



Comprehensive Annual Financial Report

*For the Fiscal Years Ended June 30, 2015 and 2014
Mojave Water Agency
Apple Valley, California*

Together, we're securing water for today and tomorrow....





Board of Directors



Mojave Water Agency
Kirby Brill, General Manager
13846 Conference Center Drive
Apple Valley, California 92307
(760) 946-7000 – www.mojavewater.org

Mojave Water Agency
Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2015 and 2014

MOJAVE WATER AGENCY
13846 Conference Center Drive
Apple Valley, California 92307

Prepared by:
Kathy Cortner, Chief Financial Officer
Mark Shaker, Financial Analyst
Debra Walls, Senior Accounting Technician

**Mojave Water Agency
Comprehensive Annual Financial Report
For the Fiscal Years Ended June 30, 2015 and 2014**

Table of Contents

	<u>Page No.</u>
Table of Contents	i
Introductory Section	
Letter of Transmittal	1-6
Organizational Chart	7
GFOA’s Certificate of Achievement for Excellence in Financial Reporting	8
Financial Section	
Independent Auditor’s Report	9-11
Management’s Discussion and Analysis	12-17
Basic Financial Statements:	
Statements of Net Position	18-19
Statements of Revenues, Expenses and Changes in Net Position	20
Statements of Cash Flows	21-22
Notes to the Basic Financial Statements	23-54
Required Supplementary Information:	
Schedule of the Agency’s Proportionate Share of the Net Pension Liability	55
Schedule of Pension Plan Contributions	56
Schedule of Funding Status – Other Post-Employment Benefits Obligation	57
Statistical Information Section	
Statistical Section – Table of Contents	58
Net Position by Component – Last Ten Fiscal Years	59
Changes in Net Position – Last Ten Fiscal Years	60-61
Tax Revenues by Source – Last Ten Fiscal Years	62
Property Tax Rates – Last Ten Fiscal years	63
Principal Property Taxpayers	64
Property Tax Assessed Valuations, Levies and Collections – Last Ten Fiscal Years	65-68
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	69
Ratios of General Obligated Debt Outstanding – Last Ten Fiscal Years	70
Legal Debt Margin Information – Last Ten Fiscal Years	71
Pledged-Revenue Coverage – Last Ten Fiscal Years	72-75
Demographic and Economic Statistics – Last Ten Fiscal Years	76-77
Demographic and Economic Statistics – Principal Employers – Current Year	78
Operating and Capacity Indicators – Full-Time Employees – Last Ten Fiscal Years	79
Operating and Capacity Indicators – Acre Feet of Water Sold – Last Ten Fiscal Years	80
Operating and Capacity Indicators – Capital Assets Statistics – Last Ten Fiscal Years	81
Report on Internal Controls and Compliance	
Independent Auditor’s Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	82-83

Introductory Section



November 18, 2015

To the Members of the Board of Directors and the Citizens and Agencies of the Mojave Water Agency:

We are pleased to provide you with the Comprehensive Annual Financial Report (CAFR) for the Mojave Water Agency (MWA) for the fiscal year ended June 30, 2015. The intended purpose of the financial report is to provide the Board of Directors, the customers of the Agency, and other interested parties with reliable information on the finances of the Agency. Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Agency's financial statements have been audited by Fedak & Brown LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Agency for the fiscal year ended June 30, 2015, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion and that the Agency's financial statements for the fiscal year ended June 30, 2015 are fairly presented in conformity with Generally Accepted Accounting Principles (GAAP). The independent auditor's report is presented as the first component of the financial section of this report.

GASB requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The Agency's MD&A can be found immediately following the report of the independent auditors in the financial section of this report.

In addition to the required components of the Financial Report, the Agency has elected to prepare this Comprehensive Annual Financial Report which includes supplementary information in this Letter of Transmittal and the Statistical Section. The Letter of Transmittal is intended to discuss the Agency's future direction and accomplishments. It is designed to complement the MD&A and should be read in conjunction with it. The Statistical Section includes various financial trends and demographic information.

AGENCY OVERVIEW

The Mojave Water Agency is a public agency that is one of twenty-nine State Water Project contracting agencies and is governed by a seven (7) member elected Board of Directors. The Agency is governed by a seven-member board of directors (the "Board of Directors"), the members of which are elected to four-year terms from geographical divisions by the registered voters residing in each division of the Agency. Day-to-day management of the MWA is delegated to the General Manager who reports directly to the Board of Directors.

Mojave Water Agency is a groundwater management and wholesale water agency that was formed by popular vote in 1960, when residents, concerned about the overdraft of the region's aquifers, agreed to become part of the State Water Project (SWP) and secure a source of supplemental water for the region. Section 1.5 of the Mojave Water Agency Law states that:

"...the purpose of the agency shall be to do any and every act necessary to be done so that sufficient water may be available for any present or future beneficial use of the land and inhabitants of the agency..."

The Agency's adopted mission, which is very similar, reads: *"to manage the region's water resources for the common benefit to assure stability in the sustained use by the citizens we serve."*

However, in recent years California's water suppliers, including MWA, are facing significant challenges in meeting demands. Several factors are influencing the difficulty in meeting water demands:

- A federal court ruling cut water supplies from the state's two largest water delivery systems by up to one third to protect the endangered Delta Smelt fish —potentially the largest court-ordered water supply reduction in California history.
- California's population continues to increase, thereby placing additional demands on the state's water supplies and infrastructure.
- Many parts of the state are facing drought conditions, with low allocations of water in 2015 that is anticipated to continue into 2016; climate change is dramatically reducing our mountain snow pack—a critical source of natural water storage.
- The Sacramento-San Joaquin River Delta, the single most important link in California's water supply system, faces an ecological crisis that threatens people as well as the environment.

In addition to these challenges, and perhaps in response to some of these emerging pressures, laws and regulations have been evolving that have changed the paradigm relating to land use and water supply. This paradigm shift has put greater pressure on water agencies to better plan, prepare and demonstrate the availability of water for the citizens served not only now but into the future. This has created a greater reliance on water agency planning documents that land use regulators such as cities and counties are now required to use in their decision-making processes. Water supply documentation used in this manner can now have a significant impact on future projects, jobs, and overall economic stability in some regions. Examples of recent legislation and regulations effecting economic decisions are:

- The passage of SB610 and SB221 put a greater burden on water agencies and land use authorities to demonstrate the availability of water prior to major construction projects taking place.
- State regulations requiring Urban Water Management Plans aimed at demonstrating future demand and supplies available.
- Integrated Regional Water Management Planning required for Proposition 84 grant funding, as well as providing the framework of projects necessary to meet future demands.
- 2009 SB X7 legislation creating co-equal goals in managing the Delta, the major transportation hub of water in California.
- 2014 groundwater legislation putting greater emphasis on land use planning and local groundwater pumping/water availability.
- Final EIR/EIS on the California WaterFix for conveyance of water under the Delta is wrapping up.

Mojave Water Agency is Court Appointed Watermaster

Triggered by the rapid growth within the Mojave Water Agency service area, particularly in the Victor Valley area, the City of Barstow and the Southern California Water Company filed a complaint in 1990 against upstream water users claiming that the increased withdrawals and lowering of groundwater levels reduced the amount of natural water available to downstream users. Through an adjudication process, the resulting judgment appointed the Mojave Water Agency the court appointed Watermaster for the Mojave Basin.

For purposes of defining and implementing a physical solution, the Mojave Basin Area consists of five distinct but hydrologically interrelated "Subareas". Each Subarea was found to be in overdraft to some extent due to the use of water by all of the producers in that Subarea. In addition, some Subareas were found to historically have received at least a part of their natural water supply as water flowing to them from upstream Subareas, either on the surface or as subsurface flow. To maintain that historical relationship, the average annual obligation of any Subarea to another is set equal to the estimated average annual natural flow (excluding storm flow) between the Subareas over the 60 year period 1930-31 through 1989-90. If the Subarea obligation is not met, producers of water in the upstream Subarea must provide Makeup Water to the downstream Subarea.

To maintain proper water balances within each Subarea, the Judgment establishes a decreasing Free Production Allowance ("FPA") in each Subarea during the first five years, and provides for the Court to review and adjust, as appropriate, the FPA for each Subarea annually thereafter. The FPA is allocated among the Producers in the Subarea based on each Producer's percentage share of the FPA. All water produced in excess of any Producer's share of the FPA must be replaced by the Producer, either by payment to the Watermaster of funds sufficient to purchase Replacement Water, or by transfer of unused FPA from another Producer. The MWA imports water from the State Water Project system to replace the replacement obligation amounts within each Subarea.

Land and Land Use

The Agency's boundaries include approximately 4,900 square miles of land and includes small and medium-size communities and large areas of undeveloped land characteristic of California's high desert, including tracts owned by the Federal government which are not subject to taxation. The Agency is located in the south-central Mojave Desert in southern California and includes within its boundaries much of eastern San Bernardino County, including the incorporated communities of Barstow in the center, Adelanto, Apple Valley, Hesperia, and Victorville in the southwest, and Yucca Valley in the southeast. Unincorporated communities include Phelan, Baldy Mesa, Mountain View Acres, El Mirage, Oro Grande, Helendale, Lenwood, Hinkley, Harper Lake, Daggett, Yermo, Lucerne Valley, Johnson Valley, Red Mountain, Landers, Joshua Tree, and Newberry Springs.

Budget

Each year the MWA adopts its budget prior to the beginning of the fiscal year. The budget serves as a management tool intended to aid in the planning efforts of the Agency and to serve as a control in expenditures to ensure the fiscal health and financial future of the agency. To aid in the management of the budget, certain "rules" or "controls" have been established that require appropriate levels of approval on the expenditure of Agency funds as well as reporting requirements of financial information to the Board and the public.

Once the budget is approved, financial statements are issued to report the results of operations which include the budget amounts to measure the performance, efficiency, and planning. This report is provided to both the Personnel, Finance & Security Committee of the Board on a monthly basis as well as to the full Board on a quarterly basis and provides a check and balance of the expenditure of public funds.

LOCAL ECONOMY

When the voters approved the formation of the MWA, they also approved a tax that would be required to make payments to the State for the State Water Project system. As such, the MWA receives over 70% of its revenues from property taxes. Recent years have seen an annual average growth in property taxes of over 20% per year. However, in 2007 the market took a down-turn in response to sub-prime loans provided to under qualified buyers. This has resulted in large amounts of foreclosures and a decline in the median home price in the MWA region of over 30% and has caused the County Assessor to revalue homes that were purchased at the height of the housing boom. Since the height of the market, MWA has lost 28% of its total assessed value.

As the Agency prepares to meet a myriad of new challenges, the region's economic climate continues to improve. Property tax continues to serve as the Agency's primary source of income. Beacon Economics, an independent research and consulting firm, forecasts continued growth in 2015-2016 through 2023 with faster growth over the next two years and average growth of 4.5 % to 5.3% thereafter, pointing to the continued improvement in the housing market. Among the indicators are a growing labor market and employment growth, increased consumer spending, and new construction activity. HdL Companies, a private company providing access to property tax software and ground analysis, report improved growth in the local economy. The Agency is experiencing its second consecutive year of positive growth following four years of negative change that began in the 2009-2010 Fiscal Year. Forecasted improvements in MWA revenues include an increase of \$1.78 million in property tax revenue, or 5.74% over last year's budget.

The improving economic climate and potential water market opportunities come at a critical time as the Agency plans to address future challenges including undetermined future costs associated with the Bay Delta Conservation Plan and policy discussions aimed at reducing reliance on the Delta, as well as increasing costs for aging statewide State Water Project infrastructure requiring more maintenance and full replacement as well as implementation of required action under Biological Opinions in the Delta.

While emerging state water policy and programs will dramatically affect MWA and all State Water Contractors, the Agency is positioned to respond to a variety of scenarios. We enjoy this position, as a result of fiscally responsible investments and sound financial projections. Moreover, policy decisions made by the Board of Directors to strategically invest in infrastructure, groundwater banking and conservation have resulted in region-wide resource management efficiencies reducing demand, as well as per capita consumption, and ensuring water supply reliability.

LONG-TERM FINANCIAL PLANNING

The 2015/2016 Budget totals some \$47.3 million with a projected reserve balance of \$48.6 million. Programs and initiatives identified in the FY 2015/2016 budget include capital projects, planning efforts, feasibility studies, and enhanced community partnerships to begin carrying out new directives identified in the recently adopted Integrated Regional Water Management Plan. Activities and projects include the development of the 2015 Urban Water Management Plan, construction of scientifically advanced monitoring wells in Oeste, construction of the Lenwood Recharge Basin Bypass Pipeline Project, completion of the feasibility study for the Deep Creek Hydroelectric Turbine, feasibility study for the Reoperation of Forks Dam/Groundwater Recharge Supply, continued efforts with the Small Systems/Disadvantaged Communities Program, increased effort in the State Water Project, and expansion of the Agency's Strategic Partners Program.

As evidenced by this year's key initiatives, the Agency is shifting its focus of capital investment to a greater refinement of our planning practices, an increased investment in the Agency's science data platform, investment in technology, increased collaboration with city and county planning staffs to address the new groundwater mandates and water quality regulations, current and subsequent mandatory drought regulations, uncertainty related to the Bay Delta Conservation Plan, and contract negotiations with the Department of Water Resources for potential modifications to the State Water Project Contract.

These ongoing and new challenges have not caught the Agency by surprise. The Agency has laid the groundwork with our sound financial policies, integrated planning, and outreach efforts that have created a growing conservation community that is both informed and engaged.

With change as the new constant, the Agency must rely on improved tools to provide accurate, scientific data to more effectively manage our resources. The implementation of the new financial model will continue to help guide our efforts as we calculate various hydrological and financial conditions to develop new plans and programs. Additionally, continued investment in technology will strengthen the Agency's science foundation that underlies our decisions that will likely become an increasingly important element in planning the growth of communities. As the Agency's workforce changes, we must also invest in human resources to enhance our level of expertise to meet the new environmental, regulatory, and resource challenges in our new world.

RELEVANT FINANCIAL POLICIES

The Agency maintains a policy on debt management and on the minimum cash reserve balance that should be maintained. During the budget process, a five year Cash Flow Risk Model is prepared to ensure the affordability of the major initiatives that will be started during the upcoming year and will have financial impacts or implications over the next five years.

The Agency's Financial Model allows the Agency to be proactive in identifying potential future financial risks and take corrective action in advance. Complimenting this model is a list of potential risk mitigation measures the Agency has available that allows the Agency to maintain a stable and sustainable financial position now and into the future. Risk mitigation measures that have been implemented and are included in this budget is a water exchange program, allowing the Agency to receive as much water as possible at a much lower price and reduced departmental initiatives and expenditures, to name just a couple.

MAJOR INITIATIVES

California's current drought conditions continue to make the headlines, placing a laser-sharp focus on the State's finite resources creating a greater sense of urgency to develop innovative and cost-effective solutions in a water world that has rapidly changed. Population growth, climate change, environmental law, and regional and global economic conditions, bring new challenges and great uncertainty.

Unprecedented action by Governor Jerry Brown on April 1, 2015 imposed, for the first time in California history, a sweeping set of mandatory drought restrictions calling for a 25% reduction in water use by next year. This action follows Governor Brown's 2014 historic new groundwater regulations that will require agencies to enhance basin management and demonstrate long-term sustainability. Our new world will require bold actions with a greater reliance on science to optimize natural, capital, and community and employee resources to respond to these challenges. The Fiscal Year 2015/2016 Budget reflects the Agency's efforts to leverage previous investments made by the Agency to build a scientific foundation that is evidenced by successful integrated planning efforts, key capital projects, and conservation and education programs.

Last fiscal year's \$41 million budget included a projected reserve balance of \$52.4 million that included completion of the Integrated Regional Water Management Plan, Salt Nutrient Management Plan, inception of the Baja Area-Wide Plan, commencement of a feasibility study for the Deep Creek Hydroelectric Turbine, launch of the Small Systems/Disadvantaged Communities Program, continued success of the Cash for Grass program resulting in the cumulative removal of 7.2 million square feet of turf, as well as the kickoff of a large scale Cash for Grass Program and a new Weather Based Irrigation Controller Education Program.

ACKNOWLEDGEMENTS

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the finance department. We wish to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the Board of Directors for their continued support for maintaining the highest standards of professionalism in the management of the Mojave Water Agency's finances.

Respectfully submitted,

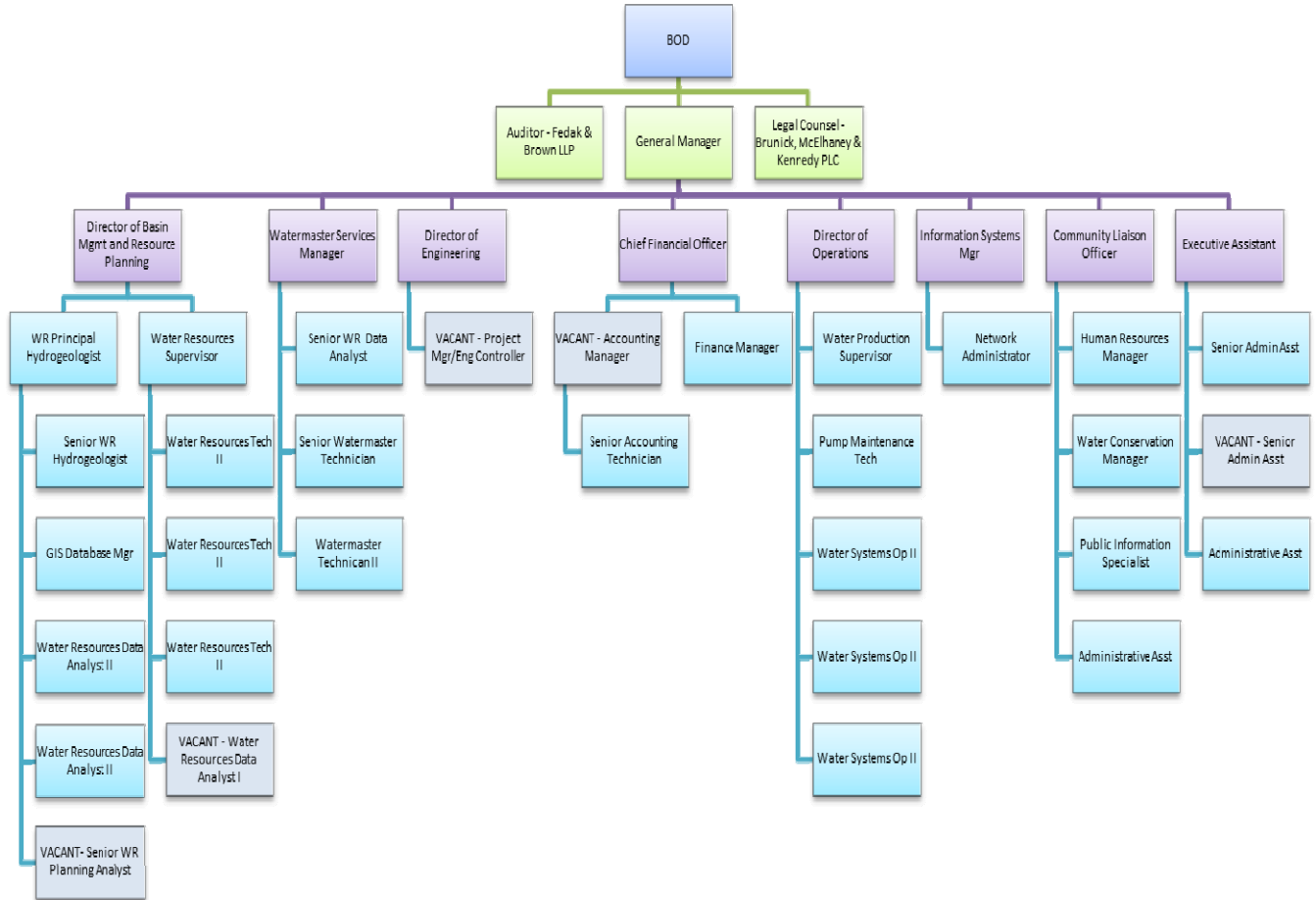


Kirby Brill
General Manager



Kathy Cortner
Chief Financial Officer

MOJAVE WATER AGENCY ORGANIZATIONAL CHART





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Mojave Water Agency
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Financial Section



Fedak & Brown LLP
Certified Public Accountants

Cypress Office:
6081 Orange Avenue
Cypress, California 90630
(657) 214-2307
FAX (714) 527-9154

Riverside Office:
4204 Riverwalk Pkwy. Ste. 390
Riverside, California 92505
(951) 977-9888

Independent Auditor's Report

Board of Directors
Mojave Water Agency
Apple Valley, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Mojave Water Agency (Agency), which comprises the statements of net position as of June 30, 2015 and 2014, and the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these basic financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mojave Water Agency as of June 30, 2015 and 2014, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report, continued

Emphasis of a Matter

As discussed in Note 1 to the financial statements, the Agency adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, and No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date- An Amendment of GASB Statement No. 68*, for the year ended June 30, 2015. Our opinion is not modified with respect to this matter.

