, publicly elected Board of Directors. Directors are elected concurrent with the general elections every even-numbered year in their specific division. Director's terms are four years. The election of Directors alternates between three seats and two seats, respectively, every two years.



MSWD has statutory authority over water supply and provides water services to residential and commercial customers.

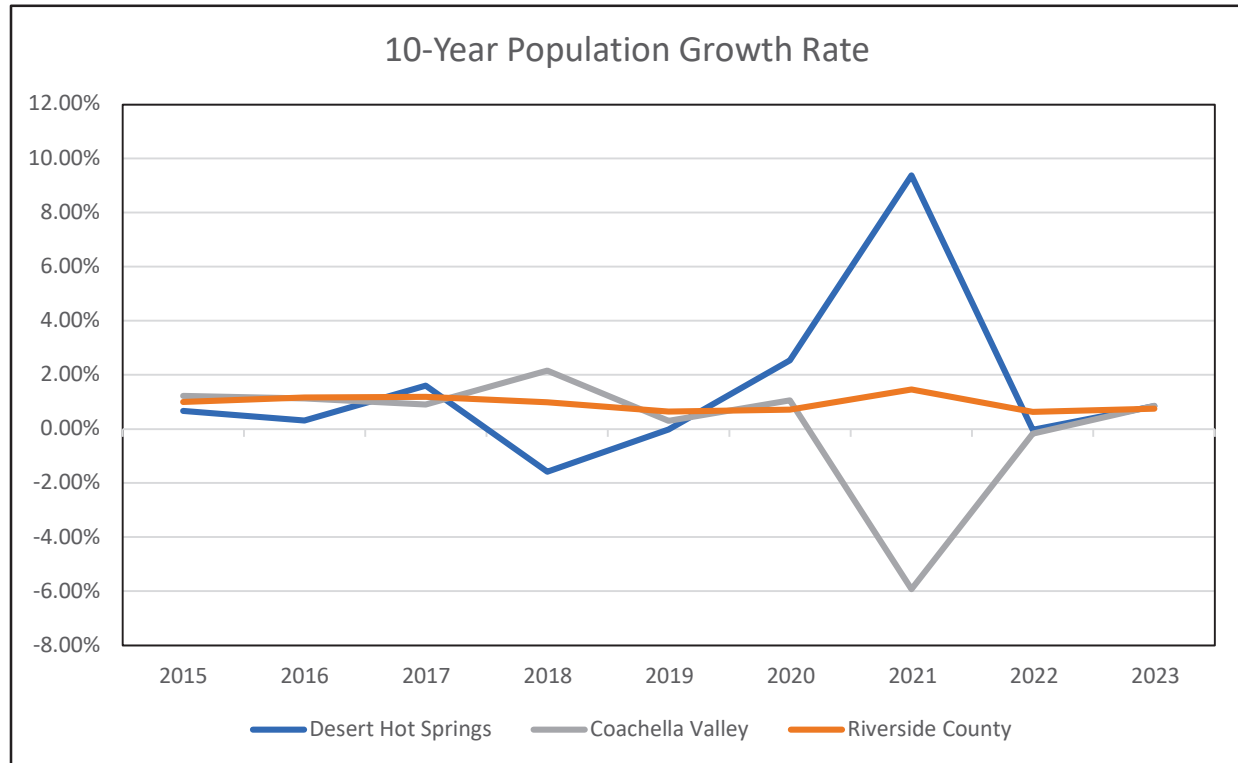
Local Economy

The District is located on the upper side of the Coachella Valley in Riverside County, California, serving primarily the City of Desert Hot Springs and the unincorporated areas of North Palms Springs, Whitewater, and Bonnie Bell.

During the last ten fiscal years, the District's customer base has grown slowly at approximately 0.9% per year. The largest customers in the service area are Park West Mobile Home Park, Palm Springs Unified School District, and Henry Baghdady.

In the latest available census data from 2023, the median value of housing in Riverside County was \$576,000 and the average per capita household income was \$47,001.

The Coachella Valley consists of nine cities with the largest population in the City of Indio. Over the last ten years, the City of Desert Hot Springs has had an average annual population growth rate of 0.8%. As of December 2023, the growth rate was also 0.8%, while the County of Riverside had approximately 0.8% growth in population as well.



According to the State of California Employment Development Department, unemployment rates in the County of Riverside were 4.8% as of December 2023. Unemployment rose rapidly in the wake of the pandemic shutdown to as high as 10.1% in 2020 but has since recovered. While unemployment rates are improving, other economic factors such as rising interest rates and high inflation create uncertainty in the future economy. Nevertheless, the local economy of Riverside County remains stable due to factors such as the increase in jobs with major industry contributors including the transportation sector, warehousing, administrative services, and health care industries.

Water Production & Distribution

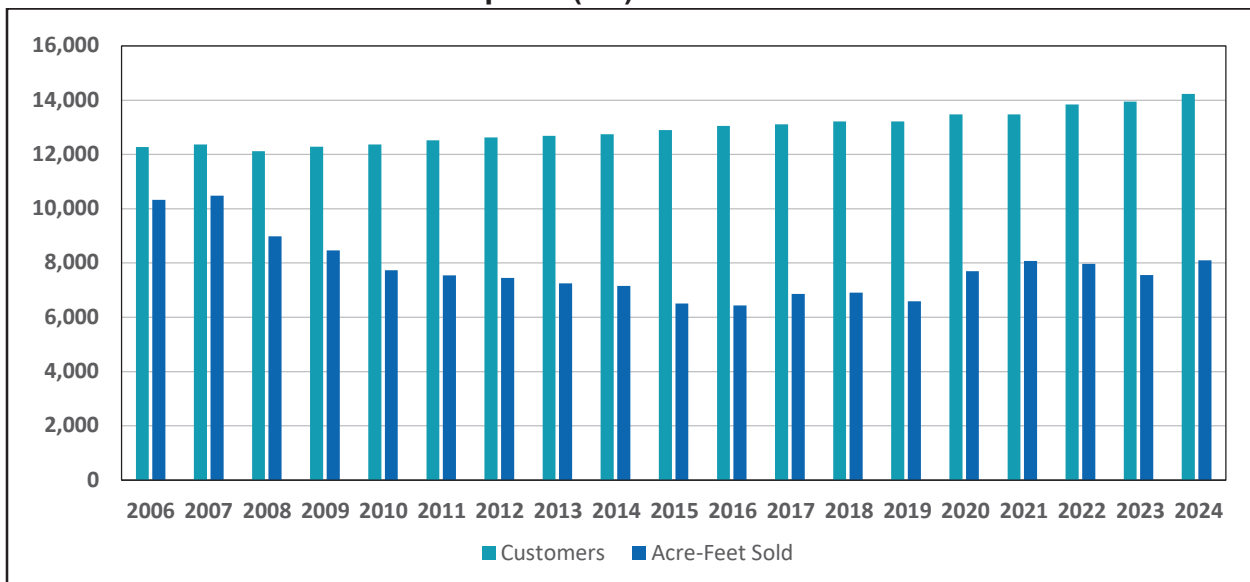
Residential customers make up approximately 95% of the District's customer base. The distribution system includes three separate and distinct community systems including West Palm Springs Village, Village Crest, and Desert Hot Springs. The largest system is the greater Desert Hot Springs service area.

MSWD's sole source of supply for its 13,635 water accounts is groundwater. MSWD produces groundwater from the Mission Creek Subbasin, San Gorgonio Pass Subbasin,

and Garnet Hill Subarea of the Indio Subbasin, in the greater Coachella Valley Groundwater Basin. As of June 30, 2024, the District's groundwater production was 7,693 acre-feet (AF). The quality of the groundwater is remarkably high and has been awarded an unprecedented 11 medals, including best tasting municipal water in the world, at the International Water Tasting Competition in Berkely Springs, West Virginia.

For over 70 years, MSWD has been managing groundwater through conservation, groundwater protection projects, and general stewardship of its multi-award-winning water resource. The District is, and has always been, committed to a sustainable future both in water supply and finance. As the state requires ongoing, and possibly increased regulations, through Conservation and the Sustainable Groundwater Management Act (SGMA), MSWD has responded to ensure compliance both now and in the future. Over the last 19 years, MSWD has already witnessed the beneficial effects of these efforts as total annual water consumption decreased while the total number of customers has increased.

Annual Water Consumption (AF) vs. Total Number of Customers



Wastewater Collection, Treatment, & Disposal

MSWD currently serves 8,919 sewer connections. Residential customers make up approximately 97% of the District's customer base. Wastewater is treated at the Horton Wastewater Treatment Plant and the Desert Crest Wastewater Treatment Plant. MSWD treats about 2.0 million gallons per day (MGD) prior to discharging effluent in an environmentally sustainable manner. MSWD is also constructing a new Regional Water Reclamation Facility that will become operational in 2025. This facility continues to be the largest capital project and will serve as the long-term central wastewater treatment and reclamation facility for the region.

The District's Groundwater Quality Protection Plan (GQPP) began in 1996 and has been highly successful to date. Over \$22 million of grant funds have been secured by the District for this program which has made over 4,500 parcels sewer service ready. This includes the abatement of over 2,800 septic tanks and the installation of over 33 miles of sewer lines. The pursuit of these grant funds continues today for the disadvantaged communities served by the District.



Water Conservation

In 2009, the California legislature passed SBx7-7 which required a statewide 20% reduction in urban per capita water use by 2020. It required that urban water retail suppliers determine baseline water use and set reduction targets according to specified requirements and required agricultural water suppliers to prepare plans and implement efficient water management practices. A combination of a population and land-use-based demand forecasting was used to project future demands in the District's service area. Based on the District's evaluation of years 1997 to 2006, the 10-year maximum per capita water use was 289.7 gallons per capita per day. In addition, based on the District's evaluation of years 2004 to 2008, the 5-year maximum per capita water use was 291.2 gallons per capita per day. To achieve a 20% reduction by 2020 as written under SBx7-7, the average per capita demand target was set at 234.9 gallons per capita per day.

From 2012 to 2017, California experienced historic drought conditions. In April 2015 the State Water Board set conservation standards for each water supplier, and based on this reduction, the District was required to set a conservation target of 32% as compared to 2013. On August 18, 2014, the Stage 1A-Drought Contingency Plan was implemented by the District. On April 27, 2015, the Stage 2-Threatened Water Supply Shortage was implemented by the District. During this time, the District also implemented a toilet replacement rebate program, a turf replacement rebate program, a conservation kit program, and multiple conservation educational programs for customers. On April 7, 2017 the Governor issued an Executive Order lifting the emergency drought declaration. By 2020, the District's maximum per capita water use was 189 gallons per capita per day, far exceeding the targeted reduction goal.

On July 19, 2021, the District adopted a Water Shortage Contingency Plan (WSCP) in conjunction with a Regional Urban Water Management Plan. In the Winter months of 2022, drought conditions in Northern California prompted the Governor to issue an Executive Order requiring the State Water Board to design and adopt emergency water conservation regulations. On May 24, 2022, the State Water Board adopted regulations that require urban water supplies to implement Level 2, at a minimum, of their Water

Shortage Contingency Plans, as well as other measures. However, the regulations stop short of the one-size-fits-all philosophy by recognizing local water supply conditions, investments and conservation efforts by providers.

Making Conservation a California Way of Life is a new way of managing urban water use. The State Water Board will consider a regulation that establishes unique efficiency goals for each Urban Retail Water Supplier in California and provides those suppliers flexibility to implement locally appropriate solutions. As part of the state's all-of-the-above strategy to expand storage, develop new water supplies, and promote more efficient water use, this regulation seeks to cultivate long-term practices that help communities adapt to California's ongoing water challenges. The proposed regulation will lessen the need for the emergency water use reduction targets that were important in recent droughts. As part of the proposed regulation, urban retail water suppliers, not individual households or businesses, will be held to "urban water use objectives." An urban water use objective is the sum of standard-based budgets for a subset of water uses, such as residential outdoor use.

Fiscal Management

Accounting System

As required by Generally Accepted Accounting Principles (GAAP) for enterprise funds, accounts are maintained and financial statements are prepared using the economic resources measurement focus and full accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recorded when incurred, regardless of the timing of related cash flows. The District's Finance department is responsible for the overall accounting and finance functions, which include cash management, treasury and debt management, accumulation and processing of accounting information, financial reporting, and contracts administration.

Internal Controls

MSWD's management is responsible for the establishment and maintenance of internal accounting controls that ensure assets are safeguarded and financial transactions are properly recorded and adequately documented. To ensure that the costs of controls do not exceed the benefits obtained, management uses cost estimates and judgments to attain reasonable assurance as to the adequacy of such controls. Recent audits have not uncovered any significant deficiencies in internal control that would cause concern when recommendations for improvements are made.

Budget Process and Controls

Public agencies develop budgets as a performance tool to measure accountability to its stakeholders. For MSWD, the budget is developed based on meeting the priorities, goals and objectives established by the Board of Directors through its Strategic Business Plan (Plan), which was developed through a series of interviews with the Board of Directors,

management, and key staff in addition to interviews with key stakeholders. The Plan provides direction for planning, budgeting, implementation, evaluation and reporting. The Plan is a “living” document in that it does not have a termination date, but it is constantly changing and evolving as the needs of the District change and evolve.

The budget is also used as a communication tool. Interested parties, such as bond holders, credit rating agencies, and its customers can review the budget to obtain a wide variety of information on MSWD’s short- and long-term strategic planning and financial policies, as well as the current and future fiscal stability. For MSWD, the budget further demonstrates the District’s commitment to fiscal responsibility and transparency of its operations. The budget shows how the agency will invest its revenues derived from user fees and fixed revenue sources to support its mission and programs.

The General Manager communicates the goals and the current year budget objectives to staff to ensure the budget includes the financial requirements necessary to achieve these goals and objectives. To ensure completion, the goals are also incorporated into each individual employee’s performance goals. Furthermore, the high-level goals are also included in the monthly board General Manager’s Report to reflect the commitment to meet the Board’s directives.

California’s Water Code requires the District to adopt a budget, approved by the board by June 30 each year, and appropriate funds accordingly. This includes adopting a Capital Improvement Plan, Employee Classification Plan and an Appropriations Limit. By Board Resolution, no transfers will be made between the operational and capital budgets.

Financial Policies

The Board of Directors regularly adopts updated Financial Policies that provide a foundation for consistent and reliable financial management decisions and best practices, while also adhering to California State Law and District ordinances. Policies are reviewed annually to incorporate improvements in district procedures and/or legal mandates.

Debt Management and Coverage

Senate Bill No. 1029 (“SB 1029”) was passed by the California State Legislature in August 2016 and became law on September 12, 2016. It requires local agencies such as MSWD to adopt comprehensive written debt management policies reflecting local, state and federal laws and regulations. Resolution 2017-11 was approved to establish the MSWD Debt Management Policy, providing a set of comprehensive guidelines for the issuance and management of the District’s debt portfolio. It also provides a list of permitted debts, including General Obligation Bonds, Certificates of Participation, JPA Revenue Bonds, and Commercial Paper. Finally, it requires that the District develop and maintain a capital finance model to evaluate the impact of capital program spending, operations and maintenance costs, and debt service on its financial condition.

Designated Funds

The District maintains two major types of funds, either restricted or unrestricted. Restricted funds consist of custodial accounts and debt reserves that are subject to the conditions of the respective debt financing documents. The unrestricted reserves are then designated by the Board of Directors and are reviewed annually as further described in the board-approved policy.

Designated Funds are a strong indicator of an agency's financial health. MSWD's Designated Funds Policy is sometimes referred to as a Reserve Policy and was designed to ensure the District has adequate funds to protect its financial health following a natural disaster.

The policy does not specifically state a target amount but staff has established an internal target approach in its Long-Range Financial Plan to fund the District's Designated Funds. The target amounts are based on District's fixed asset depreciation expense, allocating half of the annual expense for any given fiscal year. The sum of all the core components provide an overall target amount that serves as a trigger for the Board of Directors to consider options when funding levels fall near or below the overall target.

Source of Revenue

MSWD primarily receives its source of revenue from water and wastewater services, and water sales for residential, commercial, industrial, and irrigation customers. Water and Wastewater Services totaled \$10.4 million for the fiscal year ending June 30, 2024, while water sales amounted to \$8.7 million for the same period. More detailed information regarding the District's revenues is presented in the Statement of Revenues, Expenses, and Changes in Net Position for the Fiscal Year Ended June 30, 2024.

Award for Excellence in Financial Reporting

The Government Finance Officers Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the MSWD for its ACFR for the fiscal year ended June 30, 2023. This was the first year that the District received this prestigious award. In order to be awarded a Certificate of Achievement, the District published an easily readable and efficiently organized ACFR. This report satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements.

GFOA financial reporting guidelines and standards exceed the minimum disclosure requirements of state law and provide for maximum disclosure to the public. A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements.

Acknowledgements

Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that these staff members contribute to the service of the District's customers. The contributions made by the Finance and Accounting department deserves special recognition. We would also like to thank and recognize the members of the Board of Directors for their continued support in planning and implementation of the MSWD fiscal policies.

Respectfully submitted,



Brian E. Macy,
General Manager

Skyler Aubrey
Accounting Manager

Mission Statement

Mission Springs Water District has one simple mission:
Provide, protect, and preserve our most
valuable resource...water.

Board of Directors



Robert Griffith
Vice President



Ivan Sewell
President



Amber Duff
Member

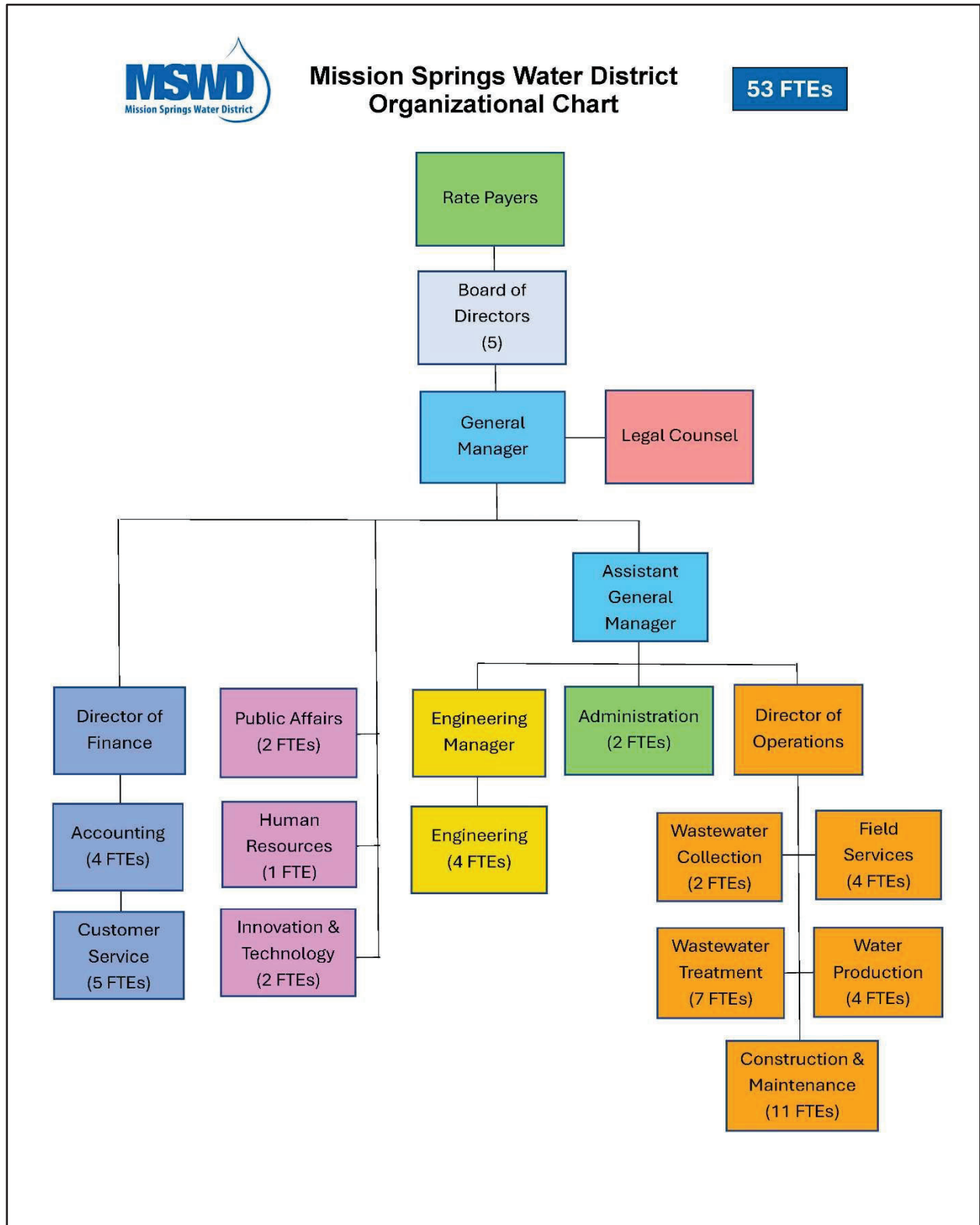


Russ Martin
Member



Ted Mayrhofen
Member

Organizational Structure



Mission Statement, Vision, & Core Values

In 2023, MSWD initiated a formal strategic planning effort that builds on the achievements of the 2017 plan by developing a Mission Statement, an accompanying Vision Statement, and a set of Core Values for the District.

