

ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)

For Fiscal Year Ended June 30, 2023

20 23



*Prepared by the MSWD
Finance Department*



Mission Springs Water District

66757 Second Street, Desert Hot Springs, CA 92240

www.ms wd.org • 760-329-6448

(This page intentionally left blank.)

Mission Springs Water District

Annual Comprehensive Financial Report
For the fiscal year ended June 30, 2023

TABLE OF CONTENTS

Table with 2 columns: Section Name and Page Number. Includes sections like INTRODUCTORY SECTION, FINANCIAL SECTION, SUPPLEMENTARY INFORMATION (UNAUDITED), and STATISTICAL SECTION (UNAUDITED).

Mission Springs Water District

**Annual Comprehensive Financial Report
For the fiscal year ended June 30, 2023**

STATISTICAL SECTION (UNAUDITED): (continued)

Wastewater Treated – Last Ten Calendar Years.....	66
Top Ten Sewer Customers – Current Year and Nine Years Ago.....	67
Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	68
Assessed Value of Taxable Property – Last Ten Fiscal Years	69
Net Taxable Assessed Value History – Last Ten Fiscal Years.....	70
Top Ten Property Taxpayers	71
Computation of Legal Debt Margin – Last Ten Fiscal Years.....	72
Ratio of Outstanding Debt by Type – Last Ten Fiscal Years	73
Direct and Overlapping Debt.....	74
Demographic and Economic Statistics in Riverside County – Last Ten Calendar Years	75
Population of Major Cities in the Coachella Valley – Last Ten Calendar Years.....	76
Top Ten Employers in Riverside County – Current Year and Nine Years Ago	77
Full-Time Equivalent Employees by Department – Last Ten Fiscal Years	78

(This page intentionally left blank.)

Introductory Section

(This page intentionally left blank.)

March xx, 2024

TO THE BOARD OF DIRECTORS AND CUSTOMERS OF MISSION SPRINGS WATER DISTRICT:

Mission Springs Water District (MSWD or District) staff is pleased to present the Annual Comprehensive Financial Report (ACFR) for the Fiscal Year 2022-2023, which ended June 30, 2023.

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. This report is also prepared for the purpose of meeting California law requiring special districts to submit an audited annual financial report to the State Controller within seven months after the end of the fiscal year. In addition, debt covenants require MSWD to file an ACFR within 270 days after the end of each fiscal year and submit to the California State Water Resources Control Board.

It is the intent of the District to apply for the Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association of the United States and Canada (GFOA). To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. MSWD believes our current annual comprehensive financial report will meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for our first annual certificate.

MSWD staff prepared this financial report in conjunction with the Independent Auditors' Report issued by Roger, Anderson, Malody & Scott, LLP, a certified public accounting firm, and they have issued an unmodified (or "clean") opinion on the District's financial statements for the year ending on June 30, 2023. The independent auditors' report is located at the front of the financial section of this report. The Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative overview and analysis of the basic financial statement. The MD&A and the Notes to the Financial Statements complement this letter of transmittal and should be read in conjunction with it.

This report includes management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of the information presented in this report to the best of our knowledge.

ABOUT MISSION SPRINGS WATER DISTRICT

Mission Springs Water District, an innovative and award-winning public agency, is a special district of the State of California that provides water and wastewater services, and water-use efficiency and education programs to approximately 44,000 residents within a 135-square mile service area. Located on the upper side of the Coachella Valley, serving primarily the city of Desert Hot Springs, California. The area has many natural springs and is one of several places in the world with naturally occurring hot and cold mineral springs. This has contributed to the District receiving 10 Medals for the Best Tasting Municipal Water in the World awarded by the International Water Tasting Competition in Berkely Springs, West Virginia.

The District is governed by a Board of five directors who are elected by the public in alternating four-year terms. During the Fiscal Year, the District celebrated it's 70th year anniversary of serving our community with its most precious resource, water. We continue to bring qualified personnel to refresh our procedures and performance and improve the relationship that our customers expect from staff.

We rely solely on groundwater and have successfully managed and protected its source, and have taken steps to strengthen our financial position, resulting in the ability to keep our rates low and our service levels high. The new Nancy Wright Regional Water Reclamation Facility (RWRF) will be operational by the end of 2024. It will dramatically enhance the District's wastewater treatment capacity, providing sewer service to more homes and businesses and protecting our groundwater supply.

The state-of-the-art facility was designed with further expansion in mind and will allow the District to alleviate some of the wastewater flows going to our award-winning Alan L. Horton Wastewater Treatment Plant, further extending the service life of that facility. The locale and size of the new RWRF will enable the District to more than double our service area while also serving as an economic engine for future growth in the area, paving the way for new businesses, jobs, and growth in our beloved city.

On June 14, 2023, the Board of Directors requested that the District conduct and update our current strategic plan, including a review of our mission, vision and values. During a board workshop on August 9, 2023 the Board approved a contract with Woodard & Curran for the services. This process will ensure the District continue to provide water and wastewater services to our customers with the upmost customer service possible. Also 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. It will also address funding sources for our capital improvement plan and any new projects identified by the strategic plan process.

Mission Springs Water District continues to invest in staff, infrastructure and programs to maintain high standards within our workforce and reach out to the community through water-use efficiency programs, education, community partnerships, small and local business opportunities and other programs focused on providing value to our service area.

Mission Statement

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

Board of Directors



Ivan Sewell
Vice President
Division 4
Term Expires
2024



Russ Martin
President
Division 3
Term Expires
2024



Amber Duff
Member
Division 1
Term Expires
2026



Robert Griffith
Member
Division 2
Term Expires
2024



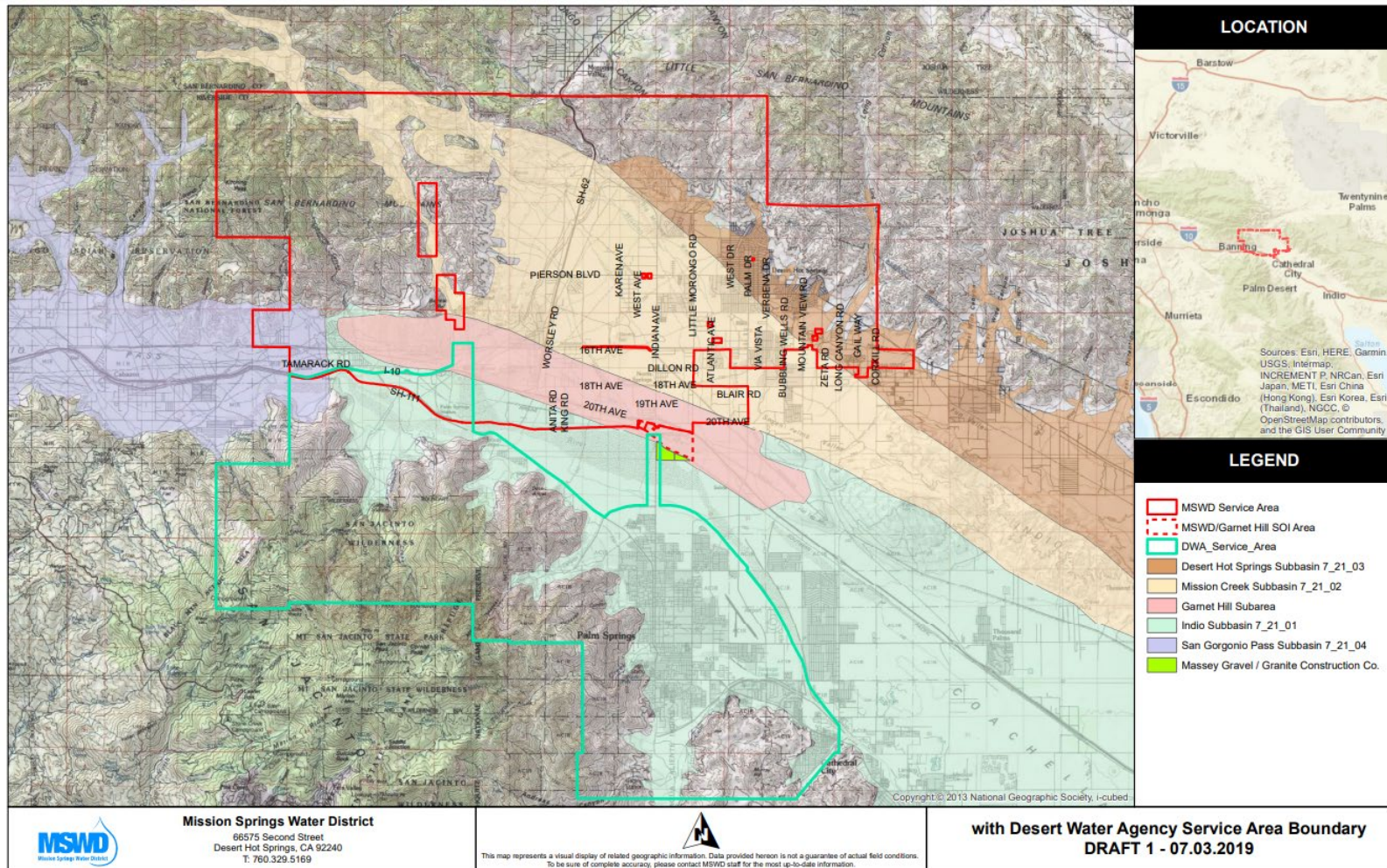
Ted Mayrhofen
Member
Division 5
Term Expires
2026

Draft Subject To Change

SERVICE AREA

DIVISION OF BOUNDARIES

Mission Springs Water District, located in Riverside County, California, initially covered an area of one square mile in 1953. Today, MSWD covers an area of about 135 square miles including the City of Desert Hot Springs, and the unincorporated areas of North Palm Springs, Whitewater, and Bonnie Bell serving a population of over 44,000 residents.



DISTRICT STATISTICS

Formed	February 16, 1953
Estimated Population	44,000
Area Served	135 square miles
Water Portfolio	Groundwater
Owner-occupied housing unit rate	47.0%
Persons per Household	2.75
Median Household Income	\$45,863
Persons in Poverty	21.0%

Accounts	Water	Sewer
Single Family Residential	12,438	8,753
Multi Family Residential	734	658
Commercial	453	301
Industrial	4	1
Landscape	206	0
Other	47	0
Total:	13,882	9,713

Departments	Full Time Employees
Executive	
General Manager	1
Administration	
Assistant General Manager	1
Programs and Public Affairs Manager	1
Human Resources Manager	1
Executive Assistant	1
Office Specialist	1
Innovation & Technology Manager	1
Subtotal	6
Finance	
Director of Finance	1
Accounting	4
Customer Service	9
Subtotal	14
Operations	
Director of Operations	1
Engineering	5
Field Operations	2
Construction & Maintenance	11
Water Production	4
Wastewater Treatment	7
Wastewater Collections	2
Subtotal	32
Total	53



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 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.

By 1953, an election swept the new Desert Hot Springs 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 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.

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. The District built the Alan L. Horton Wastewater Treatment Plant in 1972, and it has been expanded four times to a treatment capacity of two million gallons of wastewater a day.

This was the first step to protect our groundwater that later turned into the Groundwater Quality Protection Project (GQPP). It is a comprehensive water resource management effort that eliminates known pollution sources. It reclaims water to reduce demand on limited groundwater resources, protects underground storage capacity. And, it leverages multiple funding opportunities. The GQPP overlies a region where high-quality, potable water is delivered, but not treated for direct reuse. Expansion of the sewer system and Regional Water Reclamation Facility (RWRF or Reclamation Facility) will reclaim water to reduce groundwater demand and protect underground storage capacity – providing a sustainable water future for generations to come.

MSWD's new Reclamation Facility is a vital component in the expansion of the District's wastewater treatment capacity. The project includes the construction of a 1.5 million gallons per day Sequence Batch Reactor (SBR) wastewater treatment plant that will dispose treated secondary effluent in on-site disposal ponds. The project also includes an operations and administration building that will house a solids processing area, chemical storage area, maintenance area, administrative area, electrical room, and blower room. The project will increase the District's total wastewater treatment capacity and alleviate a portion of existing wastewater flows currently going to the Horton Wastewater Treatment Plant. Two accompanying projects, the Regional Conveyance Line and M2 Septic-to-Sewer project, are also under development.

MSWD is committed to providing, protecting, and preserving water – our most valuable resource. Planning and long-term water management are paramount in achieving this goal. MSWD actively participates in the long-term management of water resources in the Coachella Valley, and as a result, has prepared numerous long-term planning documents to better manage the water supplies within its service area, and the entire Coachella Valley area. These documents can be found on our website and cover an array of different initiatives to manage our groundwater supply.

In 2002, the Integrated Regional Water Management Planning Act was established to encourage

local entities to collaboratively establish regional water management groups to improve water quality and water supply reliability to meet the State of California's overall water needs. In 2008, the Coachella Valley Regional Water Management Group (CVRWWMG) was formed as a collaborative effort led by five water purveyors and one wastewater agency to develop and implement an Integrated Regional Water Management (IRWM) Plan to address the water resources planning needs of the Coachella Valley.

In 1983, the Urban Water Management Planning Act (UWMPA) was established and recognized that water is a limited resource and that efficient water use and conservation would be actively pursued throughout the State of California. The UWMPA requires that water suppliers providing water for municipal purposes either directly or indirectly to more than 3,000 customers, or supplying more than 3,000 acre-feet of water annually, prepare and submit an Urban Water Management Plan (UWMP) every five years to support the suppliers' long-term resource planning to ensure that adequate water supplies are available to meet existing and future water needs.

In 2014, Governor Edmund G. Brown Jr. signed a three-bill package known as the Sustainable Groundwater Management Act (SGMA). The legislation allows local agencies to customize groundwater sustainability plans to their regional economic and environmental needs. SGMA creates a framework for sustainable, local groundwater management for the first time in California history.

Salt and Nutrient Management Plans (SNMPs) are mandated by the State of California's (State) Recycled Water Policy, adopted in 2009 and amended in 2018. The State's Recycled Water Policy encourages the use of recycled municipal wastewater as it becomes an increasingly important water source. However, recycled water contains salts and nutrients that must be managed to protect the water quality of the State's groundwater basins.