Other Matters

Introductory section

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements as a whole. The introductory section on pages 1 through 8 and the statistical section on pages 58 through 80 are presented for purposes of additional analysis and are not required parts of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 12 through 17 and the required supplementary information on pages 55 through 57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audits 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.

Restatement

As part of our audit of the June 30, 2015, financial statements, we audited the adjustments described in note 13. The Agency recognized its proportionate share of net pension liability; and reclassified its proportionate share of employer pension contributions from expense to deferred outflows of resources and recorded a prior period adjustment to restate the beginning net position as of July 1, 2014.

Independent Auditor's Report, continued

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated November 18, 2015 on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Agency's internal control over financial reporting and compliance. This report can be found on pages 82 and 83.

A handwritten signature in cursive script that reads "Fedak & Brown LLP".

Fedak & Brown LLP
Cypress, California
November 18, 2015

< Page Intentionally Left Blank >

Mojave Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2015 and 2014

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Mojave Water Agency (Agency) provides an introduction to the financial statements of the Agency for the fiscal years ended June 30, 2015 and 2014. The two year presentation is provided for comparative purposes. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes, which follow this section.

Financial Highlights

- In fiscal year 2015, the Agency's net position decreased 0.9% or \$3,719,158 to \$395,343,071 as a result of a \$221,952 increase from ongoing operations, which was offset by a \$3,941,110 decrease related to the implementation of GASB 68. See note 13 for further discussion. In fiscal year 2014, the Agency's net position increased 3.7% or \$14,253,132 to \$399,062,229 as a result of operations.
- In fiscal year 2015, the Agency's total revenues decreased 27.2% or \$16,187,961 due primarily to the prior year water sale of \$16,426,784 in State Water Project Table A water. In fiscal 2014, the Agency's total revenues increased 36.4% or \$14,645,742 due primarily to the State Water Project Table A water sale of \$16,426,784.
- In fiscal year 2015, the Agency's total expenses decreased 5.3% or \$2,431,176 due primarily to decreases of \$3,406,233 in State capital grant expense – pass-through, \$668,220 in depreciation expense, \$650,000 in the Joshua Basin recharge project, \$190,005 in bond debt issuance expense, and \$178,396 in the amortization of bond premiums, which was offset by increases of \$1,664,880 in State Water Project importation charges and \$9,918,024 in operating cost. In fiscal year 2014, the Agency's total expenses increased 11.4% or \$4,247,282 due primarily to increases of \$1,844,726 in operating expense and \$3,980,053 in depreciation expense.

Required Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the Agency using accounting methods similar to those used by private sector companies.

The Statement of Net Position includes all of the Agency's investments in resources (assets), deferred outflows of resources, the obligations to creditors (liabilities), and deferred inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure of the Agency and assessing the liquidity and financial flexibility of the Agency. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the Agency's operations over the past year and can be used to determine if the Agency has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the Agency's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Financial Analysis of the Agency

One of the most important questions asked about the Agency's finances is, "Is the Agency better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the Agency in a way that helps answer this question.

Mojave Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2015 and 2014

Financial Analysis of the Agency, continued

These statements include all assets, deferred outflows, liabilities, and deferred inflows using the *accrual basis of accounting*, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the Agency's *net position* and changes in them. You can think of the Agency's net position – the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources – as one way to measure the Agency's financial health, or *financial position*. Over time, *increases or decreases* in the Agency's net position are one indicator of whether its *financial health* is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation, such as changes in Federal and State water quality standards.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Statements of Net Position

	Condensed Statements of Net Position				
	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>2013</u>	<u>Change</u>
Assets:					
Current assets	\$ 71,280,485	67,436,002	3,844,483	45,905,364	21,530,638
Non-current assets	35,730,539	37,996,234	(2,265,695)	43,366,262	(5,370,028)
Capital assets, net	366,873,474	375,573,106	(8,699,632)	383,974,300	(8,401,194)
Total assets	<u>473,884,498</u>	<u>481,005,342</u>	<u>(7,120,844)</u>	<u>473,245,926</u>	<u>7,759,416</u>
Deferred outflows of resources	<u>4,487,501</u>	<u>4,495,633</u>	<u>(8,132)</u>	<u>4,777,398</u>	<u>(281,765)</u>
Liabilities:					
Current liabilities	12,805,617	14,819,257	(2,013,640)	15,732,025	(912,768)
Non-current liabilities	69,064,596	71,619,489	(2,554,893)	76,401,927	(4,782,438)
Total liabilities	<u>81,870,213</u>	<u>86,438,746</u>	<u>(4,568,533)</u>	<u>92,133,952</u>	<u>(5,695,206)</u>
Deferred inflows of resources	<u>1,158,715</u>	<u>-</u>	<u>1,158,715</u>	<u>1,080,275</u>	<u>(1,080,275)</u>
Net position:					
Net investment in capital assets	319,424,553	324,331,059	(4,906,506)	330,581,016	(6,249,957)
Restricted	39,961,281	37,903,477	2,057,804	35,027,862	2,875,615
Unrestricted	35,957,237	36,827,693	(870,456)	19,200,219	17,627,474
Total net position	<u>\$ 395,343,071</u>	<u>399,062,229</u>	<u>(3,719,158)</u>	<u>384,809,097</u>	<u>14,253,132</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Agency, assets of the Agency exceeded liabilities by \$395,343,071 and \$399,062,229 as of June 30, 2015 and 2014, respectively.

By far, the largest portion of the Agency's net position (81% as of June 30, 2015 and 2014, respectively) reflects the Agency's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The Agency uses these capital assets to provide services to customers within the Agency's service area; consequently, these assets are not available for future spending.

Mojave Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2015 and 2014

Statements of Net Position, continued

At the end of fiscal years 2015 and 2014, the Agency showed a positive balance in its unrestricted net position of \$35,957,237 and \$36,827,693, respectively, which may be utilized in future years. See note 12 for further discussion.

Statements of Revenues, Expenses and Changes in Net Position

Condensed Statements of Revenues, Expenses and Changes in Net Position

	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>2013</u>	<u>Change</u>
Revenue:					
Operating revenue	\$ 9,302,007	23,208,005	(13,905,998)	8,347,095	14,860,910
Non-operating revenue	33,983,748	36,265,711	(2,281,963)	31,927,763	4,337,948
Total revenue	<u>43,285,755</u>	<u>59,473,716</u>	<u>(16,187,961)</u>	<u>40,274,858</u>	<u>19,198,858</u>
Expense:					
Operating expense	23,433,318	20,530,663	2,902,655	19,759,739	770,924
Depreciation and amortization	14,951,346	15,619,566	(668,220)	11,639,513	3,980,053
Non-operating expense	5,315,968	9,981,579	(4,665,611)	5,932,158	4,049,421
Total expense	<u>43,700,632</u>	<u>46,131,808</u>	<u>(2,431,176)</u>	<u>37,331,410</u>	<u>8,800,398</u>
Net income before capital contributions	(414,877)	13,341,908	(13,756,785)	2,943,448	10,398,460
Capital contributions	<u>636,829</u>	<u>911,224</u>	<u>(274,395)</u>	<u>4,996,704</u>	<u>(4,085,480)</u>
Change in net assets	<u>221,952</u>	<u>14,253,132</u>	<u>(14,031,180)</u>	<u>7,940,152</u>	<u>6,312,980</u>
Net position, beg. of year	399,062,229	384,809,097	14,253,132	376,868,945	7,940,152
Prior period adjustment	<u>(3,941,110)</u>	<u>-</u>	<u>(3,941,110)</u>	<u>-</u>	<u>-</u>
Net position, beginning of year – as restated	<u>395,121,119</u>	<u>384,809,097</u>	<u>10,312,022</u>	<u>376,868,945</u>	<u>7,940,152</u>
Net position, end of year	<u>\$ 395,343,071</u>	<u>399,062,229</u>	<u>(3,719,158)</u>	<u>384,809,097</u>	<u>14,253,132</u>

The statements of revenues, expenses and changes of net position show how the Agency's net position changed during the fiscal years. In fiscal year 2015, the Agency's net position decreased 0.9% or \$3,719,158 to \$395,343,071 as a result of a \$221,952 increase from ongoing operations, which was offset by a \$3,941,110 decrease related to the implementation of GASB 68. See note 13 for further discussion. In fiscal year 2014, the Agency's net position increased 3.7% or \$14,253,132 to \$399,062,229 as a result of operations.

In fiscal year 2015, the Agency's total revenues decreased 27.2% or \$16,187,961 due primarily to the prior year water sale of \$16,426,784 in State Water Project Table A water. In fiscal 2014, the Agency's total revenues increased 36.4% or \$14,645,742 due primarily to the State Water Project Table A water sale of \$16,426,784.

In fiscal year 2015, the Agency's total expenses decreased 5.3% or \$2,431,176 due primarily to decreases of \$3,406,233 in State capital grant expense – pass-through, \$668,220 in depreciation expense, \$650,000 in the Joshua Basin recharge project, \$190,005 in bond debt issuance expense, and \$178,396 in the amortization of bond premiums, which was offset by increases of \$1,664,880 in State Water Project importation charges and \$9,918,024 in operating cost. In fiscal year 2014, the Agency's total expenses increased 11.4% or \$4,247,282 due primarily to increases of \$1,844,726 in operating expense and \$3,980,053 in depreciation expense.

Mojave Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2015 and 2014

Operating and Non-Operating Revenues

	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>2013</u>	<u>Change</u>
Operating revenues:					
Water sales and services	\$ 6,414,830	4,347,447	2,067,383	5,594,268	(1,246,821)
State Water Project Table A water sales	-	16,426,784	(16,426,784)	-	16,426,784
Watermaster assessments	<u>2,887,177</u>	<u>2,433,774</u>	<u>453,403</u>	<u>2,752,827</u>	<u>(319,053)</u>
Total operating revenues	<u>9,302,007</u>	<u>23,208,005</u>	<u>(13,905,998)</u>	<u>8,347,095</u>	<u>14,860,910</u>
Non-operating revenues:					
Property taxes – ad valorem	3,263,723	2,707,084	556,639	2,714,184	(7,100)
Property assessment for State Water Project	27,247,852	26,503,745	744,107	26,709,780	(206,035)
Property assessment for IDM	438,773	482,182	(43,409)	567,790	(85,608)
Redevelopment agency component of property taxes	335,910	399,564	(63,654)	327,016	72,548
Debt service support	813,250	813,688	(438)	814,064	(376)
Mitigation fees	-	-	-	19,468	(19,468)
Project sponsorships	-	322,606	(322,606)	38,292	284,314
Investment earnings	236,731	119,840	116,891	83,683	36,157
Gain on sale of capital asset	8,450	337,000	(328,550)	650,000	(313,000)
State capital grant revenue – pass-through	1,473,197	4,553,116	(3,079,919)	-	4,553,116
Other non-operating revenues	<u>165,862</u>	<u>26,886</u>	<u>138,976</u>	<u>3,486</u>	<u>23,400</u>
Total non-operating revenue	<u>33,983,748</u>	<u>36,265,711</u>	<u>(2,281,963)</u>	<u>31,927,763</u>	<u>4,337,948</u>
Total revenues	<u>\$ 43,285,755</u>	<u>59,473,716</u>	<u>(16,187,961)</u>	<u>40,274,858</u>	<u>19,198,858</u>

Total revenues decreased by \$16,187,961 and increased by \$19,198,858 in fiscal years 2015 and 2014, respectively.

Operating and Non-Operating Expenses

	<u>2015</u>	<u>2014</u>	<u>Change</u>	<u>2013</u>	<u>Change</u>
Operating expenses:					
State water project importation	\$ 13,082,665	11,417,785	1,664,880	12,491,587	(1,073,802)
Operating costs	10,350,653	9,112,878	1,237,775	7,268,152	1,844,726
Depreciation and amortization	<u>14,951,346</u>	<u>15,619,566</u>	<u>(668,220)</u>	<u>11,639,513</u>	<u>3,980,053</u>
Total operating expenses	<u>38,384,664</u>	<u>36,150,229</u>	<u>2,234,435</u>	<u>31,399,252</u>	<u>4,750,977</u>
Non-operating expenses:					
Interest expense	3,301,427	3,478,901	(177,474)	3,830,752	(351,851)
Debt items amortization	-	-	-	402,419	(402,419)
Amortization of deferred charges – cost of debt issuance	1,943	191,948	(190,005)	1,145,227	(953,279)
Amortization of deferred outflows	536,467	510,997	25,470	-	510,997
Amortization of bonds premium	(292,996)	(114,600)	(178,396)	-	(114,600)
Property tax and assessment collection charges	81,752	77,857	3,895	76,024	1,833
Joshua Basin recharge project	-	650,000	(650,000)	-	650,000
State capital grant expense – pass-through	1,146,883	4,553,116	(3,406,233)	-	4,553,116
Other non-operating expenses	<u>540,492</u>	<u>633,360</u>	<u>(92,868)</u>	<u>477,736</u>	<u>155,624</u>
Total non-ops. expenses	<u>5,315,968</u>	<u>9,981,579</u>	<u>(4,665,611)</u>	<u>5,932,158</u>	<u>4,049,421</u>
Total expenses	<u>\$ 43,700,632</u>	<u>46,131,808</u>	<u>(2,431,176)</u>	<u>37,331,410</u>	<u>8,800,398</u>

Total expenses decreased \$2,431,176 in fiscal year 2015 and increased \$8,800,398 in fiscal year 2014.

Mojave Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2015 and 2014

Capital Asset Administration

Changes in capital asset amounts for 2015 were as follows:

	<u>Balance 2014</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2015</u>
Capital assets:				
Non-depreciable assets	\$ 7,667,481	463,186	-	8,130,667
Depreciable assets	484,709,972	5,788,524	(147,073)	490,351,423
Accumulated depreciation and amortization	<u>(116,804,347)</u>	<u>(14,951,342)</u>	<u>147,073</u>	<u>(131,608,616)</u>
Total capital assets, net	<u>\$ 375,573,106</u>	<u>(8,699,632)</u>	<u>-</u>	<u>366,873,474</u>

Changes in capital asset amounts for 2014 were as follows:

	<u>Balance 2013</u>	<u>Additions</u>	<u>Transfers/ Deletions</u>	<u>Balance 2014</u>
Capital assets:				
Non-depreciable assets	\$ 12,197,873	2,001,963	(6,532,355)	7,667,481
Depreciable assets	477,928,128	11,748,764	(4,966,920)	484,709,972
Accumulated depreciation and amortization	<u>(106,151,701)</u>	<u>(15,619,566)</u>	<u>4,966,920</u>	<u>(116,804,347)</u>
Total capital assets, net	<u>\$ 383,974,300</u>	<u>(1,868,839)</u>	<u>(6,532,355)</u>	<u>375,573,106</u>

At the end of fiscal years 2015 and 2014, the Agency's investment in capital assets amounted to \$366,873,474 and \$375,573,106 (net of accumulated depreciation), respectively. This investment in capital assets includes land, state water project entitlement, transmission system, buildings, structures, equipment, vehicles and construction-in-process, etc. Major capital assets additions during the year include additions to the State Water Project entitlement. (See note 6 for further details)

Debt Administration

Changes in long-term debt amounts for 2015 were as follows:

	<u>Balance 2014</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2015</u>
Long-term debt:				
Bonds payable	\$ 74,577,466	-	(4,677,996)	69,899,470
Loans payable	<u>1,524,547</u>	<u>-</u>	<u>(1,524,547)</u>	<u>-</u>
Total long-term debt	<u>\$ 76,102,013</u>	<u>-</u>	<u>(6,202,543)</u>	<u>69,899,470</u>

Changes in long-term debt amounts for 2014 were as follows:

	<u>Balance 2013</u>	<u>Additions</u>	<u>Principal Payments</u>	<u>Balance 2014</u>
Long-term debt:				
Bonds payable	\$ 78,030,275	14,760,563	(18,213,372)	74,577,466
Loans payable	<u>2,272,686</u>	<u>-</u>	<u>(748,139)</u>	<u>1,524,547</u>
Total long-term debt	<u>\$ 80,302,961</u>	<u>14,760,563</u>	<u>(18,961,511)</u>	<u>76,102,013</u>

See note 10 for further details of the Agency's long-term debt.

Conditions Affecting Current Financial Position

Management is unaware of any conditions which could have a significant impact on the Agency's current financial position, net position or operating results based on past, present and future events.

Mojave Water Agency
Management's Discussion and Analysis, continued
For the Fiscal Years Ended June 30, 2015 and 2014

Requests for Information

This financial report is designed to provide the Agency's funding sources, customers, stakeholders and other interested parties with an overview of the Agency's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the Agency's Chief Financial Officer at 13846 Conference Center Drive, Apple Valley, California 92307.

Basic Financial Statements

Mojave Water Agency
Statements of Net Position
June 30, 2015 and 2014

	2015			2014
	Mojave Water Agency	Watermaster	Total	Total
Current assets:				
Cash and cash equivalents (note 2)	\$ 20,602,391	-	20,602,391	26,990,812
Restricted – cash and cash equivalents (note 2)	20,139,249	3,515,929	23,655,178	18,456,958
Investments (note 2)	20,141,665	-	20,141,665	12,029,962
Accrued interest receivable	13,852	649	14,501	27,510
Accounts receivable – water sales and assessments	5,304,349	101,081	5,405,430	6,269,355
Accounts receivable – governmental agencies	572,452	-	572,452	2,001,967
Accounts receivable – other	146,571	-	146,571	721,120
Property taxes and assessments receivable	679,910	-	679,910	875,252
Internal balances (note 3)	11,156	(11,156)	-	-
Prepaid expenses and deposits	62,387	-	62,387	63,066
Total current assets	67,673,982	3,606,503	71,280,485	67,436,002
Non-current assets:				
Property assessments receivable	15,815,000	-	15,815,000	18,160,000
Water-in-storage – inventory (note 4)	19,671,945	-	19,671,945	19,590,777
Other post-employment benefits asset (note 5)	243,594	-	243,594	245,457
Capital assets, not being depreciated (note 6)	8,130,667	-	8,130,667	7,667,481
Depreciable capital assets, net (note 6)	358,742,807	-	358,742,807	367,905,625
Total non-current assets	402,604,013	-	402,604,013	413,569,340
Deferred outflows of resources:				
Deferred loss on debt defeasance, net (note 7)	3,959,166	-	3,959,166	4,495,633
Deferred pension outflows (note 11)	465,121	63,214	528,335	-
Total deferred outflows of resources	\$ 4,424,287	63,214	4,487,501	4,495,633

Continued on next page

See accompanying notes to the basic financial statements

Mojave Water Agency
Statements of Net Position, continued
June 30, 2015 and 2014

	<u>2015</u>			<u>2014</u>
	<u>Mojave Water Agency</u>	<u>Watermaster</u>	<u>Total</u>	<u>Total</u>
Current liabilities:				
Accounts payable and accrued expenses	\$ 1,052,864	2,456,017	3,508,881	4,275,533
Accrued wages and related payables	29,214	-	29,214	177,892
Retentions payable	600	-	600	-
Accrued interest payable – long-term debt	569,946	-	569,946	579,046
Long-term liabilities – due within one year:				
Compensated absences (note 8)	243,551	-	243,551	230,289
Unearned revenue (note 9)	4,123,425	-	4,123,425	4,807,814
Bonds payable (note 10)	4,330,000	-	4,330,000	4,385,000
Loans payable (note 10)	-	-	-	363,683
Total current liabilities	<u>10,349,600</u>	<u>2,456,017</u>	<u>12,805,617</u>	<u>14,819,257</u>
Non-current liabilities:				
Long-term liabilities – due in more than one year:				
Compensated absences (note 8)	201,697	-	201,697	266,159
Bonds payable (note 10)	65,569,470	-	65,569,470	70,192,466
Loans payable (note 10)	-	-	-	1,160,864
Net pension liability (note 11)	2,898,218	395,211	3,293,429	-
Total non-current liabilities	<u>68,669,385</u>	<u>395,211</u>	<u>69,064,596</u>	<u>71,619,489</u>
Deferred inflows of resources:				
Deferred pension inflows (note 11)	1,019,668	139,047	1,158,715	-
Total deferred inflows of resources	<u>1,019,668</u>	<u>139,047</u>	<u>1,158,715</u>	-
Net position:				
Investment in capital assets (note 12)	319,424,553	-	319,424,553	324,331,059
Restricted for debt service	2,516,652	-	2,516,652	2,956,631
Restricted for state water project	36,765,187	-	36,765,187	33,826,111
Restricted for watermaster	-	679,442	679,442	1,120,735
Unrestricted (note 13)	35,957,237	-	35,957,237	36,827,693
Total net position	<u>\$ 394,663,629</u>	<u>679,442</u>	<u>395,343,071</u>	<u>399,062,229</u>