Mission of the Mission Springs Water District

Our Mission at MSWD encapsulates the core function and intrinsic value that defines our existence. It is a simple yet robust statement, articulating our fundamental purpose and the reasons that drive our daily endeavors.

MSWD has one simple mission: We provide, protect, and preserve our most precious resource...Water!

Vision of the Mission Springs Water District

Our Vision at MSWD serves as a compass, charting our course toward a future state that reflects our aspirations and commitment to excellence. It encapsulates not just what we aim to become but envisions the success we strive for and the positive transformations we aim to bring to all those we serve.

Trust: Our vision at MSWD is to build a trusting community through open communication, accountability, collaboration, and mutual respect among the Board of Directors, staff, and our customers.

Employees: Our vision for MSWD employees is to cultivate a workplace where each person is empowered as a steward of our community's water, fostering a culture of excellence, innovation, and service in alignment with our shared mission.

Customers: Our vision for MSWD is to deliver reliable, sustainable, and community-focused service to our customers, ensuring you can trust us to meet your water needs while contributing to a healthier, vibrant community.

Environment: Our vision for the natural environment in MSWD is harmonious coexistence through responsible management, aiming to be a model for environmental stewardship and sustainable practices, ensuring the health and vitality of our local ecosystems.

Public Health: Our vision for MSWD is to serve as a cornerstone of community well-being by providing reliable and safe water services that protect and support a healthy and thriving community.

Values of the Mission Springs Water District

Our Values at MSWD stand as the bedrock of our organization, shaping how we work and defining who we are. These guiding principles not only clarify our identity, but also serve as a compass for our purpose, culture, and decision-making processes.

Accountability: We are accountable for our actions, committed to transparency, integrity, and rectifying mistakes, ensuring the District's operations are conducted with honesty and responsibility.

Leadership: Leadership is a core value for us, representing a commitment to setting a positive example, inspiring others, and fostering innovation to address water management challenges and drive progress in our community.

Professionalism: We maintain the highest standards of competence, ethics, and integrity in our actions, delivering water services with accountability and respect for the community, ensuring professionalism and expertise in every operation.

Service: We ensure access to clean, reliable water and cultivate a positive, supportive, and respectful environment for our staff, recognizing that community well-being and employee satisfaction are integral to achieving our mission.



GFOA Certificate of Achievement



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Mission Springs Water District
California**

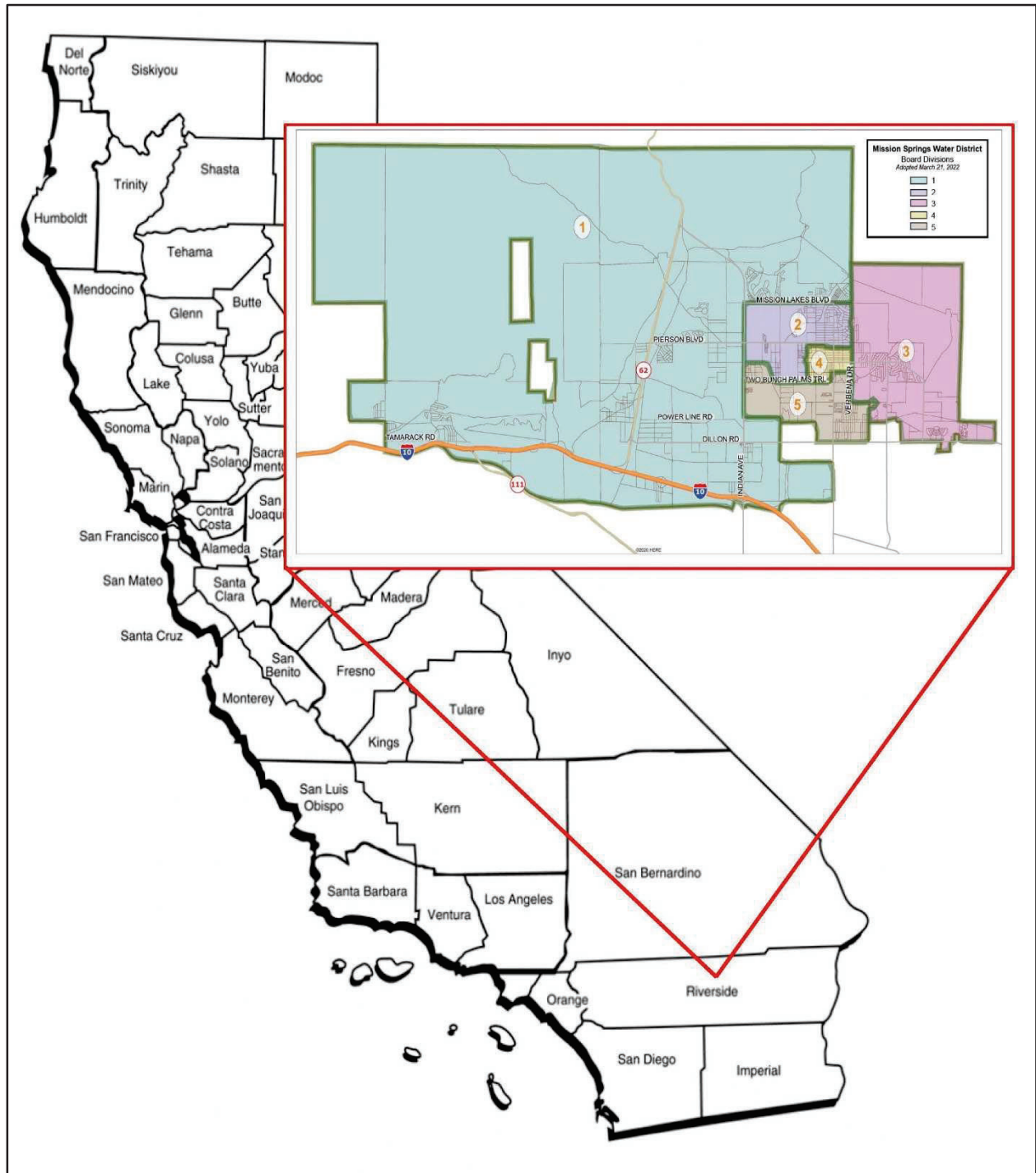
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

District Boundary



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Financial Section



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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Mission Springs Water District (District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the District, as of June 30, 2024, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the California State Controller's office and state regulations governing special districts.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States (*Government Auditing Standards*), and the State Controller's *Minimum Audit Requirements for California Special Districts*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 1 to the financial statements, in the year ended June 30, 2024, the District adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections, but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated **November XX**, 2025, on our consideration of the 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 solely 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 the effectiveness of 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 the District's internal control over financial reporting and compliance.

San Bernardino, California
November XX, 2025

Management's Discussion and Analysis
For the fiscal year ended June 30, 2024

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial performance and activities of the Mission Springs Water District (District) for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Overview of the Basic Financial Statements

The District is a utility enterprise and presents its financial statements using the economic resources measurement focus and the full accrual basis of accounting. The District's basic financial statements include the statement of net position, statement of revenues, expenses, and changes in net position and statement of cash flows. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The statement of net position presents information on all the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of revenues, expenses, and changes in net position presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are recognized on the accrual basis.

The statement of cash flows is related to the other financial statements by the way it links changes in assets and deferred outflows of resources and liabilities and deferred inflows of resources to the effect on cash and cash equivalents over the course of the fiscal year.

The notes to the financial statements provide useful information regarding the District's significant accounting policies, and they explain significant account balances and activities, certain material risks, obligations, commitments, contingencies, and subsequent events, if any.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$231,042,265 (net position). Of this amount, \$64,911,573 represents unrestricted net position, which stands for net position available for designation by the board.

The District's total net position increased \$20,804,406 from the prior fiscal year attributable to the Nancy Wright Regional Water Reclamation Facility (RWRf) grant.

Management’s Discussion and Analysis
For the fiscal year ended June 30, 2024

Financial Analysis of the District

The statement of net position and the statement of revenues, expenses, and changes in net position provide an indication of the District’s financial health. It provides a basis for evaluating the capital structure and assessing the liquidity and financial flexibility of the District.

The following tables summarize the District’s financial condition and the changes in its net position for the past two years.

Statements of Net Position

Consolidated Statements of Net Position

	June 30		Change	
	2024 (in thousands)	2023 (in thousands)	Dollars (in thousands)	Percentage
Assets				
Current and other noncurrent assets	\$ 80,577	\$ 85,301	\$ (4,724)	-6%
Restricted assets	2,774	1,637	1,137	69%
Capital assets, net	183,363	163,768	19,595	12%
Total assets	266,714	250,706	16,008	6%
Deferred outflows of resources	3,701	3,609	92	3%
Liabilities				
Current liabilities	25,508	12,947	12,561	97%
Noncurrent liabilities	13,239	30,169	(16,930)	-56%
Total liabilities	38,747	43,116	(4,369)	-10%
Deferred inflows of resources	625	961	(336)	-35%
Net position				
Net investment in capital assets	163,357	141,112	22,245	16%
Restricted	2,774	1,637	1,137	69%
Unrestricted	64,912	67,489	(2,577)	-4%
Total net position	\$ 231,043	\$ 210,238	\$ 20,805	10%

As shown above, the District’s total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$231 million and \$210.2 million as of June 30, 2024 and 2023, respectively, an increase in net position of \$20.8 million between 2024 and 2023.

Management’s Discussion and Analysis
For the fiscal year ended June 30, 2024

Statements of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses and changes in net position provide information on the nature and sources of these changes. For the fiscal years ended June 30, 2024 and 2023, the District’s net position increased by \$20.8 million and \$38.4 million, respectively, as shown by the table below.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	Year ended June 30		Change	
	2024 (in thousands)	2023 (in thousands)	Dollars (in thousands)	Percentage
Operating revenue				
Sales	\$ 8,718	\$ 8,568	\$ 150	2%
Services	10,417	10,559	(142)	-1%
Other operating revenue	2,467	3,358	(891)	-27%
Total operating revenue	21,602	22,485	(883)	-4%
Total operating expenses	21,996	20,125	1,871	9%
Operating income	(394)	2,360	(2,754)	-117%
Property taxes and special assessments	3,305	3,296	9	0%
Investment earnings, other	1,726	873	853	98%
Grants	13,865	32,445	(18,580)	-57%
Net nonoperating revenues	18,896	36,614	(17,718)	-48%
Interest expense	763	501	262	52%
Other	53	156	(103)	100%
Net nonoperating expenses	816	657	159	24%
Income before contributions	17,686	38,317	(20,631)	-54%
Capital contributions	3,119	51	3,068	6016%
Change in net position	20,805	38,368	\$ (17,563)	-46%
Net position, beginning of year	210,238	171,870		
Net position, end of year	\$ 231,043	\$ 210,238		

Operating Revenues

decreases

Fiscal year 2023/2024 saw a decrease in operating revenue of 4%. This was due primarily to the decrease in other operating revenue. The largest decrease in other operating revenue were delinquent changes and backup facilities charges. While total operating expenses increased by 9%, the District incurred a \$394k operating loss.

Nonoperating Revenues/Expenses and Capital Contributions

Net nonoperating revenue decreased 48% over the prior year attributable to the decreased RWRf grant activity received from the State Water Resource Board, covering 100% of the project’s expenses.

Capital contributions increased by \$3,068k from the prior year. This is attributable to the required one-time payment from a developer for well connections and meters.

Management’s Discussion and Analysis
For the fiscal year ended June 30, 2024

Capital Asset Administration

The District’s investments in capital assets, net of accumulated depreciation, as of June 30, 2024 and June 30, 2023 were as follows:

	June 30		Dollars (in thousands)	Percentage
	2024 (in thousands)	2023 (in thousands)		
Land and other land rights	\$ 1,862	\$ 1,377	\$ 485,000.00	35%
Construction in progress	73,735	50,804	22,931	45%
Building and improvements	4,068	4,250	(182)	-4%
Utility plant	101,739	104,471	(2,732)	-3%
Furniture and equipment	977	1,370	(393)	-29%
Other assets	426	657	(231)	-35%
Right-to-use leases	433	648	(215)	100%
Right-to-use subscriptions	123	191	(68)	100%
Net capital assets	<u>\$ 183,363</u>	<u>\$ 163,768</u>	<u>\$ 19,595</u>	12%

For more information regarding the District’s capital assets, please refer to note 4 of the notes to financial statements.

Categories of Net Position

The District is required to present its net position in three categories: Net investment in capital assets, Restricted, and Unrestricted.

Net Investment in Capital Assets

At June 30, 2024, the amount the District had invested in capital assets, net of related debt was \$163.4 million. This balance was obtained by combining land of \$1.8 million, construction in progress of \$73.7 million, and capital assets in service, net of accumulated depreciation of \$107.2 million and minus long-term liabilities of \$19.5 million.

Restricted Net Position – Debt Reserve

The District’s restricted net position of \$2.8 million, consists of a debt reserve fund required by a project financed agreement with the California State Water Resources Control Board and held retention for construction in progress projects.

Unrestricted Net Position

The District had unrestricted Net Position of \$64.9 million at June 30, 2024. The Board of Directors has designated \$47.8 million of unrestricted net position to capital reserve for the future replacement, and major repairs, of infrastructure of the District. The board has also designated \$150 thousand of unrestricted net position for the purpose of self-insuring the District against any claims made against the District.

Management’s Discussion and Analysis
For the fiscal year ended June 30, 2024

Long-term Liabilities

	June 30		Change	
	2024 (in thousands)	2023 (in thousands)	Dollars (in thousands)	Percentage
Special Assessment Bond - Assessment District #7	\$ 16,000	\$ 31,000	\$ (15,000)	-48%
COP - U.S. Department of Agriculture - 2001	221	230	(9)	-4%
Installment sale agreement - City National Bank - 2017	705	969	(264)	-27%
Installment sale agreement - Holman Capital Corporation	181	197	(16)	-8%
SWRCD - Assessment District #12, Phase IV	2,689	2,927	(238)	-8%
Installment sale agreement - City National Bank - 2013	717	777	(60)	-8%
Installment sale agreement - BBVA Compass Bank - 2014	-	1,790	(1,790)	-100%
Installment Purchase Agreement Well Fargo - 2023	15,000	15,000	-	100%
Total notes payable	19,529	21,921	(2,392)	-11%
Lease liability	391	335	56	17%
Subception liability	86	-	86	100%
Total long-term liabilities	<u>\$ 20,006</u>	<u>\$ 22,256</u>	<u>\$ (2,250)</u>	<u>-10%</u>

For more information regarding the District’s long-term liabilities, please refer to note 6 of the notes to financial statements.

Water Rates and Other Charges

On June 19, 2023, the Board of Directors approved a contract with Raftelis Financial Consultants, Inc. (Raftelis) for a Long-Range Financial Master Plan and Cost of Services Study. This will allow the District to review current rates in relation to the actual costs of providing water and sewer services. The last Board of Directors adopted a five-year increase effective March 1, 2016, and January 1, 2017, 2018, 2019 and 2020. Information related to this rate action, as well as other information about the District’s rates, can be found on the District website.

Requests for Information

This financial report is designed to provide the District’s funding sources, customers, stakeholders and other interested parties with an overview of the District’s financial operations and overall financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District’s Director of Finance at 66575 Second Street, Desert Hot Springs, CA 92240.

Basic Financial Statements

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Statement of Net Position
June 30, 2024

	Water	Sewer	Total
ASSETS			
Current assets:			
Cash and investments (note 2)	\$ 38,816,937	\$ 21,130,800	\$ 59,947,737
Receivables:			
Accounts	2,988,431	453,749	3,442,180
Grants	-	10,323,794	10,323,794
Other	371,681	33,098	404,779
Taxes	65,523	34,973	100,496
Assessments	-	488,715	488,715
Leases, current portion (note 3)	54,542	25,263	79,805
Prepaid expenses	139,524	64,252	203,776
Inventory	462,693	189,987	652,680
Note receivable, current portion	9,899	-	9,899
Total current assets	<u>42,909,230</u>	<u>32,744,631</u>	<u>75,653,861</u>
Restricted assets:			
Cash and investments (note 2)	-	2,773,600	2,773,600
Total restricted assets	<u>-</u>	<u>2,773,600</u>	<u>2,773,600</u>
Noncurrent assets:			
Capital assets, not being depreciated (note 4)	9,691,365	65,904,869	75,596,234
Capital assets, net of depreciation/amortization (note 4)	55,486,578	52,279,997	107,766,575
Note receivable, net of current portion	9,899	-	9,899
Lease receivable, net of current portion (note 3)	205,667	95,268	300,935
Assessments receivable, net of current portion	-	4,612,693	4,612,693
Total noncurrent assets	<u>65,393,509</u>	<u>122,892,827</u>	<u>188,286,336</u>
Total assets	<u>108,302,739</u>	<u>158,411,058</u>	<u>266,713,797</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related (note 7)	<u>2,609,695</u>	<u>1,091,596</u>	<u>3,701,291</u>
Total deferred outflows of resources	<u>2,609,695</u>	<u>1,091,596</u>	<u>3,701,291</u>

The accompanying notes are an integral part of these financial statements.

Statement of Net Position
June 30, 2024

(continued)

	Water	Sewer	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 2,515,012	\$ 3,404,445	\$ 5,919,457
Accrued liabilities	311,720	141,864	453,584
Customer deposits	405,083	-	405,083
Advance construction deposits	67,395	2,496,283	2,563,678
Compensated absences, current portion	246,311	84,929	331,240
Long-term liabilities, current portion (note 6)	174,833	15,660,598	15,835,431
Total current liabilities	<u>3,720,354</u>	<u>21,788,119</u>	<u>25,508,473</u>
Noncurrent liabilities:			
Compensated absences, net of current portion	293,664	107,748	401,412
Long-term liabilities, net of current portion (note 6)	632,793	3,537,493	4,170,286
Net pension liability (note 7)	6,208,669	2,458,579	8,667,248
Total noncurrent liabilities	<u>7,135,126</u>	<u>6,103,820</u>	<u>13,238,946</u>
Total liabilities	<u>10,855,480</u>	<u>27,891,939</u>	<u>38,747,419</u>
DEFERRED INFLOWS OF RESOURCES			
Lease related (note 3)	245,567	113,791	359,358
Pension related (note 7)	165,777	100,269	266,046
Total deferred inflows of resources	<u>411,344</u>	<u>214,060</u>	<u>625,404</u>
NET POSITION			
Net investment in capital assets	64,370,317	98,986,775	163,357,092
Restricted	-	2,773,600	2,773,600
Unrestricted	35,275,293	29,636,280	64,911,573
Total net position (note 8)	<u>\$ 99,645,610</u>	<u>\$ 131,396,655</u>	<u>\$ 231,042,265</u>

The accompanying notes are an integral part of these financial statements.

Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2024

	Water	Sewer	Total
OPERATING REVENUES			
Sales	\$ 8,718,019	\$ -	\$ 8,718,019
Services	2,919,952	7,496,572	10,416,524
Standby and availability	209,834	11,960	221,794
Backup facilities and front footage fees	363,141	46,820	409,961
Meter installations	84,862	-	84,862
Other	1,597,797	152,514	1,750,311
Total operating revenues	<u>13,893,605</u>	<u>7,707,866</u>	<u>21,601,471</u>
OPERATING EXPENSES			
Pumping	3,638,037	-	3,638,037
Transmission and distribution	2,344,025	-	2,344,025
Customer accounts	932,676	240,413	1,173,089
Sewage collection	-	712,786	712,786
Sewage treatment	-	2,531,785	2,531,785
Standby wages	105,975	107,434	213,409
Groundwater management	3,716	1,790	5,506
Public affairs	725,268	344,889	1,070,157
General and administrative	3,791,201	1,801,136	5,592,337
Depreciation & amortization	2,813,769	1,901,521	4,715,290
Total operating expenses	<u>14,354,667</u>	<u>7,641,754</u>	<u>21,996,421</u>
Operating income (loss)	<u>(461,062)</u>	<u>66,112</u>	<u>(394,950)</u>
NONOPERATING REVENUES			
Property taxes - general purpose	1,886,363	1,223,342	3,109,705
Special assessments - debt service	-	195,683	195,683
Investment income, net	1,654,509	(74,366)	1,580,143
Grants	-	13,865,273	13,865,273
Other	108,137	37,403	145,540
Total nonoperating revenues	<u>3,649,009</u>	<u>15,247,335</u>	<u>18,896,344</u>
NONOPERATING EXPENSES			
Interest	21,177	741,882	763,059
Other	50,950	2,143	53,093
Total nonoperating expenses	<u>72,127</u>	<u>744,025</u>	<u>816,152</u>
Income before contributions	3,115,820	14,569,422	17,685,242
Capital contributions	<u>3,119,164</u>	<u>-</u>	<u>3,119,164</u>
Change in net position	6,234,984	14,569,422	20,804,406
Net position, beginning of year	<u>93,410,626</u>	<u>116,827,233</u>	<u>210,237,859</u>
Net position, end of year	<u>\$ 99,645,610</u>	<u>\$ 131,396,655</u>	<u>\$ 231,042,265</u>

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows
For the Fiscal Year Ended June 30, 2024

	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 17,030,670	\$ 7,665,276	\$ 24,695,946
Cash payments to suppliers for goods and services	(7,733,588)	(2,637,201)	(10,370,789)
Cash payments for employees for services	(5,554,242)	(2,978,130)	(8,532,372)
Net cash provided by operating activities	3,742,840	2,049,945	5,792,785
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received from property taxes - general purpose	1,880,781	1,220,266	3,101,047
Cash received from grants	-	35,952,058	35,952,058
Net cash provided by noncapital financing activities	1,880,781	37,172,324	39,053,105
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash received from special assessments - debt service	-	1,462,026	1,462,026
Cash received from note receivable	12,430	-	12,430
Acquisition and construction of capital assets	(3,512,762)	(21,354,637)	(24,867,399)
Principal retirement of long-term debt	(24,875)	(2,367,929)	(2,392,804)
Payments on leased assets	(162,667)	(35,020)	(197,687)
Payments on subscription assets	(40,500)	(19,518)	(60,018)
Interest paid on long-term debt	(21,177)	(741,882)	(763,059)
Net cash used for capital and related financing activities	(3,749,551)	(23,056,960)	(26,806,511)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	1,537,886	(112,369)	1,425,517
Change in fair value	116,623	38,003	154,626
Net cash provided by (used for) investing activities	1,654,509	(74,366)	1,580,143
Net change in cash and investments	3,528,579	16,090,943	19,619,522
Cash and investments, beginning of year	35,288,358	7,813,457	43,101,815
Cash and investments, end of year	\$ 38,816,937	\$ 23,904,400	\$ 62,721,337
RECONCILIATION TO STATEMENT OF NET POSITION			
Cash and investments	\$ 38,816,937	\$ 21,130,800	\$ 59,947,737
Restricted cash and investments	-	2,773,600	2,773,600
Total cash and investments	\$ 38,816,937	\$ 23,904,400	\$ 62,721,337

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows
For the Fiscal Year Ended June 30, 2024, (Continued)

	Water	Sewer	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (461,062)	\$ 66,112	\$ (394,950)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	2,813,769	1,901,521	4,715,290
Other nonoperating income	108,137	37,403	145,540
Other nonoperating expense	(50,950)	(2,143)	(53,093)
Capital contributions	3,119,164	-	3,119,164
Prior year construction in progress expensed	368,661	188,447	557,108
(Increase) decrease in assets and deferred outflows of resources:			
Receivables:			
Accounts	(97,703)	(41,437)	(139,140)
Lease	51,710	24,918	76,628
Prepaid expenses	(35,698)	(17,202)	(52,900)
Inventory	(23,243)	(11,200)	(34,443)
Deferred outflows of resources - pension related	(62,223)	(29,985)	(92,208)
Increase (decrease) in liabilities and deferred inflows of resources:			
Accounts payable	(2,069,043)	50,263	(2,018,780)
Accrued liabilities	46,772	(91,248)	(44,476)
Compensated absences	(219,337)	(105,695)	(325,032)
Customer deposits	8,943	-	8,943
Advance construction deposits	1,394	(37,172)	(35,778)
Net pension liability	469,852	226,416	696,268
Deferred inflows of resources - pension related	(171,723)	(82,751)	(254,474)
Deferred inflows of resources - lease related	(54,580)	(26,302)	(80,882)
Net cash provided by operating activities	<u>\$ 3,742,840</u>	<u>\$ 2,049,945</u>	<u>\$ 5,792,785</u>

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the entity

Mission Springs Water District (District), formerly called Desert Hot Springs Water District, was formed in 1953. The District operates under the authority of the California Water Code. Mission Springs Water District 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 wastewater treatment plants. The primary service area is the City of Desert Hot Springs.

Blended component unit

The Mission Springs Water District Improvement Corporation (Corporation) was created in April of 1985 by a joint exercise of powers agreement for the purpose of acquiring, constructing, rehabilitating, financing, and refinancing, or providing for the sale or leasing of public capital improvements. The Corporation is governed by a board composed of the District's board of directors. The Corporation has issued debt which is secured solely from installment payments payable under and installment purchase agreement entered into by the District and the Corporation. All accounts and funds created and established pursuant any instrument or agreement to which the Corporation is a party, and any interest earned and accrued thereon, shall incur to the benefit of the District. Separate financial statements are not prepared for the Corporation. It is reported as a blended component unit.

Fund classifications

Mission Springs Water District is comprised of the following major enterprise funds:

Water Fund – Used to account for activities associated with serving 13,882 water accounts, of which 95% are residential customers.

Sewer **good** – Used to account for 8,919 fees associated with providing 97% sewerage collection, treatment and disposal services to 9,713 customer accounts, of which 94% are residential customers.

Measurement focus, basis of accounting and financial statement presentation

The District operates as a utility enterprise fund and its financial statements have been prepared using the economic measurement focus and the accrual basis of accounting, in conformity with generally accepted accounting principles (GAAP) and the Uniform Systems of Accounts for Utility Districts as prescribed by the Controller of the State of California. Under this basis of accounting and measurement focus, revenues are recognized when they are earned and expenses are recognized when they are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they were levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the providers have been met. The District has elected to follow all pronouncements of the Governmental Accounting Standard's Board (GASB).

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Cash and cash equivalents

For purposes of the statement of cash flows, cash and cash equivalents have been defined as deposits and highly liquid investments with an original maturity of 90 days or less at the date of purchase.

Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments are stated at amortized cost. Investments with a maturity of greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at a given point in time.

The State Treasurer's Investment Pool (Pool) is managed by the State, Office of the Treasurer, which allows certain types of governments within the state to pool their funds for investment purposes. Investments in the Pool are valued at the Pool's share price, the price at which the investments could be sold.

Allowance for doubtful accounts

The District recognizes bad debt expense relating to receivables when it is probable that the accounts will be uncollectible. As of June 30, 2024, all receivables were deemed collectible.

Prepaid expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid expenses in the financial statements.

Inventory

Inventories are valued at cost which approximates market, using the first in/first-out method. The costs of the inventories are recorded as expenses when used (consumption method). Inventory of material and supplies consisted of meters, valves, pipes, repair parts, gasoline, and supplies.

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Restricted assets

Certain proceeds of debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants. Unspent developer deposits are classified as restricted assets on the statement of net position.

Assessments receivable

The District has issued long-term debt to finance capital improvement projects and has secured these debts by placing a lien on the assessed properties. The aggregate of the property liens has been recorded as an assessment receivable on the statement of net position. As of June 30, 2024, the assessment receivable for these liens was \$5,101,408 and the balance of special assessments that were delinquent was \$98,004. As of June 30, 2024, all assessment receivables were deemed collectible.

Capital assets and depreciation

Capital assets are recorded at cost. If applicable, donated assets are stated at acquisition value on the date donated. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. The District uses differing capitalization thresholds for the classes of assets based on materiality. The District's policy is to review for capitalization those expenditures greater than \$10,000 that have a useful life of more than one year. Estimated service lives for the District's classes of assets are as follows:

Building and improvements	5 - 40 years
Utility plant	5 - 75 years
Furniture and equipment	5 - 25 years
Other assets	5 - 10 years
Intangible utility plant	5 - 25 years

Deferred outflows/inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. The District has one item, deferred outflows related to pension, which qualifies for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then. The District has two items, deferred inflows related to leases and deferred inflows related to pensions, which qualify for reporting in this category.

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Net position

Net position is categorized as follows:

Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation reduced by the outstanding debt or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints placed on resources through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of resources that do not meet the definition of “restricted” or “net investment in capital assets.”

Flow Assumption for Net Position

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

Compensated absences

The District's policy is to permit employees to accumulate a limited amount of earned vacation and sick leave. Accumulated vacation time is accrued at year-end to account for the District's obligation to the employees for the amount owed. It is management's belief that the majority of the obligation will be utilized during the course of the next fiscal year. Vacation pay is payable to employees at the time a vacation is taken, cashed out, or upon termination of employment. Normally, an employee cannot accrue more vacation than the total hours accrued in the prior twenty-four-month period each year. Sick leave is payable when an employee is unable to work because of illness of an employee or employee's family member. An employee may not accumulate more than six hundred ninety-six hours of sick leave.

Unearned revenue

Unearned revenue in accrual-based statements arises when resources are received by the District before it has a legal claim to them (i.e. when grant monies are received prior to the incurrence of qualifying expenses).

Operating and nonoperating activities

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund and sewer fund are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Contributions for capital acquisitions/construction

Contributions for capital acquisitions/construction represent cash and capital asset additions contributed to the District by federal, state, and local granting agencies or by developers.

Property taxes

The County bills and collects property taxes on behalf of the District and numerous assessment districts. The District's current year tax collection is received through periodic apportionments from the County. The County's tax calendar is from July 1 to June 30. Property taxes attach as a lien on the property on January 1. Taxes are levied on July 1 and payable in two equal installments on November 1 and February 1. They become delinquent after December 10 and April 10, respectively.

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (CONTINUED)

New Accounting Pronouncements

The District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

NOTE 2: CASH AND INVESTMENTS

Cash and investments are presented in the accompanying financial statements as follows:

Cash and investments	\$ 59,947,737
Restricted cash and investments	<u>2,773,600</u>
Total cash and investments	<u>\$ 62,721,337</u>

Cash and investments as of June 30, 2024 consist of the following:

Petty cash	\$ 1,100
Demand deposits	30,486,513
Investments	<u>32,233,724</u>
Total cash and investments	<u>\$ 62,721,337</u>

Investment policy

The District’s investment policy outlines the guidelines required to be used in effectively managing the District’s available cash in accordance with the California Government Code. To address interest rate risk, the District’s existing policy limits the maturity of investments to five years. To mitigate credit risks associated with its investments, the District’s investment policy limits investments to large institutions and requires diversification to ensure that failure of one issuer will not significantly affect the District’s cash flow.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the maximum maturity length of investments to five years.

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 2: CASH AND INVESTMENTS, (CONTINUED)

Interest rate risk (continued)

Maturities of investments at June 30, 2024, were as follows:

Investment type	Total	Remaining maturing (in months)			
		12 Months or Less	13 to 36 Months	37 to 60 Months	More than 60 Months
Investment Trust of California (CalTRUST)	\$ 32,233,724	\$ 9,805,768	\$22,427,956	\$ -	\$ -
Total	\$ 32,233,724	\$ 9,805,768	\$22,427,956	\$ -	\$ -

Concentration of credit risk

A concentration of credit risk is the risk of loss attributable to the magnitude of the District's investment in a single issuer. The District's investment policy contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2024, there were no investments in any one issuer (other than U.S. Treasury securities, agency funds, corporate funds, and external investment pools) that represent 5% or more of total District investments.

Custodial credit risk

Custodial credit risk is the risk that the District will not be able to (a) recover deposits if the depositor financial institution fails, or (b) recover the value of investments or collateral securities that are in the possession of an outside party if the counterparty to the investment or deposit transaction fails.

Deposits

The California Government Code requires California banks and savings and loan associations to secure a local governmental agency's (agency) deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of an agency's deposits. California law also allows financial institutions to secure an agency's deposits by pledging first trust deed mortgage notes having a value of 150% of an agency's total deposits. The agency may waive collateral requirements for deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The collateral for deposits in federal and state chartered banks is held in safekeeping by an authorized Agent of Depository recognized by the State of California Department of Banking. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a financial institution with an "Agent of Depository" has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California Agents of Depository are considered to be held for, and in the name of, the local governmental agency.

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 2: CASH AND INVESTMENTS, (CONTINUED)

Custodial credit risk, (continued)

Deposits (continued)

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or collateral securities that are in the possession of an outside party. At June 30, 2024, the District deposits (bank balances) were collateralized under California Law.

Investments

The California Government Code authorizes the District to invest in obligations of the United States Treasury, agencies, and instrumentalities, prime commercial paper, bankers' acceptances, repurchase and reverse repurchase agreements, financial futures or financial option contracts, negotiable certificates of deposit, obligations of the State of California, and, obligations of local agencies within California.

Investments are exposed to custodial credit risk if they are uninsured, unregistered and held by either a counterparty or the counterparty's trust department or agent but not in the government's name.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investment policy limits eligible investments to large institutions. As of June 30, 2024, CalTrust held the investments of the District.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in CalTrust are not subject to minimum legal ratings and credit risk disclosures.

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 2: CASH AND INVESTMENTS, (CONTINUED)

Fair value measurements

Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; while Level 3 inputs are significant unobservable inputs.

- Level 1 inputs are quoted prices for identical assets or liabilities in active markets that the government can access at the measurement date.
- Level 2 inputs include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 inputs are unobservable inputs for an asset or liability.

Deposits and withdrawals in governmental investment pools, such as CalTrust, are made on the basis of \$1 and not fair value. Accordingly, the District's investments in CalTrust are not subject to the fair value hierarchy.

Participation in external investment pools

The District is a voluntary participant in the Investment Trust of California (CalTRUST), which is a Joint Powers Authority governed by a Board of Trustees made up of local treasurers and investment officers. The Board of Trustees sets overall policy for CalTRUST and selects and supervises the activities of the Investment Manager and other agents. As of June 30, 2024, the District's investment in CalTRUST is \$32,233,724, of which \$2,799,765 was invested in the Liquidity funds pool, \$7,006,003 in the Short-term pool, and \$22,427,956 in the Medium-term pool. Amounts that may be withdrawn from the Money Market Fund are based upon the fund's assets valued using the amortized cost method. Amounts that may be withdrawn from the Short-term and Medium-term pools are based on the net asset value per share and the number of shares held by participants in each pool.

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 3: LEASES RECEIVABLE

The District has entered into leases as a Lessor for the use of cell towers, for a period of 61 to 112 months. The initial lease receivables were recorded in the range between \$130,352 to \$242,338. The lessee is required to make monthly fixed payments in the range between \$1,989 to \$2,284. The leases have an interest rate in the range between 0.638% to 1.187%. The cell towers have a range of 1 to 4 extension options, each for 60 months.

Total lease receivable, deferred inflow of resources, and revenue recognized at June 30, 2024 were \$380,740, \$359,358 and \$80,882, respectively.

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Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 4: CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2024 were as follows:

	Beginning balance	Increases	Decreases*	Ending balance
Capital assets, not being depreciated				
Land and other land rights	\$ 1,536,559	\$ 325,077	\$ -	\$ 1,861,636
Construction in progress	50,803,944	24,711,920	(1,781,266)	73,734,598
Total capital assets, not being depreciated	52,340,503	25,036,997	(1,781,266)	75,596,234
Capital assets, depreciable/amortizable:				
Buildings and improvements	6,117,694	20,160	-	6,137,854
Utility plant	180,181,935	998,084	-	181,180,019
Furniture and equipment	4,992,982	37,795	(165,890)	4,864,887
Other assets	1,888,785	-	-	1,888,785
Right-to-use leases	931,053	-	-	931,053
Right-to-use subscriptions	209,082	-	-	209,082
Total capital assets, being depreciated	194,321,531	1,056,039	(165,890)	195,211,680
Less accumulated depreciation/amortization:				
Buildings and improvements	(1,867,920)	(201,892)	-	(2,069,812)
Utility plant	(75,710,710)	(3,729,836)	-	(79,440,546)
Furniture and equipment	(3,782,282)	(270,312)	164,411	(3,888,183)
Other assets	(1,232,080)	(230,729)	-	(1,462,809)
Right-to-use leases	(283,102)	(214,508)	-	(497,610)
Right-to-use subscriptions	(18,132)	(68,013)	-	(86,145)
Total accumulated depreciation	(82,894,226)	(4,715,290)	164,411	(87,445,105)
Total capital assets being depreciation/amortization, net	111,427,305	(3,659,251)	(1,479)	107,766,575
Total capital assets, net	<u>\$163,767,808</u>	<u>\$ 21,377,746</u>	<u>\$ (1,782,745)</u>	<u>\$183,362,809</u>

* Construction in progress decreases of \$557,108 related to master plan updates were expensed during the year ended June 30, 2024.

Depreciation and amortization expense for the year ended June 30, 2024 was as follows:

Water	\$ 2,813,769
Sewer	<u>1,901,521</u>
Total depreciation/amortization expense	<u>\$ 4,715,290</u>

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 5: COMPENSATED ABSENCES

Changes in compensated absences for the year ended June 30, 2024 were as follows:

	Beginning balance	Net Change	Ending balance	Due Within One Year
Compensated Absences	<u>\$ 1,057,684</u>	<u>\$ (325,032)</u>	<u>\$ 732,652</u>	<u>\$ 331,240</u>

NOTE 6: LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings:					
Notes payable:					
Special Assessment Bond - Assessment District #7	\$ 31,000	\$ -	\$ (15,000)	\$ 16,000	\$ 16,000
COP - U.S. Department of Agriculture - 2001	229,801	-	(8,600)	221,201	8,900
Installment sale agreement - City National Bank - 2017	969,213	-	(263,792)	705,421	271,497
Installment sale agreement - Holman Capital Corporation	197,140	-	(16,274)	180,866	16,963
SWRCB - Assessment District #12, Phase IV	2,927,216	-	(238,111)	2,689,105	243,350
Installment sale agreement - City National Bank - 2013	777,281	-	(60,593)	716,688	63,101
Installment sale agreement - BBVA Compass Bank - 2014	1,790,434	-	(1,790,434)	-	-
Installment Purchase Agreement Well Fargo - 2023	15,000,000	-	-	15,000,000	15,000,000
Total notes payable	21,922,085	-	(2,392,804)	19,529,281	15,619,811
Lease liabilities	588,272	-	(197,687)	390,585	159,300
Subscription liabilities	145,869	-	(60,018)	85,851	56,320
Total long-term liabilities	<u>\$ 22,656,226</u>	<u>\$ -</u>	<u>\$ (2,650,509)</u>	<u>\$ 20,005,717</u>	<u>\$ 15,835,431</u>

Assessment District #7 Special Assessment Bonds (direct borrowing)

On February 28, 1985, the District issued special assessment bonds for \$222,200 to aid in financing a sewage collection system for Assessment District #7. The interest rate on the bonds is 7.25% per annum. Interest on the bonds is payable semi-annually on January 2 and July 2. Principal matures July 2 of each year through 2024.

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 6: LONG-TERM DEBT, (CONTINUED)

Certificates of Participation – United States Department of Agriculture (direct borrowing)

On July 3, 2001, the District entered into a loan agreement with the U.S.D.A. and a Certificate of Participation (COP) was issued for \$348,000 to improve waterlines in Improvement District “E”. The interest rate on the COP is 4.50% per annum. Interest on the COP is payable semi-annually on February 1 and August 1. Principal matures February 1 of each year through 2041.

Assessment District #12, Phase I and Phase II – Refinance (direct borrowing)

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 Districts #12 bonds totaling \$1,630,024. The bond proceeds were used for Assessment District #12, Phase I costs.

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 Districts #12 bonds totaling \$1,329,530. The bond proceeds were used for Assessment District #12, Phase II costs.

On December 22, 2017, the District entered into a loan agreement with City National Bank in the amount of \$2,395,013. The proceeds from this contract were used to pay off the Phase I and II La Salle National Bank loans in the amount of \$1,309,488 and \$1,019,315, respectively. The interest rate on the loan agreement is 2.90% per annum. Principal and interest on the bonds is payable semi-annually on March 21 and September 21. Principal matures through September 21, 2027.