Today, the District is an industry leader recognized worldwide for its great-tasting, high-quality water who hosts visitors from around the globe that come to enjoy the hot mineral waters offered by several spa resorts. The District is focused on providing value to its customers and achieving water reliability for the region through the management of a diverse supply of water. All District departments contribute to the agency's efforts to meet the goals and objectives of the Board of Directors' Strategic Plan

MAJOR ACCOMPLISHMENTS

Water Supply Reliability

- Implemented the Coachella Valley Regional Water Management Group's Integrated Regional Water Management Plan.
- Completed and submitted the 2022 Alternative Plan Update for the Mission Creek Subbasin.
- Completed and submitted the 2022 Groundwater Sustainability Plan for the San Geronio Pass Subbasin.
- Completed and submitted the 2022 Alternative Plan for the Indio Subbasin.
- Began implementation of the Coachella Valley Salt and Nutrient Management Plan.
- Continued to monitor guidance on Hexavalent Chromium Contaminant Levels.

Sound Financial and Resource Management

- Made several upgrades in the Finance software for better reporting and integration.
- Made several improvements to the Laserfiche program to improve workflow.
- Implemented three new Governmental Accounting Standards Board Pronouncements
 - GASB 84 – Fiduciary Activities
 - GASB 87 – Leases and New Lease Definition
 - GASB 96 – Subscription Based Information Technology Arrangements such as Microsoft Office 365.
- Exceeded debt coverage ratio target of 1.75 by managing costs and keeping debt to a minimum.
- Created a new GIS Specialist Position that will implement the GIS and Asset Management programs.
- Secured a \$15 Million cashflow loan to cover the costs associated with the Regional Plant.

Water Quality

- Completed the Horton Effluent Filtration System.
- Completed annual customer water quality reports to comply with the Department of Drinking Water requirements for a public water agency.
- Completed the project specifications for the Supplemental Environmental Project.
- Continued the construction of the Regional Water Reclamation Facility.

Customer Service

- Celebrated 70 Years of Service to the community, hosting the public event.
- Integrated a new payment system reducing District costs by at least \$50,000 annually.
- Continued to utilize the Neptune 360 to identify leaks, high bills and water waste.
- Continued to promote the Water Smart Customer Portal with a 44% adoption rate.
- Reopened the District lobby to the public in October 2022.
- Launched a new online calendar appointment booking program for customers to book one-on-one assistance.
- Worked with various programs for customer bill assistance, such as United Way.

Infrastructure

- Staff continued to work on the model for the Water and Sewer Master Plans.
- Remodeled the Horton Facility North Building to provide Wastewater employees acceptable access to restrooms and a shower facility.
- Completed the Horton Odor Control Project.
- Several Innovation and Technology projects were implemented during the fiscal year, improving network security and infrastructure.

FINANCIAL INFORMATION

ACCOUNTING SYSTEM

As required by Generally Accepted Accounting Principles 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 weakness in internal control that would cause concern when Recommendation 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, 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.

LONG-TERM FINANCIAL PLANNING

To maintain its financial strength, in 2016 the District developed a Long-Range Financial Rate Study and Model. The model uses the current fiscal year budget, incorporates multiple year revenue and expense assumptions used to address anticipated operating and capital expenditures, resulting in a dynamic financial report. The capital expenditures are based on the Capital Improvement Program and estimates program costs over a 5 year term. In addition, the model provides the basis for certain criteria to be incorporated into financial policy development, such as debt management, and designated fund levels. The District continues to monitor its assumptions to actual to ensure it remains a financially healthy organization.

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.

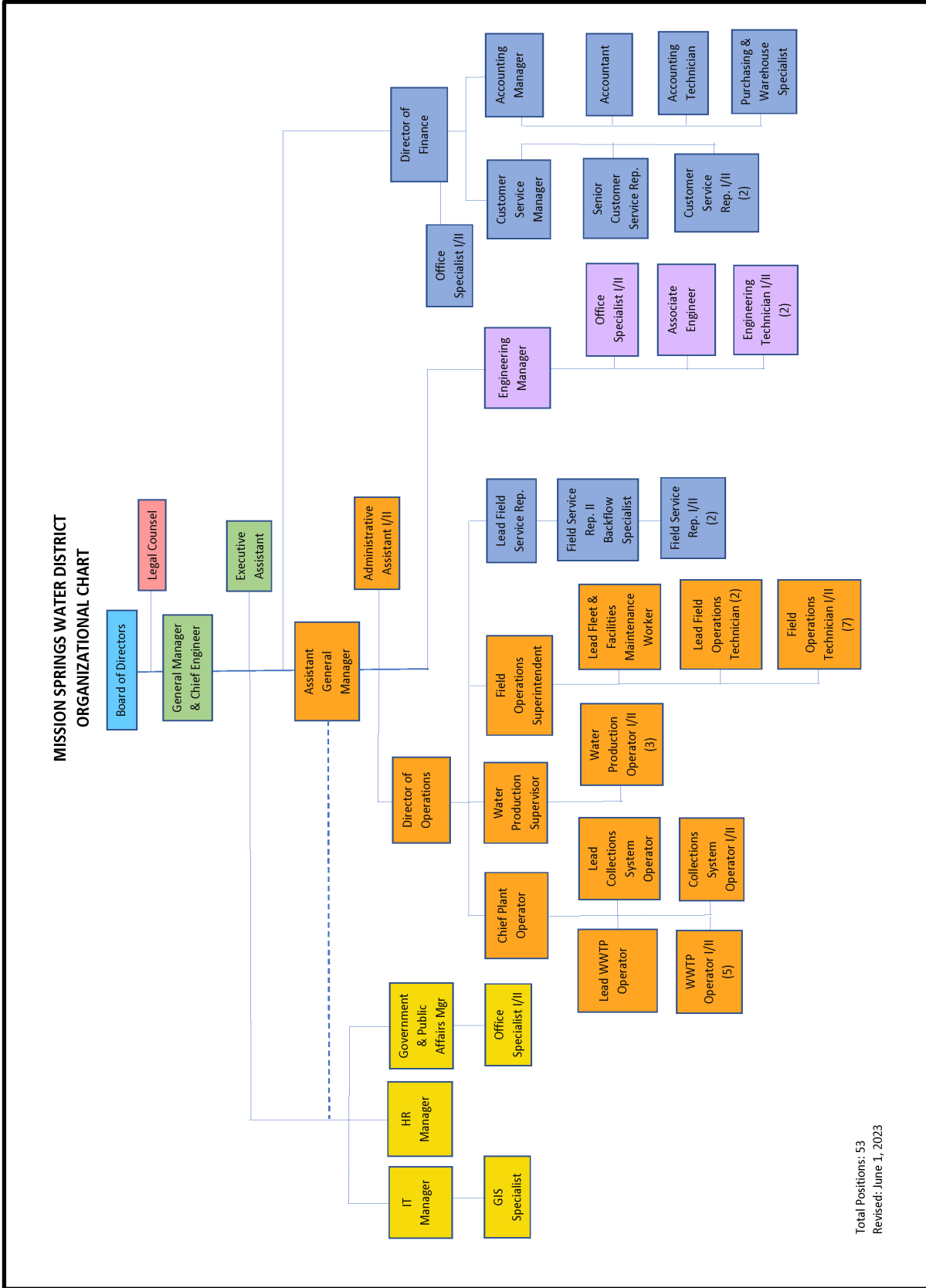
Designated Funds are a strong indicator of an agency’s financial health. MSWD’s Designated Funds Policy is sometimes referred to as a Reserve Policy and was designed to ensure the District has adequate funds to protect its financial health following a natural disaster.

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 \$10.5 million for the fiscal year ending June 30, 2023, while water sales amounted to \$8.6 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, 2023.

ORGANIZATIONAL CHART



(This page intentionally left blank.)

Financial Section

(This page intentionally left blank.)

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Mission Springs Water District (District) as of and for the year ended June 30, 2023, 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 financial position of the District, as of June 30, 2023, and the 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, 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 discussed in Note 1 to the financial statements, in the year ended June 30, 2023, the District adopted the provisions Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The District's 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 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 GAS, 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 management's discussion and analysis and the schedules 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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. Such 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 auditing standards generally accepted in the United States of America. 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 Included in the Annual Comprehensive Financial Report

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections of the Annual Comprehensive Financial Report but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 **March XX 2024**, 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

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California

March XX, 2024

Mission Springs Water District

Management's Discussion and Analysis For the fiscal year ended June 30, 2023

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, 2023. 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 \$210,237,859 (net position). Of this amount, \$67,489,132 represents unrestricted net position, which stands for net position available for designation by the board.
- The District's total net position increased \$38,367,661 from the prior fiscal year attributable to the Nancy Wright Regional Water Reclamation Facility (RWRF) grant.

*Mission Springs Water District***Management's Discussion and Analysis
For the fiscal year ended June 30, 2023****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	
	2023 (in thousands)	2022 (in thousands)	Dollars (in thousands)	Percentage
Assets				
Current and other noncurrent assets	\$ 85,301	\$ 59,264	\$ 26,037	44%
Restricted assets	1,637	303	1,334	440%
Capital assets, net	163,768	135,492	28,276	21%
Total assets	<u>250,706</u>	<u>195,059</u>	<u>55,647</u>	29%
Deferred outflows of resources	<u>3,609</u>	<u>1,629</u>	<u>1,980</u>	122%
Liabilities				
Current liabilities	12,947	8,830	4,117	47%
Noncurrent liabilities	30,169	11,594	18,575	160%
Total liabilities	<u>43,116</u>	<u>20,424</u>	<u>22,692</u>	111%
Deferred inflows of resources	<u>961</u>	<u>4,394</u>	<u>(3,433)</u>	-78%
Net position				
Net investment in capital assets	141,112	127,859	13,253	10%
Restricted	1,637	303	1,334	440%
Unrestricted	67,489	43,708	23,781	54%
Total net position	<u>\$ 210,238</u>	<u>\$ 171,870</u>	<u>\$ 38,368</u>	22%

As shown above, the District's total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$210.2 million and \$171.9 million as of June 30, 2023 and 2022, respectively, an increase in net position of \$38.4 million between 2023 and 2022.

Mission Springs Water District

Management's Discussion and Analysis For the fiscal year ended June 30, 2023

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, 2023 and 2022, the District's net position increased by \$38.4 million and \$10.3 million, respectively, as shown by the table below.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	Year ended June 30		Change	
	2023 (in thousands)	2022 (in thousands)	Dollars (in thousands)	Percentage
Operating revenue				
Sales	\$ 8,568	\$ 9,180	\$ (612)	-7%
Services	10,559	9,983	576	6%
Other operating revenue	3,358	3,712	(354)	-10%
Total operating revenue	22,485	22,875	(390)	-2%
Total operating expenses	20,125	18,787	1,338	7%
Operating income	2,360	4,088	(1,728)	-42%
Property taxes and special assessments	3,296	2,660	636	24%
Investment earnings, other	873	(566)	1,439	-254%
Grants	32,445	98	32,347	33007%
Net nonoperating revenues	36,614	2,192	34,422	1570%
Interest expense	501	266	235	88%
Other	156	-	156	100%
Net nonoperating expenses	657	266	391	147%
Income before contributions	38,317	6,014	32,303	537%
Capital contributions	51	4,351	(4,300)	-99%
Change in net position	38,368	10,365	\$ 28,003	270%
Net position, beginning of year	171,870	161,505		
Net position, end of year	\$ 210,238	\$ 171,870		

Operating Revenues

Fiscal year 2022/2023 saw an decrease in operating revenue of 2%. This was due primarily to the decrease in sales, as we continue to see a decrease in water consumption due to the State's stringent drought restrictions. While total operating expenses increased by 7%, a net operating income of \$2.3 million was accomplished.

Nonoperating Revenues/Expenses and Capital Contributions

Net nonoperating revenue increased 1,570% over the prior year attributable to the RWRF grant received from the State Water Resource Board, covering 100% of the project's expenses.

Capital contributions decreased by 99% from the prior year. This is attributable to the required one time payment from a developer to increase capacity for a sponsored well construction project in the prior fiscal year.

Mission Springs Water District

**Management’s Discussion and Analysis
For the fiscal year ended June 30, 2023**

Capital Asset Administration

The District’s investments in capital assets, net of accumulated depreciation, as of June 30, 2023 and June 30, 2022 were as follows:

	June 30		Change	
	2023 (in thousands)	2022 (in thousands)	Dollars (in thousands)	Percentage
Land and other land rights	\$ 1,377	\$ 1,376	\$ 1,000.00	0%
Construction in progress	50,804	22,090	28,714	130%
Building and improvements	4,250	4,285	(35)	-1%
Utility plant	104,471	105,209	(738)	-1%
Furniture and equipment	1,370	1,288	82	6%
Other assets	657	1,243	(586)	-47%
Right-to-use leases	648	334	314	94%
Right-to-use subscriptions	191	-	191	100%
Net capital assets	<u>\$ 163,768</u>	<u>\$ 135,825</u>	<u>\$ 27,943</u>	<u>21%</u>

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, 2023, the amount the District had invested in capital assets, net of related debt was \$141.1 million. This balance was obtained by combining land of \$1.4 million, construction in progress of \$50.8 million, and capital assets in service, net of accumulated depreciation of \$111.5 million and minus long-term liabilities of \$22.7 million.

Restricted Net Position – Debt Reserve

The District’s restricted net position of \$1.6 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 \$67 million at June 30, 2023. The Board of Directors has designated \$43.4 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.

Mission Springs Water District

Management's Discussion and Analysis For the fiscal year ended June 30, 2023

Long-term Liabilities

	June 30		Change	
	2023 (in thousands)	2022 (in thousands)	Dollars (in thousands)	Percentage
Special Assessment Bond - Assessment District #4	\$ -	\$ 4	\$ (4)	-100%
Special Assessment Bond - Assessment District #7	31	45	(14)	-31%
COP - U.S. Department of Agriculture - 2001	230	238	(8)	-3%
Installment sale agreement - City National Bank - 2017	969	1,226	(257)	-21%
Installment sale agreement - Holman Capital Corporation	197	213	(16)	-8%
SWRCD - Assessment District #12, Phase IV	2,927	3,160	(233)	-7%
Installment sale agreement - City National Bank - 2013	777	835	(58)	-7%
Installment sale agreement - BBVA Compass Bank - 2014	1,790	1,911	(121)	-6%
Installment Purchase Agreement Well Fargo - 2023	15,000	-	15,000	100%
Total notes payable	<u>6,921</u>	<u>7,632</u>	<u>(711)</u>	<u>-9%</u>
Lease liability	588	335	253	76%
Subception liability	146	-	146	100%
Total long-term liabilities	<u>\$ 7,509</u>	<u>\$ 7,967</u>	<u>\$ (458)</u>	<u>-6%</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 five-year increase was 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 Administrative Services at 66575 Second Street, Desert Hot Springs, CA 92240.