See accompanying notes to the basic financial statements

Mojave Water Agency
Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30, 2015 and 2014

	<u>2015</u>			<u>2014</u>
	<u>Mojave Water Agency</u>	<u>Watermaster</u>	<u>Total</u>	<u>Total</u>
Operating revenues:				
Water sales and services	\$ 6,414,830	-	6,414,830	4,347,447
State Water Project Table A water sale (note 15)	-	-	-	16,426,784
Watermaster assessments	-	2,887,177	2,887,177	2,433,774
Total operating revenues	<u>6,414,830</u>	<u>2,887,177</u>	<u>9,302,007</u>	<u>23,208,005</u>
Operating expenses:				
State Water Project importation charges	10,775,909	2,306,756	13,082,665	11,417,785
Operating costs	9,918,024	432,629	10,350,653	9,112,878
Total operating expenses	<u>20,693,933</u>	<u>2,739,385</u>	<u>23,433,318</u>	<u>20,530,663</u>
Operating income before depreciation	(14,279,103)	147,792	(14,131,311)	2,677,342
Depreciation	(14,951,346)	-	(14,951,346)	(15,619,566)
Operating income(loss)	<u>(29,230,449)</u>	<u>147,792</u>	<u>(29,082,657)</u>	<u>(12,942,224)</u>
Non-operating revenues:				
Property taxes – ad valorum	3,263,723	-	3,263,723	2,707,084
Property assessment for State Water Project	27,247,852	-	27,247,852	26,503,745
Property assessment for IDM	438,773	-	438,773	482,182
Redevelopment agency component of property taxes	335,910	-	335,910	399,564
Debt service support	813,250	-	813,250	813,688
Project sponsorships	-	-	-	322,606
Investment earnings	234,347	2,384	236,731	119,840
Gain on sale of capital asset	8,450	-	8,450	337,000
State capital grant revenue – pass-through	1,473,197	-	1,473,197	4,553,116
Other non-operating revenues	165,862	-	165,862	26,886
Total non-operating revenues	<u>33,981,364</u>	<u>2,384</u>	<u>33,983,748</u>	<u>36,265,711</u>
Non-operating expenses:				
Interest expense	3,301,427	-	3,301,427	3,478,901
Bond debt issuance expense	1,943	-	1,943	191,948
Amortization of deferred outflows (note 7)	536,467	-	536,467	510,997
Amortization of bonds premium (note 10)	(292,996)	-	(292,996)	(114,600)
Property tax and assessment collection charges	81,752	-	81,752	77,857
Joshua Basin recharge project	-	-	-	650,000
State capital grant expense – pass-through	1,146,883	-	1,146,883	4,553,116
Other non-operating expenses	421,956	118,536	540,492	633,360
Total non-operating expenses	<u>5,197,432</u>	<u>118,536</u>	<u>5,315,968</u>	<u>9,981,579</u>
Total non-operating revenue, net	<u>28,783,932</u>	<u>(116,152)</u>	<u>28,667,780</u>	<u>26,284,132</u>
Net income(loss) before capital contributions	<u>(446,517)</u>	<u>31,640</u>	<u>(414,877)</u>	<u>13,341,908</u>
Capital contributions:				
State capital grants	636,829	-	636,829	911,224
Total capital contributions	<u>636,829</u>	<u>-</u>	<u>636,829</u>	<u>911,224</u>
Change in net position	<u>190,312</u>	<u>31,640</u>	<u>221,952</u>	<u>14,253,132</u>
Net position, beginning of year	397,941,494	1,120,735	399,062,229	384,809,097
Prior period adjustment (note 14)	(3,468,177)	(472,933)	(3,941,110)	-
Net position, beginning of year – as restated	<u>394,473,317</u>	<u>647,802</u>	<u>395,121,119</u>	<u>384,809,097</u>
Net position, end of year	<u>\$ 394,663,629</u>	<u>679,442</u>	<u>395,343,071</u>	<u>399,062,229</u>

See accompanying notes to the basic financial statements

Mojave Water Agency
Statements of Cash Flows
For the Fiscal Year Ended June 30, 2015 and 2014

	<u>2015</u>			<u>2014</u>
	<u>Mojave Water Agency</u>	<u>Watermaster</u>	<u>Total</u>	<u>Total</u>
Cash flows from operating activities:				
Cash receipts from customers and others	\$ 6,981,469	4,670,000	11,651,469	19,433,107
Cash paid to vendors and suppliers	(18,936,860)	(2,118,967)	(21,055,827)	(17,560,918)
Cash paid to employees for salaries and wages	<u>(3,713,765)</u>	<u>(347,827)</u>	<u>(4,061,592)</u>	<u>(3,459,406)</u>
Net cash provided(used) by operating activities	<u>(15,669,156)</u>	<u>2,203,206</u>	<u>(13,465,950)</u>	<u>(1,587,217)</u>
Cash flows from non-capital financing activities:				
Property tax revenue	31,286,258	-	31,286,258	30,012,650
Principal paid on long-term debt – pension-related debt	-	-	-	(1,548,440)
Transfer between funds	<u>258,242</u>	<u>(258,242)</u>	<u>-</u>	<u>-</u>
Net cash provided(used) by non-capital financing activities	<u>31,544,500</u>	<u>(258,242)</u>	<u>31,286,258</u>	<u>28,464,210</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(6,243,264)	-	(6,243,264)	(7,218,372)
Proceeds from capital contributions	963,143	-	963,143	911,224
Debt service support	813,250	-	813,250	813,688
Project sponsorships	-	-	-	322,606
Property assessments received	2,345,000	-	2,345,000	4,365,000
Cost of refunding escrowed security	195,342	-	195,342	(14,553,003)
Cost of issuance of debt refunding	(1,943)	-	(1,943)	(191,948)
Revenue refunding bond issued	-	-	-	13,155,000
Revenue refunding bond premium issued	292,996	-	292,996	1,605,563
Principal paid on long-term debt	(6,202,543)	-	(6,202,543)	(4,523,139)
Interest paid on long-term debt	<u>(3,310,527)</u>	<u>-</u>	<u>(3,310,527)</u>	<u>(3,698,738)</u>
Net cash used by capital and related financing activities	<u>(11,148,546)</u>	<u>-</u>	<u>(11,148,546)</u>	<u>(9,012,119)</u>
Cash flows from investing activities:				
Purchase of investments, net	(8,111,703)	-	(8,111,703)	(12,033,792)
Investment earnings	<u>247,500</u>	<u>2,240</u>	<u>249,740</u>	<u>108,555</u>
Net cash provided(used) by investing activities	<u>(7,864,203)</u>	<u>2,240</u>	<u>(7,861,963)</u>	<u>(11,925,237)</u>
Net increase(decrease) in cash and cash equivalents	<u>(3,137,405)</u>	<u>1,947,204</u>	<u>(1,190,201)</u>	<u>5,939,637</u>
Cash and cash equivalents, beginning of year	<u>43,879,045</u>	<u>1,568,725</u>	<u>45,447,770</u>	<u>39,508,133</u>
Cash and cash equivalents, end of year	<u>\$ 40,741,640</u>	<u>3,515,929</u>	<u>44,257,569</u>	<u>45,447,770</u>
Reconciliation of cash and cash equivalents to statement of financial position:				
Cash and cash equivalents	\$ 20,602,391	-	20,602,391	26,990,812
Restricted assets – cash and cash equivalents	<u>20,139,249</u>	<u>3,515,929</u>	<u>23,655,178</u>	<u>18,456,958</u>
Total cash and cash equivalents	<u>\$ 40,741,640</u>	<u>3,515,929</u>	<u>44,257,569</u>	<u>45,447,770</u>

Continued on next page

See accompanying notes to the basic financial statements

Mojave Water Agency
Statements of Cash Flows, continued
For the Fiscal Year Ended June 30, 2015 and 2014

	<u>2015</u>			<u>2014</u>
	<u>Mojave Water Agency</u>	<u>Watermaster</u>	<u>Total</u>	<u>Total</u>
Reconciliation of operating income(loss) to net cash provided(used) by operating activities:				
Operating income(loss)	\$ (29,230,449)	147,792	(29,082,657)	(12,942,224)
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:				
Depreciation	14,951,346	-	14,951,346	15,619,566
Gain on sale of asset	-	-	-	337,000
Non-operating revenue	165,862	-	165,862	26,886
Non-operating expenses	(503,708)	(118,536)	(622,244)	(1,361,217)
Changes in assets and liabilities:				
(Increase) Decrease in assets:				
Accounts receivable – water sales and assessments	(918,898)	1,782,823	863,925	(3,442,662)
Accounts receivable – governmental agencies	1,429,515	-	1,429,515	467,008
Accounts receivable – other	574,549	-	574,549	(480,882)
Deferred pension outflows	(465,121)	(63,214)	(528,335)	-
Prepaid expenses and other deposits	679	-	679	(9,463)
Water-in-storage – inventory	(81,168)	-	(81,168)	1,110,414
Other post-employment benefits asset	1,863	-	1,863	(105,386)
Increase(Decrease) in liabilities:				
Accounts payable and accrued expenses	(1,159,668)	393,016	(766,652)	(85,154)
Accrued wages and related payables	(148,678)	-	(148,678)	19,628
Deferred pension inflows	1,019,668	139,047	1,158,715	-
Retentions payable	600	-	600	(91,071)
Compensated absences	(51,200)	-	(51,200)	32,588
Net pension liability	(569,959)	(77,722)	(647,681)	-
Unearned revenue	(684,389)	-	(684,389)	(682,248)
Total adjustments	<u>13,561,293</u>	<u>2,055,414</u>	<u>15,616,707</u>	<u>11,355,007</u>
Net cash provided(used) by operating activities	<u>\$ (15,669,156)</u>	<u>2,203,206</u>	<u>(13,465,950)</u>	<u>(1,587,217)</u>

See accompanying notes to the basic financial statements

Mojave Water Agency
Notes to the Financial Statements
For the Fiscal Years Ended June 30, 2015 and 2014

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

The Mojave Water Agency (Agency) was organized July 21, 1960 by an act of the legislature of the State of California known as the Mojave Water Agency Act. Within the limits of its power and authority set forth in this act, the purpose of the Agency is to do any and every act necessary so that sufficient water may be available for any present or future beneficial use of lands and inhabitants of the Agency, including, but not limited to, the construction, maintenance, alteration, purchase, and operation of any and all works or improvements within the Agency necessary or proper to carry out any object or purpose of this act; and the gathering of data for, and the development and implementation of, after consultation and coordination with all public and private water entities who are in any way affected, management and master plans to mitigate the cumulative overdraft of groundwater basins, to monitor the condition of the groundwater basins, to pursue all necessary water conservation measures, and to negotiate for additional water supplies from all state, federal, and local sources. The Agency is governed by a seven-member Board of Directors who serves overlapping four-year terms.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Statement No. 61, *The Financial Reporting Entity*. The Agency is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The Agency is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

In 1994, to administer the provisions of the groundwater adjudication judgment, the Superior Court of Riverside appointed the Agency as the Mojave Basin Area Watermaster (Watermaster) and ordered the Watermaster to formulate a plan and program for management of the Basin's resources. Although the Watermaster is legally separate, it is included as a blended component unit of the Agency, as it is in substance part of the Agency's operations as it is governed by the same Board of Directors and the Agency has operational responsibility for the Watermaster. Complete financial statements for the Watermaster are available at the Agency's office or upon request of the Agency's Chief Financial Officer at 13846 Conference Center Drive, Apple Valley, California 92307.

The Mojave Water Agency Public Facilities Corporation (MWAPFC) was incorporated in 1997. The MWAPFC is a California nonprofit public benefit corporation formed to assist the Mojave Water Agency (Agency) by acquiring, constructing, operating and maintaining facilities, equipment, or other property needed by the Agency and leasing or selling such property to the Agency and as such has no employees or other operations. Although the MWAPFC is legally separate, it is included as a blended component unit of the Agency, as it is in substance part of the Agency's operations. No separate financial statements are prepared for the MWAPFC.

Mojave Water Agency Fund

This fund accounts for the activities of the Agency and the Mojave Water Agency Act, which authorizes the Agency to assess taxes to pay for the costs of the California State Water Project system plus costs necessary for the administration of the Agency.

Watermaster Fund

This fund was established as part of the groundwater adjudication judgment to account separately for the annual activities of the Watermaster and accounting for the types of fees the Watermaster may impose and the expenditures made during the year.

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

B. Basis of Accounting and Measurement Focus

The Agency reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the Agency is that the costs of delivering wholesale water to its service area on a continuing basis be financed or recovered primarily through user charges (water sales and service charges), capital grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses, such as water sales and service charges as well as watermaster assessments result from exchange transactions associated with the principal activity of the Agency. Exchange transactions are those in which each party receives and gives up essentially equal values. The principal operating revenues of the Agency are water sales to the Watermaster and the principal operating revenues of the Watermaster are water sales (assessments) to member water right holders. Management, administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

C. Financial Reporting

The Agency's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Agency solely operates as a special-purpose government which means it is only engaged in business-type activities; accordingly, activities are reported in the Agency's proprietary fund.

The Agency has adopted the following GASB pronouncements in the current year:

In June 2012, the GASB issued Statement No. 68 – *Accounting and Financial Reporting for Pensions— an amendment of GASB Statement No. 27*, effective for financial statements for fiscal years beginning after June 15, 2014. The Agency implemented this new pronouncement in the current year. The purpose of GASB 68 is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

In January 2013, the GASB issued Statement No. 69 – *Government Combinations and Disposals of Government Operations*, effective for financial statements for periods beginning after December 15, 2013. The Agency implemented this new pronouncement in the current year. At June 30, 2015, there was no effect of the implementation of this statement to the Agency.

In November 2013, the GASB issued Statement No. 71 – *Pension Transition for Contributions made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The Agency implemented this new pronouncement in the current year. The effect of the implementation of this statement to the Agency is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of GASB Statement No. 68.

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Financial Reporting, continued

Prior Year Financial Data Presentation

The Agency has determined to present the annual financial statements with prior year data for comparative purposes, but not restate the prior year data as all information available to restate prior year amounts was not readily available.

D. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position

1. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

Substantially all of the Agency's cash is invested in interest bearing accounts. The Agency considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

3. Investments and Investment Policy

The Agency has adopted an investment policy directing the Chief Financial Officer to deposit funds in financial institutions.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

4. Restricted Assets

Amounts shown as restricted assets are to be used for specified purposes, such as servicing general obligation bond debt and the construction of capital assets. Such assets have been restricted by bond indenture, law or contractual obligations.

5. Accounts Receivable and Allowance for Uncollectible Accounts

The Agency extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the Agency uses the allowance method for the reservation and write-off of those accounts.

6. Property Taxes and Special Assessments

The San Bernardino County Assessor's Office assesses all real and personal property within the County each year. The San Bernardino County Tax Collector's Office bills and collects the Agency's share of property taxes and assessments. The San Bernardino County Treasurer's Office remits current and delinquent property tax collections to the Agency throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred inflows of Resources and Net Position, continued

6. Property Taxes and Special Assessments

Property taxes receivable at year-end are related to property taxes collected by the San Bernardino County which have not been credited to the Agency's cash balance as of June 30. The property tax calendar is as follows:

Lien date	March 1
Levy date	July 1
Due dates	November 1 and March 1
Collection dates	December 10 and April 10

7. Prepaid Expenses

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

8. Water-In-Storage Inventory

Water-in-storage inventory is valued and computed based upon the cost of water sold using an average cost method for local and State of California Department of Water Resources deliveries.

9. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. Agency policy has set the capitalization threshold for reporting capital assets at \$5,000. Contributed assets are recorded at estimated fair market value at the date of donation and/or historical cost. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

- State Water Project Entitlement – 75 years
- Transmission system – 50 to 100 years
- Monitoring wells – 25 to 50 years
- Structures and improvements – 25 to 40 years
- Other plant and equipment – 5 to 25 years

10. Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of resources applicable to future periods.

11. Compensated Absences

The Agency'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 Agency's obligation to the employees for the amount owed. It is management's belief that the majority of the obligation will be utilized within the next fiscal year.

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred inflows of Resources and Net Position, continued

12. Pensions

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

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, 2013
- Measurement Date: June 30, 2014
- Measurement Period: July 1, 2013 to June 30, 2014

13. Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of resources applicable to future periods.

14. Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

- **Net Investment in Capital Assets Component of Net Position** – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any debt outstanding against the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt is included in this component of net position
- **Restricted Component of Net Position** – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- **Unrestricted Component of Net Position** – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of the net investment in capital assets or restricted component of net position.

15. Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the Agency by property owners, granting agencies or real estate developers desiring services that require capital expenditures or connection to the Agency's system.

16. Budgetary Policies

The Agency adopts an annual non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Assets, Deferred Outflow of Resources, Liabilities, Deferred inflows of Resources and Net Position, continued

17. Reclassification

The Agency has reclassified certain prior year information to conform with current year presentation.

(2) Cash and Investments

Cash and investments as of June 30, are classified in the accompanying financial statements as follows:

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 20,602,391	26,990,812
Restricted – cash and cash equivalents	23,655,178	18,456,958
Investments	<u>20,141,665</u>	<u>12,029,962</u>
Total cash and investments	<u>\$ 64,399,234</u>	<u>57,477,732</u>

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

	<u>2015</u>	<u>2014</u>
Cash on hand	\$ 1,000	1,000
Deposits with financial institutions	21,083,213	14,505,802
Investments	<u>43,315,021</u>	<u>42,970,930</u>
Total cash and investments	<u>\$ 64,399,234</u>	<u>57,477,732</u>

Investments Authorized by the California Government Code and the Agency's Investment Policy

The table below identifies the investment types that are authorized by the Agency in accordance with the California Government Code (or the Agency's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the Agency's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
State and local agency bonds, notes and warrants	5 years	None	None
U.S. treasury obligations	5 years	None	None
Federal agency securities	5 years	None	None
Banker's acceptances	180 days	40%	40%
Prime commercial paper	270 days	40%	40%
Negotiable certificates of deposit	5 years	30%	None
Repurchase agreements	None	None	None
Reverse repurchase agreements	None	None	None
Medium-term notes	5 years	30%	None
Money market mutual funds	N/A	20%	10%
Mortgage pass-through securities	5 years	20%	None
California Local Agency Investment Fund (LAIF)	N/A	None	\$40 million
County Pooled Investment Fund	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(2) Cash and Investments, continued

Investment in State Investment Pool

The Agency is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the Agency's investment in this pool is reported in the accompanying financial statements at amounts based upon the Agency's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the Agency's investment policy. The table below identifies the investment types that are authorized for investment held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. treasury obligations	None	None	None
Federal agency securities	None	None	None
Banker's acceptances	180 days	None	None
Commercial paper	180 days	None	10%
Negotiable certificates of deposit	None	None	None
Money market mutual funds	1 year	None	None
Investment contracts	None	None	None
Repurchase agreements	30 days	None	None
Municipal obligations	None	None	None
California Local Agency Investment Fund (LAIF)	None	None	None

Custodial Credit Risk

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 its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Agency's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits:

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. Of the bank balances, up to \$250,000 is federally insured and the remaining balance is collateralized in accordance with the Code; however, the collateralized securities are not held in the Agency's name.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Code and the Agency's investment policy contains legal and policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(2) Cash and Investments, continued

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Agency manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio matures or comes close to maturity evenly over time as necessary to provide for cash flow requirements and liquidity needed for operations. Information about the sensitivity of the fair values of the Agency's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the Agency's investments by maturity date:

Investments at June 30, 2015:		Remaining Maturity		
		12 Months Or Less	13 to 24 Months	25 to 60 Months
Investment Type	Total			
Government sponsored entities securities	\$ 11,096,009	-	3,022,769	8,073,240
U.S. Treasury notes	6,419,420	900,630	5,020,550	498,240
Medium-term notes	2,619,382	98,372	2,521,010	-
Local Agency Investment Fund (LAIF)	20,522,216	20,522,216	-	-
Held by bond or escrow trustee:				
Money market funds	2,657,994	2,657,994	-	-
Total	\$ 43,315,021	24,179,212	10,564,329	8,571,480

Investments at June 30, 2014:		Remaining Maturity		
		12 Months Or Less	13 to 24 Months	25 to 60 Months
Investment Type	Total			
Government sponsored entities securities	\$ 6,022,052	-	-	6,022,052
U.S. Treasury notes	4,015,940	-	999,690	3,016,250
Medium-term notes	1,991,970	998,610	-	993,360
Local Agency Investment Fund (LAIF)	20,470,650	20,470,650	-	-
Money market funds	7,961,824	7,961,824	-	-
Held by bond or escrow trustee:				
Money market funds	2,508,494	2,508,494	-	-
Total	\$ 42,970,930	31,939,578	999,690	10,031,662

Credit Risk

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. Presented below is the minimum rating required by (where applicable) the California Government Code, the Agency's investment policy, or debt agreements, and the actual rating as of the fiscal year end for each investment type.