The outstanding loan agreement with City National Bank contains (a) a provision that if an event of default occurs and continues, the timing of repayment of outstanding amounts become immediately due if the pledged revenues during each fiscal year are less than 115 percent of debt service coverage due in the following fiscal year and (b) a provision that if an event of default occurs and continues, the timing of repayment of outstanding amounts become immediately due if (1) the District is unable to make a payment; (2) the District fails to perform any of the agreements, covenants, or conditions required, and such default shall have continued for a period of thirty (30) days after the District has been given notice in writing of such default; (3) if the District files a petition in bankruptcy, or failure by the District to promptly lift any execution, garnishment or attachment, or adjudication of the District as bankrupt, or assignment by the District for the benefit of creditors, or the approval by a court of competent jurisdiction of a petition applicable to the District in any proceedings instituted under the provisions of the Federal Bankruptcy Code, as amended, or under any similar acts which may hereafter be enacted

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 6: LONG-TERM DEBT, (CONTINUED)

Installment Purchase Agreement (direct borrowing)

In August 2022, the District, and the State Water Resources Control Board (Water Board) executed Funding Agreement No. D2101054, to fund the construction of the West Valley Reclamation Facility. This is an expense reimbursement agreement that will cover 100% of the Reclamation Facility's costs. Construction began in January of 2022 and in January of 2023 the District entered into an Installment Purchase agreement with Wells Fargo Municipal Capital Strategies, LLC, in the amount of \$15,000,000, to provide interim financing for the project. The interest rate on the loan agreement is 3.99% per annum. Principal is due in full at maturity and interest is payable monthly. Principal matures through January 24, 2025.

Mission Creek – 80 Acres (direct borrowing)

On June 21, 2013, the District entered into an installment sales 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. The interest rate on the installment sales agreement is 4.19% per annum. Interest on the bonds is payable semi-annually on June 7 and December 7. Principal matures on June 7 and December 7 of each year through June 7, 2033.

The outstanding installment sales agreement with Holman Capital Corporation contains (a) a provision that if an event of default occurs and continues, the timing of repayment of outstanding amounts become immediately due if (1) the District is unable to make a payment; (2) the District fails to perform any of the agreements, covenants, or conditions required, and such default shall have continued for a period of thirty (30) days after the District has been given notice in writing of such default; (3) if the District violates any applicable rule, regulation, law, statute or ordinance applicable to the District or the Water System or the Parity Debt that could lead to a breach under the subsections (a) and/or (b) and that are not cured.

State Water Resources Control Board – State Revolving Fund Assessment District #12, Phase IV (direct borrowing),

In August 2012 (and later amended in January 2013), the District entered into a financing agreement with the California State Water Resources Control Board (CSWRCB) for a total amount of \$9,957,921 for the purpose of financing Assessment District #12, Phase 3 costs. This program is a loan from the Clean State Revolving Fund (SRF) of which 50% of the principal amount was forgiven. This was made possible through Federal Environmental Protection Agency funds granted to SRF. The interest rate on the loan is 2.2% with principal and interest payments due annually on January 31 beginning in 2015, final payment is due January 31, 2034.

In the event of a termination, the District has agreed, upon demand, to immediately repay to the State Water Board an amount equal to installment payments due hereunder, including accrued interest, and all penalty assessments due. In the event of termination, interest shall accrue on all amounts due at the highest legal rate of interest from the date that notice of termination is mailed to the District to the date of full repayment by the District.

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 6: LONG-TERM DEBT, (CONTINUED)

Assessment District #12, Phase V (direct borrowing)

On December 19, 2013, the District entered into an installment sales agreement with City National Bank in the amount of \$1,215,000. The proceeds were used to purchase Assessment District #12 bonds totaling \$1,096,329 for Phase V costs. The interest rate on the installment sales agreement is 4.10% per annum. Interest on the bonds is payable semi-annually on March 2 and September 2. Principal matures on March 2 and September 2 of each year through 2029.

The outstanding installment sales agreement with City National Bank contains (a) a provision that if an event of default occurs and continues, the timing of repayment of outstanding amounts become immediately due if (1) the District is unable to make a payment; (2) the District fails to perform any of the agreements, covenants, or conditions required, and such default shall have continued for a period of thirty (30) days after the District has been given notice in writing of such default; (3) If the District files a petition or answer seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or the approval by a court of competent jurisdiction of a petition filed with or without the consent of the District seeking arrangement or reorganization under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein, or, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction assumes custody or control of the District or of the whole or any substantial part of its property; (4) if an event of default shall have occurred and be continuing with respect to any Parity Debt or Subordinate Debt which requires or permits the immediate acceleration thereof.

Assessment District #12, Phase VI (direct borrowing)

On November 1, 2014, the District entered into an installment sales agreement with BBVA Compass Bank in the amount of \$2,700,000. The proceeds were used to purchase Assessment District #12 bonds totaling \$2,582,000 for Phase VI costs. The interest rate on the installment sales agreement is 3.95% per annum. Interest on the bonds is payable semi-annually on March 2 and September 2. Principal matures on March 2 and September 2 of each year through 2029. This note was paid off during the fiscal year.

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Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 6: LONG-TERM DEBT, (CONTINUED)

The debt service requirements for the District's notes are as follows:

Year ended June 30,	Principal	Interest	Total
2025	\$ 15,619,811	\$ 514,417	\$ 16,134,228
2026	620,927	106,763	727,690
2027	453,098	90,570	543,668
2028	412,691	77,935	490,626
2029	370,429	67,239	437,668
2030 - 2034	1,941,025	176,385	2,117,410
2035 - 2039	75,900	18,504	94,404
2040 - 2043	35,400	2,408	37,808
Total	<u>\$ 19,529,281</u>	<u>\$ 1,054,221</u>	<u>\$ 20,583,502</u>

Leases liabilities

The District has entered into leases as a Lessee for the use of various vehicles and equipment, for a period of 39 to 60 months. The initial lease liabilities were recorded in the range between \$9,261 to \$151,450. The District is required to make monthly fixed payments in the range between \$160 to \$3,637. As of June 30, 2024, the value of the lease liability is \$390,585. The leases have an interest rate in the range between 0.344% to 3.245%. The various vehicles and equipment have an estimated useful life in the range between 39 to 60 months as of the contract commencement. The value of the right to use asset as of June 30, 2024 is \$931,053 with accumulated amortization of \$497,610, which is detailed in Note 4.

Estimated future lease payable service requirements are as follows:

Year ended June 30,	Principal	Interest	Total
2025	\$ 159,300	\$ 7,886	\$ 167,186
2026	98,464	5,259	103,723
2027	86,721	2,747	89,468
2028	46,100	549	46,649
Total	<u>\$ 390,585</u>	<u>\$ 16,441</u>	<u>\$ 407,026</u>

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 6: LONG-TERM DEBT, (CONTINUED)

Subscription liabilities

On July 1, 2022, the District entered into numerous subscriptions for the use of various intangible assets, which have a range between 18 and 37 months. The initial subscription liability was recorded in the range between \$6,052 and \$113,983. As of June 30, 2024, the value of the subscription liability is \$85,851. The District is required to make annual fixed payments in the range between \$6,200 to \$28,620. The subscriptions have an interest rate between 2.449% and 2.860%. The value of the right-to use-asset as of June 30, 2024 is \$209,082 with accumulated amortization of \$86,145, which is detailed in Note 4.

Year ended June 30,	Principal	Interest	Total
2025	\$ 56,320	\$ 2,455	\$ 58,775
2026	29,531	845	30,376
Total	<u>\$ 85,851</u>	<u>\$ 3,300</u>	<u>\$ 89,151</u>

NOTE 7: DEFINED BENEFIT PENSION PLAN

A. General information about the pension plan

Plan description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under generally accepted accounting principles. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The District sponsors two miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS' website, at www.calpers.ca.gov.

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 7: DEFINED BENEFIT PENSION PLAN, (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 5 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 each plan are applied as specified by the Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

The Plan's provisions and benefits in effect at June 30, 2024 are summarized as follows:

	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.7% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of 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 employer contribution rates	15.17%	7.68%

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 7: DEFINED BENEFIT PENSION PLAN, (CONTINUED)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions. Employer Contributions to the Plan for the fiscal year ended June 30, 2024 were \$1,116,882.

B. Net pension liability

The District's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability is measured as of June 30, 2023, using an annual actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

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Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 7: DEFINED BENEFIT PENSION PLAN, (CONTINUED)

Actuarial methods and assumptions used to determine total pension liability

The collective total pension liability for the June 30, 2023 measurement period was determined by an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2023. The collective total pension liability was based on the following assumptions:

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Actuarial Cost Method
Asset Valuation Method:	Fair Value of Assets
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varied by Entry Age and Service
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' membership data for all funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter.

(1) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website..

Long-term expected rate of return

Remove extra period

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 7: DEFINED BENEFIT PENSION PLAN, (CONTINUED)

Long-term expected rate of return, (continued)

The expected real rates of return by asset class are as follows:

Asset Class	Assumed Asset Allocation	Real Return^{1,2}
Global equity - cap-weighted	30.00%	4.54%
Global equity - non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study.

Change of assumptions

There were no assumption changes in 2023.

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 7: DEFINED BENEFIT PENSION PLAN, (CONTINUED)

Discount rate

The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent events

There were no subsequent events that would materially affect the results presented in this disclosure.

Pension plan fiduciary net position

Information about the pension plan’s assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS’ audited financial statements, which are publicly available reports that can be obtained at CalPERS’ website, at www.calpers.ca.gov. The plan’s fiduciary net position and additions to/deductions from the plan’s fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

C. Proportionate share of net pension liability

The following table shows the District’s proportionate share of the net pension liability over the measurement period.

	Increase (Decrease)		
	Plan Total Pension Liability	Plan Fiduciary Net Position	Plan Net Pension Liability
	(a)	(b)	(c) = (a) - (b)
Balance at: 6/30/2022	\$ 28,828,663	\$ 20,857,683	\$ 7,970,980
Balance at: 6/30/2023	31,144,302	22,477,054	8,667,248
Net Changes during 2022-23	<u>\$ 2,315,639</u>	<u>\$ 1,619,371</u>	<u>\$ 696,268</u>

Valuation Date (VD), Measurement Date (MD)

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 7: DEFINED BENEFIT PENSION PLAN, (CONTINUED)

The District's proportion of the net pension liability was determined by CalPERS using the output from the Actuarial Valuation System and the fiduciary net position, as provided in the CalPERS Public Agency Cost-Sharing Allocation Methodology Report, which is a publicly available report that can be obtained at CalPERS' website, at www.calpers.ca.gov.

The District's proportionate share of the net pension liability for the Miscellaneous Plan as of the June 30, 2022 and 2023 measurement dates was as follows:

Proportionate share June 30, 2022	0.17035%
Proportionate share June 30, 2023	0.17333%
Change - Increase (Decrease)	<u>0.00298%</u>

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 of the Miscellaneous Plan as of the measurement date, calculated using the discount rate of 6.90 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90 percent) or 1 percentage-point higher (7.90 percent) than the current rate:

	Discount Rate - 1%	Current Discount	Discount Rate + 1%
	(5.90%)	Rate (6.90%)	(7.90%)
Plan's Net Pension Liability \$	12,879,382	\$ 8,667,248	\$ 5,200,300

Amortization of deferred outflows and deferred inflows of resources

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 7: DEFINED BENEFIT PENSION PLAN, (CONTINUED)

Amortization of deferred outflows and deferred inflows of resources, (continued)

The amortization period differs depending on the source of the gain or loss:

Net Difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

D. Pension expense and deferred outflows and deferred inflows of resources related to pensions

As of the start of the measurement period (July 1, 2022), the District's net pension liability was \$7,970,980. For the measurement period ending June 30, 2023 (the measurement date), the District incurred a pension expense of \$1,466,468.

As of June 30, 2024, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 442,770	\$ 68,684
Changes of Assumptions	523,281	-
Difference Between Projected and Actual Earnings on Pension Plan Investments	1,403,305	-
Change in Employer's Proportion	88,873	143,506
Difference in Actual vs Projected Contributions	126,180	53,856
Pension Contributions Subsequent to Measurement Date	1,116,882	-
Total	<u>\$ 3,701,291</u>	<u>\$ 266,046</u>

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 7: DEFINED BENEFIT PENSION PLAN, (CONTINUED)

The amounts above are net of outflows and inflows recognized in the 2022-23 measurement period expense. Contributions subsequent to the measurement date of \$1,116,882 reported with deferred outflows of resources will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year Ended June 30:	Deferred Outflows/(Inflows) of Resources
2025	\$ 652,020
2026	505,037
2027	1,121,040
2028	40,266
2029	-
Thereafter	-

E. Payable to the pension plan

At June 30, 2024, the District reported a payable of \$-0- for the outstanding contributions to the pension plan required for the year then ended.

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Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 8: NET POSITION CLASSIFICATIONS

Net position in the statement of net position is classified as (1) net investment in capital assets, (2) restricted, or (3) unrestricted. The details of net position as of June 30, 2024 are presented below:

	Water	Sewer	Balance
Net investment in capital assets:			
Capital assets, net of accumulated depreciation/amortization	\$ 65,177,943	\$ 118,184,866	\$ 183,362,809
Less capital related debt balances	(807,626)	(19,198,091)	(20,005,717)
Total net investment in capital assets	<u>64,370,317</u>	<u>98,986,775</u>	<u>163,357,092</u>
Restricted for:			
Debt reserve	-	2,773,600	2,773,600
Total restricted	<u>-</u>	<u>2,773,600</u>	<u>2,773,600</u>
Unrestricted:			
Designated for:			
Capital reserve	30,206,065	17,557,527	47,763,592
Self-insurance	108,000	42,000	150,000
Undesignated	4,961,228	12,036,753	16,997,981
Total unrestricted	<u>35,275,293</u>	<u>29,636,280</u>	<u>64,911,573</u>
Total net position	<u>\$ 99,645,610</u>	<u>\$ 131,396,655</u>	<u>\$ 231,042,265</u>

NOTE 9: DEFERRED COMPENSATION AGREEMENT

The District offers its employees a deferred compensation plan (DC Plan) created in accordance with Internal Revenue Code Section 457. The DC Plan, available to all of the 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 an unforeseeable emergency.

All amounts of compensation deferred under the DC Plan are held in trust and are not subject to the creditors of the District. Accordingly, the assets and liabilities of the DC Plan are not reflected on these financial statements.

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 10: COMMITMENTS AND CONTINGENCIES

Grant awards

The District has received funds for specific purposes that are subject to review and audit by the grantors. Although such audits could generate expenditure disallowances under terms of the grants or contracts, management believes that any required reimbursements will not be material.

Litigation

Legal claims and lawsuits arise from time to time in the normal course of business, which, in the opinion of management, will have no material effect on the District's financial position.

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.

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

NOTE 11: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters. It is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is a risk-pooling, self-insurance authority, created under the provisions of California Government Code Sections 6500 et. seq. The purpose of the Insurance Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

On June 30, 2024, the District participated in the self-insurance program of the Insurance Authority as follows:

Property Loss – The Insurance Authority has pooled self-insurance up to \$500 million per occurrence, except for Boiler & Machinery at \$100 million per occurrence, Earthquake at \$2,500,000 program aggregate and Flood at \$25 million per occurrence and has purchased excess insurance coverage up to \$500,000,000 (total insurable value of \$9,128,577), with deductibles ranging from \$2,500 to \$100,000.

General, Auto and Public Officials Errors and Omissions Liability – The Insurance Authority has pooled self-insurance up to \$5,000,000 and has purchased excess insurance coverage up to \$55,000,000, except for Terrorism at \$5,000,000 per occurrence, Communicable Disease at \$10,000,000 per occurrence and Subsidence, Lead and Mold at \$45,000,000 per occurrence.

Notes to Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 11: RISK MANAGEMENT, (CONTINUED)

Cyber Liability – The Insurance Authority has pooled self-insurance up to \$3,000,000 per occurrence subject to a \$5,000,000 aggregate limit.

Crime insurance - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence and a deductible of \$1,000.

Excess crime insurance - The Insurance Authority has pooled self-insurance up to \$1,000,000 per occurrence and a deductible of \$100,000.

Workers' Compensation – The Insurance Authority has pooled self-insurance up to \$2,000,000 each for workers' compensation and employers' liability. The employers' liability is insured up to \$2,000,000, in excess of \$2,000,000 Self-Insured Retention. Workers' compensation is insured up to the statutory limit.

There were no settlements in excess of the insurance coverage in any of the three prior fiscal years.

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Required Supplementary Information Section



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Schedule of the District's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date Last 10 Years

<u>Measurement date</u>	<u>Employer's proportion of the collective net pension liability ¹</u>	<u>Employer's proportionate share of the collective net pension liability</u>	<u>Covered payroll</u>	<u>Employer's proportionate share of the collective net pension liability as a percentage of the employer's covered payroll</u>	<u>Pension plan's fiduciary net position as a percentage of the total pension liability</u>
June 30, 2014	0.077930%	\$ 4,849,312	\$ 2,591,793	187.10%	73.82%
June 30, 2015	0.085197%	5,847,823	2,604,796	224.50%	69.65%
June 30, 2016	0.076692%	6,636,212	2,583,022	256.92%	67.04%
June 30, 2017	0.072935%	7,233,188	2,828,491	255.73%	67.25%
June 30, 2018	0.070742%	6,816,901	3,130,723	217.74%	70.50%
June 30, 2019	0.068262%	6,994,867	3,321,379	210.60%	71.39%
June 30, 2020	0.065671%	7,145,304	3,803,501	187.86%	72.74%
June 30, 2021	0.073398%	3,969,586	4,042,901	98.19%	85.56%
June 30, 2022	0.069008%	7,970,980	4,066,480	196.02%	72.35%
June 30, 2023	0.069475%	8,667,248	4,876,177	177.75%	72.17%

* Proportion of the net pension liability represents the plan's proportion of PERF C, which includes both the Miscellaneous and Safety Risk Pools excluding the 1959 Survivors Risk Pool.

**Schedule of Pension Plan Contributions
Last 10 Years**

<u>Fiscal year</u>	<u>Actuarially determined contribution</u>	<u>Contributions in relation to the actuarially determined contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
June 30, 2015	\$ 650,239	\$ (650,239)	\$ -	\$ 2,591,793	25.09%
June 30, 2016	810,210	(810,210)	-	2,583,022	31.37%
June 30, 2017	879,168	(879,168)	-	2,828,491	31.08%
June 30, 2018	953,145	(953,145)	-	3,130,723	30.44%
June 30, 2019	1,027,933	(1,027,933)	-	3,321,379	30.95%
June 30, 2020	1,167,827	(1,167,827)	-	3,803,501	30.70%
June 30, 2021	911,046	(911,046)	-	4,042,901	22.53%
June 30, 2022	970,494	(970,494)	-	4,066,480	23.87%
June 30, 2023	1,105,654	(1,105,654)	-	4,876,177	22.67%
June 30, 2024	1,116,882	(1,116,882)	-	5,010,091	22.29%

Notes to Schedule:

Changes in Benefit Terms: There were no changes to benefit terms that applied to all members of the Public Agency Pool. Additionally, the figures above do not include any liability impact that may have resulted from Golden Handshakes that occurred after the June 30, 2021 valuation date, unless the liability impact is deemed to be material to the Public Agency Pool.