Basic Financial Statements

(This page intentionally left blank.)

Mission Springs Water District

Statement of Net Position
June 30, 2023

	Water	Sewer	Total
ASSETS			
Current assets:			
Cash and investments (note 2)	\$ 35,288,358	\$ 6,176,312	\$ 41,464,670
Receivables:			
Accounts	2,627,523	412,312	3,039,835
Grants	-	32,378,800	32,378,800
Other	634,886	64,877	699,763
Taxes	59,941	31,897	91,838
Assessments	-	609,785	609,785
Leases, current portion (note 3)	52,398	24,230	76,628
Prepaid expenses	103,826	47,050	150,876
Inventory	439,450	178,787	618,237
Note receivable, current portion	10,635	-	10,635
Total current assets	<u>39,217,017</u>	<u>39,924,050</u>	<u>79,141,067</u>
Restricted assets:			
Cash and investments (note 2)	-	1,637,145	1,637,145
Total restricted assets	<u>-</u>	<u>1,637,145</u>	<u>1,637,145</u>
Noncurrent assets:			
Capital assets, not being depreciated (note 4)	7,369,014	44,812,427	52,181,441
Capital assets, net of depreciation/amortization (note 4)	57,478,597	54,107,770	111,586,367
Note receivable, net of current portion	21,593	-	21,593
Lease receivable, net of current portion (note 3)	259,521	121,219	380,740
Assessments receivable, net of current portion	-	5,757,966	5,757,966
Total noncurrent assets	<u>65,128,725</u>	<u>104,799,382</u>	<u>169,928,107</u>
Total assets	<u>104,345,742</u>	<u>146,360,577</u>	<u>250,706,319</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension related (note 7)	2,547,472	1,061,611	3,609,083
Total deferred outflows of resources	<u>2,547,472</u>	<u>1,061,611</u>	<u>3,609,083</u>

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

Mission Springs Water District

Statement of Net Position
June 30, 2023

	(continued)		
	Water	Sewer	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 4,584,055	\$ 3,354,182	\$ 7,938,237
Accrued liabilities	264,948	233,112	498,060
Customer deposits	396,140	-	396,140
Advance construction deposits	66,001	2,533,455	2,599,456
Compensated absences, current portion	379,656	149,186	528,842
Long-term liabilities, current portion (note 6)	202,243	783,564	985,807
Total current liabilities	5,893,043	7,053,499	12,946,542
Noncurrent liabilities:			
Compensated absences, net of current portion	379,656	149,186	528,842
Long-term liabilities, net of current portion (note 6)	833,425	20,836,994	21,670,419
Net pension liability (note 7)	5,738,817	2,232,163	7,970,980
Total noncurrent liabilities	6,951,898	23,218,343	30,170,241
Total liabilities	12,844,941	30,271,842	43,116,783
DEFERRED INFLOWS OF RESOURCES			
Lease related (note 3)	300,147	140,093	440,240
Pension related (note 7)	337,500	183,020	520,520
Total deferred inflows of resources	637,647	323,113	960,760
NET POSITION			
Net investment in capital assets	63,811,943	77,299,639	141,111,582
Restricted	-	1,637,145	1,637,145
Unrestricted	29,598,683	37,890,449	67,489,132
Total net position (note 8)	\$ 93,410,626	\$ 116,827,233	\$ 210,237,859

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

*Mission Springs Water District***Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2023**

	Water	Sewer	Total
OPERATING REVENUES			
Sales	\$ 8,567,815	\$ -	\$ 8,567,815
Services	2,927,992	7,631,064	10,559,056
Standby and availability	216,582	11,997	228,579
Backup facilities and front footage fees	680,774	590,266	1,271,040
Meter installations	167,762	-	167,762
Other	1,606,722	84,654	1,691,376
Total operating revenues	14,167,647	8,317,981	22,485,628
OPERATING EXPENSES			
Pumping	3,349,241	-	3,349,241
Transmission and distribution	2,138,374	-	2,138,374
Customer accounts	1,047,917	227,375	1,275,292
Sewage collection	-	337,078	337,078
Sewage treatment	-	2,418,715	2,418,715
Standby wages	92,758	95,760	188,518
Public affairs	758,581	284,312	1,042,893
General and administrative	3,204,175	1,444,621	4,648,796
Depreciation & amortization	2,839,973	1,885,102	4,725,075
Total operating expenses	13,431,781	6,693,301	20,125,082
Operating income	735,866	1,624,680	2,360,546
NONOPERATING REVENUES			
Property taxes - general purpose	1,715,314	1,018,872	2,734,186
Special assessments - debt service	-	561,676	561,676
Investment income, net	622,586	(53,081)	569,505
Grants	66,100	32,378,800	32,444,900
Other	272,074	31,206	303,280
Total nonoperating revenues	2,676,074	33,937,473	36,613,547
NONOPERATING EXPENSES			
Interest	27,299	473,599	500,898
Other	156,297	-	156,297
Total nonoperating expenses	183,596	473,599	657,195
Income before contributions	3,228,344	35,088,554	38,316,898
Capital contributions	22,528	28,235	50,763
Change in net position	3,250,872	35,116,789	38,367,661
Net position, beginning of year	90,159,754	81,710,444	171,870,198
Net position, end of year	\$ 93,410,626	\$ 116,827,233	\$ 210,237,859

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

Mission Springs Water District

Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023

	Water	Sewer	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 14,179,804	\$ 7,767,795	\$ 21,947,599
Cash payments to suppliers for goods and services	(4,326,777)	(1,093,697)	(5,420,474)
Cash payments for employees for services	(4,868,228)	(2,127,401)	(6,995,629)
Net cash operating activities	4,984,799	4,546,697	9,531,496
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash received from property taxes - general purpose	1,694,146	1,007,281	2,701,427
Cash received from grants	-	46,337	46,337
Net cash provided by noncapital financing activities	1,694,146	1,053,618	2,747,764
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Cash received from special assessments - debt service	-	1,266,308	1,266,308
Cash received from note receivable	15,896	-	15,896
Acquisition and construction of capital assets	(1,773,726)	(30,511,190)	(32,284,916)
Principal retirement of long-term debt	(23,814)	14,313,619	14,289,805
Payments on leased assets	(178,287)	(54,720)	(233,007)
Payments on subscription assets	(43,770)	(19,443)	(63,213)
Interest paid on long-term debt	(27,299)	(473,599)	(500,898)
Net cash provided by (used for) capital and related financing activities	(2,031,000)	(15,479,025)	(17,510,025)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received on investments	897,841	40,233	938,074
Change in fair value	(275,255)	(93,314)	(368,569)
Net cash (used for, provided by) investing activities	622,586	(53,081)	569,505
Net change in cash and investments	5,270,531	(9,931,791)	(4,661,260)
Cash and investments, beginning of year	30,017,827	17,745,248	47,763,075
Cash and investments, end of year	\$ 35,288,358	\$ 7,813,457	\$ 43,101,815
RECONCILIATION TO STATEMENT OF NET POSITION			
Cash and investments	\$ 35,288,358	\$ 6,176,312	\$ 41,464,670
Restricted cash and investments	-	1,637,145	1,637,145
Total cash and investments	\$ 35,288,358	\$ 7,813,457	\$ 43,101,815

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

*Mission Springs Water District***Statement of Cash Flows
For the Fiscal Year Ended June 30, 2023, (Continued)**

	Water	Sewer	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 735,866	\$ 1,624,680	\$ 2,360,546
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	2,839,973	1,885,102	4,725,075
Other nonoperating income	272,074	31,206	303,280
Other nonoperating expense	(156,297)	-	(156,297)
Capital contributions	22,528	-	22,528
(Increase) decrease in assets and deferred outflows of resources:			
Receivables:			
Accounts	(272,975)	(61,135)	(334,110)
Prepaid expenses	(7,854)	(3,489)	(11,343)
Inventory	(34,585)	(15,364)	(49,949)
Deferred outflows of resources - pension related	(1,370,781)	(608,929)	(1,979,710)
Increase (decrease) in liabilities and deferred inflows of resources:			
Accounts payable	2,711,025	2,047,340	4,758,365
Accrued liabilities	(252,737)	(58,135)	(310,872)
Unearned revenue	(48,688)	-	(48,688)
Compensated absences	58,550	26,008	84,558
Customer deposits	39,218	-	39,218
Advance construction deposits	-	(520,257)	(520,257)
Net pension liability	2,770,625	1,230,769	4,001,394
Deferred inflows of resources - pension related	(2,321,143)	(1,031,099)	(3,352,242)
Net cash provided by operating activities	\$ 4,984,799	\$ 4,546,697	\$ 9,531,496

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

Mission Springs Water District

Notes to Financial Statements For the Fiscal Year Ended June 30, 2023

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 of 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 Fund – Used to account for activities associated with providing sewage 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).

Mission Springs Water District

**Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023**

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, 2023, 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.

Mission Springs Water District

**Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023**

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, 2022, the assessment receivable for these liens was \$6,367,751 and the balance of special assessments that was delinquent was \$112,802. As of June 30, 2023, 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 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 position 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 position 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 pension, which qualify for reporting in this category.

Mission Springs Water District

**Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023**

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, or 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 government’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.

GASB 68 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, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

Mission Springs Water District

Notes to Financial Statements For the Fiscal Year Ended June 30, 2023

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 are payable in two equal installments on November 1 and February 1, and become delinquent after December 10 and April 10, respectively.

Mission Springs Water District

**Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023**

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

New Accounting Pronouncements

The District implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements Activities (SBITA)*. The primary objective of this statement is to improve guidance regarding the identification of subscriptions activities for accounting and financial reporting purposes and how those activities should be reported in the financial statements.

NOTE 2: CASH AND INVESTMENTS

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

Cash and investments	\$ 41,464,670
Restricted cash and investments	<u>1,637,145</u>
Total cash and investments	<u><u>\$ 43,101,815</u></u>

Cash and investments as of June 30, 2023 consist of the following:

Petty cash	\$ 1,100
Demand deposits	12,350,874
Investments	<u>30,749,841</u>
Total cash and investments	<u><u>\$ 43,101,815</u></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.

Mission Springs Water District

**Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023**

NOTE 2: CASH AND INVESTMENTS, (CONTINUED)

Interest rate risk (continued)

Maturities of investments at June 30, 2023, 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)	\$ 30,749,841	\$ 9,303,633	\$ 21,446,208	\$ -	\$ -
Total	\$ 30,749,841	\$ 9,303,633	\$ 21,446,208	\$ -	\$ -

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, 2023, 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.

Mission Springs Water District

**Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023**

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 will not be able to recover collateral securities that are in the possession of an outside party. At June 30, 2023, 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, 2023, District had its investments in CalTrust.

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.

Mission Springs Water District

Notes to Financial Statements For the Fiscal Year Ended June 30, 2023

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, 2023, the District's investment in CalTRUST is \$30,749,841, of which \$2,651,882 was invested in the Liquidity funds pool, \$6,651,751 in the Short-term pool, and \$21,446,208 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.

Mission Springs Water District

**Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023**

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, 2023 were \$457,368, \$440,240 and \$80,882, respectively.

(The remainder of this page has been left blank intentionally.)

Mission Springs Water District

**Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023**

NOTE 4: CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2023 were as follows:

	Beginning balance	Increases	Decreases	Ending balance
Capital assets, not being depreciated				
Land and other land rights	\$ 1,376,497	\$ 1,000	\$ -	\$ 1,377,497
Construction in progress	22,089,659	33,217,987	(4,503,702)	50,803,944
Total capital assets, not being depreciated	23,466,156	33,218,987	(4,503,702)	52,181,441
Capital assets, depreciable/amortizable:				
Buildings and improvements	5,960,668	157,026	-	6,117,694
Utility plant	177,140,005	3,041,930	-	180,181,935
Furniture and equipment	5,152,678	405,836	(406,470)	5,152,044
Other assets	1,888,785	-	-	1,888,785
Right-to-use leases	452,019	479,034	-	931,053
Right-to-use subscriptions	-	209,082	-	209,082
Total capital assets, being depreciated	190,594,155	4,292,908	(406,470)	194,480,593
Less accumulated depreciation/amortization :				
Buildings and improvements	(1,675,702)	(192,218)	-	(1,867,920)
Utility plant	(71,930,639)	(3,780,071)	-	(75,710,710)
Furniture and equipment	(3,864,477)	(317,349)	399,544	(3,782,282)
Other assets	(980,095)	(251,985)	-	(1,232,080)
Right-to-use leases	(117,782)	(165,320)	-	(283,102)
Right-to-use subscriptions	-	(18,132)	-	(18,132)
Total accumulated depreciation	(78,568,695)	(4,725,075)	399,544	(82,894,226)
Total capital assets being depreciation/amortization, net	112,025,460	(432,167)	(6,926)	111,586,367
Total capital assets, net	\$ 135,491,616	\$ 32,786,820	\$ (4,510,628)	\$ 163,767,808

Depreciation and amortization expense for the year ended June 30, 2023 was as follows:

Water	\$ 2,839,973
Sewer	<u>1,885,102</u>
Total depreciation/amortization Expense	<u><u>\$ 4,725,075</u></u>

Mission Springs Water District

**Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023**

NOTE 5: COMPENSATED ABSENCES

Changes in compensated absences for the year ended June 30, 2023 were as follows:

Balance at beginning of year	\$	973,126
Earned by employees		591,396
Paid to employees		(506,838)
Balance at end of year		1,057,684
Less current portion		528,842
Long-term portion	\$	528,842

NOTE 6: LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2023:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings:					
Notes payable:					
Special Assessment Bond - Assessment District #4	\$ 4,000	\$ -	\$ (4,000)	\$ -	\$ -
Special Assessment Bond - Assessment District #7	45,000	-	(14,000)	31,000	15,000
COP - U.S. Department of Agriculture - 2001	238,001	-	(8,200)	229,801	8,600
Installment sale agreement - City National Bank - 2017	1,225,518	-	(256,305)	969,213	263,792
Installment sale agreement - Holman Capital Corporation	212,753	-	(15,613)	197,140	16,274
SWRCB - Assessment District #12, Phase IV	3,160,201	-	(232,985)	2,927,216	238,111
Installment sale agreement - City National Bank - 2013	835,463	-	(58,182)	777,281	60,592
Installment sale agreement - BBVA Compass Bank - 2014	1,911,344	-	(120,910)	1,790,434	125,733
Installment Purchase Agreement Well Fargo - 2023	-	15,000,000	-	15,000,000	-
Total notes payable	7,632,280	15,000,000	(710,195)	21,922,085	728,102
Lease liabilities	334,915	413,134	(159,777)	588,272	197,687
Subscription liabilities	-	209,082	(63,213)	145,869	60,018
Total long-term liabilities	\$ 7,967,195	\$ 15,622,216	\$ (933,185)	\$ 22,656,226	\$ 985,807

Assessment District #4 Special Assessment Bonds, Series R-1 (direct borrowing)

On February 15, 1983, the District issued special assessment bonds for \$88,200 for the construction of District improvements. The interest rate on the bonds is 11.375% per annum. Interest on the bonds is payable semi-annually on January 2 and July 2. Principal matures July 2 of each year through 2022. This note was paid off during the fiscal year.