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(2) Cash and Investments, continued

Investments at June 30, 2015:		Minimum	Exempt	Rating at
Investment Type	Total	Legal	From	Year End
		Rating	Disclosure	AAA to AA-
Government sponsored entities securities	\$ 11,096,009	AA-	\$ -	11,096,009
U.S. Treasury notes	6,419,420	AA-	-	6,419,420
Medium-term notes	2,619,382	AA-	-	2,619,382
Local Agency Investment Fund (LAIF)	20,522,216	N/A	20,522,216	-
Held by bond trustee:	-			
Money market funds	2,657,994	AAA	-	2,657,994
Total	\$ 43,315,021		20,522,216	22,792,805

Investments at June 30, 2014:		Minimum	Exempt	Rating at
Investment Type	Total	Legal	From	Year End
		Rating	Disclosure	AAA to AA-
Government sponsored entities securities	\$ 6,022,052	AA-	\$ -	6,022,052
U.S. Treasury notes	4,015,940	AA-	-	4,015,940
Medium-term notes	1,991,970	AA-	-	1,991,970
Local Agency Investment Fund (LAIF)	20,470,650	N/A	20,522,216	-
Money market funds	7,961,824	AAA	-	7,961,824
Held by bond trustee:				
Money market funds	2,508,494	AAA	-	2,657,994
Total	\$ 42,970,930		20,522,216	22,649,780

Concentration of Credit Risk

The Agency's investment policy contains no limitations on the amounts that can be invested in any one issuer as beyond that stipulated by the California Government Code. There were no single investments in any one issuer that represent 5% or more of total Agency's investments at June 30, 2015 and 2014, respectively.

(3) Internal Balances

Internal balances consist of the following as of June 30, 2015 as follows:

Purpose	Receivable Fund	Payable Fund	Amount
Repayment	Mojave Water	Watermaster	\$ <u>11,156</u>

Internal balances consist of the following as of June 30, 2014 as follows:

Purpose	Receivable Fund	Payable Fund	Amount
Repayment	Mojave Water	Watermaster	\$ <u>269,399</u>

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(4) Water-In-Storage – Inventory

In 1994, the Agency completed and adopted its current Regional Water Management Plan, which recognizes the Agency’s Conjunctive Use Program (Program). The Program calls for the conjunctive use of surface water supplies, both local and imported, with groundwater supplies. The Agency acquires Free Production Allowances (FPA) from local sources and California State Water Project deliveries to recharge groundwater basins in “wet” years to provide relief in dry years. The Agency values its water inventory and computes the cost of water sold using an average cost method for local and state deliveries. The Agency’s policy is to record only variable OMP&R costs for transportation. The Agency’s transportation cost of water sold for the past two fiscal years was computed as follows.

State Water Project	2015		2014	
	Acre-Feet	Cost	Acre-Feet	Cost
Inventory – beginning of year	146,440	\$ 19,590,777	153,075	\$ 20,701,190
Water purchases	3,961	1,737,765	4,278	365,461
Inventory – available for sale	150,401	21,328,542	157,353	21,066,651
Water sales – variable cost of sales	(12,383)	(1,656,597)	(10,913)	(1,475,874)
Total inventory – end of year	138,018	\$ 19,671,945	146,440	\$ 19,590,777

(5) Other Post-Employment Benefits – Asset

During the fiscal year ended June 30, 2009, the Agency implemented GASB Statement No. 45, which changed the accounting and financial reporting used by local government employers for post employment benefits. Previously, the costs of such benefits were generally recognized as expenses of local government employers on a pay-as-you-go basis. The new reporting requirements for these benefit programs as they pertain to the Agency are set forth below.

Plan Description – Eligibility

The Agency pays a portion of the cost of health insurance for retirees under any group plan offered by CalPERS, subject to certain restrictions as determined by the Agency.

Membership in the OPEB plan consisted of the following members as of June 30:

	2015	2014	2013
Active plan members	42	39	36
Retirees and beneficiaries receiving benefits	27	27	27
Separated plan members entitled to but not yet receiving benefits	-	-	-
Total plan membership	69	66	63

Plan Description – Benefits

The Agency offers post employment medical benefits to retired employees who satisfy the eligibility rules. Spouses and surviving spouses are also eligible to receive benefits. Retirees may enroll in any medical plan available through the Agency’s CalPERS medical coverage, a cost-sharing multiple-employer medical coverage plan. The contribution requirements of eligible retired employees and the Agency are established and may be amended by the Board of Directors.

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(5) Other Post-Employment Benefits – Asset, continued

Funding Policy

The Agency is required to contribute the *Annual Required Contribution (ARC) of the Employer*, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The Agency will pay a fixed contribution equal to \$500 per month (\$200 per month for eligible employees retiring prior to July 1, 2006) towards the cost of the post-employment benefit plan for those employees who meet the required service years for retirement from the Agency. The Agency funds the plan on a pay-as-you-go basis and maintains reserves (and records a liability) for the difference between pay-as-you-go and the actuarially determined ARC cost.

Annual Cost

For the year ended June 30, 2015, the Agency's ARC cost is \$189,197. The Agency's net OPEB asset amounted to \$243,594 for the year ended June 30, 2015. The Agency contributed \$189,357 in age adjusted contributions and premiums for current retiree OPEB premiums for the year ended June 30, 2015.

The balance at June 30, consists of the following:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Annual OPEB expense:			
Annual required contribution (ARC)	\$ 189,197	216,418	210,524
Interest on net OPEB obligation	-	-	-
Interest earnings on irrevocable trust balance	1,234	(106,256)	(48,643)
Adjustment to annual required contribution	789	870	(91,428)
Total annual OPEB expense	<u>191,220</u>	<u>111,032</u>	<u>70,453</u>
Contributions made:			
Contributions made to irrevocable trust	(77,159)	(103,308)	(96,596)
Retiree benefit payments paid outside of a trust	(112,198)	(113,110)	(113,928)
Total contributions made	<u>(189,357)</u>	<u>(216,418)</u>	<u>(210,524)</u>
Total change in net OPEB payable obligation	1,863	(105,386)	(140,071)
OPEB payable - beginning of year	<u>(245,457)</u>	<u>(140,071)</u>	<u>-</u>
OPEB asset - end of year	<u>\$ (243,594)</u>	<u>(245,457)</u>	<u>(140,071)</u>

The Agency's annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year 2015 and the two preceding years were as follows:

Three-Year History of Net OPEB Obligation

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Contributions Made</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation (Asset)</u>
2015	\$ 191,220	189,357	99.03%	\$ (243,594)
2014	111,032	216,418	194.91%	(245,457)
2013	70,453	210,524	298.81%	(140,071)

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(5) Other Post-Employment Benefits – Asset, continued

Annual Cost, continued

The most recent valuation (dated June 30, 2013) includes an Actuarial Accrued Liability of \$1,720,996 and an Unfunded Actuarial Accrued Liability of \$1,146,493. The covered payroll (annual payroll of active employees covered by the plan) for the year ended June 30, 2013 was estimated at \$3,147,000. The ratio of the unfunded actuarial accrued liability to annual covered payroll is 36.43%.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and the pattern of sharing of costs between the employer and plan members to that point. Consistent with the long-term perspective of actuarial calculations, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities for benefits.

The following is a summary of the actuarial assumptions and methods:

Valuation date	June 30, 2013
Actuarial cost method	Entry age normal cost method
Amortization method	Level percent of payroll amortization
Amortization period	closed-basis
Remaining amortization period	27 Years as of the valuation date
Asset valuation method	30 Year smoothed market
Actuarial assumptions:	
Discount rate	7.61%
Projected salary increase	3.25%, per year
Inflation - discount rate	3.00%, per year
Health care trend rate:	
Fiscal year 2013	7.00%
Fiscal year 2014	6.50%
Fiscal year 2015	6.00%
Fiscal year 2016	5.50%
Fiscal year 2017	5.00%
Fiscal year 2018+	5.00%

See page 57 for the Schedule of Funding Status.

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(6) Capital Assets

Changes in capital assets for the year were as follows:

	<u>Balance 2014</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2015</u>
Non-depreciable assets:				
Land and right of ways	\$ 7,397,057	-	-	7,397,057
Morongo pipeline entitlement	208,000	-	-	208,000
Construction-in-progress	62,424	463,186	-	525,610
Total non-depreciable assets	<u>7,667,481</u>	<u>463,186</u>	<u>-</u>	<u>8,130,667</u>
Depreciable assets:				
State Water Project entitlement	247,870,485	5,696,049	-	253,566,534
Water management plan	4,272,065	-	-	4,272,065
Transmission system	192,540,769	-	-	192,540,769
Monitoring wells	20,190,868	-	-	20,190,868
Structures and improvements	16,409,074	-	-	16,409,074
Other plant and equipment	3,426,711	92,475	(147,073)	3,372,113
Total depreciable assets	<u>484,709,972</u>	<u>5,788,524</u>	<u>(147,073)</u>	<u>490,351,423</u>
Accumulated depreciation:				
State Water Project entitlement	(79,702,410)	(8,279,243)	-	(87,981,653)
Water management plan	(1,007,718)	(1,227,337)	-	(2,235,055)
Transmission system	(30,894,174)	(3,864,021)	-	(34,758,195)
Monitoring wells	(1,701,058)	(975,674)	-	(2,676,732)
Structures and improvements	(896,129)	(455,600)	-	(1,351,729)
Other plant and equipment	(2,602,858)	(149,467)	147,073	(2,605,252)
Total accumulated depreciation	<u>(116,804,347)</u>	<u>(14,951,342)</u>	<u>147,073</u>	<u>(131,608,616)</u>
Total depreciable assets, net	<u>367,905,625</u>	<u>(9,162,818)</u>	<u>-</u>	<u>358,742,807</u>
Total capital assets, net	<u>\$ 375,573,106</u>	<u>(8,699,632)</u>	<u>-</u>	<u>366,873,474</u>

Construction-In-Process 2015

The Agency is involved in various construction projects throughout the year. Once completed, projects are capitalized and depreciated over the life of the asset.

	<u>Balance 2014</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2015</u>
Ames/Means-Bighorn recharge	\$ -	14,487	-	14,487
Antelope Wash recharge ponds	-	22,542	-	22,542
Lenwood recharge refurbishment	45,025	65,536	-	110,561
Long-term data storage project	-	167,660	-	167,660
Oro Grande North recharge	17,399	-	-	17,399
Zone 2 resevoir interior coating	-	137,198	-	137,198
Back-up chlorinator	-	30,950	-	30,950
Deep Creek hydro	-	24,813	-	24,813
Total	<u>\$ 62,424</u>	<u>463,186</u>	<u>-</u>	<u>525,610</u>

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(6) Capital Assets, continued

Changes in capital assets for the year were as follows:

	<u>Balance 2013</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2014</u>
Non-depreciable assets:				
Land and right of ways	\$ 7,336,307	60,750	-	7,397,057
Morongo pipeline entitlement	208,000	-	-	208,000
Construction-in-progress	<u>4,653,566</u>	<u>1,941,213</u>	<u>(6,532,355)</u>	<u>62,424</u>
Total non-depreciable assets	<u>12,197,873</u>	<u>2,001,963</u>	<u>(6,532,355)</u>	<u>7,667,481</u>
Depreciable assets:				
State Water Project entitlement	242,771,100	5,099,385	-	247,870,485
Water management plan	6,461,177	887,837	(3,076,949)	4,272,065
Long-term storage plan	496,009	-	(496,009)	-
Transmission system	191,434,934	1,413,593	(307,758)	192,540,769
Monitoring wells	20,190,868	-	-	20,190,868
Structures and improvements	12,857,220	4,230,925	(679,071)	16,409,074
Other plant and equipment	<u>3,716,820</u>	<u>117,024</u>	<u>(407,133)</u>	<u>3,426,711</u>
Total depreciable assets	<u>477,928,128</u>	<u>11,748,764</u>	<u>(4,966,920)</u>	<u>484,709,972</u>
Accumulated depreciation:				
State Water Project entitlement	(71,694,406)	(8,008,004)	-	(79,702,410)
Water management plan	(2,485,324)	(1,599,343)	3,076,949	(1,007,718)
Long-term storage plan	(251,084)	(244,925)	496,009	-
Transmission system	(27,327,394)	(3,874,538)	307,758	(30,894,174)
Monitoring wells	(725,384)	(975,674)	-	(1,701,058)
Structures and improvements	(896,482)	(678,718)	679,071	(896,129)
Other plant and equipment	<u>(2,771,627)</u>	<u>(238,364)</u>	<u>407,133</u>	<u>(2,602,858)</u>
Total accumulated depreciation	<u>(106,151,701)</u>	<u>(15,619,566)</u>	<u>4,966,920</u>	<u>(116,804,347)</u>
Total depreciable assets, net	<u>371,776,427</u>	<u>(3,870,802)</u>	<u>-</u>	<u>367,905,625</u>
Total capital assets, net	<u>\$ 383,974,300</u>	<u>(1,868,839)</u>	<u>(6,532,355)</u>	<u>375,573,106</u>

Construction-In-Process 2014

The Agency is involved in various construction projects throughout the year. Once completed, projects are capitalized and depreciated over the life of the asset.

	<u>Balance 2013</u>	<u>Additions/ Transfers</u>	<u>Deletions/ Transfers</u>	<u>Balance 2014</u>
Ames/Means-Bighorn recharge	\$ 948,313	354,497	(1,302,810)	-
Integrated Regional Water Management Plan	224,274	663,563	(887,837)	-
Lenwood recharge refurbishment	28,699	16,326	-	45,025
Operations and interpretive center	3,452,280	778,645	(4,230,925)	-
Oro Grande north recharge	-	17,399	-	17,399
R3 regional recharge and recovery	-	58,056	(58,056)	-
Warren Vista reservoir project	<u>-</u>	<u>52,727</u>	<u>(52,727)</u>	<u>-</u>
Total	<u>\$ 4,653,566</u>	<u>1,941,213</u>	<u>(6,532,355)</u>	<u>62,424</u>

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(7) Deferred Outflows of Resources

Changes in deferred outflows of resources for 2015, were as follows:

	<u>Balance 2014</u>	<u>Additions</u>	<u>Deletion / Amortization</u>	<u>Balance 2015</u>
Deferred outflows of resources:				
Deferred loss on debt defeasance, net	\$ 4,495,633	-	(536,467)	3,959,166
Deferred pension outflows	-	528,335	-	528,335
Total deferred outflows of resources	<u>\$ 4,495,633</u>	<u>528,335</u>	<u>(536,467)</u>	<u>4,487,501</u>

Changes in deferred outflows of resources for 2014, were as follows:

	<u>Balance 2013</u>	<u>Additions</u>	<u>Deletion / Amortization</u>	<u>Balance 2014</u>
Deferred outflows of resources:				
Deferred loss on debt defeasance, net	\$ 4,777,398	229,232	(510,997)	4,495,633
Total deferred outflows of resources	<u>\$ 4,777,398</u>	<u>229,232</u>	<u>(510,997)</u>	<u>4,495,633</u>

(8) Compensated Absences

Changes to compensated absences for 2015, were as follows:

	<u>Balance 2014</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2015</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
\$	<u>496,448</u>	<u>245,631</u>	<u>(296,831)</u>	<u>445,248</u>	<u>243,551</u>	<u>201,697</u>

Changes to compensated absences for 2014, were as follows:

	<u>Balance 2013</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2014</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
\$	<u>463,860</u>	<u>240,856</u>	<u>(208,268)</u>	<u>496,448</u>	<u>230,289</u>	<u>266,159</u>

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(9) Unearned Revenue

The Agency has allowed for pre-purchase claims of acre-feet of water to its customers. The transaction is recorded as unearned revenue until the transfer is complete in future periods. The following is a listing of Agencies that have pre-purchase claims of water and their respective acre-feet of water to be delivered:

<u>Description</u>	<u>2015</u>	<u>2014</u>
Unearned revenue in dollars (FIFO method)	\$ 4,123,425	4,807,814
<u>Agency</u>	<u>Acre-Feet</u>	<u>Acre-Feet</u>
Apple Valley Ranchos Water Company	8,737	8,840
Luz Solar Partners	2,800	2,800
San Bernardino County Special Districts	2,600	2,600
City of Victorville	1,397	3,521
Hesperia Water District	1,263	2,157
Helendale Community Services District	500	500
Silver Lakes Association	354	354
City of Hesperia	125	125
Mariana Ranchos County Water District	90	90
Apple Valley Heights County Water District	84	104
Rancheritos Mutual Water Company	53	63
Total acre-feet	<u>18,003</u>	<u>21,154</u>

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(10) Long-term Debt

Changes in long-term debt amounts for the year were as follows:

	<u>Balance 2014</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 2015</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
Long-term debt:						
Bonds payable:						
2006 General obligation bond	\$ 22,525,000	-	(2,130,000)	20,395,000	2,235,000	18,160,000
2006 General obligation bond premium	785,225	-	(93,466)	691,759	-	691,759
2009 Certificates of participation	36,400,000	-	(785,000)	35,615,000	815,000	34,800,000
2009 Certificates of participation premium	122,896	-	(4,916)	117,980	-	117,980
2014 Certificates of participation	13,155,000	-	(1,470,000)	11,685,000	1,280,000	10,405,000
2014 Certificates of participation premium	1,589,345	-	(194,614)	1,394,731	-	1,394,731
Total bonds payable	<u>74,577,466</u>	<u>-</u>	<u>(4,677,996)</u>	<u>69,899,470</u>	<u>4,330,000</u>	<u>65,569,470</u>
Loans payable:						
1995 Yucca Valley loan	52,381	-	(52,381)	-	-	-
2000 Mojave River pipeline loan	1,472,166	-	(1,472,166)	-	-	-
Total loans payable	<u>1,524,547</u>	<u>-</u>	<u>(1,524,547)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total long-term debt	<u>\$ 76,102,013</u>	<u>-</u>	<u>(6,202,543)</u>	<u>69,899,470</u>	<u>4,330,000</u>	<u>65,569,470</u>

Changes in long-term debt amounts for the year were as follows:

	<u>Balance 2013</u>	<u>Additions</u>	<u>Transfer / Payments</u>	<u>Balance 2014</u>	<u>Current Portion</u>	<u>Long-term Portion</u>
Long-term debt:						
Bonds payable:						
2004 Certificates of participation	\$ 15,530,000	-	(15,530,000)	-	-	-
2004 Certificates of participation premium	73,772	-	(73,772)	-	-	-
2006 General obligation bond	24,550,000	-	(2,025,000)	22,525,000	2,130,000	20,395,000
2006 General obligation bond premium	878,691	-	(93,466)	785,225	-	785,225
2009 Certificates of participation	36,870,000	-	(470,000)	36,400,000	785,000	35,615,000
2009 Certificates of participation premium	127,812	-	(4,916)	122,896	-	122,896
2014 Certificates of participation	-	13,155,000	-	13,155,000	1,470,000	11,685,000
2014 Certificates of participation premium	-	1,605,563	(16,218)	1,589,345	-	1,589,345
Total bonds payable	<u>78,030,275</u>	<u>14,760,563</u>	<u>(18,213,372)</u>	<u>74,577,466</u>	<u>4,385,000</u>	<u>70,192,466</u>
Loans payable:						
1993 Rock Springs loan	343,275	-	(343,275)	-	-	-
1995 Yucca Valley loan	154,480	-	(102,099)	52,381	52,381	-
2000 Mojave River pipeline loan	1,774,931	-	(302,765)	1,472,166	311,302	1,160,864
Total loans payable	<u>2,272,686</u>	<u>-</u>	<u>(748,139)</u>	<u>1,524,547</u>	<u>363,683</u>	<u>1,160,864</u>
Total long-term debt	<u>\$ 80,302,961</u>	<u>14,760,563</u>	<u>(18,961,511)</u>	<u>76,102,013</u>	<u>4,748,683</u>	<u>71,353,330</u>

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(10) Long-term Debt, continued

2006 General Obligation Bonds

In June 1990, a portion of the Agency voted in favor of forming Improvement District “M” (IDM) and to incur bonded indebtedness in the principal amount of \$66,500,000. The proceeds of the bonds were used to finance costs of designing, planning, and constructing the Morongo Basin Pipeline Project to bring water from the California Aqueduct in Hesperia to Yucca Valley.

On May 29, 1991, the Agency issued \$12,000,000 and on November 19, 1992, the Agency issued \$40,735,000 aggregated principal general obligation bonds to finance a portion of the costs of the Morongo Basin Pipeline Project. On April 25, 1996, the Agency issued \$51,780,000 aggregated principal general obligation bonds to refund the 1991 and 1992 Series bonds.