Changes in Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. There were no assumption changes for 2021. For 2020, the Plan adopted a new amortization policy effective with the 2019 actuarial valuation. The new amortization policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed as a level dollar amount. In addition, the new policy does not utilize a five-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. The new policy also does not utilize a five-year ramp-down on investment gains/losses. These changes apply only to new UAL bases established on or after June 30, 2019. There were no changes in assumptions in 2019. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2019. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes in the discount rate. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

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Supplementary Information Section



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Schedule of Operating Expenses by Natural Classification
For the Year Ended June 30, 2024

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
OPERATING EXPENSES			
Salaries and wages	\$ 3,363,978	\$ 1,763,800	\$ 5,127,778
Employee benefits	2,253,605	1,131,067	3,384,672
Bank and administrative charges	97,140	46,810	143,950
Materials and supplies	1,448,647	337,351	1,785,998
Equipment rental	10,582	5,099	15,681
Outside services	1,531,301	1,595,434	3,126,735
Ground water replenishment fees	16,744	-	16,744
Utilities	2,076,212	460,568	2,536,780
Directors' fees	37,802	18,217	56,019
Engineering	47,353	-	47,353
Insurance	185,056	89,176	274,232
Penalties	2,751	1,325	4,076
Professional services	205,699	99,124	304,823
Office expense	66,058	31,832	97,890
Repairs and maintenance	11,690	6,607	18,297
Standby reports	16,279	4,862	21,141
Dues and subscriptions	1,730	3,584	5,314
Permits	82,185	106,702	188,887
Training and conferences	82,370	36,885	119,255
Ground water management	3,716	1,790	5,506
Depreciation and amortization	2,813,769	1,901,521	4,715,290
Total operating expenses	<u>\$ 14,354,667</u>	<u>\$ 7,641,754</u>	<u>\$ 21,996,421</u>

Schedule of Principal and Interest Repayments
Note Payable – Assessment District #7 Special Assessment Bonds

<u>Date</u>	<u>Interest Rate</u>	<u>Interest Due</u>	<u>Principal Payment</u>	<u>Total Debt Service</u>	<u>Balance Principal Unpaid</u>
6/30/24		\$ -	\$ -	\$ -	\$ 16,000
7/2/24	7.250%	580	16,000	16,580	-
		<u>\$ 580</u>	<u>\$ 16,000</u>	<u>\$ 16,580</u>	<u>\$ -</u>

Schedule of Principal and Interest Repayments
Note Payable – Certificated of Participation – United States Department of Agriculture

Date	Interest Rate	Interest Due	Principal Payment	Total Debt Service	Balance Principal Unpaid
6/30/24		\$ -	\$ -	\$ -	\$ 221,201
8/1/24	4.500%	4,977	-	4,977	221,201
2/1/25	4.500%	4,977	8,900	13,877	212,301
8/1/25	4.500%	4,777	-	4,777	212,301
2/1/26	4.500%	4,777	9,400	14,177	202,901
8/1/26	4.500%	4,565	-	4,565	202,901
2/1/27	4.500%	4,565	9,800	14,365	193,101
8/1/27	4.500%	4,345	-	4,345	193,101
2/1/28	4.500%	4,345	10,200	14,545	182,901
8/1/28	4.500%	4,115	-	4,115	182,901
2/1/29	4.500%	4,115	10,700	14,815	172,201
8/1/29	4.500%	3,875	-	3,875	172,201
2/1/30	4.500%	3,875	11,100	14,975	161,101
8/1/30	4.500%	3,625	-	3,625	161,101
2/1/31	4.500%	3,625	11,600	15,225	149,501
8/1/31	4.500%	3,364	-	3,364	149,501
2/1/32	4.500%	3,364	12,200	15,564	137,301
8/1/32	4.500%	3,089	-	3,089	137,301
2/1/33	4.500%	3,089	12,700	15,789	124,601
8/1/33	4.500%	2,804	-	2,804	124,601
2/1/34	4.500%	2,804	13,300	16,104	111,301
8/1/34	4.500%	2,504	-	2,504	111,301
2/1/35	4.500%	2,504	13,900	16,404	97,401
8/1/35	4.500%	2,192	-	2,192	97,401
2/1/36	4.500%	2,192	14,500	16,692	82,901
8/1/36	4.500%	1,865	-	1,865	82,901
2/1/37	4.500%	1,865	15,200	17,065	67,701
8/1/37	4.500%	1,523	-	1,523	67,701
2/1/38	4.500%	1,523	15,800	17,323	51,901
8/1/38	4.500%	1,168	-	1,168	51,901
2/1/39	4.500%	1,168	16,500	17,668	35,401
8/1/39	4.500%	797	-	797	35,401
2/1/40	4.500%	797	17,300	18,097	18,101
8/1/40	4.500%	407	-	407	18,101
2/1/41	4.500%	408	18,101	18,509	-
		<u>\$ 99,985</u>	<u>\$ 221,201</u>	<u>\$ 321,186</u>	<u>\$ -</u>

Schedule of Principal and Interest Repayments
Note Payable – Installment Sale Agreement
Assessment District #12, Phase I and Phase II - Refinance

<u>Date</u>	<u>Interest Rate</u>	<u>Interest Due</u>	<u>Principal Payment</u>	<u>Total Debt Service</u>	<u>Balance Principal Unpaid</u>
6/30/24		\$ -	\$ -	\$ -	\$ 705,421
9/21/24	2.90%	10,229	134,771	145,000	570,650
3/21/25	2.90%	8,274	136,726	145,000	433,924
9/21/25	2.90%	6,292	138,708	145,000	295,216
3/21/26	2.90%	4,281	140,719	145,000	154,497
9/21/26	2.90%	2,240	50,760	53,000	103,737
3/21/27	2.90%	1,504	51,496	53,000	52,241
9/21/27	2.90%	757	52,241	52,998	-
		<u>\$ 33,577</u>	<u>\$ 705,421</u>	<u>\$ 738,998</u>	<u>\$ -</u>

Schedule of Principal and Interest Repayments
Note Payable – Installment Sale Agreement
Mission Creek – 80 Acres

Date	Interest Rate	Interest Due	Principal Payment	Total Debt Service	Balance Principal Unpaid
6/30/24		\$ -	\$ -	\$ -	\$ 180,866
12/7/24	4.190%	3,797	8,394	12,191	172,472
6/7/25	4.190%	3,621	8,570	12,191	163,902
12/7/25	4.190%	3,442	8,749	12,191	155,153
6/7/26	4.190%	3,259	8,932	12,191	146,221
12/7/26	4.190%	3,071	9,120	12,191	137,101
6/7/27	4.190%	2,880	9,311	12,191	127,790
12/7/27	4.190%	2,685	9,506	12,191	118,284
6/7/28	4.190%	2,486	9,705	12,191	108,579
12/7/28	4.190%	2,283	9,908	12,191	98,671
6/7/29	4.190%	2,075	10,116	12,191	88,555
12/7/29	4.190%	1,863	10,328	12,191	78,227
6/7/30	4.190%	1,647	10,544	12,191	67,683
12/7/30	4.190%	1,426	10,765	12,191	56,918
6/7/31	4.190%	1,201	10,990	12,191	45,928
12/7/31	4.190%	970	11,113	12,083	34,815
6/7/32	4.190%	735	11,481	12,216	23,334
12/7/32	4.190%	495	11,623	12,118	11,711
6/7/33	4.190%	250	11,711	11,961	-
		<u>\$ 38,186</u>	<u>\$ 180,866</u>	<u>\$ 219,052</u>	<u>\$ -</u>

Schedule of Principal and Interest Repayments
State Revolving Fund Assessment District #12, Phase IV

<u>Date</u>	<u>Interest Rate</u>	<u>Interest Due</u>	<u>Principal Payment</u>	<u>Total Debt Service</u>	<u>Balance Principal Unpaid</u>
6/30/24		\$ -	\$ -	\$ -	\$ 2,689,105
1/31/25	2.200%	59,160	243,350	302,510	2,445,755
1/31/26	2.200%	53,807	248,703	302,510	2,197,052
1/31/27	2.200%	48,335	254,175	302,510	1,942,877
1/31/28	2.200%	42,743	259,767	302,510	1,683,110
1/31/29	2.200%	37,029	265,481	302,510	1,417,629
1/31/30	2.200%	31,188	271,322	302,510	1,146,307
1/31/31	2.200%	25,219	277,291	302,510	869,016
1/31/32	2.200%	19,118	283,392	302,510	585,624
1/31/33	2.200%	12,884	289,626	302,510	295,998
1/31/34	2.200%	6,511	295,998	302,509	-
		<u>\$ 335,994</u>	<u>\$ 2,689,105</u>	<u>\$ 3,025,099</u>	<u>\$ -</u>

Schedule of Principal and Interest Repayments
Note Payable – Installment Sale Agreement
Assessment District #12, Phase V

Date	Interest Rate	Interest Due	Principal Payment	Total Debt Service	Balance Principal Unpaid
6/30/24		\$ -	\$ -	\$ -	\$ 716,688
9/2/24	4.100%	14,692	31,231	45,923	685,457
3/2/25	4.100%	14,052	31,871	45,923	653,586
9/2/25	4.100%	13,399	32,524	45,923	621,062
3/2/26	4.100%	12,732	33,191	45,923	587,871
9/2/26	4.100%	12,051	33,872	45,923	553,999
3/2/27	4.100%	11,358	34,565	45,923	519,434
9/2/27	4.100%	10,648	35,275	45,923	484,159
3/2/28	4.100%	9,926	35,997	45,923	448,162
9/2/28	4.100%	9,188	36,735	45,923	411,427
3/2/29	4.100%	8,434	37,489	45,923	373,938
9/2/29	4.100%	7,666	38,257	45,923	335,681
3/2/30	4.100%	6,882	39,041	45,923	296,640
9/2/30	4.100%	6,081	39,842	45,923	256,798
3/2/31	4.100%	5,265	40,658	45,923	216,140
9/2/31	4.100%	4,431	41,492	45,923	174,648
3/2/32	4.100%	3,581	42,342	45,923	132,306
9/2/32	4.100%	2,712	43,211	45,923	89,095
3/2/33	4.100%	1,827	44,096	45,923	44,999
9/2/33	4.100%	917	44,999	45,916	-
		<u>\$ 155,842</u>	<u>\$ 716,688</u>	<u>\$ 872,530</u>	<u>\$ -</u>

Schedule of Principal and Interest Repayments
Note Payable – Installment Purchase Agreement

<u>Date</u>	<u>Interest Rate</u>	<u>Interest Due</u>	<u>Principal Payment</u>	<u>Total Debt Service</u>	<u>Balance Principal Unpaid</u>
6/30/24		\$ -	\$ -	\$ -	\$15,000,000
7/1/24	3.99%	49,785	-	49,785	15,000,000
8/1/24	3.99%	49,785	-	49,785	15,000,000
9/1/24	3.99%	49,785	-	49,785	15,000,000
10/1/24	3.99%	49,785	-	49,785	15,000,000
11/1/24	3.99%	49,785	-	49,785	15,000,000
12/1/24	3.99%	49,785	-	49,785	15,000,000
1/1/25	3.99%	49,785	-	49,785	15,000,000
1/24/25	3.99%	41,562	15,000,000	15,041,562	-
		<u>\$ 390,057</u>	<u>\$ 15,000,000</u>	<u>\$ 15,390,057</u>	<u>\$ -</u>

DRAFT
Subject to Change

Statistical Section



Table of Contents

This part of District’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about District’s overall financial health.

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Financial Trends

These schedules contain information to help the reader understand how District’s financial performance has changed over time.

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I didn't realize we had two table 20s. Can we please fix the numbering? I can send over an updated statistical section if you'd prefer.

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**Table 1: Net Position
Last Ten Fiscal Years**

NET POSITION BY COMPONENT

Fiscal Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position	Percent Change
FY 2015	\$104,495,939	\$24,464,065	(\$2,579,166)	\$126,380,838	0.68%
FY 2016	\$103,429,630	\$30,580,248	(\$4,799,094)	\$129,210,784	2.24%
FY 2017	\$108,859,676	\$35,645,632	(\$5,389,075)	\$139,116,233	7.67%
FY 2018	\$108,801,854	\$37,701,979	(\$3,635,803)	\$142,868,030	2.70%
FY 2019	\$109,194,048	\$40,875,774	(\$2,522,632)	\$147,547,190	3.28%
FY 2020	\$118,850,000	\$303,000	\$34,827,000	\$153,980,000	4.36%
FY 2021	\$121,188,282	\$302,510	\$40,013,656	\$161,504,448	4.89%
FY 2022	\$127,859,000	\$303,000	\$43,708,000	\$171,870,000	6.42%
FY 2023	\$141,112,000	\$1,637,000	\$67,489,000	\$210,238,000	22.32%
FY 2024	\$163,357,092	\$2,773,600	\$64,911,573	\$231,042,265	9.90%

Source:

Mission Springs Water District Audited Financial Statements

Notes:

Starting in 2020, the methodology for calculating Total Net Position was revised.

**Table 2: Changes in Net Position
Last Ten Fiscal Years**

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Operating Revenues										
Sales / Water Consumption	\$4,830,181	\$4,433,456	\$5,501,976	\$6,677,436	\$6,864,417	\$7,558,585	\$9,356,599	\$9,179,862	\$8,567,815	\$8,718,019
Services ¹	\$5,578,088	\$5,912,724	\$7,106,488	\$8,351,614	\$8,400,157	\$9,548,768	\$10,465,310	\$9,983,371	\$10,559,056	\$10,416,524
Standby Charges and Availability	\$243,192	\$242,476	\$242,938	\$240,591	\$232,867	\$240,367	\$230,368	\$226,363	\$228,579	\$221,794
Backup Facilities and Front Footage Fees ²	\$0	\$0	\$0	\$0	\$0	\$584,190	\$734,803	\$951,789	\$1,271,040	\$409,961
Meter Installations	\$17,566	\$46,849	\$50,235	\$60,790	\$67,806	\$78,110	\$103,647	\$151,640	\$167,762	\$84,862
Other	\$524,096	\$528,617	\$720,488	\$961,266	\$585,989	\$775,972	\$977,639	\$2,383,185	\$1,691,376	\$1,750,311
Total Operating Revenues	\$11,193,123	\$11,164,122	\$13,622,125	\$16,291,697	\$16,151,236	\$18,785,992	\$21,868,366	\$22,876,210	\$22,485,628	\$21,601,471
Operating Expenses										
Pumping	\$1,947,284	\$1,645,671	\$1,696,551	\$2,128,390	\$2,107,363	\$2,202,807	\$2,208,877	\$2,622,863	\$3,349,241	\$3,638,037
Transmission and Distribution	\$1,182,577	\$1,108,651	\$1,339,396	\$1,305,307	\$1,242,961	\$1,310,407	\$1,566,907	\$1,507,366	\$2,138,374	\$2,344,025
Customer Accounts	\$910,022	\$1,155,160	\$1,097,461	\$1,178,383	\$1,064,860	\$1,114,728	\$1,227,391	\$1,250,969	\$1,275,292	\$1,173,089
Sewage Collection	\$197,654	\$145,064	\$134,877	\$173,698	\$108,160	\$368,193	\$310,414	\$437,653	\$337,078	\$712,786
Sewage Treatment	\$1,175,620	\$1,143,537	\$1,178,790	\$1,349,474	\$1,445,406	\$1,556,240	\$1,759,633	\$1,994,382	\$2,418,715	\$2,531,785
Standby	\$111,656	\$108,653	\$122,112	\$124,691	\$126,180	\$146,937	\$172,191	\$175,965	\$188,518	\$213,409
Groundwater Management	\$15,000	\$30,000	\$25,000	\$21,000	\$15,000	\$18,670	(\$12,731)	\$0	\$1,100	\$5,506
Public Affairs	\$186,406	\$211,603	\$194,182	\$210,048	\$348,927	\$347,275	\$313,826	\$505,895	\$1,042,893	\$1,070,157
Depreciation	\$3,913,728	\$3,967,486	\$3,917,383	\$3,997,997	\$4,002,490	\$4,029,625	\$4,026,005	\$4,094,703	\$4,725,075	\$4,715,290
General and Administrative ³	\$3,108,375	\$3,149,804	\$3,852,468	\$4,246,183	\$4,875,414	\$5,907,409	\$5,843,252	\$6,197,486	\$4,648,796	\$5,592,337
Total Operating Expenses	\$12,748,322	\$12,665,629	\$13,558,220	\$14,735,171	\$15,336,761	\$17,002,291	\$17,415,765	\$18,787,282	\$20,125,082	\$21,996,421
Operating Income (Loss)	(\$1,555,199)	(\$1,501,507)	\$63,905	\$1,556,526	\$814,475	\$1,783,701	\$4,452,601	\$4,088,928	\$2,360,546	(\$394,950)

**Table 2: Changes in Net Position
Last Ten Fiscal Years**

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Non-Operating Revenues										
Property Taxes	\$1,584,299	\$1,625,177	\$1,671,275	\$1,777,903	\$2,125,683	\$1,915,871	\$2,129,487	\$2,330,086	\$2,734,186	\$3,109,705
Special Assessment - Debt Service	\$0	\$0	\$0	\$0	\$0	\$729,490	\$398,623	\$329,617	\$561,676	\$195,683
Interest / Investment Income (Net)	\$436,837	\$724,909	\$772,152	\$827,198	\$1,796,115	\$1,091,983	\$95,722	(\$768,193)	\$569,505	\$1,580,143
Grants	\$200,897	\$1,789,298	\$4,227,717	\$960,281	\$118,248	\$1,351,880	\$655,884	\$98,129	\$32,444,900	\$13,865,273
Other	\$0	\$0	\$0	\$0	\$0	\$165,738	\$49,666	\$202,072	\$303,280	\$145,540
Backup and Front Footage Fees ²	\$250,226	\$322,860	\$3,365,298	\$814,690	\$603,235	\$0	\$0	\$0	\$0	\$0
Contributed Infrastructure	\$776,168	\$0	\$1,186,612	\$246,110	\$292,567	\$0	\$0	\$0	\$0	\$0
Recovery of Prior Year Expense	\$43,734	\$92	\$0	\$53,220	(\$1,500)	\$0	\$0	\$0	\$0	\$0
Gain from Asset Disposal - Net	(\$297,115)	\$4,359	(\$21,291)	(\$41,965)	(\$12,344)	\$0	\$0	\$0	\$0	\$0
Total Non-Operating Revenues	\$2,995,046	\$4,466,695	\$11,201,763	\$4,637,437	\$4,922,004	\$5,254,962	\$3,329,382	\$2,191,711	\$36,613,547	\$18,896,344
Non-Operating Expenses										
Interest	\$528,887	\$739,491	\$696,563	\$743,021	\$665,441	\$625,694	\$294,143	\$265,529	\$500,898	\$763,059
Other	\$135,567	\$4,601	\$14,107	\$16,410	\$15,097	\$59,015	\$35,349	\$281	\$156,297	\$53,093
Public Employees Retirement System - Prior Year Costs	\$267,629	\$330,640	\$342,759	\$359,953	\$375,341	\$0	\$0	\$0	\$0	\$0
Pension Inflows/Outflows of Resources	(\$346,744)	(\$946,657)	\$306,790	\$1,246,116	\$0	\$0	\$0	\$0	\$0	\$0
Uncollectable Accounts	\$1,532	\$7,167	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Amortization and Cost of Debt Issuance	\$0	\$0	\$0	\$76,666	\$1,440	\$0	\$0	\$0	\$0	\$0
Total Non-Operating Expenses	\$586,871	\$135,242	\$1,360,219	\$2,442,166	\$1,057,319	\$684,709	\$329,492	\$265,810	\$657,195	\$816,152
Net Non-Operating Revenues	\$2,408,175	\$4,331,453	\$9,841,544	\$2,195,271	\$3,864,685	\$4,570,253	\$2,999,890	\$1,925,901	\$35,956,352	\$18,080,192
Capital Contributions	\$0	\$0	\$0	\$0	\$0	\$78,055	\$77,758	\$4,350,921	\$50,763	\$3,119,164
Change in Net Position	\$852,976	\$2,829,946	\$9,905,449	\$3,751,797	\$4,679,160	\$6,432,009	\$7,525,249	\$10,365,750	\$38,367,661	\$20,804,406
Net Position, Beginning of Year	\$125,527,862	\$126,380,838	\$129,210,784	\$139,116,233	\$142,868,030	\$147,547,190	\$153,979,199	\$161,504,448	\$171,870,198	\$210,237,859
Net Position, End of Year	\$126,380,838	\$129,210,784	\$139,116,233	\$142,868,030	\$147,547,190	\$153,979,199	\$161,504,448	\$171,870,198	\$210,237,859	\$231,042,265

Source:
Mission Springs Water District Audited Financial Statements

Notes:

1. Starting in 2020, the Operating Revenues categories "Basic Service Charge" and "Sewer Service" were combined into a single category "Services".
2. Starting in 2020, the Non-Operating Revenues category "Backup Facilities and Front Footage Fees" was moved to the Operating Revenues.
3. Starting in 2020, the Operating Expenses categories "Human Resources", "Building and Grounds Maintenance", "Vehicle Maintenance", "Operations Support", "Engineering", "Insurance", "Audit", "Rate Study", "Legal", "Board of Directors", "Administration", "Accounting", "Standby Reports", and "General District Allocation" were combined into a single category "General and Administrative".