Mission Springs Water District

**Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023**

NOTE 6: LONG-TERM DEBT, (CONTINUED)

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.

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.

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 Reclamation Facility. This is an expense reimbursement agreement that will cover 100% of the Reclamation Facility's costs. Construction began in January of 2022, with a current accumulated cost of approximately \$17.7 million. 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 Springs Water District

**Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023**

NOTE 6: LONG-TERM DEBT, (CONTINUED)

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

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.

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.

Mission Springs Water District

**Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023**

NOTE 6: LONG-TERM DEBT, (CONTINUED)

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.

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.

Mission Springs Water District

**Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023**

NOTE 6: LONG-TERM DEBT, (CONTINUED)

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.

The outstanding installment sales agreement with BBVA Compass 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.

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

Year ended June 30,	Principal	Interest	Total
2024	\$ 728,102	\$ 808,925	\$ 1,537,027
2025	15,750,559	578,895	16,329,454
2026	756,891	166,025	922,916
2027	594,486	144,408	738,894
2028	559,719	126,133	685,852
2029 - 2033	1,990,099	204,324	2,194,423
2034 - 2038	1,490,329	116,696	1,607,025
2039 - 2043	51,900	4,743	56,643
Total	<u>\$ 21,922,085</u>	<u>\$ 2,150,149</u>	<u>\$ 24,072,234</u>

Mission Springs Water District

**Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023**

NOTE 6: LONG-TERM DEBT, (CONTINUED)

Leases liability

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 liability 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, 2023, the value of the lease liability is \$588,272. 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, 2023 is \$931,053 with accumulated amortization of \$283,102, which is detailed in Note 4.

Estimated future lease payable service requirements are as follows:

Year ended June 30,	Principal	Interest	Total
2024	\$ 197,687	\$ 10,752	\$ 208,439
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	\$ 588,272	\$ 27,193	\$ 615,465

Leases liability

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, 2023, the value of the subscription liability is \$148,869. 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, 2023 is \$209,082 with accumulated amortization of \$18,132, which is detailed in Note 4.

Year ended June 30,	Principal	Interest	Total
2024	\$ 60,018	\$ 4,147	\$ 64,165
2025	56,320	2,455	58,775
2026	29,531	845	30,376
Total	\$ 145,869	\$ 7,447	\$ 153,316

Mission Springs Water District

**Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023**

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.

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.

Mission Springs Water District

**Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023**

NOTE 7: DEFINED BENEFIT PENSION PLAN, (CONTINUED)

Benefits provided, (continued)

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, 2023 are summarized as follows:

Hire date	Prior to January 1, 2013	On or after January 1, 2013
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%	1.426% to 2.000%
Required employer contribution rates	13.35%	7.47%

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, 2023 were \$1,105,654. The actual employer payments of \$970,494 made to CalPERS by the District during the measurement period ended June 30, 2022 differed from the District's proportionate share of the employer's contributions of \$1,081,904 by \$111,411, which is being amortized over the expected average remaining service lifetime in the Public Agency Cost-Sharing Multiple Employer Plan.

Mission Springs Water District

**Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023**

NOTE 7: DEFINED BENEFIT PENSION PLAN, (CONTINUED)

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, 2022, using an annual actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

Actuarial methods and assumptions used to determine total pension liability

All other actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS’ website, at www.calpers.ca.gov.

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Actuarial Cost Method
Asset Valuation Method:	Market 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 for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include 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 CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

Long-term expected rate of return

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.

Mission Springs Water District

**Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023**

NOTE 7: DEFINED BENEFIT PENSION PLAN, (CONTINUED)

Long-term expected rate of return, (continued)

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.

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

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.

Mission Springs Water District

Notes to Financial Statements For the Fiscal Year Ended June 30, 2023

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

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

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.

Mission Springs Water District

**Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023**

NOTE 7: DEFINED BENEFIT PENSION PLAN, (CONTINUED)

C. Proportionate share of net pension liability

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

	Increase (Decrease)		
Plan Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Plan Net Pension Liability (c) = (a) - (b)	
Balance at: 6/30/2021 (Valuation Date)	\$ 27,491,247	\$ 23,521,661	\$ 3,969,586
Balance at: 6/30/2022 (Measurement Date)	28,828,663	20,857,683	7,970,980
Net Changes during 2021-22	\$ 1,337,416	\$ (2,663,978)	\$ 4,001,394

Valuation Date (VD), Measurement Date (MD)

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, 2021 and 2022 measurement dates was as follows:

Proportionate share - MD June 30, 2021	0.20906%
Proportionate share - MD June 30, 2022	0.12437%
Change - Increase (Decrease)	-0.08469%

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 7.15 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 (6.15 percent) or 1 percentage-point higher (8.15 percent) than the current rate:

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Plan's Net Pension Liability	\$ 11,900,846	\$ 7,970,980	\$ 4,737,674

Mission Springs Water District

**Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023**

NOTE 7: DEFINED BENEFIT PENSION PLAN, (CONTINUED)

Amortization of deferred outflows and deferred inflows of resources

Under GASB 68, 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.

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

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2021 is 3.7 years, which was obtained by dividing the total service years of 561,622 (the sum of remaining service lifetimes of the active employees) by 150,548 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

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

As of the start of the measurement period (July 1, 2021), the District's net pension liability was \$3,969,586. For the measurement period ending June 30, 2022 (the measurement date), the District incurred a pension credit of \$224,904.

Mission Springs Water District

**Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023**

NOTE 7: DEFINED BENEFIT PENSION PLAN, (CONTINUED)

As of June 30, 2023, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 160,073	\$ 107,210
Changes of Assumptions	816,793	-
Difference Between Projected and Actual Earnings on Pension Plan Investments	1,460,072	-
Change in Employer's Proportion	-	325,533
Difference in Actual vs Projected Contributions	66,491	87,777
Pension Contributions Subsequent to Measurement Date	1,105,654	-
Total	\$ 3,609,083	\$ 520,520

The amounts above are net of outflows and inflows recognized in the 2020-21 measurement period expense. Contributions subsequent to the measurement date of \$1,105,654 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
2024	\$ 458,145
2025	387,295
2026	244,439
2027	893,030
2028	-

E. Payable to the pension plan

At June 30, 2023, the District reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required for the year then ended.

*Mission Springs Water District***Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023****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, 2023 are presented below:

	Water	Sewer	Balance
Net investment in capital assets:			
Capital assets, net of accumulated depreciation/amortization	\$ 64,847,611	\$ 98,920,197	\$ 163,767,808
Less capital related debt balances	<u>(1,035,668)</u>	<u>(21,620,558)</u>	<u>(22,656,226)</u>
Total net investment in capital assets	<u>63,811,943</u>	<u>77,299,639</u>	<u>141,111,582</u>
Restricted for:			
Debt reserve	<u>-</u>	<u>1,637,145</u>	<u>1,637,145</u>
Total restricted	<u>-</u>	<u>1,637,145</u>	<u>1,637,145</u>
Unrestricted:			
Designated for:			
Capital reserve	27,586,307	15,853,082	43,439,389
Self-insurance	108,000	42,000	150,000
Undesignated	<u>1,904,376</u>	<u>21,995,367</u>	<u>23,899,743</u>
Total unrestricted	<u>29,598,683</u>	<u>37,890,449</u>	<u>67,489,132</u>
Total net position	<u>\$ 93,410,626</u>	<u>\$ 116,827,233</u>	<u>\$ 210,237,859</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.

Mission Springs Water District

Notes to Financial Statements For the Fiscal Year Ended June 30, 2023

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, 2023, 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 \$8,417,492), 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.

Mission Springs Water District

**Notes to Financial Statements
For the Fiscal Year Ended June 30, 2023**

NOTE 11: RISK MANAGEMENT, (CONTINUED)

Cyber Liability – The Insurance Authority has pooled self-insurance up to \$2,000,000 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.

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.

(The remainder of this page has been left blank intentionally.)

(This page intentionally left blank.)

Required Supplementary Information

(This page intentionally left blank.)

Mission Springs Water District

**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, 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%	85.56%

¹ Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

* 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.

*Mission Springs Water District***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, 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%

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

* Measurement date 6/30/2014 (fiscal year 2015) was the first year of implementation. Additional years will be presented as information becomes available.

Supplementary Information

(This page intentionally left blank.)

*Mission Springs Water District***Schedule of Operating Expenses by Natural Classification
For the Year Ended June 30, 2022**

	Water	Sewer	Total
OPERATING EXPENSES			
Salaries and wages	\$ 3,563,477	\$ 1,836,864	\$ 5,400,341
Employee benefits	947,563	532,246	1,479,809
Bank and administrative charges	97,565	43,341	140,906
Materials and supplies	1,787,125	307,124	2,094,249
Equipment rental	13,155	5,844	18,999
Outside services	1,481,726	1,311,575	2,793,301
Ground water replenishment fees	60,772	-	60,772
Utilities	1,806,913	369,985	2,176,898
Directors' fees	23,622	10,494	34,116
Engineering	80,647	-	80,647
Insurance	171,958	135,137	307,095
Penalties	1,427	634	2,061
Professional services	197,911	87,916	285,827
Office expense	62,492	27,760	90,252
Repairs and maintenance	121,531	6,199	127,730
Standby reports	11,476	3,428	14,904
Dues and subscriptions	1,577	2,527	4,104
Permits	77,268	94,760	172,028
Training and conferences	82,841	32,027	114,868
Ground water management	762	338	1,100
Depreciation and amortization	2,839,973	1,885,102	4,725,075
	<u>\$ 13,431,781</u>	<u>\$ 6,693,301</u>	<u>\$ 20,125,082</u>
Total operating expenses	<u>\$ 13,431,781</u>	<u>\$ 6,693,301</u>	<u>\$ 20,125,082</u>

Mission Springs Water District

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>
6/30/23		\$ -	\$ -	\$ -	\$ 31,000
7/2/23	7.250%	1,123	15,000	16,123	16,000
1/2/24	7.250%	580	-	580	16,000
7/2/24	7.250%	582	16,000	16,582	-
		<u>\$ 2,285</u>	<u>\$ 31,000</u>	<u>\$ 33,285</u>	<u>\$ -</u>

Mission Springs Water District

**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
6/30/23		\$ -	\$ -	\$ -	\$ 229,801
8/1/23	4.500%	5,171	-	5,171	229,801
2/1/24	4.500%	5,171	8,600	13,771	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%	404	18,101	18,505	-
		<u>\$ 110,323</u>	<u>\$ 229,801</u>	<u>\$ 340,124</u>	<u>\$ -</u>

Mission Springs Water District

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

Date	Interest Rate	Interest Due	Principal Payment	Total Debt Service	Balance Principal Unpaid
6/30/23		\$ -	\$ -	\$ -	\$ 969,213
9/21/23	2.90%	14,054	130,946	145,000	838,267
3/21/24	2.90%	12,155	132,845	145,000	705,422
9/21/24	2.90%	10,229	134,771	145,000	570,651
3/21/25	2.90%	8,274	136,726	145,000	433,925
9/21/25	2.90%	6,292	138,708	145,000	295,217
3/21/26	2.90%	4,281	140,719	145,000	154,498
9/21/26	2.90%	2,240	50,760	53,000	103,738
3/21/27	2.90%	1,504	51,496	53,000	52,242
9/21/27	2.90%	757	52,242	52,999	-
		\$ 59,786	\$ 969,213	\$ 1,028,999	\$ -

Mission Springs Water District

**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
6/30/23		\$ -	\$ -	\$ -	\$ 197,140
12/7/23	4.190%	4,138	8,053	12,191	189,087
6/7/24	4.190%	3,969	8,222	12,191	180,865
12/7/24	4.190%	3,797	8,394	12,191	172,471
6/7/25	4.190%	3,621	8,570	12,191	163,901
12/7/25	4.190%	3,442	8,749	12,191	155,152
6/7/26	4.190%	3,259	8,932	12,191	146,220
12/7/26	4.190%	3,071	9,120	12,191	137,100
6/7/27	4.190%	2,880	9,311	12,191	127,789
12/7/27	4.190%	2,685	9,506	12,191	118,283
6/7/28	4.190%	2,486	9,705	12,191	108,578
12/7/28	4.190%	2,283	9,908	12,191	98,670
6/7/29	4.190%	2,075	10,116	12,191	88,554
12/7/29	4.190%	1,863	10,328	12,191	78,226
6/7/30	4.190%	1,647	10,544	12,191	67,682
12/7/30	4.190%	1,426	10,765	12,191	56,917
6/7/31	4.190%	1,201	10,990	12,191	45,927
12/7/31	4.190%	970	11,113	12,083	34,814
6/7/32	4.190%	735	11,481	12,216	23,333
12/7/32	4.190%	495	11,623	12,118	11,710
6/7/33	4.190%	250	11,710	11,960	-
		\$ 46,293	\$ 197,140	\$ 243,433	\$ -