On June 7, 2006, the Agency issued \$34,825,000 aggregated principal general obligation bonds for the purpose of refunding the remaining \$40,810,000 of the 1996 general obligation bonds and to pay the costs incurred with the issuance, sale and delivery of the bonds. The new bonds bear interest at 5%, and are due in annual installments ranging from \$1,510,000 to \$3,000,000 through 2022.

The Agency has entered into agreements with four water purveyors who are participants in the pipeline project. The purposes of the agreements are to sell and deliver water available to the Agency to the participants, to sell Project Capacity from the pipeline project to the participants and to sell Project Allotment and Project Capacity among the participants, all within the scope of the Agency’s water service policy. During the fiscal year ended June 30, 1995, the Agency acquired 4% of the rights of the project from the County.

The participants and their respective percentages of water allotted from the pipeline project are as follows:

<u>Project Participants</u>	<u>Original Percentages</u>	<u>Current Percentages</u>
Hi-Desert Water District	59%	59%
Joshua Basin Water District	27%	27%
Bighorn-Desert View Water Agency	9%	9%
San Bernardino County Service Area:		
No 70 Improvement Zone W-1	4%	1%
Improvement Zone W-4	1%	0%
Mojave Water Agency	0%	4%

Project participants are assessed for 25% of the debt service of the bonds. Each project participant also pays its project allotment percentage of estimated project costs for the current fiscal year. Project participant payments are due June 1st of each year (commencing June 1, 1994).

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(10) Long-term Debt, continued

2006 General Obligation Bonds, continued

The Agency will levy property taxes upon the taxable property (other than personal property) in Improvement District "M" after fiscal year 1993-1994 in the amount of 75% of debt service bonds. The bonds carry an interest rate at 5.0%, and mature through 2023 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,235,000	963,875	3,198,875
2017	2,345,000	849,375	3,194,375
2018	2,460,000	729,250	3,189,250
2019	2,590,000	603,000	3,193,000
2020	2,715,000	470,375	3,185,375
2021-2023	<u>8,050,000</u>	<u>570,750</u>	<u>8,620,750</u>
Total	20,395,000	<u>4,186,625</u>	<u>24,581,625</u>
Less current portion	(2,235,000)		
Premium on debt	<u>691,759</u>		
Total non-current	\$ <u>18,851,759</u>		

2009 Certificates of Participation

On October 15, 2009, the Agency entered into an agreement to issue \$39,355,000 in certificates of participation. The certificates are to provide the funds to acquire a Table A amount of 14,000 acre feet of State Water Project Table A water from Dudley Ridge Water District. Pursuant to the acquisition agreement, dated April 30, 2009, the Table A will be transferred to the agency on the following schedule:

<u>Entitlement Transfer Date</u>	<u>Table A Amount (acre feet)</u>
January 1, 2010	7,000
January 1, 2015	3,000
January 1, 2020	4,000

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(10) Long-term Debt, continued

2009 Certificates of Participation, continued

The certificates are payable solely from Installment Payments to be made by the Agency to the Mojave Water Agency Public Facilities Corporation pursuant to the Installment Purchase Agreement dated July 1, 2009. The bonds bear interest rates from 2% to 5.50% and are due in annual installments ranging from \$435,000 to \$2,475,000 through 2039 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 815,000	891,125	1,706,125
2017	850,000	874,825	1,724,825
2018	880,000	857,825	1,737,825
2019	920,000	838,025	1,758,025
2020	955,000	820,775	1,775,775
2021-2025	5,545,000	3,074,627	8,619,627
2026-2030	7,185,000	2,902,125	10,087,125
2031-2035	9,255,000	1,867,875	11,122,875
2036-2039	9,210,000	589,750	9,799,750
Total	35,615,000	<u>12,716,952</u>	<u>48,331,952</u>
Less current portion	(815,000)		
Premium on debt	<u>117,980</u>		
Total non-current	\$ <u>34,917,980</u>		

2014 Revenue Refunding Bonds

In 2014, the Agency issued \$13,155,000 in Revenue Refunding Bonds, Series 2014A to advance refund the 2004 Certificates-of-Participation issue. As a result, the Agency's 2004 Certificates-of-Participation issue is considered defeased and the liability for that obligation has been removed from the Agency's financial statements. The Agency completed the advance refunding to reduce the Agency's total debt service payments over the next nine years by a present-value amount of approximately \$1.296 million and to obtain an economic gain of approximately \$1.391 million. Also, the refunding issuance resulted in a deferred loss of \$229,231, which will be amortized over the remaining life of the debt service.

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(10) Long-term Debt, continued

2014 Revenue Refunding Bonds

The certificates-of-participation are scheduled to mature in fiscal year 2023. An interest rate premium in the amount of \$1,605,563 was calculated on the issuance of the refunding revenue bonds and will be amortized over the life of the debt. Principal and interest are payable annually on September 1st each year at rates ranging from 2.00% to 5.00% with principal installments ranging from \$1,280,000 to \$1,685,000 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,280,000	489,050	1,769,050
2017	1,320,000	450,650	1,770,650
2018	1,365,000	411,050	1,776,050
2019	1,410,000	356,450	1,766,450
2020	1,475,000	300,050	1,775,050
2021-2023	<u>4,835,000</u>	<u>475,050</u>	<u>5,310,050</u>
Total	11,685,000	<u>2,482,300</u>	<u>14,167,300</u>
Less current portion	(1,280,000)		
Premium on debt	<u>1,394,731</u>		
Total non-current	<u>\$ 11,799,731</u>		

1993 Rock Springs Loan

In 1993, the Agency initiated a \$5,250,000 loan from the California Department of Water Resources for the Rock Springs construction project.

The loan is scheduled to mature in 2014. Principal and interest is payable semi-annually on October 1st and April 1st at a rate of 3.00%. This debt was paid-off in fiscal year 2014.

1995 Yucca Valley Loan

In 1995, the Agency initiated a \$1,585,000 loan from the California Department of Water Resources for the Yucca Valley construction project.

Principal and interest is payable semi-annually on October 1st and April 1st at a rate of 3.00%. This debt was paid-off in fiscal year 2015.

2000 Mojave River Pipeline Loan

In 1993, the Agency initiated a \$5,250,000 loan from the California Department of Water Resources for the Mojave River Pipeline construction project.

The loan is scheduled to mature in 2019. Principal and interest is payable semi-annually on October 1st and April 1st at a rate of 2.80%. The debt was paid off in fiscal year 2015.

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(11) Defined Benefit Pension Plan

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the Agency's Miscellaneous Employee Pension Plan, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and the Agency's 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.

Benefits Provided

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

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the Agency's CalPERS 2.0% at 60 Risk Pool Retirement Plan to new employee entrants effective December 31, 2013. All employees hired after January 1, 2013 are eligible for the Agency's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

The Plan's provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous Plan		
	Classic	New Classic	PEPRA
Hire date	Prior to January 1, 2011	On or after January 1, 2011 - December31, 2012	On or after January 1, 2013
Benefit formula	2.5% @ 55	2.0% @ 60	2.0% @ 62
Benefit vesting schedule		5 years of service	
Benefit payments		monthly for life	
Retirement age	50 - 55	50 - 55	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.1% to 2.4%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.00%	6.50%
Required employer contribution rates	11.99%	9.35%	6.73%

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(11) Defined Benefit Pension Plan, continued

Contributions

Section 20814(c) of the California Public Employees' Retirement Law 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. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30, by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Agency is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for the Plan was as follows:

	Miscellaneous Plan
	2015
Contributions – employer	\$ 528,335

Net Pension Liability

As of June 30, 2015, the Agency reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous Plan	\$ 3,293,429

The Agency's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2014 (the measurement date), and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 (the valuation date), rolled forward to June 30, 2014, using standard update procedures. The Agency's proportion of the net pension liability was based on a projection of the Agency's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Agency's proportionate share of the net pension liability for the Plan as of the measurement date June 30, 2014, was as follows:

	Miscellaneous
Proportion – June 30, 2013	0.07279%
Proportion – June 30, 2014	0.05293%
Change – Increase (Decrease)	-0.0199%

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(11) Defined Benefit Pension Plan, continued

Deferred Outflows/Inflows of Resources Related to Pensions, continued

For the year ended June 30, 2015, the Agency recognized pension expense of \$511,033. At June 30, 2015, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 528,335	-
Net differences between projected and actual earnings on plan investments	-	(1,062,177)
Adjustment due to differences in proportions of net pension liability	-	(96,538)
Total	\$ 528,335	(1,158,715)

As of June 30, 2015, \$528,335 was reported as deferred outflows of resources related to contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30,	Deferred Net Inflows of Resources
2016	\$ 300,021
2017	300,021
2018	293,128
2019	265,545

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(11) Defined Benefit Pension Plan, continued

Actuarial Assumptions

The total pension liabilities in the June 30, 2013, actuarial valuations were determined using the following actuarial assumptions:

The following is a summary of the actuarial assumptions and methods:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumptions:	
Discount rate	7.50%
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment Rate of Return	7.50 % Net of Pension Plan Investment and Administrative Expenses; includes inflation
Mortality Rate Table*	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

* The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report. Further details of the Experience Study can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013, valuation were based on the results of a January 2014, actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference. CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(11) Defined Benefit Pension Plan, continued

Discount Rate, continued

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

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

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

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 -10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	<u>100.00%</u>		

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

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

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

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

	<u>Discount Rate - 1%</u> <u>6.50%</u>	<u>Current Discount Rate</u> <u>7.50%</u>	<u>Discount Rate + 1%</u> <u>8.50%</u>
Agency's Net Pension Liability \$	<u>5,981,846</u>	<u>3,293,429</u>	<u>1,062,298</u>

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(11) Defined Benefit Pension Plan, continued

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See pages 55 and 56 for the Required Supplementary Schedules.

(12) Net Investment in Capital Assets

Net investment in capital assets:	<u>2015</u>	<u>2014</u>
Capital assets, not being depreciated	\$ 8,130,667	7,667,481
Depreciable capital assets, net	358,742,807	367,905,625
Deferred outflows of resources	3,959,166	4,495,633
Bonds payable – current portion	(4,330,000)	(4,385,000)
Loans payable – current portion	-	(363,684)
Bonds payable – long-term portion	(65,569,470)	(70,192,466)
Loans payable – long-term portion	-	(1,160,863)
Less: 2006 Deferred loss on debt defeasance	(2,595,376)	(2,945,892)
Add back: 2006 General obligation bonds	20,395,000	22,525,000
Add back: 2006 General obligation bonds premium	691,759	785,225
Total net investment in capital assets	<u>\$ 319,424,553</u>	<u>324,331,059</u>

(13) Unrestricted Net Position

Unrestricted net position:	<u>2015</u>	<u>2014</u>
Non-spendable net position:		
Prepaid expenses and deposits	\$ <u>62,389</u>	<u>63,066</u>
Spendable net position are designated as follows:		
Operating reserve	5,000,000	5,000,000
Capital replacement reserve	10,000,000	10,000,000
Contingency reserve	<u>20,894,848</u>	<u>21,764,627</u>
Total spendable net position	<u>35,894,848</u>	<u>36,764,627</u>
Total unrestricted net position	<u>\$ 35,957,237</u>	<u>36,827,693</u>

(14) Restatement of Net Position

Net Pension Liability – GASB 68 Implementation

In fiscal year 2015, the Agency implemented GASB pronouncements 68 and 71 to recognize its proportionate share of the net pension liability. Following the implementation, the Agency recognized the pension liability and recorded a prior period adjustment of \$704,068 to beginning net position at July 1, 2014. The Agency recorded a prior period adjustment to reclassify from expense to deferred outflows of resources, the prior year's proportionate share of employer pension contribution including the Agency's side fund payoff totaling \$231,135 at June 30, 2015.

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(14) Restatement of Net Position, continued

Net Pension Liability – GASB 68 Implementation, continued

Previously recorded net position of \$1,120,735 has been adjusted to \$647,802 as of June 30, 2014. In addition, the effect of the implementation of GASB 68 is recorded as an adjustment to the beginning net position of June 30, 2015. The effect of the above adjustment is summarized as follows:

The adjustment to net position is as follows:

Net position at June 30, 2014, as previously stated	\$ <u>399,062,229</u>
Effect of adjustment to record deferred pension outflows	1,926,126
Effect of adjustment to net pension liability as a result of GASB 68	<u>(5,867,236)</u>
Total adjustment to net position	<u>(3,941,110)</u>
Net position at July 1, 2014	\$ <u><u>395,121,119</u></u>

(15) State Water Project Table A Water Sale

Agreement with the State of California Department of Water Resources

On July 12, 2013, the Agency entered into an agreement, pursuant to the provisions of the California Water Resources Development Bond Act, with the California Department of Water Resources (DWR), to be either a buyer or seller under the 2013-2014 Multi-Year Water Pool Demonstration Program. Per the revised Multi-Year Water Pool Demonstration Program allocation dated July 2, 2013, the Agency's allocation of contracted Table "A" water was 82,800 acre feet. In July 2013, the Agency sold 64,928 acre feet of its Table "A" water at \$253 per acre foot amounting to \$16,426,784.

(16) Risk Management

The Agency is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority has purchased commercial insurance coverage to limit the risk of loss for the above named sources. Also, the Agency has obtained workers' compensation coverage to the statutory limits.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the Agency's insurance coverage during the years ending June 30, 2015, 2014, and 2013. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR or claims payable as of June 30, 2015, 2014, and 2013.

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(17) Commitments and Contingencies

State Water Contract

Estimates of the Agency's share of the project fixed costs of the State Water Project (SWP) are provided annually by the State. The estimates are subject to future increases or decreases resulting from changes in planned facilities, refinements in cost estimates and inflation.

According to the State's latest estimates, the Agency's long-term obligations under the contract, for capital and minimum operations and maintenance costs, including interest through the year 2036, are as follows:

	<u>State Water Contract</u> <u>Long-term Obligations</u>
Fixed charges:	
Transportation facilities capital	\$ 29,257,084
Transportation minimum OMP&R	141,195,843
Delta water charge	97,980,158
Water system revenue bond surcharge	24,775,718
East Branch enlargement capital	19,764,459
East Branch minimum OMP&R	<u>5,101,381</u>
Total estimated fixed charges	<u>318,074,643</u>
Variable charges:	
Variable OMP&R	250,171,195
Off-aqueduct OMP&R	<u>1,989,833</u>
Total estimated variable charges	<u>252,161,028</u>
Total estimated future charges	<u>\$ 570,235,671</u>

The amounts shown on the following page do not contain any escalation for inflation and are subject to significant variation over time because the amounts are based on a number of assumptions and are contingent on future events. Accordingly, none of the estimated long-term obligations are recorded as liabilities in the accompanying basic financial statements.

There are other pending actions that may adversely impact the Agency's ability to control the sale of water transported through the SWP into its service area. The impact on future revenues of such actions cannot be determined.

Construction Contracts

The Agency has a variety of agreements with developers and private parties relating to the installation, improvement or modification of transmission facilities and distribution systems within its service area. The financing of such improvements is provided primarily from debt, grants and the Agency's capital replacement reserve.

Grant Awards

Grant funds received by the Agency are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the Agency believes that such disallowances, if any, would not be significant.

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(17) Commitments and Contingencies, continued

Litigation

In the ordinary course of operations, the Agency is subject to claims and litigation from outside parties. After consultation with legal counsel, the Agency believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

(18) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2015, that has effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 72

In February 2015, the GASB issued Statement No. 72 – *Fair Value Measurement and Application*. The objective of this Statement is to enhance comparability of financial statements among governments by measurement of certain assets and liabilities at their fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015. The impact of the implementation of this Statement to the Agency’s financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 73

In June 2015, the GASB issued Statement No. 73 – *Accounting and Financial Reporting for Pensions*. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement establishes requirements for defined benefit pensions that are not within the Scope of Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68 for pension plans as pensions that are within their respective scopes.

The requirements of this statement that address accounting and financial reporting by employers and governmental non-employer contributing entities for pensions that are not within the scope of Statement 68 are effective for financial statements for fiscal years beginning after June 15, 2016, and the requirements of this statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for fiscal years beginning after December 15, 2015. The requirements of this Statement for pension plans that are within the scope of Statement No. 67 or for pensions that are within the scope of Statement 68 are effective for fiscal years beginning after June 15, 2015. The impact of the implementation of this Statement to the Agency’s financial statements has not been assessed at this time.

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(18) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

Governmental Accounting Standards Board Statement No. 74

In June 2015, the GASB issued Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness or information about postemployment benefits other than pensions (other postemployment benefits of OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability.

This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement 43, and Statement No.50, *Pension Disclosures*.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2016. The impact of the implementation of this Statement to the Agency’s financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 75

In June 2015, the GASB issued Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

Governmental Accounting Standards Board Statement No. 75, continued

This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2017. The impact of the implementation of this Statement to the Agency’s financial statements has not been assessed at this time.

Governmental Accounting Standards Board Statement No. 76

In June 2015, the GASB issued Statement No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within the source of authoritative GAAP.

This Statement replaces the requirements of Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2015, and should be applied retroactively.

Mojave Water Agency
Notes to the Financial Statements, continued
For the Fiscal Years Ended June 30, 2015 and 2014

(18) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

Governmental Accounting Standards Board Statement No. 77

In August 2015, the GASB issued Statement No. 77 – *Tax Abatement Disclosures*. The objective of this Statement is to improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Financial statement users need information about certain limitations on a government’s ability to raise resources. This includes limitations on revenue-raising capacity resulting from governmental programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. Tax abatements are widely used by state and local governments, particularly to encourage economic development. This Statement is effective for financial statements for periods beginning after December 15, 2015. It is believed that the implementation of this Statement will not have a material effect to the Agency’s financial statements.

(19) Subsequent Events

Events occurring after June 30, 2015, have been evaluated for possible adjustment to the financial statements or disclosure as of November 18, 2015, which is the date the financial statements were available to be issued. The Agency is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

< Page Intentionally Left Blank >

Required Supplementary Information

Mojave Water Agency
Schedule of the Agency's Proportionate Share of the Net Pension Liability
As of June 30, 2015
Last Ten Years*

	Measurement Date <u>6/30/2014 (a)</u>
Agency's Proportion of the Net Pension Liability	<u>0.05293%</u>
Agency's Proportionate Share of the Net Pension Liability	\$ <u>3,293,429</u>
Agency's Covered-Employee Payroll (b)	\$ <u>3,179,561</u>
Agency's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	<u>103.58%</u>
Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	<u>81.15%</u>

Notes:

- (a) Historical information is required only for measurement periods for which GASB 68 is applicable.
- (b) Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll related ratios.
- * Fiscal Year 2015 was the first year of implementation, therefore, only one year is shown.

Mojave Water Agency
Schedule of Pension Plan Contributions
As of June 30, 2015
Last Ten Years*

<u>Schedule of Pension Plan Contributions (a):</u>	<u>Measurement Date</u> <u>2013-2014</u>
Actuarially Determined Contribution (b)	\$ 568,371
Contributions in Relation to the Actuarially Determined Contribution (b)	<u>(2,076,334)</u>
Contribution Deficiency (Excess)	\$ <u>(1,507,963)</u>
Covered Payroll (c), (d)	\$ <u>3,179,561</u>
Contribution's as a percentage of Covered-employee Payroll (c)	<u>65.30%</u>

Notes:

- (a) Historical information is required only for measurement periods for which GASB 68 is applicable.
- (b) Employers are assumed to make contributions equal to the actuarially determined contributions (which is the actuarially determined contribution). However, some employer's may choose to make additional contributions towards their side fund or unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" do not conform to the circumstances described in paragraph 120 of GASB 68, therefore are not considered separately financed specific liabilities.
- (c) Covered-Employee Payroll represented above is based on pensionable earnings provided by the employer. However, GASB 68 defines covered-employee payroll as the total payroll of employees that are provided pensions through the pension plan. Accordingly, if pensionable earnings are different than total earnings for covered-employees, the employer should display in the disclosure footnotes the payroll based on total earnings for the covered group and recalculate the required payroll-related ratios.
- (d) Payroll from prior year (\$3,086,953) was assumed to increase by the 3.00 percent payroll growth assumption.

* Fiscal year 2015 was the first year of implementation, therefore, only one year is shown.

Mojave Water Agency
Schedule of Funding Status – Other Post Employment Benefits
For the Years Ended June 30, 2015

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2013	\$ 574,503	1,720,996	1,146,493	33.38%	\$ 3,147,000	36.43%
July 1, 2011	324,914	1,708,176	1,383,262	19.02%	3,005,000	46.03%
July 1, 2008	-	1,527,612	1,527,612	0.00%	2,267,000	67.38%

Funding progress is presented for the year(s) that an actuarial study has been prepared since the effective date of GASB Statement 45. Actuarial review and analysis of the post-employment benefits liability and funding status is performed every three years or annually if there are significant changes in the plan. The next scheduled actuarial review and analysis of the post-employment benefits liability and funding status will be performed in fiscal year 2016, based on the year ending June 30, 2015.