**Table 3: Summary of Revenues, Expenses and Changes Net Position
Last Ten Fiscal Years**

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Operating Revenues	\$5,615,035	\$5,251,398	\$6,515,637	\$7,940,083	\$7,751,079	\$18,785,992	\$21,868,366	\$22,876,210	\$22,485,628	\$21,601,471
Operating Expenses	\$12,748,322	\$12,665,629	\$13,558,220	\$14,735,171	\$15,336,761	\$17,002,291	\$17,415,765	\$18,787,282	\$20,125,082	\$21,996,421
Operating Income (Loss)	(\$7,133,287)	(\$7,414,231)	(\$7,042,583)	(\$6,795,088)	(\$7,585,682)	\$1,783,701	\$4,452,601	\$4,088,928	\$2,360,546	(\$394,950)
Non-Operating Revenues	\$2,995,046	\$4,466,695	\$11,201,763	\$4,637,437	\$4,922,004	\$5,254,962	\$3,329,382	\$2,191,711	\$36,613,547	\$18,896,344
Non-Operating Expenses	\$586,871	\$135,242	\$1,360,219	\$2,442,166	\$1,057,319	\$684,709	\$329,492	\$265,810	\$657,195	\$816,152
Net Non-Operating Revenues	\$2,408,175	\$4,331,453	\$9,841,544	\$2,195,271	\$3,864,685	\$4,570,253	\$2,999,890	\$1,925,901	\$35,956,352	\$18,080,192
Income Before Capital Contributions	(\$4,725,112)	(\$3,082,778)	\$2,798,961	(\$4,599,817)	(\$3,720,997)	\$6,353,954	\$7,452,491	\$6,014,829	\$38,316,898	\$17,685,242
Capital Contributions	\$0	\$0	\$0	\$0	\$0	\$78,055	\$72,758	\$4,350,921	\$50,763	\$3,119,164
Change in Net Position	\$852,976	\$2,829,946	\$9,905,449	\$3,751,797	\$4,679,160	\$6,432,009	\$7,525,249	\$10,365,750	\$38,367,661	\$20,804,406

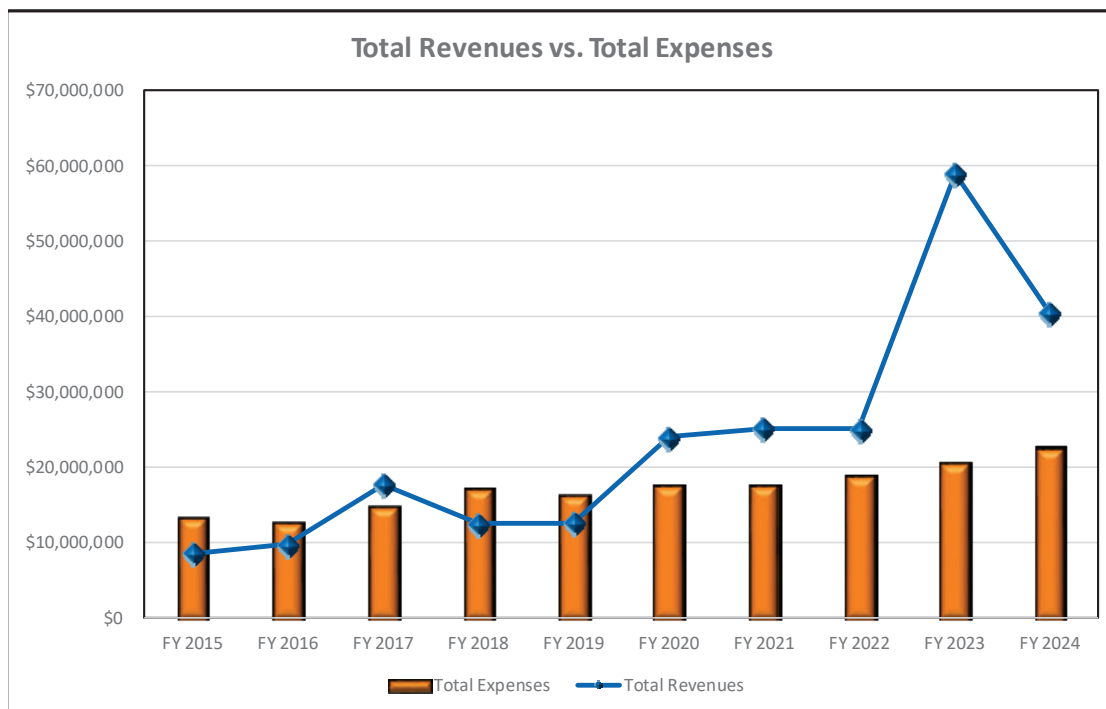
Source:
Mission Springs Water District Audited Financial Statements

**Table 4: Summary of Revenues and Expenses
Last Ten Fiscal Years**

SUMMARY OF REVENUES AND EXPENSES

Fiscal Year	Total Revenues	Total Expenses	Gain (Loss)
FY 2015	\$8,610,081.00	\$13,335,193.00	(\$4,725,112.00)
FY 2016	\$9,718,093.00	\$12,800,871.00	(\$3,082,778.00)
FY 2017	\$17,717,400.00	\$14,918,439.00	\$2,798,961.00
FY 2018	\$12,577,520.00	\$17,177,337.00	(\$4,599,817.00)
FY 2019	\$12,673,083.00	\$16,394,080.00	(\$3,720,997.00)
FY 2020	\$24,040,954.00	\$17,687,000.00	\$6,353,954.00
FY 2021	\$25,197,748.00	\$17,745,257.00	\$7,452,491.00
FY 2022	\$25,067,921.00	\$19,053,092.00	\$6,014,829.00
FY 2023	\$59,099,175.00	\$20,782,277.00	\$38,316,898.00
FY 2024	\$40,497,815.00	\$22,812,573.00	\$17,685,242.00

Source:
Mission Springs Water District Audited Financial Statements



**Table 5: Revenues by Source
Last Ten Fiscal Years**

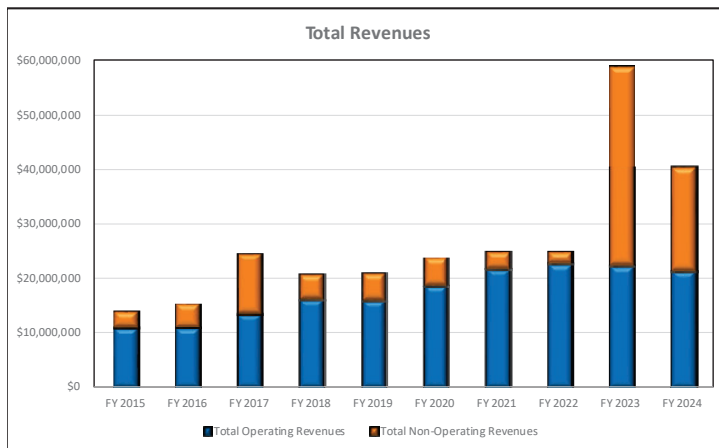
REVENUES BY SOURCE										
Operating Revenues	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Sales / Water Consumption	\$4,830,181	\$4,433,456	\$5,501,976	\$6,677,436	\$6,864,417	\$7,558,585	\$9,356,599	\$9,179,862	\$8,567,815	\$8,718,019
Services ¹	\$5,578,088	\$5,912,724	\$7,106,488	\$8,351,614	\$8,400,157	\$9,548,768	\$10,465,310	\$9,983,371	\$10,559,056	\$10,416,524
Standby Charges and Availability	\$243,192	\$242,476	\$242,938	\$240,591	\$232,867	\$240,367	\$230,368	\$226,363	\$228,579	\$221,794
Backup Facilities and Front Footage Fees ²	\$0	\$0	\$0	\$0	\$0	\$584,190	\$734,803	\$951,789	\$1,271,040	\$409,961
Meter Installations	\$17,566	\$46,849	\$50,235	\$60,790	\$67,806	\$78,110	\$103,647	\$151,640	\$167,762	\$84,862
Other	\$524,096	\$528,617	\$720,488	\$961,266	\$585,989	\$775,972	\$977,639	\$2,383,185	\$1,691,376	\$1,750,311
Total Operating Revenues	\$11,193,123	\$11,164,122	\$13,622,125	\$16,291,697	\$16,151,236	\$18,785,992	\$21,868,366	\$22,876,210	\$22,485,628	\$21,601,471
Non-Operating Revenues	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Property Taxes	\$1,584,299	\$1,625,177	\$1,671,275	\$1,777,903	\$2,125,683	\$1,915,871	\$2,129,487	\$2,330,086	\$2,734,186	\$3,109,705
Special Assessment - Debt Service	\$0	\$0	\$0	\$0	\$0	\$729,490	\$398,623	\$329,617	\$561,676	\$195,683
Interest / Investment Income (Net)	\$436,837	\$724,909	\$772,152	\$827,198	\$1,796,115	\$1,091,983	\$95,722	(\$768,193)	\$569,505	\$1,580,143
Grants	\$200,897	\$1,789,298	\$4,227,717	\$960,281	\$118,248	\$1,351,880	\$655,884	\$98,129	\$32,444,900	\$13,865,273
Other	\$0	\$0	\$0	\$0	\$0	\$165,738	\$49,666	\$202,072	\$303,280	\$145,540
Backup and Front Footage Fees ²	\$250,226	\$322,860	\$3,365,298	\$814,690	\$603,235	\$0	\$0	\$0	\$0	\$0
Contributed Infrastructure	\$776,168	\$0	\$1,186,612	\$246,110	\$292,567	\$0	\$0	\$0	\$0	\$0
Recovery of Prior Year Expense	\$43,734	\$92	\$0	\$53,220	(\$1,500)	\$0	\$0	\$0	\$0	\$0
Gain from Asset Disposal - Net	(\$297,115)	\$4,359	(\$21,291)	(\$41,965)	(\$12,344)	\$0	\$0	\$0	\$0	\$0
Total Non-Operating Revenues	\$2,995,046	\$4,466,695	\$11,201,763	\$4,637,437	\$4,922,004	\$5,254,962	\$3,329,382	\$2,191,711	\$36,613,547	\$18,896,344
Total Revenues	\$14,188,169	\$15,630,817	\$24,823,888	\$20,929,134	\$21,073,240	\$24,040,954	\$25,197,748	\$25,067,921	\$59,099,175	\$40,497,815

Source:

Mission Springs Water District Audited Financial Statements

Notes:

- Starting in 2020, the Operating Revenues categories "Basic Service Charge" and "Sewer Service" were combined into a single category "Services".
- Starting in 2020, the Non-Operating Revenues category "Backup Facilities and Front Footage Fees" was moved to the Operating Revenues.



**Table 6: Expenses by Function
Last Ten Fiscal Years**

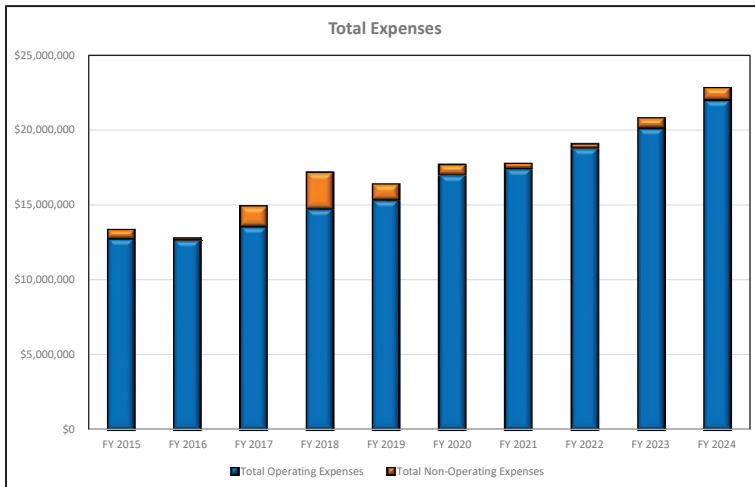
EXPENSES BY FUNCTION										
Operating Expenses	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Pumping	\$1,947,284	\$1,645,671	\$1,696,551	\$2,128,390	\$2,107,363	\$2,202,807	\$2,208,877	\$2,622,863	\$3,349,241	\$3,638,037
Transmission and Distribution	\$1,182,577	\$1,108,651	\$1,339,396	\$1,305,307	\$1,242,961	\$1,310,407	\$1,566,907	\$1,507,366	\$2,138,374	\$2,344,025
Customer Accounts	\$910,022	\$1,155,160	\$1,097,461	\$1,178,383	\$1,064,860	\$1,114,728	\$1,227,391	\$1,250,969	\$1,275,292	\$1,173,089
Sewage Collection	\$197,654	\$145,064	\$134,877	\$173,698	\$108,160	\$368,193	\$310,414	\$437,653	\$337,078	\$712,786
Sewage Treatment	\$1,175,620	\$1,143,537	\$1,178,790	\$1,349,474	\$1,445,406	\$1,556,240	\$1,759,633	\$1,994,382	\$2,418,715	\$2,531,785
Standby	\$111,656	\$108,653	\$122,112	\$124,691	\$126,180	\$146,937	\$172,191	\$175,965	\$188,518	\$213,409
Groundwater Management	\$15,000	\$30,000	\$25,000	\$21,000	\$15,000	\$18,670	(\$12,731)	\$0	\$1,100	\$5,506
Public Affairs	\$186,406	\$211,603	\$194,182	\$210,048	\$348,927	\$347,275	\$313,826	\$505,895	\$1,042,893	\$1,070,157
Depreciation	\$3,913,728	\$3,967,486	\$3,917,383	\$3,997,997	\$4,002,490	\$4,029,625	\$4,026,005	\$4,094,703	\$4,648,796	\$4,715,290
General and Administrative ¹	\$3,108,375	\$3,149,804	\$3,852,468	\$4,246,183	\$4,875,414	\$5,907,409	\$5,843,252	\$6,197,486	\$4,725,075	\$5,592,337
Total Operating Expenses	\$12,748,322	\$12,665,629	\$13,558,220	\$14,735,171	\$15,336,761	\$17,002,291	\$17,415,765	\$18,787,282	\$20,125,082	\$21,996,421
Non-Operating Expenses										
Interest	\$528,887	\$739,491	\$696,563	\$743,021	\$665,441	\$625,694	\$294,143	\$265,529	\$500,898	\$763,059
Other	\$135,567	\$4,601	\$14,107	\$16,410	\$15,097	\$59,015	\$35,349	\$281	\$156,297	\$53,093
Public Employees Retirement System - Prior Year Costs	\$267,629	\$330,640	\$342,759	\$359,953	\$375,341	\$0	\$0	\$0	\$0	\$0
Pension Inflows/Outflows of Resources	(\$346,744)	(\$946,657)	\$306,790	\$1,246,116	\$0	\$0	\$0	\$0	\$0	\$0
Uncollectable Accounts	\$1,532	\$7,167	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Amortization and Cost of Debt Issuance	\$0	\$0	\$0	\$76,666	\$1,440	\$0	\$0	\$0	\$0	\$0
Total Non-Operating Expenses	\$586,871	\$135,242	\$1,360,219	\$2,442,166	\$1,057,319	\$684,709	\$329,492	\$265,810	\$657,195	\$816,152
Total Expenses	\$13,335,193	\$12,800,871	\$14,918,439	\$17,177,337	\$16,394,080	\$17,687,000	\$17,745,257	\$19,053,092	\$20,782,277	\$22,812,573

Source:

Mission Springs Water District Audited Financial Statements

Notes:

1. Starting in 2020, the Operating Expenses categories "Human Resources", "Building and Grounds Maintenance", "Vehicle Maintenance", "Operations Support", "Engineering", "Insurance", "Audit", "Rate Study", "Legal", "Board of Directors", "Administration", "Accounting", "Standby Reports", and "General District Allocation" were combined into a single category "General and Administrative".



**Table 7: Variable Water Rates
Last Ten Fiscal Years**

VARIABLE WATER RATES

Fiscal Year	Single-Family Residential			Multi-Family Residential			Non-Residential	Irrigation
	Tier 1	Tier 2	Tier 3	Tier 1	Tier 2	Tier 3		
FY 2015	\$0.99	\$1.74	\$1.83	\$0.99	\$1.74	\$1.83	\$1.74	\$1.74
FY 2016	\$1.55	\$2.12	-	\$1.43	\$1.95	-	\$1.85	\$2.78
FY 2017	\$1.73	\$2.36	-	\$1.60	\$2.18	-	\$2.06	\$3.09
FY 2018	\$1.90	\$2.59	-	\$1.76	\$2.39	-	\$2.26	\$3.39
FY 2019	\$2.09	\$2.84	-	\$1.93	\$2.62	-	\$2.48	\$3.72
FY 2020	\$2.29	\$3.11	-	\$2.12	\$2.87	-	\$2.72	\$4.08
FY 2021	\$2.29	\$3.11	-	\$2.12	\$2.87	-	\$2.72	\$4.08
FY 2022	\$2.29	\$3.11	-	\$2.12	\$2.87	-	\$2.72	\$4.08
FY 2023	\$2.29	\$3.11	-	\$2.12	\$2.87	-	\$2.72	\$4.08
FY 2024	\$2.29	\$3.11	-	\$2.12	\$2.87	-	\$2.72	\$4.08

Source:

Mission Springs Water District Resolution No. 2010-26

Mission Springs Water District Resolution No. 2016-05

Notes:

2013-2015 Tier 1 = 0-4 Billing Units 2016-2023 Tier 1 = 0-13 Billing Units
 Tier 2 = 5-14 Billing Units Tier 2 = 14+ Billing Units
 Tier 3 = 15+ Billing Units

**Table 8: Fixed Water Rates
Last Ten Fiscal Years**

FIXED WATER RATES

Fiscal Year	Single Family Fixed Monthly Charge Based on Connection Size						
	0.75-inch	1-inch	1.5-inch	2-inch	3-inch	4-inch	6-inch
FY 2015	\$9.32	\$10.38	\$12.28	\$14.23	\$22.69	\$35.16	\$56.48
FY 2016	\$9.32	\$15.53	\$31.06	\$49.69	\$93.16	\$155.26	\$310.51
FY 2017	\$10.37	\$17.28	\$34.56	\$55.29	\$103.65	\$172.73	\$345.45
FY 2018	\$11.36	\$19.83	\$37.85	\$60.55	\$113.50	\$189.14	\$378.27
FY 2019	\$12.44	\$20.73	\$41.45	\$66.31	\$124.29	\$207.11	\$414.21
FY 2020	\$13.63	\$22.70	\$45.39	\$72.61	\$136.10	\$226.79	\$453.56
FY 2021	\$13.63	\$22.70	\$45.39	\$72.61	\$136.10	\$226.79	\$453.56
FY 2022	\$13.63	\$22.70	\$45.39	\$72.61	\$136.10	\$226.79	\$453.56
FY 2023	\$13.63	\$22.70	\$45.39	\$72.61	\$136.10	\$226.79	\$453.56
FY 2024	\$13.63	\$22.70	\$45.39	\$72.61	\$136.10	\$226.79	\$453.56

Fiscal Year	Multi-Family Fixed Monthly Charge Based on Number of Units						
	0.75-inch	1-inch	1.5-inch	2-inch	3-inch	4-inch	6-inch
FY 2015	\$9.32	\$10.38	\$12.28	\$14.23	\$22.69	\$35.16	\$56.48
FY 2016	\$5.94	\$5.94	\$5.94	\$5.94	\$5.94	\$5.94	\$5.94
FY 2017	\$6.61	\$6.61	\$6.61	\$6.61	\$6.61	\$6.61	\$6.61
FY 2018	\$7.24	\$7.24	\$7.24	\$7.24	\$7.24	\$7.24	\$7.24
FY 2019	\$7.93	\$7.93	\$7.93	\$7.93	\$7.93	\$7.93	\$7.93
FY 2020	\$8.69	\$8.69	\$8.69	\$8.69	\$8.69	\$8.69	\$8.69
FY 2021	\$8.69	\$8.69	\$8.69	\$8.69	\$8.69	\$8.69	\$8.69
FY 2022	\$8.69	\$8.69	\$8.69	\$8.69	\$8.69	\$8.69	\$8.69
FY 2023	\$8.69	\$8.69	\$8.69	\$8.69	\$8.69	\$8.69	\$8.69
FY 2024	\$8.69	\$8.69	\$8.69	\$8.69	\$8.69	\$8.69	\$8.69

Source:

Mission Springs Water District Resolution No. 2010-26

Mission Springs Water District Resolution No. 2016-05

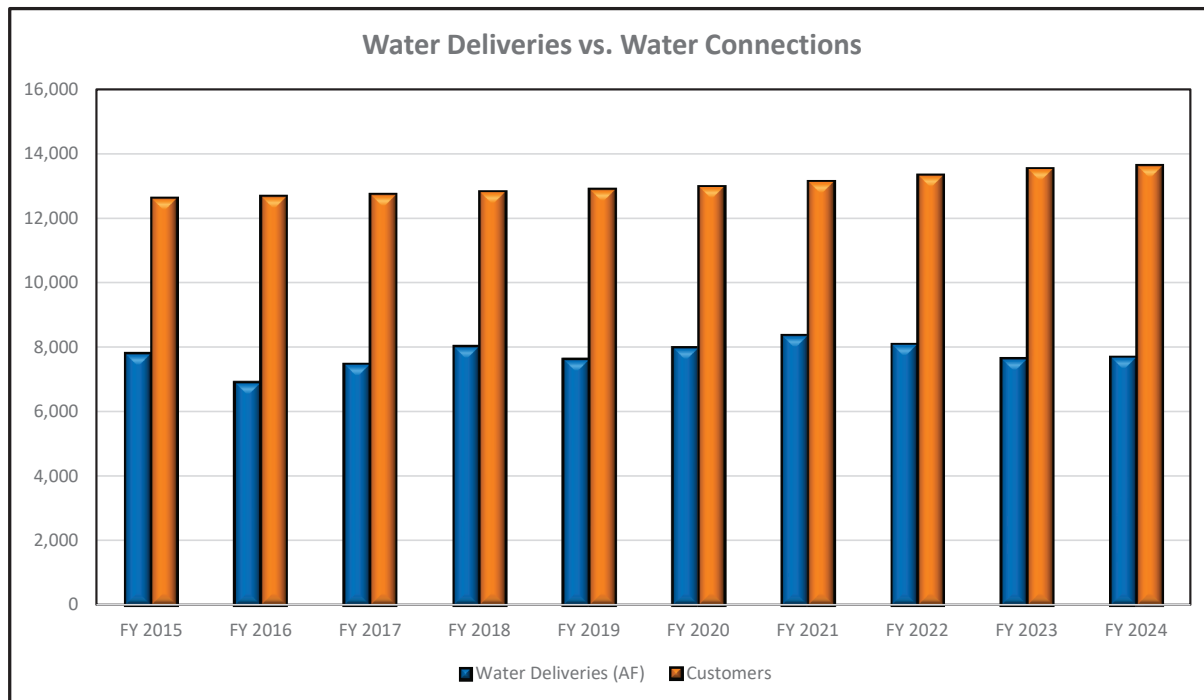
**Table 9: Water Deliveries
Last Ten Fiscal Years**

WATER DELIVERIES

Fiscal Year	Groundwater (AF)	Recycled Water (AF)	All Water Deliveries (AF)	Water Connections	% Residential Customers
FY 2015	7,799	0	7,799	12,620	95%
FY 2016	6,904	0	6,904	12,680	95%
FY 2017	7,476	0	7,476	12,738	95%
FY 2018	8,017	0	8,017	12,826	95%
FY 2019	7,617	0	7,617	12,899	95%
FY 2020	7,982	0	7,982	12,991	95%
FY 2021	8,356	0	8,356	13,141	95%
FY 2022	8,094	0	8,094	13,337	95%
FY 2023	7,646	0	7,646	13,542	95%
FY 2024	7,693	0	7,693	13,635	95%

Source:

Mission Springs Water District Water Production Reports



**Table 10: Top Ten Domestic Water Customers
Current Fiscal Year and Nine Years Ago**

TOP TEN DOMESTIC WATER CUSTOMERS

Rank	Customer	FY 2024 Revenues	Percentage of Total FY 2024 Revenues
1	Park West MHP, LLC	\$593,911.24	6.37%
2	Palm Springs Unified School District	\$264,820.56	2.84%
3	Henry Baghdady	\$84,373.14	0.91%
4	Palm Springs Unified School District	\$78,588.96	0.84%
5	Breit Hidden Springs MHC, LLC	\$69,517.78	0.75%
6	Blackstar Industrial Properties, LLC	\$65,731.52	0.71%
7	Two Bunch Palms, Bliss, LLC	\$64,508.88	0.69%
8	Morongo Industrial Owners Inc	\$61,782.08	0.66%
9	Mission Lakes CC Condos HOA	\$53,626.07	0.58%
10	Palm Springs Unified School District	\$53,015.52	0.57%
FY 2024 Top Ten Total		\$1,389,875.75	14.92%
FY 2024 District Total		\$9,317,125.00	100.00%

Rank	Customer	FY 2015 Revenues	Percentage of Total FY 2015 Revenues
1	Palm Springs Unified School District	\$101,676.90	2.06%
2	Two Bunch Palms, Bliss, LLC	\$97,735.80	1.98%
3	Hidden Springs Country Club	\$52,750.77	1.07%
4	Henry Baghdady	\$44,018.88	0.89%
5	Caliente Springs	\$42,667.32	0.87%
6	Mission Lakes CC Condos HOA	\$40,567.86	0.82%
7	Palm Springs Unified School District	\$35,997.12	0.73%
8	Mountain View MHP	\$34,398.81	0.70%
9	JFAJ Properties LP	\$30,683.13	0.62%
10	Palm Springs Unified School District	\$30,650.10	0.62%
FY 2015 Top Ten Total		\$511,146.69	10.37%
FY 2015 District Total		\$4,930,344.80	100.00%

Source:

Mission Springs Water District Billing System

**Table 11: Sewer Rates
Last Ten Fiscal Years**

SEWER RATES

Fiscal Year	Single-Family Residential	Multi-Family Residential per Unit	Non-Residential
FY 2015	\$31.23	\$23.92	\$1.98-\$12.94
FY 2016	\$36.92	\$23.51	\$2.46-\$6.88
FY 2017	\$40.98	\$26.10	\$2.73-\$7.65
FY 2018	\$45.49	\$28.98	\$3.04-\$8.50
FY 2019	\$47.77	\$30.43	\$3.20-\$8.93
FY 2020	\$50.16	\$31.96	\$3.36-\$9.38
FY 2021	\$50.16	\$31.96	\$3.36-\$9.38
FY 2022	\$50.16	\$31.96	\$3.36-\$9.38
FY 2023	\$50.16	\$31.96	\$3.36-\$9.38
FY 2024	\$50.16	\$31.96	\$3.36-\$9.38

Source:

Mission Springs Water District Resolution No. 2010-26

Mission Springs Water District Resolution No. 2016-05

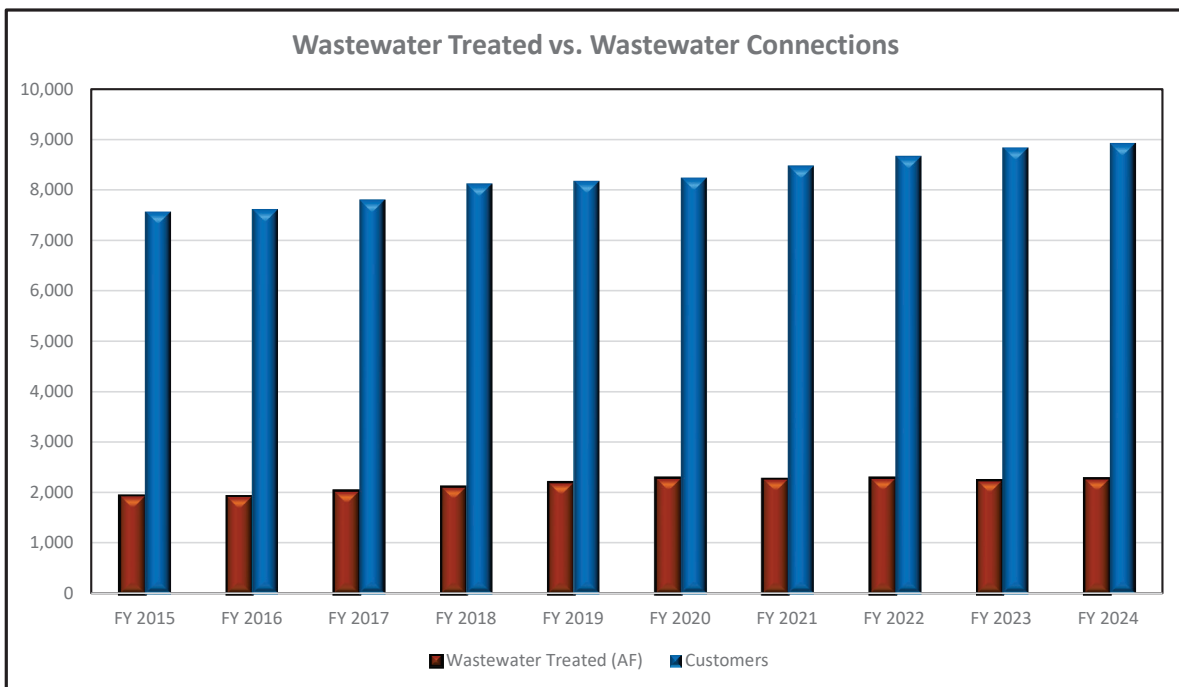
**Table 12: Wastewater Treated
Last Ten Fiscal Years**

WASTEWATER TREATED

Fiscal Year	Wastewater Treated (AF)	Wastewater Connections	% Residential Customers
FY 2015	1,938	7,565	90%
FY 2016	1,923	7,611	90%
FY 2017	2,031	7,796	90%
FY 2018	2,109	8,113	97%
FY 2019	2,198	8,173	97%
FY 2020	2,286	8,234	97%
FY 2021	2,269	8,467	97%
FY 2022	2,282	8,665	97%
FY 2023	2,238	8,836	97%
FY 2024	2,274	8,919	97%

Source:

Mission Springs Water District Wastewater Reports



**Table 13: Top Ten Sewer Customers
Current Fiscal Year and Nine Years Ago**

TOP TEN SEWER CUSTOMERS

Rank	Customer	FY 2024 Revenues	Percentage of Total FY 2024 Revenues
1	Jennifer Chen	\$107,849.66	1.49%
2	Hany Baghdady	\$84,125.10	1.17%
3	Sky Haven HMOWN Inc	\$74,581.51	1.03%
4	Mission Lakes CC Condos HOA	\$65,137.48	0.90%
5	HPD Desert Hot Springs	\$55,399.46	0.77%
6	Hany Baghdady	\$50,064.88	0.69%
7	Snider Interests LLC	\$45,623.72	0.63%
8	Verbena Apartments	\$39,805.52	0.55%
9	Michael Bickford	\$32,609.57	0.45%
10	Vons Co #2177 V #8539	\$30,560.04	0.42%
FY 2024 Top Ten Total		\$585,756.94	8.12%
FY 2024 District Total		\$7,217,163.11	100.00%

Rank	Customer	FY 2015 Revenues	Percentage of Total FY 2015 Revenues
1	Vons Co #2177 V #8539	\$83,781.00	2.04%
2	Henry Baghdady	\$58,520.77	1.42%
3	Sky Haven HMOWN Inc	\$55,819.40	1.36%
4	Mission Lakes CC Condos HOA	\$48,090.61	1.17%
5	Desert Inn Hotel/Spa	\$38,605.50	0.94%
6	Jennifer Chen	\$33,761.70	0.82%
7	HPD Desert Hot Springs	\$30,830.47	0.75%
8	Stater Bros Market #84	\$22,752.00	0.55%
9	Michael Bickford	\$16,707.24	0.41%
10	Central Coast Partner	\$13,740.16	0.33%
FY 2015 Top Ten Total		\$402,608.85	9.80%
FY 2015 District Total		\$4,110,076.91	100.00%

Source:

Mission Springs Water District Billing System

**Table 14: Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

**DIRECT AND OVERLAPPING PROPERTY TAX RATES
(RATE PER \$100 OF TAXABLE VALUE)**

Agency	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Basic Levy ¹	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Banning Unified School District	0.10956	0.10826	0.10573	0.14473	0.14278	0.14526	0.14500	0.14588	0.14609	0.14871
Coachella Valley Water District	0.10000	0.10000	0.10000	0.10000	0.10000	0.10000	0.10000	0.11000	0.11000	0.11000
Desert Community College District	0.02325	0.02087	0.02036	0.04030	0.03978	0.03983	0.03947	0.03950	0.03950	0.03950
Desert Water Agency	0.20000	0.10000	0.10000	0.10000	0.10000	0.10000	0.10000	0.10000	0.10000	0.08000
Mt. San Jacinto Jr College	0.00000	0.01394	0.01320	0.01320	0.01320	0.01320	0.01320	0.01320	0.01320	0.01320
Palm Springs Unified B & I 1992-A District	0.10160	0.08978	0.11802	0.11146	0.10603	0.10542	0.10334	0.15030	0.15187	0.14493
San Geronio Pass Memorial Hospital District	0.11296	0.08143	0.08357	0.09052	0.08692	0.06990	0.06716	0.06281	0.06242	0.06200
San Geronio Pass Water Agency	0.18500	0.18500	0.18500	0.18250	0.18250	0.17750	0.17500	0.17500	0.17500	0.17500
Total Direct & Overlapping² Tax Rates	1.83237	1.69928	1.72588	1.78271	1.77121	1.75111	1.74317	1.79669	1.79808	1.77334
Agency's Share of 1% Levy per Prop 13³	0.02446	0.02446	0.02446	0.02446	0.02446	0.02446	0.02446	0.02446	0.02446	0.02446
Voter Approved Agency Debt Rate										
Redevelopment Rate⁴										
Total Direct Rate⁵	0.01351	0.01425	0.01361	0.01342	0.01347	0.01313	0.01296	0.01289	0.01283	0.01281

Source:

Riverside County Assessor Tax Rate Tables

Notes:

- In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.
- Overlapping rates are those of local and county governments that apply to property owners within the Agency. Not all overlapping rates apply to all property owners.
- Agency's Share of 1% Levy is based on the Agency's share of the general fund tax rate area with the largest net taxable value within the Agency. The ERAF portion of the Agency's Levy has been subtracted where known.
- Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.
- Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

Table 15: Assessed Value of Taxable Property Last Ten Fiscal Years (In Thousands)

ASSESSED VALUE OF TAXABLE PROPERTY										
Category	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Residential	\$1,343,055,552	\$1,434,323,191	\$1,495,952,584	\$1,616,750,150	\$1,727,453,840	\$1,823,597,231	\$1,933,050,804	\$2,066,482,768	\$2,323,560,087	\$2,619,771,490
Commercial	\$143,279,546	\$159,164,283	\$181,276,635	\$188,438,046	\$200,658,826	\$228,056,273	\$239,082,279	\$250,467,173	\$267,337,021	\$290,203,662
Industrial	\$46,008,470	\$46,878,318	\$64,567,853	\$86,011,514	\$111,245,462	\$169,136,530	\$275,003,321	\$324,393,156	\$376,693,291	\$427,744,258
Agricultural	\$494,543	\$504,035	\$511,425	\$601,266	\$612,904	\$68,397,704	\$70,087,217	\$80,466,145	\$86,412,272	\$101,186,182
Government Owned	\$0	\$0	\$0	\$0	\$11,272	\$11,497	\$11,726	\$4,384	\$4,468	\$4,556
Institutional	\$841,000	\$1,250,087	\$1,269,138	\$4,688,273	\$588,937	\$1,020,296	\$1,166,955	\$1,179,039	\$1,752,616	\$1,415,769
Miscellaneous	\$5,947,943	\$6,066,757	\$1,738,188	\$1,772,944	\$2,041,898	\$1,322,578	\$1,405,155	\$1,419,710	\$1,448,101	\$1,467,168
Recreational	\$8,232,722	\$8,454,239	\$8,552,730	\$8,672,878	\$8,838,348	\$8,975,429	\$9,154,931	\$9,228,803	\$9,413,374	\$10,569,498
Vacant	\$336,086,205	\$338,326,797	\$368,951,527	\$373,836,157	\$398,810,697	\$332,454,088	\$324,075,481	\$314,207,985	\$375,831,575	\$381,479,611
SBE Nonunitary	\$808,921,562	\$601,217,562	\$682,500,562	\$627,700,562	\$572,699,772	\$531,683,210	\$498,883,210	\$470,383,210	\$414,446,890	\$405,408,890
Cross Reference	\$30,894,200	\$21,915,545	\$22,459,694	\$22,550,375	\$25,122,982	\$25,343,213	\$26,539,170	\$27,674,679	\$27,926,619	\$31,353,165
Unsecured	\$282,213,207	\$279,654,556	\$261,465,368	\$254,566,068	\$246,537,461	\$221,683,767	\$224,869,786	\$209,919,920	\$198,937,767	\$357,283,769
Exempt	\$22,009,511	\$22,393,576	\$23,054,094	\$20,560,731	\$21,785,986	\$0	\$0	\$0	\$0	\$0
Unknown	\$0	\$0	\$0	\$0	\$0	\$3,159,899	\$3,219,429	\$214,130	\$1,117	\$1,139
Totals¹	\$3,005,974,950	\$2,897,755,370	\$3,089,245,704	\$3,185,588,233	\$3,294,622,399	\$3,414,841,715	\$3,606,549,464	\$3,756,041,102	\$4,083,765,198	\$4,627,889,157
Total Direct Rate	0.01351	0.01425	0.01361	0.01342	0.01347	0.01313	0.01296	0.01289	0.01283	0.01281

Source:

Riverside County Assessors Combined Tax Rolls

Notes:

1. Exempt values are not included in the Totals.

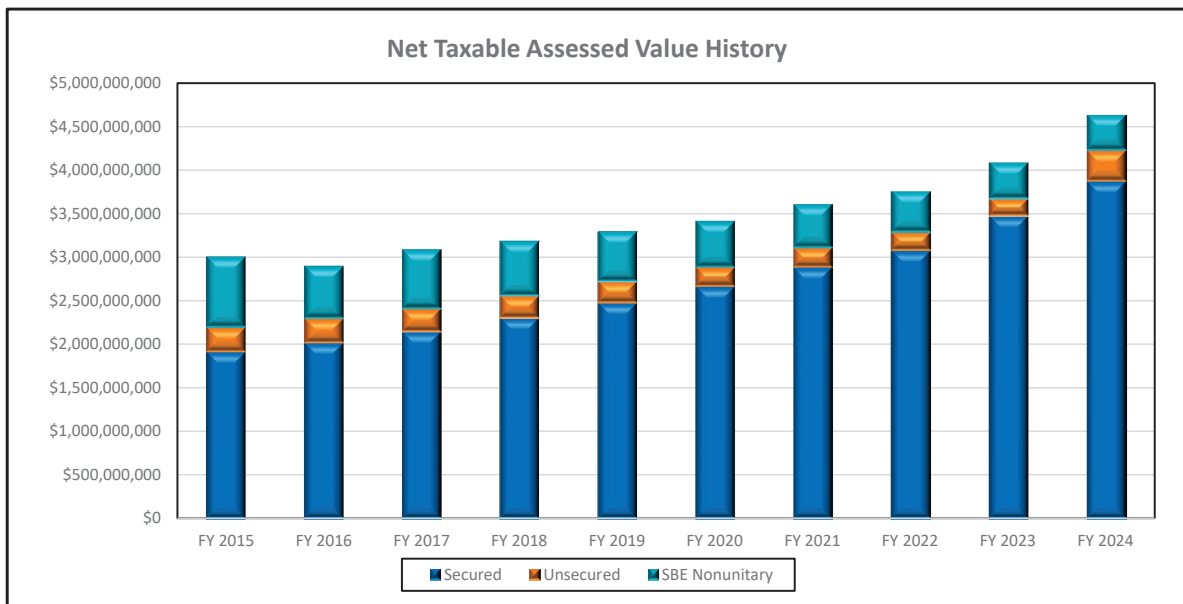
In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

**Table 16: Net Taxable Assessed Value History
Last Ten Fiscal Years (In Thousands)**

NET TAXABLE ASSESSED VALUE HISTORY					
Fiscal Year	Secured	Unsecured	SBE Nonunitary	Net Total Assessed Value	Percent Increase/Decrease
FY 2015	\$1,914,840,181	\$282,213,207	\$808,921,562	\$3,005,974,950	7.96%
FY 2016	\$2,016,883,252	\$279,654,556	\$601,217,562	\$2,897,755,370	-3.60%
FY 2017	\$2,145,279,774	\$261,465,368	\$682,500,562	\$3,089,245,704	6.61%
FY 2018	\$2,303,321,603	\$254,566,068	\$627,700,562	\$3,185,588,233	3.12%
FY 2019	\$2,475,385,166	\$246,537,461	\$572,699,772	\$3,294,622,399	3.42%
FY 2020	\$2,661,474,738	\$221,683,767	\$531,683,210	\$3,414,841,715	3.65%
FY 2021	\$2,882,796,468	\$224,869,786	\$498,883,210	\$3,606,549,464	5.61%
FY 2022	\$3,075,737,972	\$209,919,920	\$470,383,210	\$3,756,041,102	4.15%
FY 2023	\$3,470,380,541	\$198,937,767	\$414,446,890	\$4,083,765,198	8.73%
FY 2024	\$3,865,196,498	\$357,068,909	\$405,408,890	\$4,627,674,297	13.32%
Average % Change					5.30%