Mission Springs Water District

**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>
6/30/23		\$ -	\$ -	\$ -	\$ 2,927,216
1/31/24	2.200%	64,399	238,111	302,510	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>\$ 400,393</u>	<u>\$ 2,927,216</u>	<u>\$ 3,327,609</u>	<u>\$ -</u>

Mission Springs Water District

**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
6/30/23		\$ -	\$ -	\$ -	\$ 777,281
9/2/23	4.100%	15,935	29,988	45,923	747,293
3/2/24	4.100%	15,320	30,603	45,923	716,690
9/2/24	4.100%	14,692	31,231	45,923	685,459
3/2/25	4.100%	14,052	31,871	45,923	653,588
9/2/25	4.100%	13,399	32,524	45,923	621,064
3/2/26	4.100%	12,732	33,191	45,923	587,873
9/2/26	4.100%	12,051	33,872	45,923	554,001
3/2/27	4.100%	11,358	34,565	45,923	519,436
9/2/27	4.100%	10,648	35,275	45,923	484,161
3/2/28	4.100%	9,926	35,997	45,923	448,164
9/2/28	4.100%	9,188	36,735	45,923	411,429
3/2/29	4.100%	8,434	37,489	45,923	373,940
9/2/29	4.100%	7,666	38,257	45,923	335,683
3/2/30	4.100%	6,882	39,041	45,923	296,642
9/2/30	4.100%	6,081	39,842	45,923	256,800
3/2/31	4.100%	5,265	40,658	45,923	216,142
9/2/31	4.100%	4,431	41,492	45,923	174,650
3/2/32	4.100%	3,581	42,342	45,923	132,308
9/2/32	4.100%	2,712	43,211	45,923	89,097
3/2/33	4.100%	1,827	44,096	45,923	45,001
9/2/33	4.100%	917	45,001	45,918	-
		\$ 187,097	\$ 777,281	\$ 964,378	\$ -

Mission Springs Water District

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

Date	Interest Rate	Interest Due	Principal Payment	Total Debt Service	Balance Principal Unpaid
6/30/23		\$ -	\$ -	\$ -	\$ 1,790,434
9/2/23	3.950%	35,361	62,252	97,613	1,728,182
3/2/24	3.950%	34,132	63,481	97,613	1,664,701
9/2/24	3.950%	32,878	64,735	97,613	1,599,966
3/2/25	3.950%	31,600	66,013	97,613	1,533,953
9/2/25	3.950%	30,296	67,317	97,613	1,466,636
3/2/26	3.950%	28,966	68,647	97,613	1,397,989
9/2/26	3.950%	27,610	70,003	97,613	1,327,986
3/2/27	3.950%	26,228	71,385	97,613	1,256,601
9/2/27	3.950%	24,818	72,795	97,613	1,183,806
3/2/28	3.950%	23,380	74,233	97,613	1,109,573
9/2/28	3.950%	21,914	75,699	97,613	1,033,874
3/2/29	3.950%	20,419	77,194	97,613	956,680
9/2/29	3.950%	18,893	956,680	975,573	-
		<u>\$ 356,495</u>	<u>\$ 1,790,434</u>	<u>\$ 2,146,929</u>	<u>\$ -</u>

Mission Springs Water District

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

Date	Interest Rate	Interest Due	Principal Payment	Total Debt Service	Balance Principal Unpaid
6/30/23		\$ -	\$ -	\$ -	\$15,000,000
7/1/23	3.99%	49,785	-	49,785	15,000,000
8/1/23	3.99%	49,785	-	49,785	15,000,000
9/1/23	3.99%	49,785	-	49,785	15,000,000
10/1/23	3.99%	49,785	-	49,785	15,000,000
11/1/23	3.99%	49,785	-	49,785	15,000,000
12/1/23	3.99%	49,785	-	49,785	15,000,000
1/1/24	3.99%	49,785	-	49,785	15,000,000
2/1/24	3.99%	49,785	-	49,785	15,000,000
3/1/24	3.99%	49,785	-	49,785	15,000,000
4/1/24	3.99%	49,785	-	49,785	15,000,000
5/1/24	3.99%	49,785	-	49,785	15,000,000
6/1/24	3.99%	49,785	-	49,785	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>\$ 987,477</u>	<u>\$ 15,000,000</u>	<u>\$ 15,987,477</u>	<u>\$ -</u>

Statistical Section

Mission Springs Water District

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

This part of District’s comprehensive annual 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.

Contents **Page**

Financial Trends

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

Table 1: Net Position – Last Ten Calendar Years.....	55
Table 2: Changes in Net Position – Last Ten Calendar Years.....	56
Table 3: Summary of Revenues, Expenses and Changes in Net Position – Last Ten Calendar Years	57
Table 4: Summary of Revenues and Expenses – Last Ten Calendar Years.....	58
Table 5: Revenues by Source – Last Ten Calendar Years	59
Table 6: Expenses by Function – Last Ten Calendar Years.....	60

Revenue Capacity

These schedules contain information to help the reader understand District’s revenue sources.

Table 7: Variable Water Rates – Last Ten Calendar Years.....	61
Table 8: Fixed Water Rates – Last Ten Calendar Years.....	62
Table 9: Water Deliveries – Last Ten Calendar Years	63
Table 10: Top Ten Domestic Water Customers – Calendar Year 2022 and Nine Years Prior.....	64
Table 11: Sewer Rates – Last Ten Calendar Years	65
Table 12: Wastewater Treated – Last Ten Calendar Years.....	66
Table 13: Top Ten Sewer Customers – Calendar Year 2022 and Nine Years Ago	67
Table 14: Direct and Overlapping Property Tax Rates – Last Ten Fiscal Years	68
Table 15: Assessed Value of Taxable Property – Last Ten Fiscal Years	69
Table 16: Net Taxable Assessed Value History – Last Ten Fiscal Years.....	70
Table 17: Top Ten Property Taxpayers.....	71

Debt Capacity

These schedules present information to help the reader assess the affordability of District’s current levels of outstanding debt and the District’s ability to issue additional debt in the future.

Table 18: Computation of Legal Debt Margin – Last Ten Calendar Years.....	72
Table 19: Ratio of Outstanding Debt by Type.....	73
Table 20: Direct and Overlapping Debt	74

Demographic Information

These schedules offer demographic and economic information to help the reader understand the environment within which District’s financial activities take place.

Table 20: Demographic and Economic Statistics in Riverside County.....	75
Table 21: Population of Major Cities in the Coachella Valley	76
Table 22: Top Ten Employers in Riverside County	77

Operating Information

These schedules contain information about District’s operations and infrastructure data to help the reader understand how District’s financial report relates to the services that District provides and the activities it performs.

Table 23: Full-Time Equivalent Employees by Department.....	78
--	----

*Mission Springs Water District***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
2014	\$ 108,572,507	\$ 24,473,182	\$ (2,129,694)	\$ 130,915,995	3.34%
2015	104,495,939	24,464,065	(2,579,166)	126,380,838	-3.59%
2016	103,429,630	30,580,248	(4,799,094)	129,210,784	2.19%
2017	108,859,676	35,645,632	(5,389,075)	139,116,233	7.12%
2018	108,801,854	37,701,979	(3,635,803)	142,868,030	2.63%
2019	109,194,048	40,875,774	(2,522,632)	147,547,190	3.17%
2020	118,850,000	303,000	34,827,000	153,980,000	4.18%
2021	121,188,282	302,510	40,013,656	161,504,448	4.66%
2022	127,859,336	302,510	43,708,352	171,870,198	6.03%
2023	141,111,582	1,637,145	67,489,132	210,237,859	18.25%

Source:

Mission Springs Water District Audited Financial Statements

Notes:

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

Mission Springs Water District

Table 2: Changes in Net Position
Last Ten Fiscal Years

REVENUES, EXPENSES, AND CHANGES IN NET POSITION										
Operating Revenues	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Sales / Water Consumption	\$ 5,009,489	\$ 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
Services ¹	5,188,698	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
Standby Charges and Availability	246,693	243,192	242,476	242,938	240,591	232,867	240,367	230,368	226,363	228,579
Backup Facilities and Front Footage Fees ²	-	-	-	-	-	-	584,190	734,803	951,789	1,271,040
Meter Installations	8,330	17,566	46,849	50,235	60,790	67,806	78,110	103,647	151,640	167,762
Other	477,422	524,096	528,617	720,488	961,266	585,989	775,972	977,639	2,383,185	1,691,376
Total Operating Revenues	10,930,632	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
Operating Expenses	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Pumping	1,921,310	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
Transmission and Distribution	1,264,156	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
Customer Accounts	952,954	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
Sewage Collection	228,816	197,654	145,064	134,877	173,698	108,160	368,193	310,414	437,653	337,078
Sewage Treatment	1,053,373	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
Standby	112,946	111,656	108,653	122,112	124,691	126,180	146,937	172,191	175,965	188,518
Groundwater Management	15,000	15,000	30,000	25,000	21,000	15,000	18,670	(12,731)	-	1,100
Public Affairs	141,559	186,406	211,603	194,182	210,048	348,927	347,275	313,826	505,895	1,042,893
Depreciation/amortization	3,612,694	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
General and Administrative ³	2,787,459	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
Total Operating Expenses	12,090,267	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
Operating Income (Loss)	(1,159,635)	(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
Non-Operating Revenues	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Property Taxes	1,534,979	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
Special Assessment - Debt Service	-	-	-	-	-	-	729,490	398,623	329,617	561,676
Interest / Investment Income (Net)	493,645	436,837	724,909	772,152	827,198	1,796,115	1,091,983	95,722	(768,193)	569,505
Grants	2,624,497	200,897	1,789,298	4,227,717	960,281	118,248	1,351,880	655,884	98,129	32,444,900
Other	-	-	-	-	-	-	165,738	49,666	202,072	303,280
Backup and Front Footage Fees ²	1,298,376	250,226	322,860	3,365,298	814,690	603,235	-	-	-	-
Contributed Infrastructure	59,506	776,168	-	1,186,612	246,110	292,567	-	-	-	-
Recovery of Prior Year Expense	76,830	43,734	92	-	53,220	(1,500)	-	-	-	-
Gain from Asset Disposal - Net	13,730	(297,115)	4,359	(21,291)	(41,965)	(12,344)	-	-	-	-
Total Non-Operating Revenues	6,101,563	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
Non-Operating Expenses	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Interest	354,788	528,887	739,491	696,563	743,021	665,441	625,694	294,143	265,529	500,898
Other	71,664	135,567	4,601	14,107	16,410	15,097	59,015	35,349	281	156,297
Public Employees Retirement System - Prior Year Costs	257,469	267,629	330,640	342,759	359,953	375,341	-	-	-	-
Pension Inflows/Outflows of Resources	-	(346,744)	(946,657)	306,790	1,246,116	-	-	-	-	-
Uncollectable Accounts	22,424	1,532	7,167	-	-	-	-	-	-	-
Amortization and Cost of Debt Issuance	-	-	-	-	76,666	1,440	-	-	-	-
Total Non-Operating Expenses	706,345	586,871	135,242	1,360,219	2,442,166	1,057,319	684,709	329,492	265,810	657,195
Net Non-Operating Revenues	5,395,218	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
Capital Contributions	-	-	-	-	-	-	78,055	72,758	4,350,921	50,763
Change in Net Position	4,235,583	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
Net Position, Beginning of Year	126,680,412	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
Net Position, End of Year	\$ 130,915,995	\$ 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

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.
- 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".

Mission Springs Water District

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

SUMMARY OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating Revenues	\$ 10,930,632	\$ 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
Operating Expenses	12,090,267	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
Operating Income (Loss)	(1,159,635)	(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
Non-Operating Revenues	6,101,563	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
Non-Operating Expenses	706,345	586,871	135,242	1,360,219	2,442,166	1,057,319	684,709	329,492	265,810	657,195
Net Non-Operating Revenues	5,395,218	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
Income Before Capital Contributions	4,235,583	852,976	2,829,946	9,905,449	3,751,797	4,679,160	6,353,954	7,452,491	6,014,829	38,316,898
Capital Contributions	-	-	-	-	-	-	78,055	72,758	4,350,921	50,763
Change in Net Position	\$ 4,235,583	\$ 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

Source:

Mission Springs Water District Audited Financial Statements

Mission Springs Water District

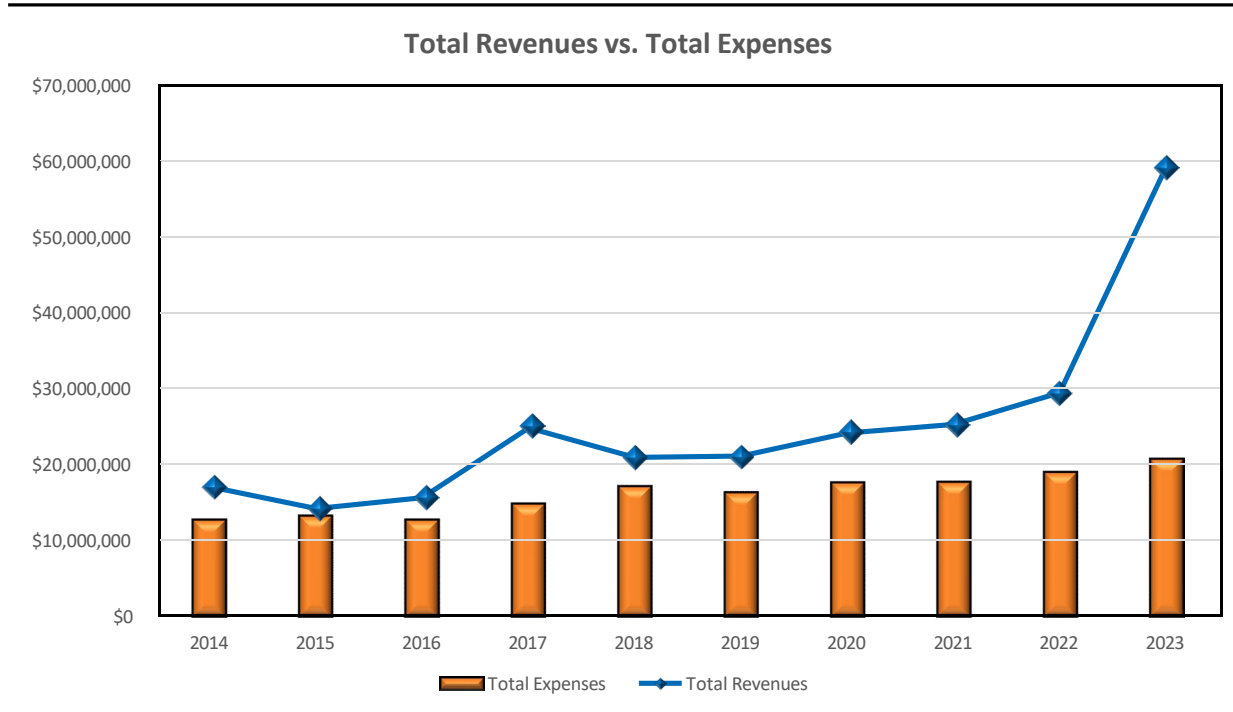
**Table 4: Summary of Revenues and Expenses
Last Ten Fiscal Years**