< Page Intentionally Left Blank >

Statistical Information Section

Mojave Water Agency Statistical Section

This part of the Agency'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 the Agency's overall financial health.

Table of Contents

	<u>Page No.</u>
Financial Trends These schedules contain information to help the reader understand how the Agency's financial performance and well-being have changed over time.	59-61
Revenue Capacity These schedules contain information to help the reader assess the Agency's most significant own-source revenue, property tax.	62-68
Debt Capacity These schedules present information to help the reader assess the affordability of the Agency's current levels of outstanding debt and the Agency's ability to issue additional debt in the future.	69-75
Demographic Information This schedule offers demographic indicators to help the reader understand the environment within which the Agency's financial activities take place.	76-78
Operating Information This schedule contains service and infrastructure data to help the reader understand how the information in the Agency's financial report relates to the service the Agency provides.	79-81

Mojave Water Agency
Net Position and Net Position by Component
Last Ten Fiscal Years

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Business-type Activities:										
Investment in Capital										
Assets	319,424,553	324,331,059	330,581,016	327,577,444	300,343,361	273,034,391	243,742,203	199,634,473	197,278,534	191,943,604
Restricted	39,961,281	37,903,477	35,027,862	31,738,559	28,949,280	34,231,596	56,711,734	28,555,113	30,078,980	18,810,721
Unrestricted	35,957,237	36,827,693	19,200,219	17,552,942	31,048,893	35,676,490	43,167,363	24,370,220	961,159	(1,555,023)
Total Net Position	395,343,071	399,062,229	384,809,097	376,868,945	360,341,534	342,942,477	343,621,300	252,559,805	228,318,674	209,199,303

**Mojave Water Agency
Changes in Net Position
Last Ten Fiscal Years**

Water Sales	6,414,830	4,347,448	5,594,269	4,550,037	7,593,587	7,485,689	8,643,681	10,882,901	6,746,363	6,033,033
State Water Project Table A Water Sale	-	16,426,784	-	-	-	-	-	-	-	-
WtrSl: Set Up Charges	-	-	-	-	-	-	-	450	-	-
Minimum OMP: IDM(840)	-	-	-	-	-	-	-	-	156,296	148,804
Rplcmt.Costs:IDM (840)	-	-	-	-	-	-	-	-	277,864	276,356
Total Operating Revenues	9,302,007	23,208,005	8,347,095	6,491,663	10,843,636	12,171,954	15,552,613	19,330,754	11,749,156	9,146,576
OPERATING EXPENSE:										
State Water Project Costs	13,082,665	11,417,785	12,491,587	11,113,359	14,242,963	13,332,303	14,103,568	16,084,892	11,500,764	10,316,316
Employment Costs	4,755,630	4,764,101	4,457,006	4,438,600	4,520,170	4,862,992	3,804,058	3,681,982	3,517,037	3,440,720
Administration Costs	3,553,351	2,526,374	1,477,057	2,578,265	2,328,611	5,122,475	3,274,308	1,472,437	908,633	1,100,430
Utilities	1,158,673	1,058,176	697,776	308,661	426,445	304,078	233,906	344,871	375,064	331,670
Supplies and Materials	394,324	285,913	255,077	222,719	326,951	318,285	301,304	345,894	288,562	202,010
Repairs and Maintenance	488,675	478,315	381,236	477,492	513,745	654,415	311,547	328,394	198,523	215,917
Mitigation Expense	-	-	-	-	366,000	-	-	-	-	-
Depreciation	14,951,346	15,619,566	11,639,513	10,716,705	10,041,933	21,370,216	6,560,275	4,494,605	4,934,353	5,196,818
Total Operating Expense	38,384,664	36,150,229	31,399,252	29,855,801	32,766,818	45,964,764	28,588,966	26,753,076	21,722,937	20,803,880
OPERATING INCOME / (LOSS)	(29,082,657)	(12,942,224)	(23,052,157)	(23,364,138)	(21,923,182)	(33,792,810)	(13,036,353)	(7,422,322)	(9,973,781)	(11,657,304)
NON-OPERATING REVENUES										
Property Taxes	31,286,258	30,092,574	30,318,770	28,010,289	29,026,251	32,395,925	40,856,896	40,164,181	35,198,145	27,017,593
D/S Support Fr.IDM:849	813,250	813,688	814,064	813,126	812,188	813,938	813,313	792,562	812,689	803,375
Interest Income	236,731	119,841	83,684	147,230	274,578	621,518	1,653,074	2,453,406	2,023,896	949,265
Mitigation Fees	-	-	19,468	60,176	286,356	-	-	-	-	-
Other Income	174,312	686,492	691,778	2,438,866	68,019	197,778	58,823	81,107	124,000	1,609,034
Total Non-Operating Revenue	32,510,551	31,712,595	31,927,763	31,469,687	30,467,392	34,029,159	43,382,106	43,491,256	38,158,730	30,379,268

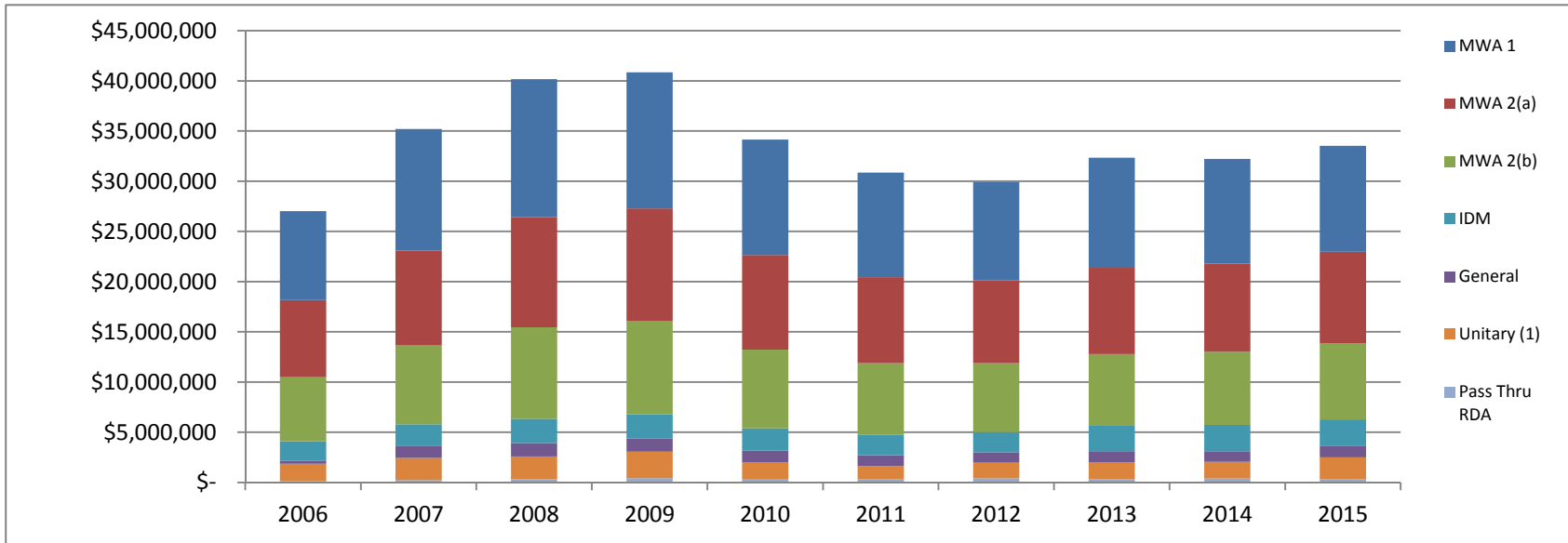
Continued on next page

**Mojave Water Agency
Changes in Net Position
Last Ten Fiscal Years**

	06/30/15	06/30/14	06/30/13	06/30/12	06/30/11	06/30/10	06/30/09	06/30/08	06/30/07	06/30/06
NON-OPERATING EXPENSES:										
Collection Charges	81,752	77,857	76,024	71,297	109,673	128,844	244,564	454,313	551,083	336,228
Other Expenses	540,492	633,360	477,736	413,904	563,432	71,795	420,254	282,620	35,770	(58,516)
Release of IDM Funds	-	-	-	903,229	353,838	1,308,753	-	-	-	-
CalPERS Side-Fund payoff	-	-	-	1,657,818	-	-	-	-	-	-
Yermo Community Services District Project	-	-	-	-	150,000	-	-	-	-	-
Joshua Basin Recharge Project	-	650,000	-	-	-	-	-	-	-	-
Amortization & Deferred Loss on Refunding	245,414	588,345	1,547,646	513,411	513,411	510,510	761,683	420,167	657,635	477,828
Interest Expense	3,301,427	3,478,901	3,830,752	4,005,740	4,168,950	3,749,415	2,488,246	2,615,507	2,699,329	2,810,949
Total Non-Operating Expenses:	4,169,085	5,428,463	5,932,158	7,565,399	5,859,304	5,769,317	3,914,747	3,772,608	3,943,818	3,566,490
NON-OPERATING INCOME /(LOSS)	28,341,466	26,284,132	25,995,605	23,904,288	24,608,088	28,259,842	39,467,359	39,718,648	34,214,912	26,812,778
INCOME BEFORE CONTRIBUTIONS	(741,191)	13,341,908	2,943,448	540,150	2,684,906	(5,532,968)	26,431,006	322,963,256	24,241,131	15,155,474
Capital Contributions / Capital Grants	963,143	911,224	4,996,704	15,987,261	14,714,150	4,854,146	862,929	335,742	-	4,273,112
Change in Net Position:	221,952	14,253,132	7,940,152	16,527,411	17,399,056	(678,822)	27,293,935	32,632,068	24,241,131	19,428,586
Beginning of Year	399,062,229	384,809,097	376,868,945	360,341,534	342,942,477	343,621,300	316,327,365	283,695,297	229,389,166	209,941,774
End of Year	399,284,181	399,062,229	384,809,097	376,868,945	360,341,534	342,942,477	343,621,300	316,327,365	253,630,297	229,389,166
Prior Yr Adjustment	(3,941,110.00)	-	-	-	-	-	-	-	-	18,805
Net Position by Component:										
Invested in Capital Assets	319,424,553	324,331,059	330,581,016	327,577,444	300,343,361	273,034,391	245,742,203	229,714,453	199,634,473	197,278,534
Restricted	39,961,281	37,903,477	35,027,862	31,738,559	28,949,280	34,231,596	64,261,091	48,178,637	29,625,604	31,149,472
Unrestricted	35,957,237	36,827,693	19,200,219	17,552,942	31,048,893	35,676,490	35,708,048	38,434,275	24,370,220	961,159
Total Net Position	\$ 395,343,071	399,062,229	384,809,097	376,868,945	360,341,534	342,942,477	345,711,342	316,327,365	253,630,297	229,389,166

**Mojave Water Agency
Tax Revenues by Source
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>MWA 1</u>	<u>MWA 2(a)</u>	<u>MWA 2(b)</u>	<u>General</u>	<u>Unitary (1)</u>	<u>Pass Thru RDA</u>	<u>IDM</u>	<u>Total</u>
2006	8,846,649	7,687,505	6,392,174	298,287	1,727,932	137,801	1,927,244	27,017,591
2007	12,115,372	9,448,069	7,856,086	1,165,815	2,207,605	235,095	2,170,103	35,198,145
2008	13,755,986	10,963,684	9,116,324	1,325,677	2,266,846	316,936	2,418,729	40,164,181
2009	13,582,350	11,185,087	9,300,420	1,299,748	2,633,850	424,186	2,431,255	40,856,896
2010	11,492,689	9,433,914	7,844,317	1,187,672	1,678,049	293,894	2,215,390	34,145,925
2011	10,423,279	8,564,582	7,121,465	1,087,612	1,314,348	302,611	2,052,355	30,866,251
2012	9,811,628	8,253,752	6,863,010	1,036,290	1,555,426	409,870	2,005,314	29,935,289
2013	10,964,481	8,596,933	7,148,366	1,069,422	1,644,762	327,016	2,592,790	32,343,771
2014	\$ 10,431,354	8,775,525	7,296,865	1,062,717	1,644,367	399,564	2,612,182	\$ 32,222,574
2015	\$ 10,542,026	9,121,381	7,584,445	1,098,675	2,165,047	335,910	2,673,773	\$ 33,521,258



**Mojave Water Agency
Property Tax Rates
Last Ten Fiscal Years**

Fiscal Year Ended June 30,	MWA 1		MWA 2		IDM	
	Secured Assessed Value	Unsecured Assessed Value	Secured Assessed Value	Unsecured Assessed Value	Secured Assessed Value	Unsecured Assessed Value
2006	0.1125	0.1125	0.0550	0.0550	0.9000	0.1000
2007	0.1125	0.1125	0.0550	0.0550	0.0850	0.0900
2008	0.1125	0.1125	0.0550	0.0550	0.0850	0.0850
2009	0.1125	0.1125	0.0550	0.0550	0.0850	0.0850
2010	0.1125	0.1125	0.0550	0.0550	0.0850	0.0850
2011	0.1125	0.1125	0.0550	0.0550	0.0850	0.0850
2012	0.1125	0.1125	0.0550	0.0550	0.1050	0.0850
2013	0.1125	0.1125	0.0550	0.0550	0.1050	0.1050
2014	0.1125	0.1125	0.0550	0.0550	0.1050	0.1050
2015	0.1125	0.1125	0.0550	0.0550	0.1050	0.1050

Source:
MWA

**Mojave Water Agency
Principal Property Tax Payers
Fiscal Year 2013**

2015			
Taxpayer	Secured Assessed Value	Rank	% of Total Secured Assessed Value
CEMEX CONSTRUCTION MATERIALS PACIFIC	\$ 262,536,258	1	0.90%
WALMART STORES INC	216,940,419	2	0.74%
RIVERSIDE CEMENT COMPANY	194,176,885	3	0.67%
HIGH DESERT POWER TRUST 2000-A	179,863,000	4	0.62%
MITSUBISHI CEMENT CORPORATION	164,052,391	5	0.56%
INTERMOUNTAIN POWER AGENCY	145,182,923	6	0.50%
THE AMERICAN BOTTLING COMPANY	116,193,444	7	0.40%
MACERICH VICTOR VALLEY LLC	112,172,653	8	0.38%
NUTRO PRODUCTS INC	90,480,365	9	0.31%
GEO GROUP INC	89,170,076	10	0.31%
Total	<u>1,570,768,414</u>		<u>5.39%</u>
Local Secured Assessed Valuation	<u><u>\$ 29,148,895,028</u></u>		

Mojave Water Agency
Property Tax Assessed Valuations, Tax Levies and Collections
Last Ten Fiscal Years

MWA #1

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections from Prior Years	Total Collections to Date	
		Amount (2)	Percent of Levy (3)		Amount	Percent of Levy (1)
2006	7,021,039	8,231,507	117.24%	615,142	8,846,649	126.0%
2007	9,998,397	11,594,962	115.97%	520,410	12,115,372	121.2%
2008	12,671,101	12,956,489	102.25%	799,497	13,755,986	108.6%
2009	13,523,645	12,199,600	90.21%	1,382,750	13,582,350	100.4%
2010	12,610,003	10,063,740	79.81%	1,428,949	11,492,689	91.1%
2011	10,611,905	9,264,516	87.30%	1,158,763	10,423,279	98.2%
2012	10,196,119	8,837,752	86.68%	973,876	9,811,628	96.2%
2013	9,907,907	9,551,624	96.40%	1,412,857	10,964,481	110.7%
2014	9,656,319	8,939,072	92.57%	1,492,283	10,431,354	108.0%
2015	9,924,371	9,181,849	92.52%	1,360,176	10,542,025	106.2%

MWA #2

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of Levy		Collections from Prior Years	Total Collections to Date	
		Amount (2)	Percent of Levy (3)		Amount	Percent of Levy (1)
2006	12,293,075	13,445,215	109%	634,463	14,079,679	114.5%
2007	15,655,298	16,712,110	107%	592,045	17,304,155	110.5%
2008	19,120,607	19,001,321	99%	1,078,687	20,080,008	105.0%
2009	19,919,338	18,497,287	93%	1,988,220	20,485,507	102.8%
2010	17,486,368	15,504,961	89%	1,773,270	17,278,231	98.8%
2011	15,454,895	14,493,855	94%	1,192,192	15,686,047	101.5%
2012	15,177,349	14,150,668	93%	966,093	15,116,762	99.6%
2013	15,070,063	14,569,069	97%	1,176,230	15,745,299	104.5%
2014	15,303,875	14,838,185	97%	1,234,206	16,072,390	105.0%
2015	16,024,200	15,627,767	98%	1,078,059	16,705,826	104.3%

(1) Percent of Levy for 'Total Collections to Date' is greater than 100% due to 'Collections from Previous Years'.

(2) Amount Collected within Fiscal Year of Levy includes Current Secured, Current Unsecured, and Supplemental Taxes.

(3) Percent of Levy for 'General tax collected within the Fiscal Year of Levy' is greater than 100% due to the collection of RDA Pass Thru Taxes.

Mojave Water Agency
Property Tax Assessed Valuations, Tax Levies and Collections, continued
Last Ten Fiscal Years

General Tax

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of Levy		Collections from Prior Years	Total Collections to Date	
		Amount (2)	Percent of Levy		Amount	Percent of Levy
			(3)			(4)
2006	2,587,446	2,129,055	82.28%	34,965	2,164,020	83.64%
2007	3,278,798	3,569,519	108.87%	38,996	3,608,515	110.06%
2008	3,660,537	3,848,294	105.13%	61,165	3,909,459	106.80%
2009	4,086,758	4,252,501	104.06%	105,283	4,357,784	106.63%
2010	2,954,170	3,067,933	103.85%	91,682	3,159,615	106.95%
2011	2,949,926	2,647,624	89.75%	56,947	2,704,571	91.68%
2012	2,366,193	2,953,101	124.80%	48,484	3,001,585	126.85%
2013	2,588,976	3,007,440	116.16%	33,760	3,041,201	117.47%
2014	1,564,741	3,065,212	195.89%	41,437	3,106,648	198.54%
2015	1,543,331	3,563,098	230.87%	36,534	3,599,632	233.24%

IDM

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (1)	Collected within the Fiscal Year of Levy		Collections from Prior Years	Total Collections to Date	
		Amount (2)	Percent of Levy		Amount	Percent of Levy
			(3)			(4)
2005	1,555,795	1,611,293	103.57%	244,845	1,856,139	119.30%
2006	1,629,169	1,778,207	109.15%	149,037	1,927,244	118.30%
2007	1,906,752	2,044,627	107.23%	125,476	2,170,103	113.81%
2008	2,192,539	2,284,873	104.21%	133,855	2,418,729	110.32%
2009	2,359,395	2,258,283	95.71%	172,972	2,431,255	103.05%
2010	2,168,137	2,014,058	92.89%	201,332	2,215,390	102.18%
2011	2,018,760	1,877,124	92.98%	175,231	2,052,355	101.66%
2012	2,012,371	1,852,338	92.05%	152,976	2,005,314	99.65%
2013	2,467,690	2,378,743	96.40%	214,047	2,592,790	105.07%
2014	2,440,025	2,317,316	94.97%	294,867	2,612,182	107.06%
2015	2,571,903	2,458,390	95.59%	215,383	2,673,773	103.96%

(1) Estimated amount of levy based on Mojave Water Agency average allocation in each Tax Rate Area of approximately .4% per \$100 of assessed valuation plus annual unitary tax allocation.

(2) Amount Collected within Fiscal Year of Levy includes Current Secured, Current Unsecured, Unitary and Supplemental Taxes.

(3) Percent of Levy for 'General tax collected within the Fiscal Year of Levy' is greater than 100% due to the collection of RDA Pass Thru Taxes.

(4) Percent of Levy for 'Total Collections to Date' is greater than 100% due to 'Collections from Previous Years'.