Source:

Riverside County Assessor Combined Tax Rolls



**Table 17: Top Ten Property Taxpayers
As of June 30, 2023**

TOP TEN PROPERTY TAXPAYERS

Rank	Taxpayer	FY 2024 Secured Taxable Assessed Value	Percent of FY 2024 Total District Secured Taxable Assessed Value	FY 2024 Unsecured Taxable Assessed Value	Percent of FY 2024 Total District Unsecured Taxable Assessed Value	FY 2024 Total Taxable Assessed Value	Percent of FY 2024 Total District Taxable Assessed Value
1	Sentinel Energy Center LLC	\$384,300,000	9.00%	\$0	0.00%	\$384,300,000	8.30%
2	IIP - California 6	\$55,614,480	1.30%	\$0	0.00%	\$55,614,480	1.20%
3	Mesa Wind Power Corporation	\$2,097,781	0.05%	\$51,818,186	14.50%	\$53,915,967	1.17%
4	AM Wind Repower	\$2,389,613	0.06%	\$39,700,000	11.11%	\$42,089,613	0.91%
5	Windpower Partners 1993 LP	\$353,412	0.01%	\$38,622,221	10.81%	\$38,975,633	0.84%
6	IIP California 2	\$35,883,172	0.84%	\$0	0.00%	\$35,883,172	0.78%
7	Dillon Wind LLC	\$65,197	0.00%	\$28,537,382	7.99%	\$28,602,579	0.62%
8	Kings Garden Inc	\$0	0.00%	\$27,107,263	7.59%	\$27,107,263	0.59%
9	CCL Realty V	\$24,153,076	0.57%	\$0	0.00%	\$24,153,076	0.52%
10	Two Bunch Palms Trail	\$23,120,267	0.54%	\$0	0.00%	\$23,120,267	0.50%
	FY 2024 Top Ten Total	\$527,976,998	12.36%	\$185,785,052	52.00%	\$713,762,050	15.42%
	FY 2024 District Total	\$4,270,605,388	100.00%	\$357,283,769	100.00%	\$4,627,889,157	100.00%

Rank	Taxpayer	FY 2015 Secured Taxable Assessed Value	Percent of FY 2015 Total District Secured Taxable Assessed Value	FY 2015 Unsecured Taxable Assessed Value	Percent of FY 2015 Total District Unsecured Taxable Assessed Value	FY 2015 Total Taxable Assessed Value	Percent of FY 2015 Total District Taxable Assessed Value
1	CPV Sentinel LLC	\$762,384,175	27.99%	\$0	0.00%	\$762,384,175	25.36%
2	Mountain View Power Partners LLC	\$2,404,762	0.09%	\$78,356,794	27.77%	\$80,761,556	2.69%
3	Windpower Partners 1993 LP	\$299,948	0.01%	\$58,274,573	20.65%	\$58,574,521	1.95%
4	Indigo Generation LLC	\$46,000,000	1.71%	\$0	0.00%	\$46,000,000	1.55%
5	Dillon Wind LLC	\$55,344	0.00%	\$27,970,516	9.91%	\$28,025,860	0.93%
6	Shell Wind Energy Inc	\$0	0.00%	\$26,618,539	9.43%	\$26,618,539	0.89%
7	Walton California LLC	\$21,356,954	0.78%	\$0	0.00%	\$21,356,954	0.71%
8	San Geronio Westwinds III LLC	\$0	0.00%	\$14,312,000	5.07%	\$14,312,000	0.48%
9	Robin S Trotochau	\$13,492,186	0.50%	\$0	0.00%	\$13,492,186	0.45%
10	Bubbling Wells Properties	\$10,277,476	0.38%	\$0	0.00%	\$10,277,476	0.34%
	FY 2015 Top Ten Total	\$771,289,418	31.46%	\$205,175,224	72.83%	\$1,062,403,267	35.34%
	FY 2015 District Total	\$2,723,761,743	100.00%	\$282,213,207	100.00%	\$3,005,974,950	100.00%

Source:
Riverside County Assessor Combined Tax Rolls and the SBE Nonunitary Tax Roll

Table 18: Computation of Legal Debt Margin Last Ten Fiscal Years

COMPUTATION OF LEGAL DEBT MARGIN										
Category	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Total Assessed Value	\$3,005,974,950	\$2,897,755,370	\$3,089,245,704	\$3,185,588,233	\$3,294,622,399	\$3,414,841,715	\$3,606,549,464	\$3,756,041,102	\$4,083,765,198	\$4,627,674,297
Conversion Percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted Assessed Valuation	\$751,493,738	\$724,438,843	\$772,311,426	\$796,397,058	\$823,655,600	\$853,710,429	\$901,637,366	\$939,010,276	\$1,020,941,300	\$1,156,918,574
Debt Limit Percentage	15%	15%	15%	15%	15%	15%	15%	15%	15%	15%
Legal Debt Limit	\$112,724,061	\$108,665,826	\$115,846,714	\$119,459,559	\$123,548,340	\$128,056,564	\$135,245,605	\$140,851,541	\$153,141,195	\$173,537,786
Outstanding Debt	\$9,771,986	\$12,009,674	\$11,342,954	\$10,784,906	\$10,268,005	\$9,638,029	\$8,989,651	\$8,321,297	\$7,632,280	\$20,005,717
Less Amount Reserved for Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Applicable to Limit	\$9,771,986	\$12,009,674	\$11,342,954	\$10,784,906	\$10,268,005	\$9,638,029	\$8,989,651	\$8,321,297	\$7,632,280	\$20,005,717
Legal Debt Margin	\$102,952,075	\$96,656,152	\$104,503,760	\$108,674,653	\$113,280,335	\$118,418,535	\$126,255,954	\$132,530,244	\$145,508,915	\$153,532,069
Total Debt Applicable to the Limit as a Percentage of Debt Limit	7%	11%	10%	9%	8%	8%	7%	6%	5%	13%

Source:

Riverside County Assessor Combined Tax Rolls

Notes:

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computation shown above, reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective, to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

**Table 19: Ratio of Outstanding Debt by Type
Last Ten Fiscal Years**

RATIO OF OUTSTANDING DEBT BY TYPE

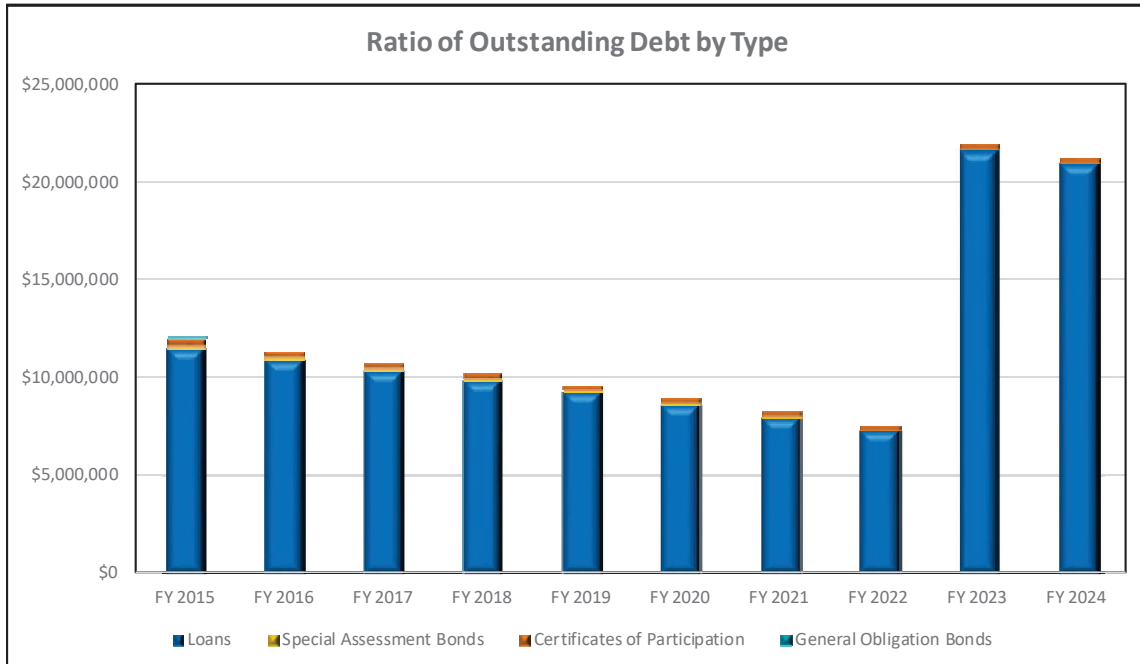
Fiscal Year	Loans	Special Assessment Bonds	Certificates of Participation	General Obligation Bonds	Total of Outstanding Debt	Percentage of Personal Income ¹	Debt per Capita ²
FY 2015	\$11,527,155	\$152,000	\$286,401	\$44,118	\$12,009,674		\$417.09
FY 2016	\$10,923,553	\$139,000	\$280,401	\$0	\$11,342,954		\$392.69
FY 2017	\$10,384,805	\$126,000	\$274,101	\$0	\$10,784,906	0.019%	\$367.50
FY 2018	\$9,888,504	\$112,000	\$267,501	\$0	\$10,268,005	0.018%	\$355.48
FY 2019	\$9,280,428	\$97,000	\$260,601	\$0	\$9,638,029	0.016%	\$333.75
FY 2020	\$8,654,250	\$82,000	\$253,401	\$0	\$8,989,651	0.014%	\$303.59
FY 2021	\$8,009,396	\$66,000	\$245,901	\$0	\$8,321,297	0.012%	\$256.92
FY 2022	\$7,345,279	\$49,000	\$238,001	\$0	\$7,632,280	0.011%	\$234.06
FY 2023	\$21,661,284	\$31,000	\$229,801	\$0	\$21,922,085	0.029%	\$694.81
FY 2024	\$20,956,782	\$16,000	\$221,201	\$0	\$21,193,983	0.025%	\$602.63

Source:

Mission Springs 19,292,080 statements 19,529,281

Notes:

1. Using Riverside County total personal income for prior calendar year
2. Using the City of Desert Hot Springs total population for prior calendar year



**Table 20: Direct and Overlapping Debt
As of June 30, 2023**

DIRECT AND OVERLAPPING DEBT

2023-2024 Assessed Valuation: \$4,566,255,676

Direct and Overlapping Tax and Assessment Debt	Total Debt 6/30/2024	% Applicable ¹	District's Share of Debt 6/30/2024
Desert Community College District	\$664,990,000	3.943%	\$26,220,556
Mount San Jacinto Community College District	\$242,210,000	0.165%	\$399,647
Banning Unified School District	\$53,746,613	5.224%	\$2,807,723
Palm Springs Unified School District	\$475,359,672	10.196%	\$48,467,672
San Geronio Memorial Hospital District	\$105,215,918	1.474%	\$1,550,883
Mission Springs Water District	\$0	100.000%	\$0
City of Desert Hot Springs Community Facilities District No. 2006-1, LA. 1	\$3,657,857	100.000%	\$3,657,857
California Statewide Community Development Authority Assessment District	\$422,000	100.000%	\$422,000
Mission Springs Water District Nos. 7 and 13	\$3,246,000	100.000%	\$3,246,000
Total Direct and Overlapping Tax and Assessment Debt			\$86,772,338

Overlapping General Fund Debt	Total Debt 6/30/2024	% Applicable ¹	District's Share of Debt 6/30/2024
Riverside County General Fund Obligations	\$1,169,217,035	1.151%	\$13,457,688
Riverside County Pension Obligation Bonds	\$670,785,000	1.151%	\$7,720,735
Banning Unified School District Certificates of Participation	\$8,018,000	5.224%	\$418,860
City of Desert Hot Springs General Fund Obligations	\$33,810,000	97.750%	\$33,049,275
City of Palm Springs General Fund Obligations	\$94,989,490	1.385%	\$1,315,604
City of Palm Springs Pension Obligation Bonds	\$13,278,594	1.385%	\$183,909
Total Overlapping General Fund Debt			\$56,146,071

Overlapping Tax Increment Debt (Successor Agency)	\$178,980,000	1.340%-100.000%	\$17,177,629
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Total Direct Debt			\$0
Total Overlapping Debt			\$160,096,038
Combined Total Debt²			\$160,096,038

Ratios to 2023-2024 Assessed Valuation	
Total Direct Debt (\$0)	0.000%
Total Overlapping Tax and Assessment Debt	1.900%
Combined Total Debt	3.510%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$1,359,054,546)	
Total Overlapping Tax Increment Debt	0.940%

Source:

California Municipal Statistics, Inc.

Notes:

1. The percentage of overlapping debt applicable is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assess value that is within the boundaries of the district divided by the overlapping district's total taxable assessed value.

2. Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds, and non-bonded capital lease obligations.

**Table 20: Demographic and Economic Statistics in Riverside County
Last Ten Calendar Years**

**DEMOGRAPHIC AND ECONOMIC STATISTICS
IN RIVERSIDE COUNTY**

Calendar Year	Population ¹	Personal Income ¹	Per Capita Personal Income ¹	Median House Value ²	Unemployment Rate ³
CY 2014	2,289,151	\$80,218,000	\$35,043	\$279,500	8.3%
CY 2015	2,312,059	\$85,315,000	\$36,900	\$312,700	6.7%
CY 2016	2,338,982	\$89,569,000	\$38,294	\$329,600	6.1%
CY 2017	2,366,885	\$93,043,000	\$39,310	\$352,700	5.3%
CY 2018	2,390,121	\$97,494,000	\$40,790	\$364,900	4.4%
CY 2019	2,405,570	\$104,149,000	\$43,295	\$384,400	4.2%
CY 2020	2,422,764	\$115,570,000	\$47,702	\$368,100	10.1%
CY 2021	2,458,395	\$125,820,000	\$51,180	\$465,400	7.3%
CY 2022	2,473,902	\$127,196,000	\$51,415	\$555,400	4.2%
CY 2023	2,492,442	\$126,300,000	\$47,001	\$576,000	4.8%

Source:

1. Bureau of Economic Analysis
2. U.S. Census Bureau
3. U.S. Department of Labor, Bureau of Labor Statistics

Notes:

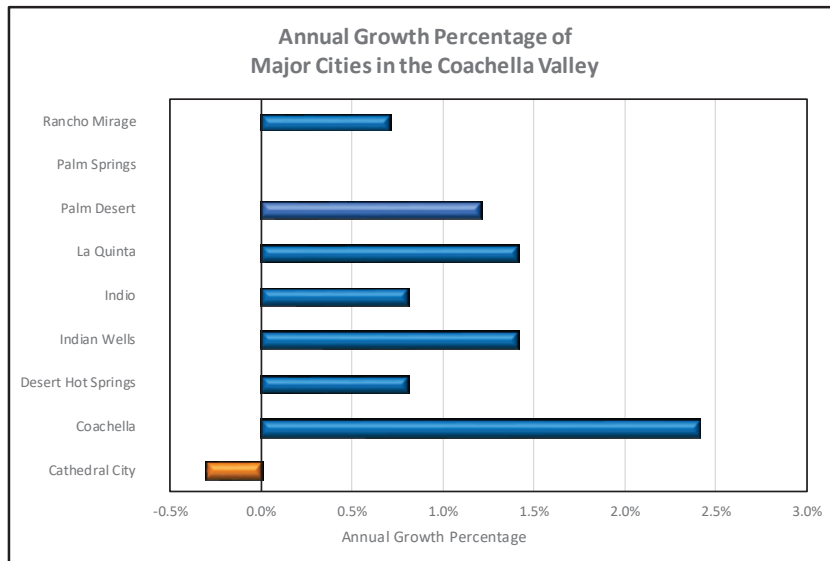
Data shown represents the entire County of Riverside

**Table 21: Population of Major Cities in the Coachella Valley
Last Ten Calendar Years**

POPULATION OF MAJOR CITIES IN THE COACHELLA VALLEY

Calendar Year	Cathedral City	Coachella	Desert Hot Springs	Indian Wells	Indio	La Quinta	Palm Desert	Palm Springs	Rancho Mirage	Total
CY 2014	53,480	44,614	28,605	5,265	84,655	38,720	48,494	45,818	17,783	367,434
CY 2015	53,859	45,001	28,794	5,336	86,683	39,311	48,835	46,204	17,920	371,943
CY 2016	54,040	45,135	28,885	5,375	87,382	40,176	50,154	46,886	18,093	376,126
CY 2017	54,296	45,273	29,347	5,549	86,632	40,605	52,085	47,157	18,579	379,523
CY 2018	54,902	45,839	28,885	5,440	91,240	41,535	53,185	48,375	18,336	387,737
CY 2019	55,007	45,713	28,878	5,470	91,765	41,748	53,275	48,518	18,528	388,902
CY 2020	55,678	46,564	29,611	5,544	91,919	42,271	53,524	48,929	18,954	392,994
CY 2021	51,621	41,935	32,389	4,785	89,789	37,562	50,626	44,165	16,854	369,726
CY 2022	51,045	42,179	32,380	4,733	89,978	37,824	50,274	43,802	16,868	369,083
CY 2023	50,911	43,173	32,654	4,797	90,680	38,370	50,889	43,791	16,992	372,257
Annual Growth Rate Percentage	-0.3%	2.4%	0.8%	1.4%	0.8%	1.4%	1.2%	0.0%	0.7%	0.9%

Source:
State of California, Department of Finance, Demographic Research Unit
U.S. Census Bureau



**Table 22: Top Ten Employers in Riverside County
Current Fiscal Year and Nine Years Ago**

TOP TEN EMPLOYERS IN RIVERSIDE COUNTY

Rank	Employer	Number of FY 2023 Employees	Percentage of Total FY 2023 County Employment
1	County of Riverside	25,366	2.35%
2	Amazon	14,317	1.33%
3	March Air Reserve Base	9,600	0.89%
4	Nestle UA	8,874	0.82%
5	University of California, Riverside	8,623	0.80%
6	State of California, Riverside	8,383	0.78%
7	Wal-Mart	7,494	0.69%
8	Moreno Valley Unified School District	6,020	0.56%
9	Kaiser Permanente Riverside Medical Clinic	5,817	0.54%
10	Corona-Norco Unified School District	5,478	0.51%
FY 2023 Top Ten Total		99,972	9.26%
FY 2023 County Total		1,079,404	100.00%

Rank	Employer	Number of FY 2015 Employees	Percentage of Total FY 2015 County Employees
1	County of Riverside	20,684	2.30%
2	March Air Reserve Base	8,500	0.95%
3	Kaiser Permanente Riverside Medical Clinic	6,900	0.77%
4	Nestle UA	5,514	0.61%
5	State of California, Riverside	5,270	0.59%
6	Pechanga Resort and Casino	4,500	0.50%
7	Wal-Mart	4,300	0.48%
8	Wal-Mart	4,068	0.45%
9	Moreno Valley Unified School District	4,000	0.44%
10	Hemet Unified School District	3,572	0.40%
FY 2015 Top Ten Total		67,308	7.48%
FY 2015 County Total		899,304	100.00%

Source:

County of Riverside Economic Development Agency

Note:

Data for FY 2024 not available

**Table 23: Full-Time Equivalent Employees by Department
Last Ten Fiscal Years**

FULL-TIME EQUIVALENT EMPLOYEES BY DEPARTMENT

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Executive	3	4	4	5	5	5	5	2	2	2
Administration	1	3	2	2	2	2	2	4	4	6
Innovation & Technology	0	0	0	0	0	0	0	1	1	1
Finance	1	0	0	0	0	0	0	1	1	1
Accounting	5	3	3	3	3	3	3	4	4	4
Customer Service	4	4	5	5	5	5	5	5	5	4
Operations	1	3	3	4	4	3	3	3	3	1
Engineering	2	2	2	2	2	3	3	5	5	6
Field Operations	3	4	5	5	5	5	5	4	4	4
Construction & Maintenance	7	10	10	10	10	10	10	10	11	11
Water Production	4	3	3	3	3	5	5	5	4	4
Wastewater Treatment	6	6	6	6	6	6	6	6	7	7
Wastewater Collections	0	0	0	0	0	2	2	2	2	2
Total Budgeted FTEs	37	42	43	45	45	49	49	52	53	53

Source:

Mission Springs Water District Annual Budgets

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