SUMMARY OF REVENUES AND EXPENSES

Fiscal Year	Total Revenues	Total Expenses	Gain (Loss)
2014	\$ 17,032,195	\$ 12,796,612	\$ 4,235,583
2015	14,188,169	13,335,193	852,976
2016	15,630,817	12,800,871	2,829,946
2017	24,823,888	14,918,439	9,905,449
2018	20,929,134	17,177,337	3,751,797
2019	21,073,240	16,394,080	4,679,160
2020	24,119,009	17,687,000	6,432,009
2021	25,270,506	17,745,257	7,525,249
2022	29,418,842	19,053,092	10,365,750
2023	59,149,938	20,782,277	38,367,661

Source:

Mission Springs Water District Audited Financial Statements



Mission Springs Water District

Table 5: Revenues by Source
Last Ten Fiscal Years

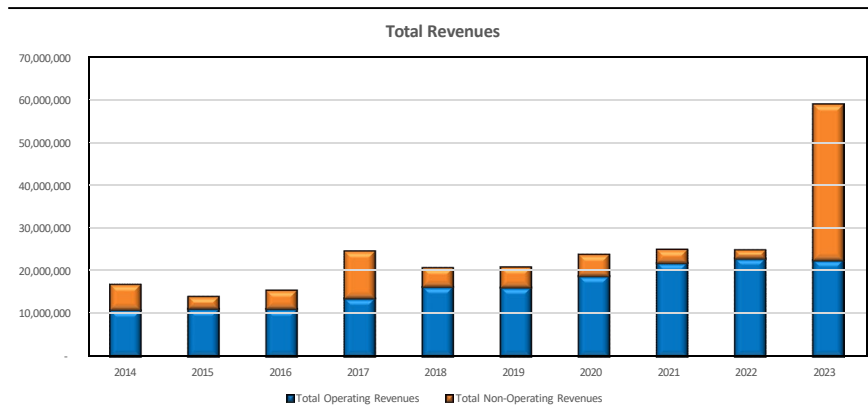
REVENUES BY SOURCE										
Operating Revenues	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Sales / Water Consumption	\$ 5,009,489	\$ 4,830,181	\$ 4,433,456	\$ 5,501,976	\$ 6,677,436	\$ 6,864,417	\$ 7,558,585	\$ 9,356,599	\$ 9,179,862	\$ 8,567,815
Services ¹	5,188,698	5,578,088	5,912,724	7,106,488	8,351,614	8,400,157	9,548,768	10,465,310	9,983,371	10,559,056
Standby Charges and Availability	246,693	243,192	242,476	242,938	240,591	232,867	240,367	230,368	226,363	228,579
Backup Facilities and Front Footage Fees ²	-	-	-	-	-	-	584,190	734,803	951,789	1,271,040
Meter Installations	8,330	17,566	46,849	50,235	60,790	67,806	78,110	103,647	151,640	167,762
Other	477,422	524,096	528,617	720,488	961,266	585,989	775,972	977,639	2,383,185	1,691,376
Total Operating Revenues	10,930,632	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
Non-Operating Revenues	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Property Taxes	1,534,979	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
Special Assessment - Debt Service	-	-	-	-	-	-	729,490	398,623	329,617	561,676
Interest / Investment Income (Net)	493,645	436,837	724,909	772,152	827,198	1,796,115	1,091,983	95,722	(768,193)	569,505
Grants	2,624,497	200,897	1,789,298	4,227,717	960,281	118,248	1,351,880	655,884	98,129	32,444,900
Other	-	-	-	-	-	-	165,738	49,666	202,072	303,280
Backup and Front Footage Fees ²	1,298,376	250,226	322,860	3,365,298	814,690	603,235	-	-	-	-
Contributed Infrastructure	59,506	776,168	-	1,186,612	246,110	292,567	-	-	-	-
Recovery of Prior Year Expense	76,830	43,734	92	-	53,220	(1,500)	-	-	-	-
Gain from Asset Disposal - Net	13,730	(297,115)	4,359	(21,291)	(41,965)	(12,344)	-	-	-	-
Total Non-Operating Revenues	6,101,563	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
Total Revenues	\$ 17,032,195	\$ 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

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.



Mission Springs Water District

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

EXPENSES BY FUNCTION										
Operating Expenses	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Pumping	\$ 1,921,310	\$ 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
Transmission and Distribution	1,264,156	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
Customer Accounts	952,954	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
Sewage Collection	228,816	197,654	145,064	134,877	173,698	108,160	368,193	310,414	437,653	337,078
Sewage Treatment	1,053,373	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
Standby	112,946	111,656	108,653	122,112	124,691	126,180	146,937	172,191	175,965	188,518
Groundwater Management	15,000	15,000	30,000	25,000	21,000	15,000	18,670	(12,731)	-	1,100
Public Affairs	141,559	186,406	211,603	194,182	210,048	348,927	347,275	313,826	505,895	1,042,893
Depreciation/amortization	3,612,694	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
General and Administrative ¹	2,787,459	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
Total Operating Expenses	12,090,267	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
Non-Operating Expenses	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Interest	354,788	528,887	739,491	696,563	743,021	665,441	625,694	294,143	265,529	500,898
Other	71,664	135,567	4,601	14,107	16,410	15,097	59,015	35,349	281	156,297
Public Employees Retirement System - Prior Year Costs	257,469	267,629	330,640	342,759	359,953	375,341	-	-	-	-
Pension Inflows/Outflows of Resources	-	(346,744)	(946,657)	306,790	1,246,116	-	-	-	-	-
Uncollectable Accounts	22,424	1,532	7,167	-	-	-	-	-	-	-
Amortization and Cost of Debt Issuance	-	-	-	-	76,666	1,440	-	-	-	-
Total Non-Operating Expenses	706,345	586,871	135,242	1,360,219	2,442,166	1,057,319	684,709	329,492	265,810	657,195
Total Expenses	\$ 12,796,612	\$ 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

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".

Mission Springs Water District

**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		
2014	0.99	1.74	1.83	0.99	1.74	1.83	1.74	1.74
2015	0.99	1.74	1.83	0.99	1.74	1.83	1.74	1.74
2016	1.55	2.12	-	1.43	1.95	-	1.85	2.78
2017	1.73	2.36	-	1.60	2.18	-	2.06	3.09
2018	1.90	2.59	-	1.76	2.39	-	2.26	3.39
2019	2.09	2.84	-	1.93	2.62	-	2.48	3.72
2020	2.29	3.11	-	2.12	2.87	-	2.72	4.08
2021	2.29	3.11	-	2.12	2.87	-	2.72	4.08
2022	2.29	3.11	-	2.12	2.87	-	2.72	4.08
2023	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		

Mission Springs Water District

**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
2014	9.32	10.38	12.28	14.23	22.69	35.16	56.48
2015	9.32	10.38	12.28	14.23	22.69	35.16	56.48
2016	9.32	15.53	31.06	49.69	93.16	155.26	310.51
2017	10.37	17.28	34.56	55.29	103.65	172.73	345.45
2018	11.36	19.83	37.85	60.55	113.50	189.14	378.27
2019	12.44	20.73	41.45	66.31	124.29	207.11	414.21
2020	13.63	22.70	45.39	72.61	136.10	226.79	453.56
2021	13.63	22.70	45.39	72.61	136.10	226.79	453.56
2022	13.63	22.70	45.39	72.61	136.10	226.79	453.56
2023	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
2014	9.32	10.38	12.28	14.23	22.69	35.16	56.48
2015	9.32	10.38	12.28	14.23	22.69	35.16	56.48
2016	5.94	5.94	5.94	5.94	5.94	5.94	5.94
2017	6.61	6.61	6.61	6.61	6.61	6.61	6.61
2018	7.24	7.24	7.24	7.24	7.24	7.24	7.24
2019	7.93	7.93	7.93	7.93	7.93	7.93	7.93
2020	8.69	8.69	8.69	8.69	8.69	8.69	8.69
2021	8.69	8.69	8.69	8.69	8.69	8.69	8.69
2022	8.69	8.69	8.69	8.69	8.69	8.69	8.69
2023	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

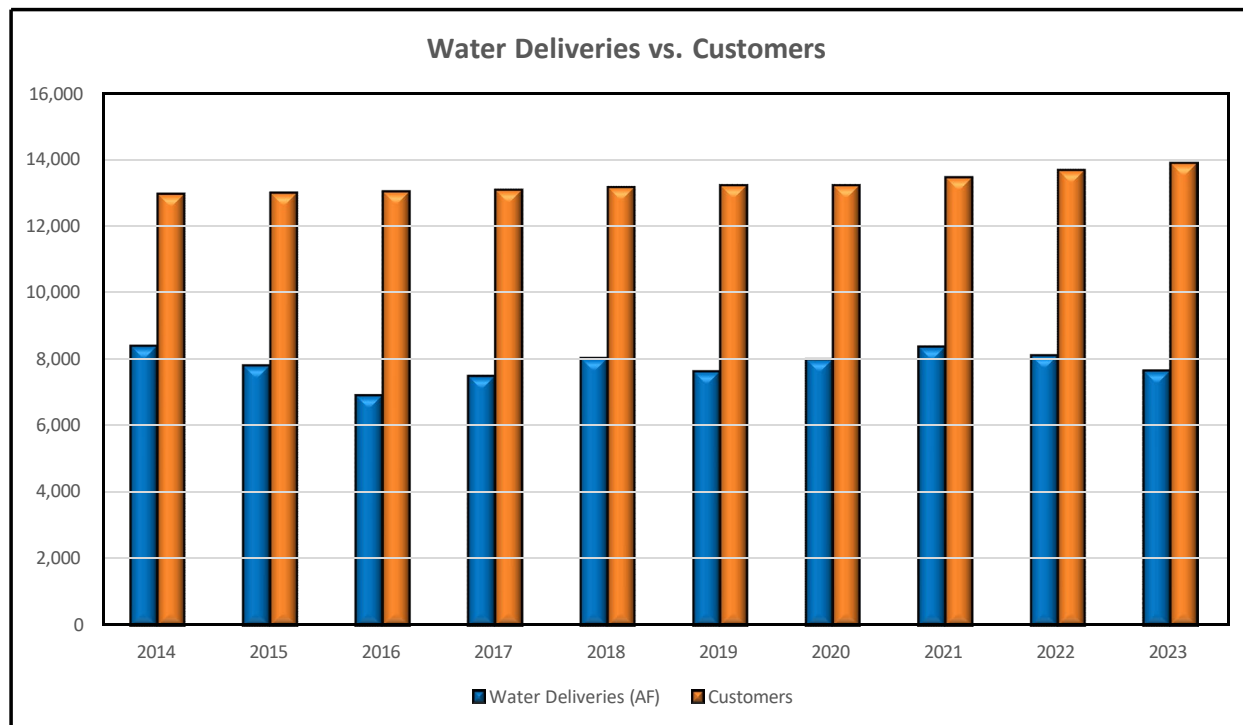
Mission Springs Water District

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

WATER DELIVERIES					
Fiscal Year	Groundwater (AF)	Recycled Water (AF)	All Water Deliveries (AF)	Customers	% Residential Customers
2014	8,386	0	8,386	12,961	95%
2015	7,799	0	7,799	12,986	95%
2016	6,904	0	6,904	13,030	95%
2017	7,476	0	7,476	13,077	95%
2018	8,017	0	8,017	13,161	95%
2019	7,617	0	7,617	13,219	95%
2020	7,982	0	7,982	13,219	95%
2021	8,356	0	8,356	13,452	95%
2022	8,094	0	8,094	13,677	95%
2023	7,646	0	7,646	13,885	95%

Source:

Mission Springs Water District Water Production Reports



Mission Springs Water District

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

TOP TEN DOMESTIC WATER CUSTOMERS

Rank	Customer	2022/23 Revenues	Percentage of Total 2022/23 Revenues
1	Palm Springs Unified School District	\$ 359,590.80	3.92%
2	Palm Springs Unified School District	102,828.24	1.12%
3	Two Bunch Palms, Bliss	96,589.92	1.05%
4	Henry Baghdady	78,604.44	0.86%
5	Palm Springs Unified School District	68,735.76	0.75%
6	Palm Springs Unified School District	67,923.84	0.74%
7	Breit Hidden Springs MHC	64,333.39	0.70%
8	City of DHS	55,300.32	0.60%
9	Vista Montana HOA	51,338.64	0.56%
10	Mission Lakes Country Club HOA	51,047.41	0.56%
2022/23 Top Ten Total		996,292.76	10.85%
2022/23 District Total		\$ 9,179,862	100.00%

Rank	Customer	2013/14 Revenues	Percentage of Total 2013/23 Revenues
1	Palm Springs Unified School District	\$ 109,839.24	2.12%
2	Two Bunch Palms, Bliss	70,214.22	1.36%
3	Caliente Springs	46,490.94	0.90%
4	Henry Baghdady	44,554.83	0.86%
5	Mission Lakes Country Club HOA	40,599.66	0.78%
6	Sky Haven HOA	38,897.16	0.75%
7	Palm Springs Unified School District	34,478.10	0.67%
8	Mountain View MHP	34,309.11	0.66%
9	JFAJ Properties	32,999.88	0.64%
10	Two Springs	30,712.92	0.59%
2013/14 Top Ten Total		483,096.06	9.33%
2013/14 District Total		\$ 5,179,267	100.00%