Mojave Water Agency
Property Tax Allocation of Ad Valorem Taxes Collected
Last Ten Fiscal Years

Ad Valorem Taxes

Fiscal Year Ended June 30	Ad Valorem Taxes Received	Amount Allocated to Payment Under Water Supply Contract	Amount Allocated to Supplement Table A Amount Revenues
2006	16,534,154	8,667,289	7,866,865
2007	21,563,441	9,076,227	12,487,214
2008	24,719,670	9,799,868	14,919,802
2009	24,767,437	9,577,589	15,189,848
2010	20,926,603	10,917,808	10,008,795
2011	18,987,861	13,448,072	5,539,789
2012	18,065,380	12,447,582	5,617,798
2013	19,561,414	13,034,376	6,527,038
2014	19,206,879	12,996,300	6,210,579
2015	19,663,407	14,614,918	5,048,489

Mojave Water Agency
Annual Change in Assessed Value
Last Ten Fiscal Years

Fiscal Year Ended June 30	Secured Assessed Valuation Within Service Area	Unsecured Assessed Valuation Within Service Area	Percentage Increase/(Decrease)
2006	21,972,885,994	378,160,096	20.06
2007	28,069,398,437	394,780,185	27.35
2008	34,313,920,899	450,819,455	22.14
2009	35,610,069,578	606,908,285	4.18
2010	31,119,466,104	673,930,872	(12.21)
2011	27,375,296,579	724,511,959	(11.62)
2012	26,894,046,920	701,133,760	(1.80)
2013	26,681,108,169	719,006,056	(0.71)
2014	27,004,903,579	820,324,180	1.55
2015	28,305,755,509	829,154,150	4.71

Fiscal Year Ended June 30	Assessed Valuation Within Service Area (Land Only)	Assessed Valuation Within Service Area (Improvements)	Percentage Increase/(Decrease)
2006	6,240,923,396	16,110,122,694	20.06
2007	8,887,464,430	19,576,714,192	27.35
2008	11,263,201,017	23,501,539,337	22.14
2009	12,021,018,146	24,195,959,717	4.18
2010	11,208,891,543	20,584,505,433	(12.21)
2011	9,432,804,274	18,667,004,264	(11.62)
2012	9,063,216,846	18,531,963,834	(1.80)
2013	8,807,028,882	18,593,085,343	(0.71)
2014	8,583,394,618	19,241,833,141	1.55
2015	8,699,055,582	20,435,854,077	4.71

Mojave Water Agency
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ending	General Obligation Bond 1996	General Obligation Bond 2006	Certificate of Participation 2004	Certificate of Participation 2014	Certificate of Participation 2009	DWR 860 Reach 1 Oversize E74005	DWR 870 MRP Recharge E72008	DWR 880 HD Extension MBP E74007A	TOTAL	Per Capita (1)	% of Per Capital
2006	42,270,000	-	23,360,000	-	-	2,480,137	3,673,712	789,893	72,573,742	28,607	0.039%
2007	-	34,825,000	22,340,000	-	-	2,201,449	3,424,485	707,000	63,497,934	29,765	0.047%
2008	-	33,315,000	21,290,000	-	-	1,914,465	3,168,841	621,793	60,310,098	30,220	0.050%
2009	-	31,730,000	20,205,000	-	-	1,618,562	2,905,197	533,781	56,992,540	29,072	0.051%
2010	-	30,065,000	19,095,000	-	38,205,000	1,313,833	2,634,302	443,147	91,756,282	29,609	0.032%
2011	-	28,315,000	17,945,000	-	37,770,000	999,893	2,355,767	349,774	87,735,434	29,998	0.034%
2012	-	26,475,000	16,755,000	-	37,325,000	676,516	2,069,507	253,597	83,554,621	32,072	0.038%
2013	-	24,550,000	15,530,000	-	36,870,000	343,275	1,774,931	154,480	79,222,686	32,747	0.041%
2014	-	22,525,000	-	13,155,000	36,400,000	-	1,472,166	52,381	73,604,547	N/A	-
2015	-	20,395,000	-	11,685,000	35,615,000	-	-	-	67,695,000	N/A	-

(1) <http://www.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=4>
Bureau of Economic Analysis: Regional Economic Accounts for San Bernardino County. Bureau of Economic Analysis is an agency of the U.S. Department of Commerce. Statistics are available through 2013.

Note: Outstanding Debt by Type includes both short-term and long-term portions of debt, for a total outstanding debt at the end of each year.

Mojave Water Agency
Ratios of General Obligated Debt Outstanding
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Total Assessed Taxable Value of Property (1)</u>	<u>% of Est. Actual Taxable Value of Property</u>	<u>Per Capita (2)</u>
2006	42,270,000	1,808,554,207	2.34%	28,607
2007	34,825,000	2,242,279,274	1.55%	29,765
2008	33,315,000	2,579,457,175	1.29%	30,220
2009	31,730,000	2,775,758,480	1.14%	29,072
2010	30,065,000	2,550,749,524	1.18%	29,609
2011	28,315,000	2,375,011,808	1.19%	29,998
2012	26,475,000	2,367,494,975	1.12%	32,072
2013	24,550,000	2,363,922,670	1.04%	32,747
2014	22,525,000	2,323,833,066	0.97%	N/A
2015	20,395,000	2,449,431,676	0.83%	N/A

(1) Source: <http://www.sbcounty.gov/ATC/Services/Documents?expandID=10#xpan-10>

(2) Source: <http://www.bea.gov/itable/iTable.cfm?ReqID=70&step=1#reqid=70&step=1&isuri=1>

Bureau of Economic Analysis: Regional Economic Accounts for San Bernardino County. Bureau of Economic Analysis is an agency of the U.S. Department of Commerce. Statistics are available through 2013.

N/A - Statistical information was not available for the specified time periods.

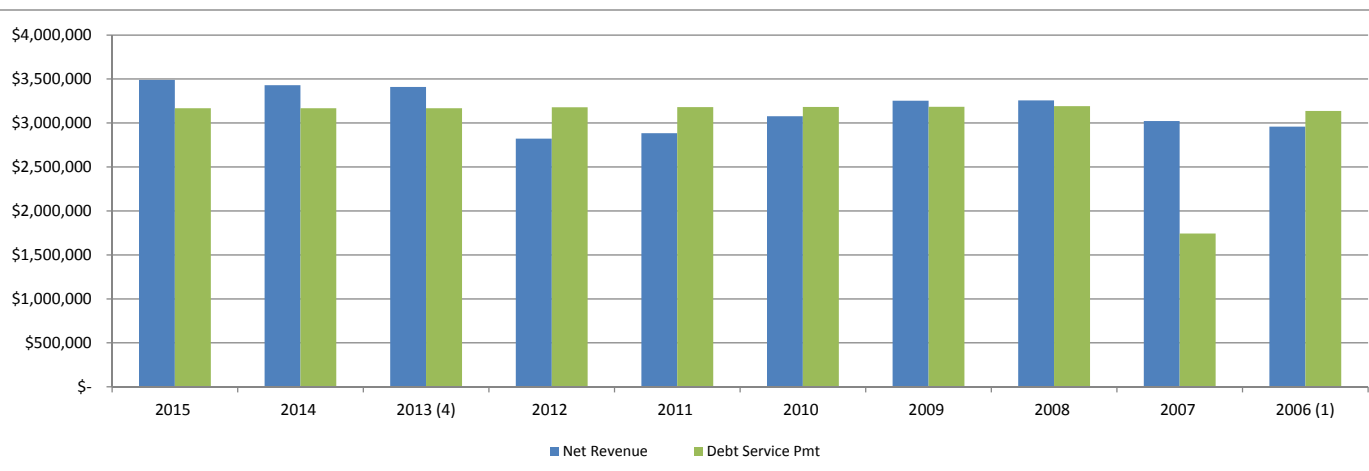
**Mojave Water Agency
Legal Debt Margin Information
Last Ten Fiscal Years**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total Assessed Value of Taxable Property	\$ 2,449,431,676	\$ 2,323,833,066	\$ 2,363,922,670	2,367,494,975	2,375,011,808	2,550,749,524	2,775,758,480	2,579,457,175	2,242,279,274	1,808,554,207
Debt Limit (10% of total assessed value)	244,943,168	232,383,307	236,392,267	236,749,498	237,501,181	255,074,952	277,575,848	257,945,718	224,227,927	180,855,421
Debt Applicable to limit:										
General Obligation Bonds	20,395,000	22,525,000	24,550,000	26,475,000	28,315,000	30,065,000	31,730,000	33,315,000	34,825,000	42,270,000
Less: Amount set aside for repayment of general obligation debt	3,167,500	3,168,125	3,168,542	3,179,083	3,180,333	3,182,125	3,184,708	3,191,195	1,743,950	3,136,647
Total Net Debt applicable to the limit	23,562,500	25,693,125	27,718,542	29,654,083	31,495,333	33,247,125	34,914,708	36,506,195	36,568,950	45,406,647
Legal Debt Margin	\$ 268,505,668	\$ 258,076,432	\$ 264,110,809	266,403,581	268,996,514	288,322,077	312,490,556	294,451,913	260,796,877	226,262,068
Total Net Debt applicable to the limit as a percentage of debt limit	9.62%	11.06%	11.73%	12.53%	13.26%	13.03%	12.58%	14.15%	16.31%	25.11%

Mojave Water Agency Pledged Revenue Coverage Last Ten Fiscal Years

General Obligation Bonds - IDM

Fiscal Year Ending June 30,	Special Assessment Collections						Debt Service			
	IDM Taxes		D/S Support		Total Collections	Principal	Interest	Total Pmt		
			(1)							
2006 ⁽³⁾			1,927,244	803,375	2,730,619	1,460,000	1,676,647	3,136,647		
2007			2,170,103	812,689	2,982,792	-	1,743,950	1,743,950		
2008			2,418,729	792,562	3,211,291	1,510,000	1,681,195	3,191,195		
2009			2,431,255	813,313	3,244,568	1,585,000	1,599,708	3,184,708		
2010			2,215,390	813,938	3,029,328	1,665,000	1,517,125	3,182,125		
2011			2,052,355	812,188	2,864,543	1,750,000	1,430,333	3,180,333		
2012			2,005,314	813,126	2,818,440	1,840,000	1,339,083	3,179,083		
2013			2,592,790	814,064	3,406,854	1,925,000	1,243,542	3,168,542		
2014			2,612,182	813,688	3,425,870	2,025,000	1,143,125	3,168,125		
2015			2,673,773	813,250	3,487,023	2,130,000	1,037,500	3,167,500		
	2015	2014	2013⁽⁴⁾	2012	2011	2010	2009	2008	2007	2006⁽¹⁾
Revenues:										
Tax Assessments	\$ 2,673,773	\$ 2,612,182	\$ 2,592,790	2,005,314	2,052,355	2,215,390	2,431,255	2,418,729	2,170,103	1,927,244
Debt Service Support ⁽²⁾	813,250	813,688	814,064	813,126	812,188	813,938	813,313	792,562	812,689	803,375
Interest	2,169	4,239	2,061	3,806	19,926	46,769	8,192	45,192	38,833	227,562
Total Revenue	\$ 3,489,192	\$ 3,430,109	\$ 3,408,915	2,822,246	2,884,469	3,076,097	3,252,760	3,256,483	3,021,624	2,958,181
Debt Service	\$ 3,167,500	\$ 3,168,125	\$ 3,168,542	3,179,083	3,180,333	3,182,125	3,184,708	3,191,195	1,743,950	3,136,647
Coverage Ratio	1.10	1.08	1.08	0.89	0.91	0.97	1.02	1.02	1.73	0.94
Revenues Remaining After Debt Service Payment ⁽³⁾	\$ 321,692	\$ 261,984	\$ 240,374	(356,837)	(295,865)	(106,028)	68,051	65,287	1,277,675	(178,467)



(1) Refunding FY 2006.

(2) Project Participants pay 25% of annual Debt Service. Project Participants include High Desert Water District, Joshua Basin Water District, Bighorn Desert View Water Agency, County of San Bernardino, and Mojave Water Agency.

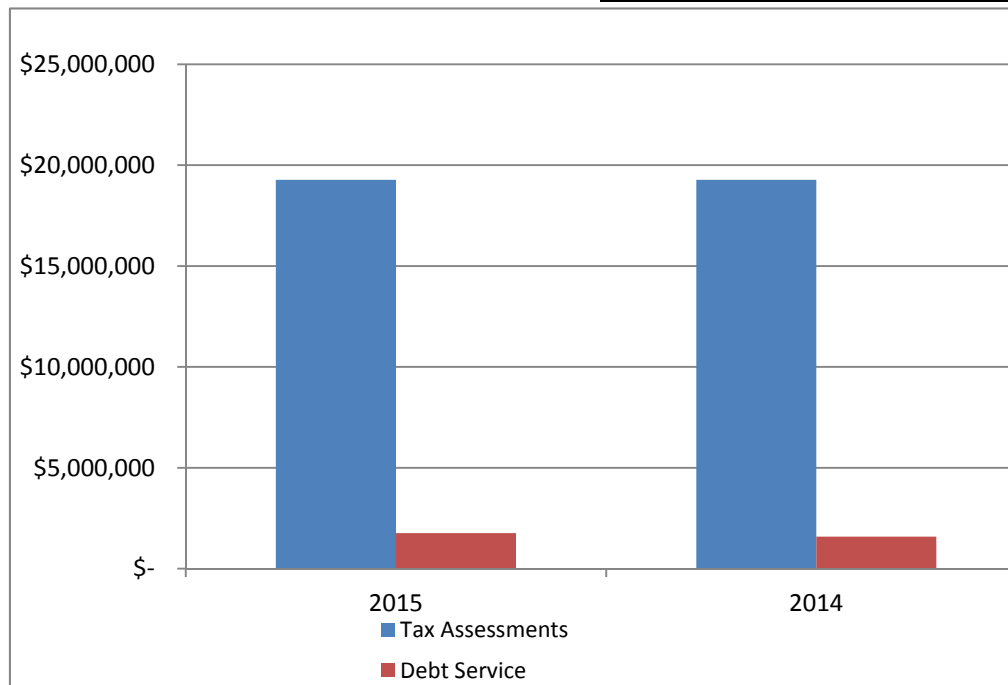
(3) Overcollection in prior years created a buildup in reserves, which were used to supplement during years of undercollection.

(4) Tax rate increased in 2013.

**Mojave Water Agency
Pledged Revenue Coverage, continued
Last Ten Fiscal Years**

Refunding Revenue Bonds Series 2014A

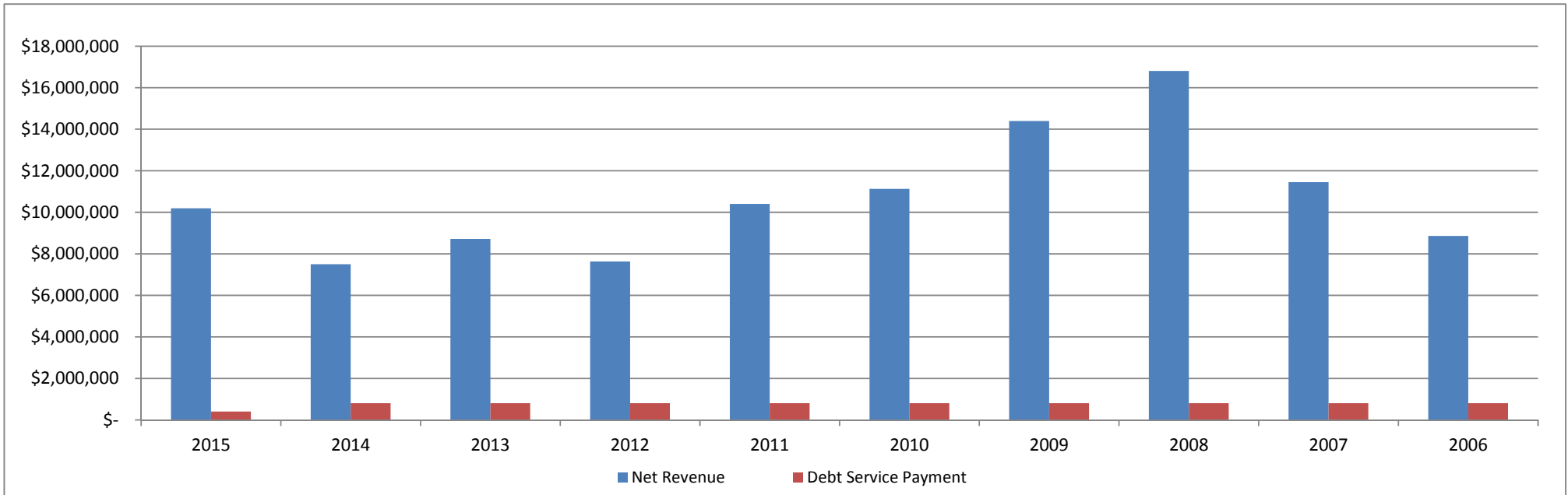
	2015	2014
Revenues:		
Tax Assessments ⁽¹⁾	\$ 19,271,169	\$ 19,271,169
Interest	23,991	26,343
Total Revenue	<u>\$ 19,295,160</u>	<u>\$ 19,297,512</u>
Debt Service	<u>\$ 1,769,050</u>	<u>\$ 1,595,292</u>
Coverage Ratio	10.91	12.10
Revenues Remaining After Debt Service Payment	<u><u>\$ 17,526,110</u></u>	<u><u>\$ 17,702,220</u></u>



Mojave Water Agency
Pledged Revenue Coverage, continued
Last Ten Fiscal Years

DWR Debt Service - Loans

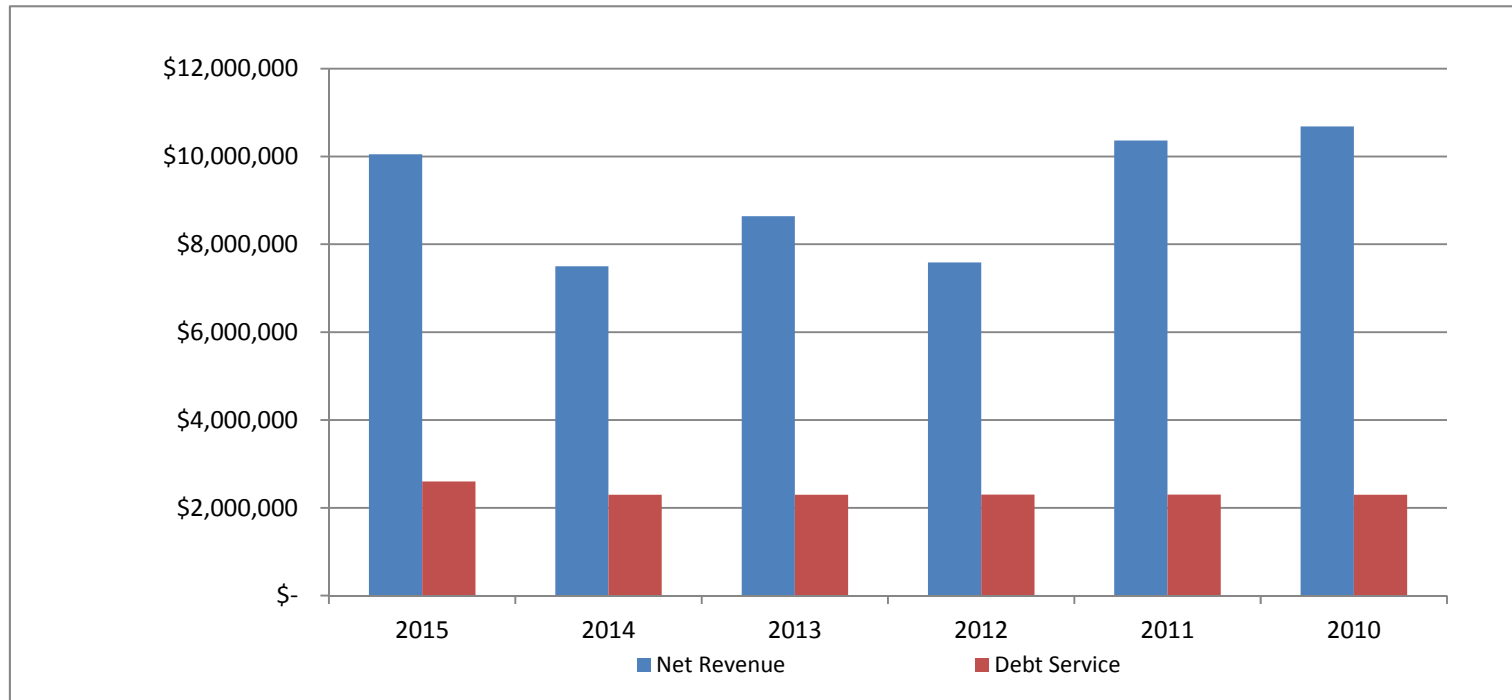
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Revenues:										
Water Sales	\$ 6,414,830	\$ 4,347,448	\$ 5,594,269	4,550,037	7,593,587	7,485,689	8,643,681	10,882,901	6,746,363	6,033,033
General Tax Assessments	1,434,585	1,462,281	1,396,438	1,446,160	1,390,223	1,481,566	1,723,935	1,642,613	1,400,910	436,088
Unitary Tax Assessments (1)	2,165,047	1,644,367	1,644,762	1,555,426	1,314,348	1,678,049	2,633,850	2,266,846	2,207,605	1,727,932
Interest	176,010	46,530	81,638	78,276	104,156	486,956	1,395,642	2,013,411	1,098,790	662,553
Total Revenue	\$ 10,190,472	\$ 7,500,625	\$ 8,717,108	7,629,899	10,402,314	11,132,260	14,397,107	16,805,771	11,453,668	8,859,607
Debt Service	\$ 403,537	\$ 807,365	\$ 807,365	807,365	807,365	807,365	807,365	808,224	807,365	807,163
Coverage Ratio	25.25	9.29	10.80	9.45	12.88	13.79	17.83	20.79	14.19	10.98
Revenues Remaining After Debt Service Payment	\$ 9,786,935	\$ 6,693,261	\$ 7,909,743	6,822,534	9,594,949	10,324,895	13,589,743	15,997,548	10,646,303	8,052,444