Source:

Mission Springs Water District Billing System

Mission Springs Water District

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

SEWER RATES

Fiscal Year	Single-Family Residential	Multi-Family Residential per Unit	Non-Residential
2014	\$31.23	\$23.92	\$1.98-\$12.94
2015	31.23	23.92	1.98-12.94
2016	36.92	23.51	2.46-6.88
2017	40.98	26.10	2.73-7.65
2018	45.49	28.98	3.04-8.50
2019	47.77	30.43	3.20-8.93
2020	50.16	31.96	3.36-9.38
2021	50.16	31.96	3.36-9.38
2022	50.16	31.96	3.36-9.38
2023	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

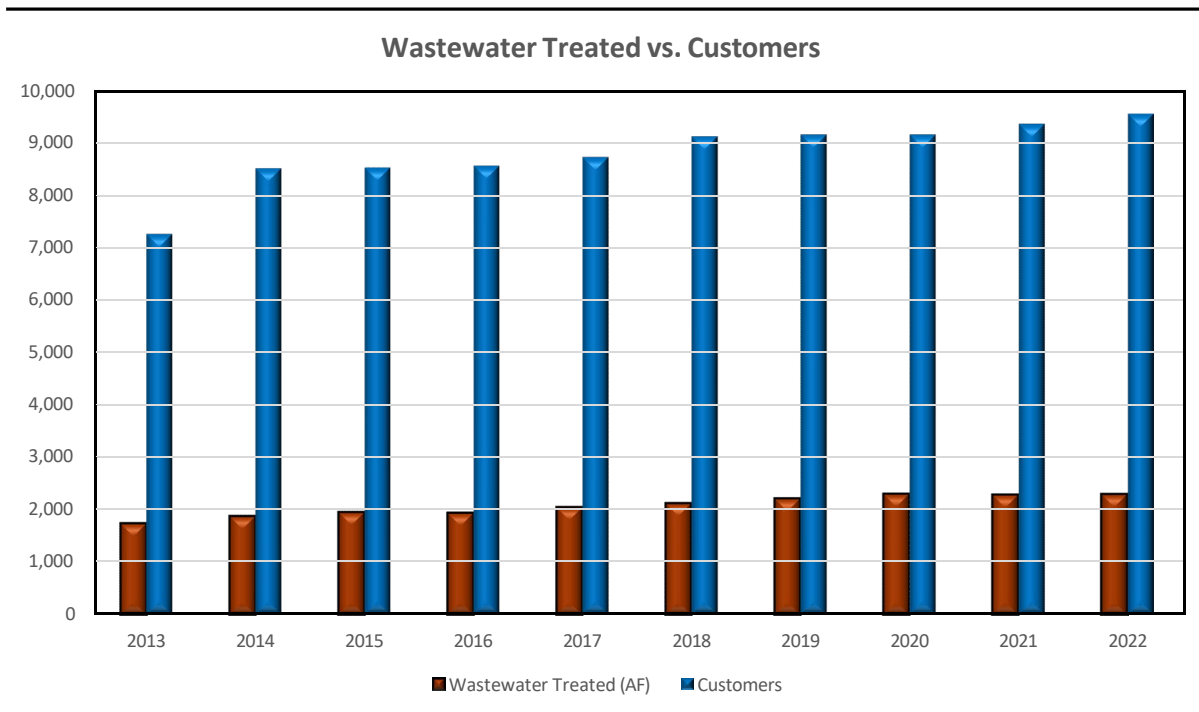
Mission Springs Water District

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

WASTEWATER TREATED			
Fiscal Year	Wastewater Treated (AF)	Customers	% Residential Customers
2013	1,727	7,264	90%
2014	1,864	8,518	90%
2015	1,938	8,531	90%
2016	1,923	8,570	90%
2017	2,031	8,729	90%
2018	2,109	9,127	97%
2019	2,198	9,165	97%
2020	2,286	9,165	97%
2021	2,269	9,364	97%
2022	2,282	9,557	97%

Source:

Mission Springs Water District Wastewater Reports



Mission Springs Water District

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

TOP TEN SEWER CUSTOMERS

Rank	Customer	2022/23 Revenues	Percentage of Total 2022/23 Revenues
1	Sky Haven HOA	\$ 75,810.85	0.76%
2	Snider Interests	74,602.64	0.75%
3	Mission Lakes Country Club HOA	64,078.32	0.64%
4	Snider Interests	51,005.00	0.51%
5	Jennifer Chen	38,331.93	0.38%
6	Vons	30,972.76	0.31%
7	Quick Quack Car Wash	30,073.65	0.30%
8	Stater Bros.	25,991.98	0.26%
9	Desert Inn Hotel/Spa	22,694.69	0.23%
10	Ranch Recovery Centers	19,974.78	0.20%
2022/23 Top Ten Total		433,536.60	4.34%
2022/23 District Total		\$9,983,371.00	100.00%

Rank	Customer	2013/14 Revenues	Percentage of Total 2013/14 Revenues
1	Vons	\$ 76,707.00	1.51%
2	Henry Baghdady	58,843.21	1.16%
3	Sky Haven HOA	55,819.40	1.10%
4	Mission Lakes Country Club HOA	48,354.84	0.95%
5	Jennifer Chen	33,892.80	0.67%
6	HPD Desert Hot Springs	31,000.31	0.61%
7	Stater Bros.	26,865.00	0.53%
8	Desert Inn Hotel/Spa	25,681.80	0.51%
9	Michael Bickford	15,998.40	0.31%
10	Sandy Palms	13,777.90	0.27%
2013/14 Top Ten Total		386,940.66	7.62%
2013/14 District Total		\$5,079,286.00	100.00%

Source:

Mission Springs Water District Billing System

Mission Springs Water District

**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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	0.11284	0.10956	0.10826	0.10573	0.14473	0.14278	0.14526	0.14500	0.14588	0.14609
Coachella Valley Water District	0.10000	0.10000	0.10000	0.10000	0.10000	0.10000	0.10000	0.10000	0.11000	0.11000
Desert Community College District	0.01995	0.02325	0.02087	0.02036	0.04030	0.03978	0.03983	0.03947	0.03950	0.03950
Desert Water Agency	0.20000	0.20000	0.10000	0.10000	0.10000	0.10000	0.10000	0.10000	0.10000	0.10000
Mt. San Jacinto Jr College	0.00000	0.00000	0.01394	0.01320	0.01320	0.01320	0.01320	0.01320	0.01320	0.01320
Palm Springs Unified B & I 1992-A District	0.12961	0.10160	0.08978	0.11802	0.11146	0.10603	0.10542	0.10334	0.15030	0.15187
San Gorgonio Pass Memorial Hospital District	0.11896	0.11296	0.08143	0.08357	0.09052	0.08692	0.06990	0.06716	0.06281	0.06242
San Gorgonio Pass Water Agency	0.18500	0.18500	0.18500	0.18500	0.18250	0.18250	0.17750	0.17500	0.17500	0.17500
Total Direct & Overlapping² Tax Rates	1.86636	1.83237	1.69928	1.72588	1.78271	1.77121	1.75111	1.74317	1.79669	1.79808
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	0.01395	0.01351	0.01425	0.01361	0.01342	0.01347	0.01313	0.01296	0.01289	0.01283

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 ABX126 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.

Mission Springs Water District

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

ASSESSED VALUE OF TAXABLE PROPERTY										
Category	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Residential	\$1,229,467,290	\$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
Commercial	132,267,378	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
Industrial	46,905,553	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
Agricultural	492,397	494,543	504,035	511,425	601,266	612,904	68,397,704	70,087,217	80,466,145	86,412,272
Government Owned	-	-	-	-	-	11,272	11,497	11,726	4,384	4,468
Institutional	1,249,803	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
Miscellaneous	5,206,613	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
Recreational	8,104,922	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
Vacant	325,037,743	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
SBE Nonunitary	729,600,562	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
Cross Reference	20,110,480	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
Unsecured	285,903,806	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
Exempt	30,403,208	22,009,511	22,393,576	23,054,094	20,560,731	21,785,986	-	-	-	-
Unknown	-	-	-	-	-	-	3,159,899	3,219,429	214,130	1,117
Totals¹	\$2,784,346,547	\$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
Total Direct Rate	0.01395	0.01351	0.01425	0.01361	0.01342	0.01347	0.01313	0.01296	0.01289	0.01283

Source:

Riverside County Assessor 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.

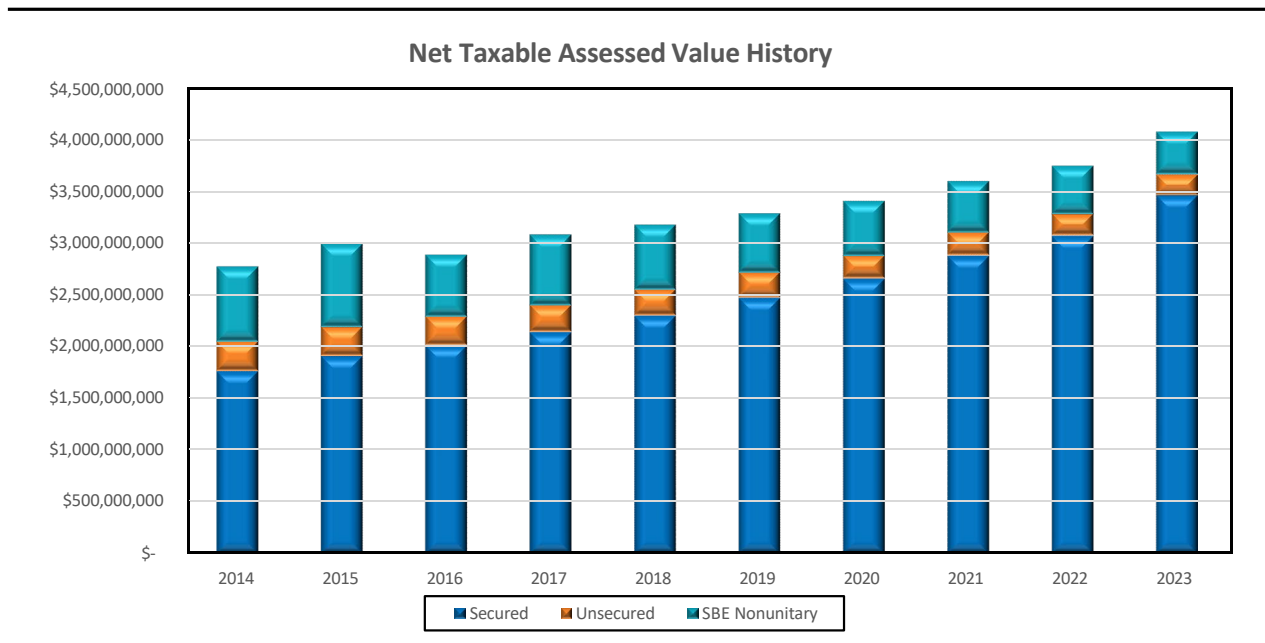
Mission Springs Water District

**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
2014	\$ 1,768,842,179	\$ 285,903,806	\$ 729,600,562	\$ 2,784,346,547	
2015	1,914,840,181	282,213,207	808,921,562	3,005,974,950	7.96%
2016	2,016,883,252	279,654,556	601,217,562	2,897,755,370	-3.60%
2017	2,145,279,774	261,465,368	682,500,562	3,089,245,704	6.61%
2018	2,303,321,603	254,566,068	627,700,562	3,185,588,233	3.12%
2019	2,475,385,166	246,537,461	572,699,772	3,294,622,399	3.42%
2020	2,661,474,738	221,683,767	531,683,210	3,414,841,715	3.65%
2021	2,882,796,468	224,869,786	498,883,210	3,606,549,464	5.61%
2022	3,075,737,972	209,919,920	470,383,210	3,756,041,102	4.15%
2023	3,470,380,541	198,937,767	414,446,890	4,083,765,198	8.73%
Average % Change					5.37%

Source:

Riverside County Assessor Combined Tax Rolls



Mission Springs Water District

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

TOP TEN PROPERTY TAXPAYERS

Rank	Taxpayer	FY 2023 Secured Taxable Assessed Value	Percent of FY 2023 Total District Secured Taxable Assessed Value	FY 2023 Unsecured Taxable Assessed Value	Percent of FY 2023 Total District Unsecured Taxable Assessed Value	FY 2023 Total Taxable Assessed Value	Percent of FY 2023 Total District Taxable Assessed Value
1	Sentinel Energy LLC	\$ 400,000,000	10.30%	-	0.00%	\$ 400,000,000	9.79%
2	IIP - California 6	51,000,000	1.31%	-	0.00%	51,000,000	1.25%
3	Windpower Partners 1993 LP	346,483	1.00%	41,654,588	20.94%	42,001,071	1.03%
4	IIP California 2	35,179,950	91.00%	-	0.00%	35,179,950	0.86%
5	Kings Garden Inc	-	0.00%	26,651,631	13.40%	26,651,631	0.65%
6	Dillon Wind LLC	63,920	0.00%	26,102,073	13.12%	26,165,993	0.64%
7	CCL Realty V	23,679,499	61.00%	-	0.00%	23,679,499	0.58%
8	Walton California LLC	22,849,846	59.00%	-	0.00%	22,849,846	0.56%
9	DHS Facilities	21,301,633	55.00%	-	0.00%	21,301,633	0.52%
10	San Gorgonio Westwinds II LLC	-	0.00%	18,871,116	9.49%	18,871,116	0.46%
2023 Top Ten Total		554,420,971	14.27%	113,279,408	56.94%	667,700,379	16.35%
2023 District Total		\$ 3,884,827,431	100.00%	\$ 198,937,767	100.00%	\$ 4,083,765,198	100.00%

Rank	Taxpayer	FY 2014 Secured Taxable Assessed Value	Percent of FY 2014 Total District Secured Taxable Assessed Value	FY 2014 Unsecured Taxable Assessed Value	Percent of FY 2014 Total District Unsecured Taxable Assessed Value	FY 2014 Total Taxable Assessed Value	Percent of FY 2014 Total District Taxable Assessed Value
1	CPV Sentinel LLC	\$ 682,761,988	27.33%	-	0.00%	\$ 682,761,988	24.52%
2	Mountain View Power Partners LLC	2,393,926	10.00%	86,340,636	30.20%	88,734,562	3.19%
3	Windpower Partners 1993 LP	298,594	1.00%	53,962,697	18.87%	54,261,291	1.95%
4	Indigo Generation LLC	46,900,000	1.88%	-	0.00%	46,900,000	1.68%
5	Dillon Wind LLC	55,096	0.00%	29,632,689	10.36%	29,687,785	1.07%
6	Shell Wind Energy Inc	-	0.00%	19,976,202	6.99%	19,976,202	0.72%
7	San Gorgonio Westwinds II LLC	-	0.00%	15,263,000	5.34%	15,263,000	0.55%
8	Walton California LLC	14,494,189	0.58%	-	0.00%	14,494,189	0.52%
9	Robin S Trotochau	14,138,717	0.57%	-	0.00%	14,138,717	0.51%
10	Bubbling Wells Properties	10,246,908	0.41%	-	0.00%	10,246,908	0.37%
2014 Top Ten Total		771,289,418	30.87%	205,175,224	71.76%	976,464,642	35.07%
2014 District Total		\$ 2,498,442,741	100.00%	\$ 285,903,806	100.00%	\$ 2,784,346,547	100.00%

Source:

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

Mission Springs Water District

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

COMPUTATION OF LEGAL DEBT MARGIN										
Category	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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	\$4,019,772,113
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	1,004,943,028
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	150,741,454
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	22,656,226
Less Amount Reserved for Debt	-	-	-	-	-	-	-	-	-	-
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	\$22,656,226
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	\$ 128,085,228
Total Debt Applicable to the Limit as a Percentage of Debt Limit	7%	11%	10%	9%	8%	8%	7%	6%	5%	5%

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.