**Mojave Water Agency
Pledged Revenue Coverage, continued
Last Ten Fiscal Years**

2009A Certificate of Participation - Table A Water

	2015	2014	2013	2012	2011	2010
Revenues:						
Water Sales	\$ 6,414,830	\$ 4,347,448	\$ 5,594,269	4,550,037	7,593,587	7,485,689
General Tax Assessments	1,434,585	1,462,281	1,396,438	1,446,160	1,390,223	1,481,566
Unitary Tax Assessments	2,165,047	1,644,367	1,644,762	1,555,426	1,314,348	1,678,049
Interest	35,693	43,817	5,410	34,807	65,527	38,643
Total Revenue	<u>\$ 10,050,155</u>	<u>\$ 7,497,912</u>	<u>\$ 8,640,880</u>	<u>7,586,430</u>	<u>10,363,685</u>	<u>10,683,947</u>
Debt Service	<u>\$ 2,598,650</u>	<u>\$ 2,297,750</u>	<u>\$ 2,296,400</u>	<u>2,299,750</u>	<u>2,298,450</u>	<u>2,297,590</u>
Coverage Ratio	3.87	3.26	3.76	3.30	4.51	4.65
Revenues Remaining After Debt Service Payment	<u>\$ 7,451,505</u>	<u>\$ 5,200,162</u>	<u>\$ 6,344,480</u>	<u>5,286,680</u>	<u>8,065,235</u>	<u>8,386,356</u>



**Mojave Water Agency
Demographic and Economic Statistics
Last Ten Fiscal Years**

Year	County of San Bernardino					
	Population(1)	Personal Income (1)	Per Capita Personal Income(1)	Median Age(2)	School Enrollment (K-12) (3)	Unemployment Rate (4)
2006	1,974,140	56,475,057	28,607	30.3	426,080	4.8
2007	1,992,161	59,296,141	29,765	30.2	426,168	5.6
2008	2,003,735	60,552,997	30,220	30.5	426,779	8.6
2009	2,013,960	58,549,659	29,072	30.9	419,074	14.1
2010	2,042,027	60,463,094	29,609	31.8	417,061	14.2
2011	2,065,377	61,957,654	29,998	31.7	417,023	14.1
2012	2,081,313	66,751,565	32,072	31.7	414,260	11.8
2013	2,088,371	68,387,465	32,747	31.9	412,155	9.9
2014	N/A	N/A	N/A	N/A	411,574	8.3
2015	N/A	N/A	N/A	N/A	410,760	* 6.5

(1) Source: <http://www.bea.gov/itable/iTable.cfm?ReqID=70&step=1#reqid=70&step=1&isuri=1>

Bureau of Economic Analysis: Regional Economic Accounts for San Bernardino County. Bureau of Economic Analysis is an agency of the U.S. Department of Commerce. Statistics are available through 2013.

(2) Source: http://factfinder.census.gov/servlet/STTable?_bm=y&-context=st&-qr_name=ACS_2006_EST_G00_S0101&-ds_name=ACS_2006_EST_G00_&-tree_id=306&-redoLog=true&-caller=geoselect&-geo_id=05000US06071&-format=&-lang=en

U.S. Census Bureau information is updated through 2013.

(3) Source: www.dof.ca.gov/html/DEMOGRAP/ReportsPapers/Projections/Enrollment/K12-05/K12EnrlmntPrjctns2007.php

California Department of Finance Demographic Research Unit October 2007 Excludes CYA and special school

(4) Source: <http://www.labormarketinfo.edd.ca.gov/cgi/databrowsing/localAreaProfileQSResults.asp?selectedarea=San+Bernardino+County&selectedindex=36&menuChoice=localAreaPro&state=true&geogArea=0604000071&countyName=>

Employment Development Department, Labor Market Information Division.

2012 is the rate at 08/31/12.

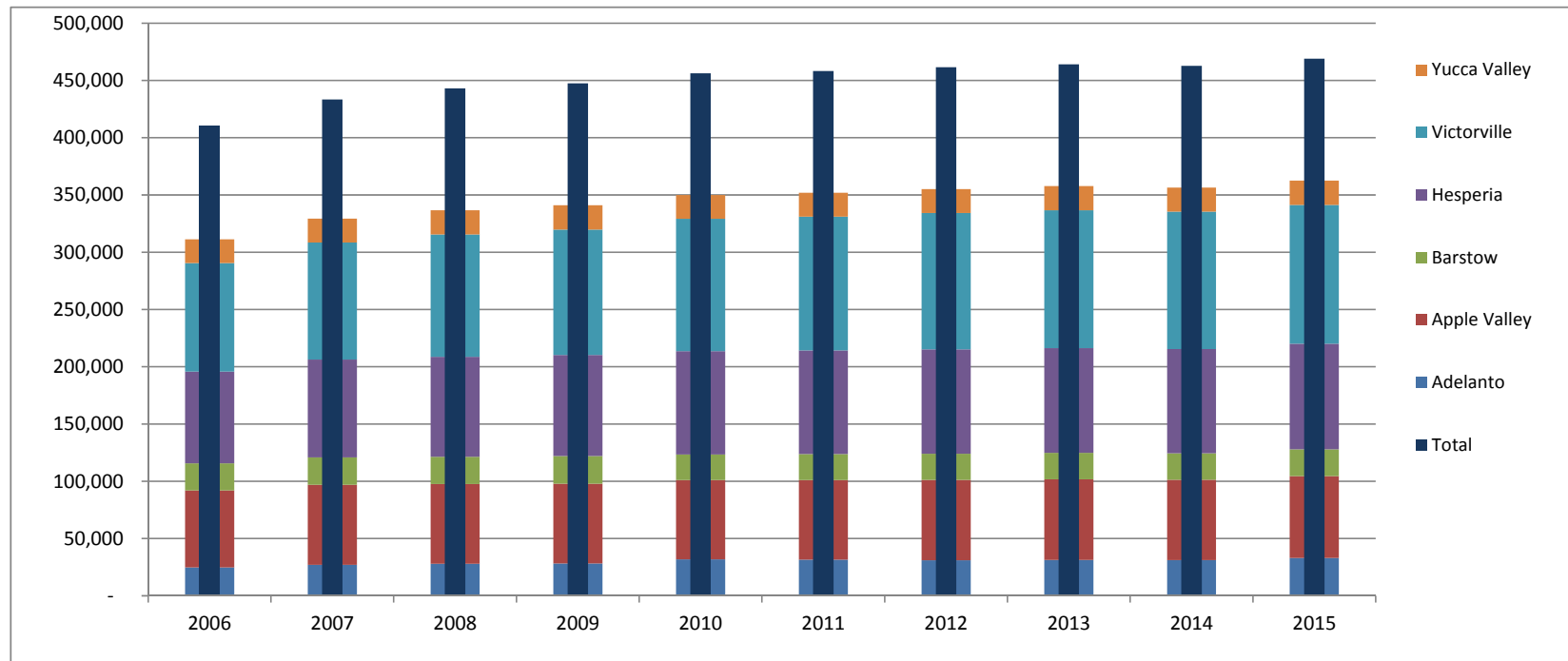
2015 is the Preliminary rate at 06/30/15.

N/A Information not available for specific date range.

* 2014-2015 School enrollment data is projected.

**Mojave Water Agency
Demographic and Economic Statistics, continued
Last Ten Fiscal Years**

Population by City (1)								
YEAR	Adelanto	Apple Valley	Barstow	Hesperia	Victorville	Yucca Valley	Unincorporated	TOTAL
2006	24,801	67,291	23,648	80,000	94,853	20,740	99,585	410,918
2007	27,019	69,975	23,833	85,472	102,093	20,949	104,055	433,396
2008	28,012	69,654	23,806	87,260	106,765	21,136	106,367	443,000
2009	28,265	69,681	24,213	88,184	109,441	21,239	106,367 (2)	447,390
2010	31,875	69,100	22,422	90,139	115,695	20,686	106,367 (2)	456,284
2011	31,615	69,431	22,764	90,420	116,857	20,764	106,367 (2)	458,218
2012	31,066	70,033	23,019	91,033	119,059	20,916	106,367 (2)	461,493
2013	31,289	70,436	23,168	91,400	120,368	21,030	106,367 (2)	464,058
2014	31,172	70,173	23,082	91,057	119,937	20,952	106,367 (2)	462,740
2015	33,084	71,396	23,407	92,177	121,168	21,355	106,367 (2)	468,954



**Mojave Water Agency
Principal Employers
Fiscal Year 2014**

Town of Apple Valley

Employer	Employees	Rank	Percentage of Total Employed
Apple Valley School District	1,800	1	7.66%
St. Mary Regional Medical Center	1,700	2	7.23%
Wal-Mart Distribution Center	1,001	3	4.26%
Target Stores, Inc.	300	4	1.28%
Town of Apple Valley	196	5	0.83%
Total Employed in Apple Valley*	23,499		

City of Victorville

Employer	Employees	Rank	Percentage of Total Employed
Southern California Logistics Airport	2,000	1	7.49%
The Mall of Victor Valley	1,100	2	4.12%
Victor Valley Union High School District	1,000	3	3.75%
Desert Valley Hospital/Medical Group	950	4	3.56%
Victor Valley Elementary School District	948	5	3.55%
Total Employed in the City of Victorville*	26,700		

City of Hesperia

Employer	Employees	Rank	Percentage of Total Employed
Hesperia Unified School District	1,956	1	7.27%
County of San Bernardino	365	2	1.36%
Stater Bros.	361	3	1.34%
Super Target	250	4	0.93%
City of Hesperia	200	5	0.74%
Total Employed in the City of Hesperia*	26,900		

* Source

<http://www.labormarketinfo.edd.ca.gov/cgi/databrowsing/localAreaProfileQSResults.asp?menuChoice=localAreaPro&state=true&geogArea=0604000071&selectedArea=San%20Bernardino%20County>

(1) Source

http://www.applevalley.org/pgs/market_profile.asp

(2) Source

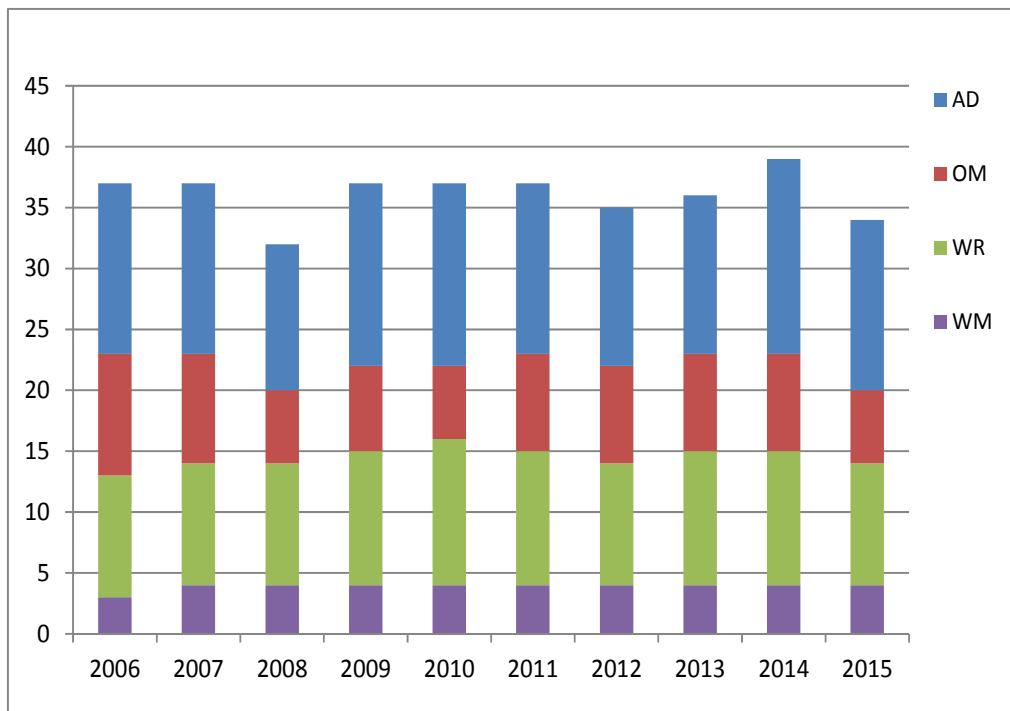
<http://www.cityofhesperia.us>

(3) Source

<http://www.victorvillecity.com/>

**Mojave Water Agency
Full-Time Employees
Last Ten Fiscal Years**

Fiscal Year Ending	Administration⁽²⁾	Operations and Maintenance	Water Resources	Watermaster	Total⁽¹⁾
2006	14	10	10	3	37
2007	14	9	10	4	37
2008	12	6	10	4	32
2009	15	7	11	4	37
2010	15	6	12	4	37
2011	14	8	11	4	37
2012	13	8	10	4	35
2013	13	8	11	4	36
2014	16	8	11	4	39
2015	14	6	10	4	34



(1) Represents actual filled positions, not budgeted or approved.

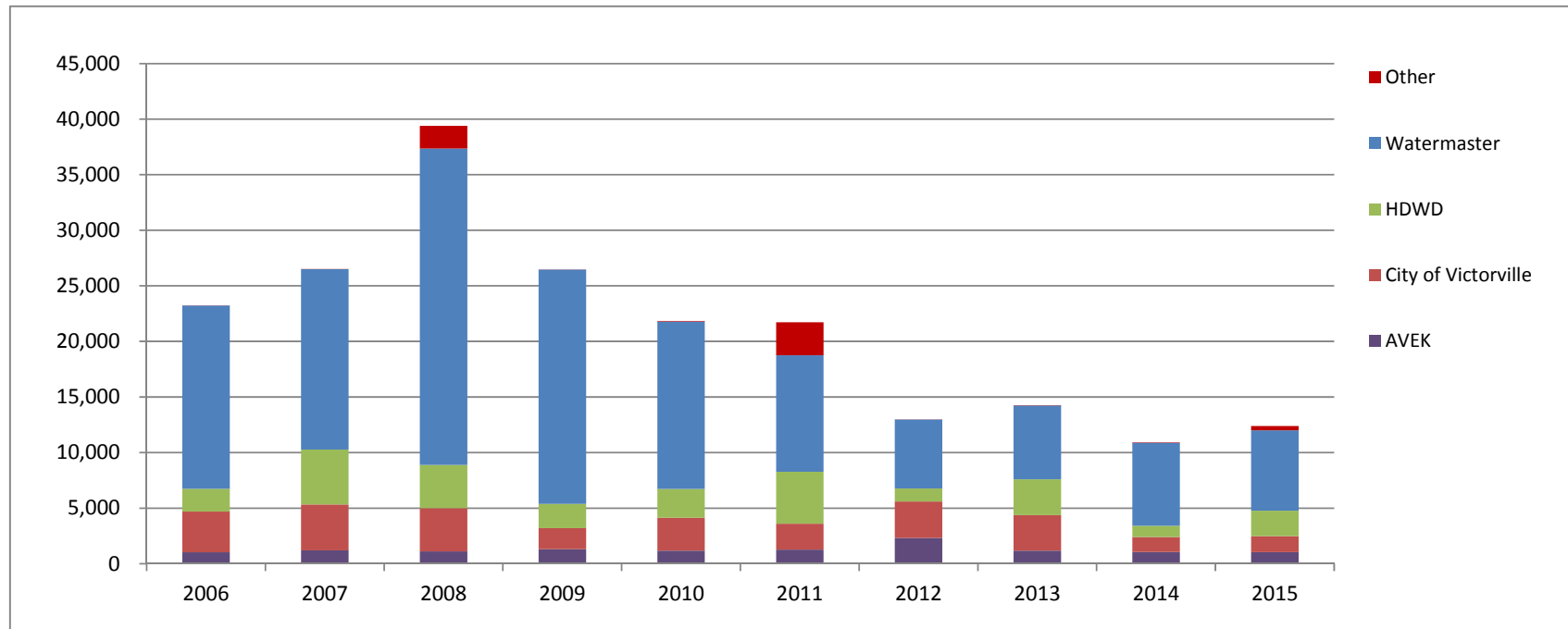
(2) Administration / Information Technology / Engineering / Public Information

**Mojave Water Agency
Acre Feet of Water Sold
Last Ten Fiscal Years**

Mojave Water Agency Acre-Feet of Water Sold

State Water Project Allocations⁽¹⁾

Fiscal Year Ending	AVEK	City of Victorville	HDWD	Watermaster	Other	Total⁽²⁾	Table A Amount	%	Acre Feet Allocated	SWP Deliveries
2006	1,022	3,679	2,033	16,503	11	23,248	75,800	100%	75,800	32,496
2007	1,203	4,120	4,957	16,227	10	26,517	75,800	60%	45,480	19,372
2008	1,107	3,889	3,899	28,453	2,051	39,399	75,800	35%	26,530	17,793
2009	1,314	1,886	2,181	21,075	14	26,470	75,800	40%	30,320	13,492
2010	1,171	2,954	2,606	15,056	57	21,844	82,800	50%	41,400	18,979
2011	1,268	2,332	4,668	10,491	2,964	21,723	82,800	80%	66,240	38,286
2012	2,320	3,277	1,183	6,192	9	12,981	82,800	65%	53,820	51,065
2013	1,175	3,206	3,214	6,642	32	14,269	82,800	35%	28,980	22,748
2014	1,062	1,337	1,011	7,472	31	10,913	82,800	5%	4,140	3,611
2015	1,042	1,448	2,277	7,244	372	12,383	85,800	20%	17,160	N/A ⁽¹⁾



(1) State Water Project Allocations are based on calendar year and the final deliveries for 2015 have yet to be determined.

(2) The amounts differ from the 2015 OS due to the Watermaster sales being recorded on a cash basis rather than accrual.

**Mojave Water Agency
Capital Asset Statistics
Last Ten Fiscal Years**

Function	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Trans/ Distr Facility	\$ 192,540,759	\$ 192,540,769	\$ 191,434,934	139,386,544	138,927,935	138,866,044	138,534,539	138,534,539	138,340,815	133,368,879
Monitoring Wells	20,190,868	20,190,868	20,190,868	4,615,017	3,607,182	2,222,185	2,222,182	2,222,182	1,180,215	1,180,215
Trucks & Autos	680,978	777,047	874,720	848,025	809,705	739,015	587,321	587,321	561,052	549,306
Furniture & Fixtures	-	-	8,631	10,653	10,653	274,614	274,614	270,905	270,905	284,397
Equipment	404,562	343,090	173,879	578,727	578,727	805,511	805,511	678,090	642,130	613,659
Computer Hardware	2,286,571	2,306,573	2,659,592	2,752,292	2,301,939	3,073,882	3,011,475	2,665,216	2,438,122	1,793,657
Building	16,409,075	16,409,075	12,857,220	12,507,424	12,181,131	1,821,395	1,810,925	1,729,065	1,704,156	1,695,877
Leasehold Improvements	-	-	-	42,197	42,197	42,197	42,197	42,197	42,197	42,197
Total	\$ 232,512,813	\$ 232,567,422	\$ 228,199,844	160,740,879	158,459,469	147,844,843	147,288,764	146,729,516	145,179,593	139,528,188

Report on Internal Controls and Compliance



Charles Z. Fedak, CPA, MBA
Christopher J. Brown, CPA, CGMA
Jonathan P. Abadesco, CPA

Fedak & Brown LLP

Certified Public Accountants

Cypress Office:
6081 Orange Avenue
Cypress, California 90630
(657) 214-2307
FAX (714) 527-9154

Riverside Office:
4204 Riverwalk Pkwy. Ste. 390
Riverside, California 92505
(951) 977-9888

Independent Auditor's Report on Internal Controls Over Financial Reporting and on Compliance and Other Matters Based on an Audits of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Mojave Water Agency
Apple Valley, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Mojave Water Agency (Agency) as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprises the Agency's basic financial statements, and have issued our report thereon dated November 18, 2015.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audits of Financial Statements
Performed in Accordance with *Government Auditing Standards*, continued**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fedak & Brown LLP

Fedak & Brown LLP
Cypress, California
November 18, 2015