Mission Springs Water District

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

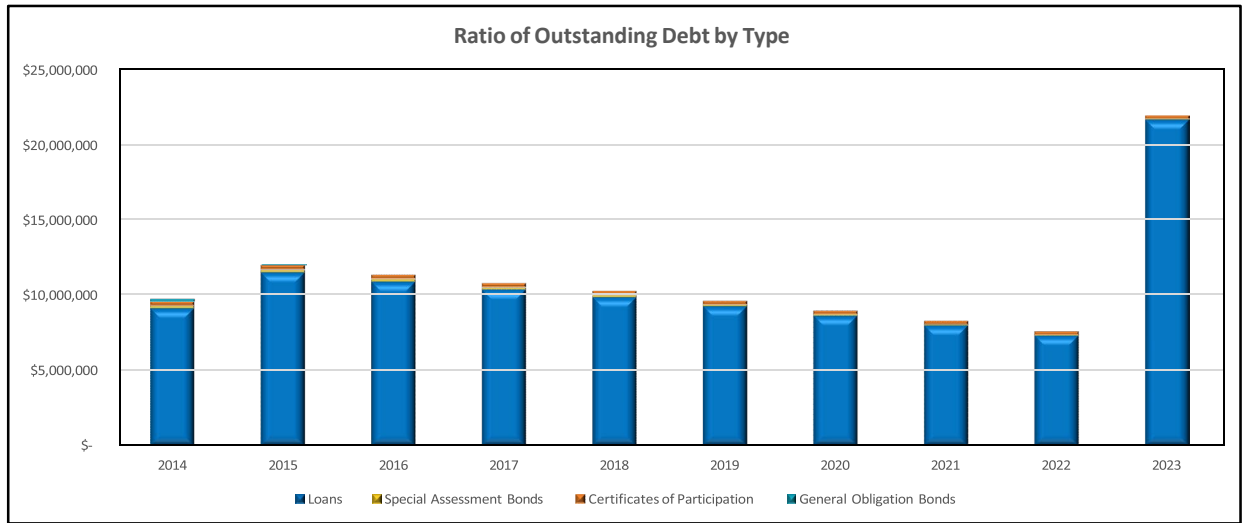
RATIO OF OUTSTANDING DEBT BY TYPE									
Fiscal Year	Loans	Leases Payable	Subscription Payable	Special Assessment Bonds	Certificates of Participation	General Obligation Bonds	Total of Outstanding Debt	Percentage of Personal Income ¹	Debt per Capita ²
2014	\$ 9,151,137	\$ -	\$ -	\$ 156,000	\$ 292,200	\$ 172,649	\$ 9,771,986		341.62
2015	11,527,155	-	-	152,000	286,401	44,118	12,009,674		417.09
2016	10,923,553	-	-	139,000	280,401	-	11,342,954		392.69
2017	10,384,805	-	-	126,000	274,101	-	10,784,906	0.019%	367.50
2018	9,888,504	-	-	112,000	267,501	-	10,268,005	0.017%	355.48
2019	9,280,428	-	-	97,000	260,601	-	9,638,029	0.015%	333.75
2020	8,654,250	-	-	82,000	253,401	-	8,989,651	0.013%	303.59
2021	8,009,396	-	-	66,000	245,901	-	8,321,297	0.011%	256.92
2022	7,345,279	334,915	-	49,000	238,001	-	7,967,195	0.010%	234.06
2023	21,661,284	588,272	145,869	31,000	229,801	-	22,656,226	0.010%	234.06

Source:

Mission Springs Water District Audited Financial Statements

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



Mission Springs Water District

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

DIRECT AND OVERLAPPING DEBT

2022-2023 Assessed Valuation: \$4,019,772,113

Direct and Overlapping Tax and Assessment Debt	Total Debt 6/30/2023	% Applicable ¹	District's Share of Debt 6/30/2023
Desert Community College District	\$ 486,615,000	3.864%	\$ 18,802,804
Mount San Jacinto Community College District	247,850,000	0.091%	225,544
Banning Unified School District	55,637,555	3.041%	1,691,938
Palm Springs Unified School District	418,287,347	10.071%	42,125,719
San Geronio Memorial Hospital District	1,086,997,480	0.856%	930,471
Mission Springs Water District	-	100.000%	-
California Statewide Community Development Authority Assessment District	431,000	100.000%	431,000
Mission Springs Water District 1915 Act Bonds	3,714,000	100.000%	3,714,000
Total Direct and Overlapping Tax and Assessment Debt			\$ 67,921,476

Overlapping General Fund Debt	Total Debt 6/30/2023	% Applicable ¹	District's Share of Debt 6/30/2023
Riverside County General Fund Obligations	\$ 686,776,829	1.110%	\$ 7,623,223
Riverside County Pension Obligation Bonds	748,540,000	1.110%	8,308,794
Banning Unified School District Certificates of Participation	8,376,000	3.041%	254,714
City of Desert Hot Springs General Fund Obligations	34,610,000	97.603%	33,780,398
City of Palm Springs General Fund Obligations	103,612,386	1.438%	1,489,946
City of Palm Springs Pension Obligation Bonds	14,328,594	1.438%	206,045
Total Overlapping General Fund Debt			\$ 51,663,120

Overlapping Tax Increment Debt (Successor Agency)	\$ 169,332,231	1.420%-100.000%	\$ 20,156,624
--	-----------------------	------------------------	----------------------

Total Direct Debt			\$0
Total Overlapping Debt			\$ 139,741,220
Combined Total Debt²			\$ 139,741,220

Ratios to 2022-2023 Assessed Valuation	
Total Direct Debt (\$0)	0.000%
Total Overlapping Tax and Assessment Debt	1.690%
Combined Total Debt	3.480%

Ratios to Redevelopment Successor Agencies Incremental Valuation (\$1,359,054,546)	
Total Overlapping Tax Increment Debt	2.340%

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.

Mission Springs Water District

**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 ² (In Thousands)	Per Capita Personal Income ²	Unemployment Rate ³
2013	2,279,967			8.3%
2014	2,280,191			8.2%
2015	2,347,828			6.7%
2016	2,384,783			6.1%
2017	2,415,955	56,801,939	23,511	5.2%
2018	2,440,124	60,522,468	24,803	4.4%
2019	2,442,304	64,686,882	26,486	4.2%
2020	2,454,453	68,958,268	28,095	9.9%
2021	2,435,525	72,924,895	29,942	7.3%
2022	2,439,234	77,289,878	31,686	4.2%

Source:

1. State of California, Department of Finance, Demographic Research Unit
2. U.S. Census Bureau, most recent American Community Survey
3. State of California, Employment Development Department

Notes:

Data shown represents the entire County of Riverside

Mission Springs Water District

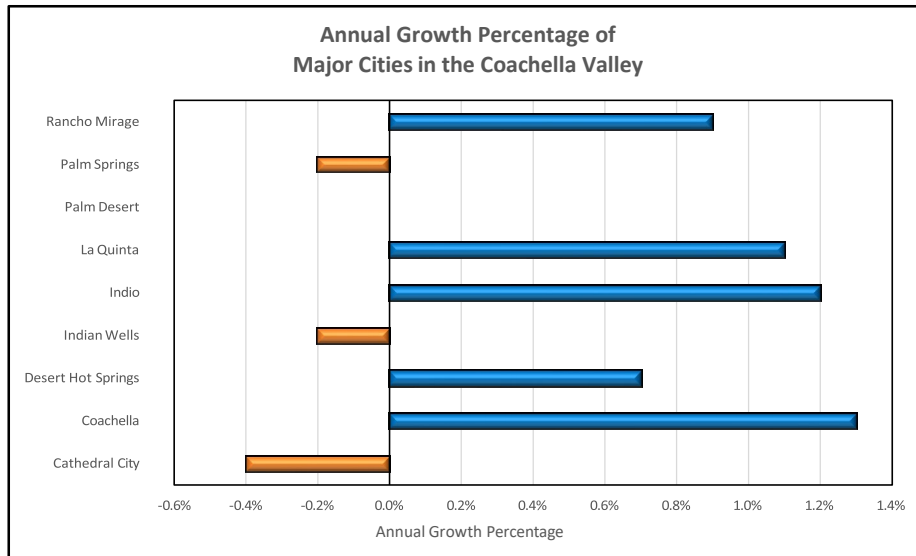
Table 21: Population of Major Cities in the Coachella Valley Last Ten Calendar Years

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
2013	53,163	43,676	28,385	5,199	83,450	38,156	48,282	45,465	17,685	363,461
2014	53,480	44,614	28,605	5,265	84,655	38,720	48,494	45,818	17,783	367,434
2015	53,859	45,001	28,794	5,336	86,683	39,311	48,835	46,204	17,920	371,943
2016	54,040	45,135	28,885	5,375	87,382	40,176	50,154	46,886	18,093	376,126
2017	54,296	45,273	29,347	5,549	86,632	40,605	52,085	47,157	18,579	379,523
2018	54,902	45,839	28,885	5,440	91,240	41,535	53,185	48,375	18,336	387,737
2019	55,007	45,713	28,878	5,470	91,765	41,748	53,275	48,518	18,528	388,902
2020	55,678	46,564	29,611	5,544	91,919	42,271	53,524	48,929	18,954	392,994
2021	51,621	41,935	32,389	4,785	89,789	37,562	50,626	44,165	16,854	369,726
2022	51,433	42,462	32,608	4,774	90,837	37,979	50,615	44,092	17,012	371,812
Annual Growth Rate Percentage	-0.4%	1.3%	0.7%	-0.2%	1.2%	1.1%	0.0%	-0.2%	0.9%	0.6%

Source:

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



Mission Springs Water District

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

TOP TEN EMPLOYERS IN RIVERSIDE COUNTY

Rank	Employer	Number of 2022/23 Employees	Percentage of Total 2022/23 County Employment
1	County of Riverside	23,772	2.13%
2	Amazon	14,500	1.30%
3	March Air Reserve Base	9,600	0.86%
4	University of California, Riverside	8,593	0.77%
5	Moreno Valley Unified School District	6,020	0.54%
6	Kaiser Permanente Riverside Medical Clinic	5,817	0.52%
7	Corona-Norco Unified School District	5,478	0.49%
8	Riverside Unified School District	5,431	0.49%
9	Stater Brothers	4,699	0.42%
10	Mount San Jacinto Community College District	4,638	0.42%
2022/23 Top Ten Total		88,548	7.94%
2022/23 County Total		1,115,214	100.00%

Rank	Employer	Number of 2013 Employees	Percentage of Total 2013/14 County Employees
1	County of Riverside	19,916	2.30%
2	March Air Reserve Base	8,500	0.98%
3	Stater Brothers	6,900	0.80%
4	University of California, Riverside	5,514	0.64%
5	Kaiser Permanente Riverside Medical Clinic	5,270	0.61%
6	Pechanga Resort and Casino	4,500	0.52%
7	Corona-Norco Unified School District	4,300	0.49%
8	Wal-Mart	4,068	0.47%
9	Riverside Unified School District	4,000	0.46%
10	Hemet Unified School District	3,572	0.41%
2013/14 Top Ten Total		66,540	7.68%
2013/14 County Total		866,406	100

Source:

County of Riverside Economic Development Agency

Mission Springs Water District

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

FULL-TIME EQUIVALENT EMPLOYEES BY DEPARTMENT										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Executive	3	3	4	4	5	5	5	5	2	2
Administration	1	1	3	2	2	2	2	2	4	4
Innovation & Technology	0	0	0	0	0	0	0	0	1	1
Finance	1	1	0	0	0	0	0	0	1	1
Accounting	5	5	3	3	3	3	3	3	4	4
Customer Service	4	4	4	5	5	5	5	5	5	5
Operations	0	1	3	3	4	4	3	3	3	3
Engineering	2	2	2	2	2	2	3	3	5	5
Field Operations	4	3	4	5	5	5	5	5	4	4
Construction & Maintenance	7	7	10	10	10	10	10	10	10	11
Water Production	4	4	3	3	3	3	5	5	5	4
Wastewater Treatment	6	6	6	6	6	6	6	6	6	7
Wastewater Collections	0	0	0	0	0	0	2	2	2	2
Total Budgeted FTEs	37	37	42	43	45	45	49	49	52	53

Source:

Mission Springs Water District Annual Budgets

(This page intentionally left blank.)