



MesaWater
DISTRICT®

OPERATING BUDGET

FISCAL YEAR 2020

Mesa Water District | Costa Mesa, California

MesaWater.org

Dedicated to Satisfying our Community's Water Needs



ADOPTED BUDGET FISCAL YEAR 2020

Dedicated to Satisfying our Community's Water Needs

1965 Placentia Avenue, Costa Mesa, CA 92627
MesaWater.org 💧 949.631.1200



MESA WATER'S VISION:

To be a top performing public water agency



MESA WATER'S MISSION:

Dedicated to Satisfying our Community's Water Needs



Mesa Water's Seven Strategic Goals:

Provide a safe, abundant, and reliable water supply.

Practice perpetual infrastructure renewal and improvement.

Be financially responsible and transparent.

Increase public awareness about Mesa Water and about water.

Attract and retain skilled employees.

Provide outstanding customer service.

Actively participate in regional water issues.



*Dedicated to
Satisfying our Community's
Water Needs*

BOARD OF DIRECTORS

Shawn Dewane
*President
Division V*

Marice H. DePasquale
*Vice President
Division III*

Jim Atkinson
*Director
Division IV*

Fred R. Bockmiller, P.E.
*Director
Division I*

James R. Fisler
*Director
Division II*

Paul E. Shoenberger, P.E.
General Manager

Denise Garcia
District Secretary

Marwan Khalifa, CPA, MBA
District Treasurer

**Atkinson, Andelson,
Loya, Ruud & Romo**
Legal Counsel

1965 Placentia Avenue
Costa Mesa, CA 92627
tel 949.631.1200
fax 949.574.1036
info@MesaWater.org
MesaWater.org

May 28, 2019

On behalf of the Mesa Water District Board of Directors (Board), I am pleased to present the approved budget for Fiscal Year (FY) 2020.

Mesa Water District (Mesa Water®) expects operating revenues of \$41.1 million with \$27.8 million in operating expenses.

Local groundwater is Mesa Water's best source of water, as it is high quality and lower in cost than water imported from the Colorado River and Northern California. The District's Mesa Water Reliability Facility (MWRF), completed in FY 2013, achieves the District's long-standing goal of serving 100 percent local, reliable supplies to its customers. In FY 2020, the MWRF is expected to supply 4,087 acre feet of water, or 23 percent of the District's potable water service. Local groundwater supplies, when compared with imported water, have lower energy costs and a reduced carbon footprint.

Although Mesa Water did not budget imported water in FY 2020, the District incurs fixed costs for imported water, which serves as Mesa Water's emergency back-up supply and allows for the District's participation in the Coastal Pumping Transfer Program. Furthermore, Orange County Water District (OCWD), the agency that manages the Orange County groundwater basin, is increasing the basin replenishment cost by \$25 per acre foot, or 5.4 percent. It is anticipated that OCWD's rates will continue to increase annually over the next several years.

In FY 2020, Mesa Water continues its focus on essential services and improvements that will provide efficiency and productivity gains. Accordingly, planned capital expenditures are \$6.3 million, and financial obligations for payment of principal and interest on debt are \$4.1 million. To further enhance our ability to rely upon locally sourced groundwater, two new well sites have been acquired and the well design is expected to be completed in FY 2020. Mesa Water's outreach programs encourage our customers to practice water use efficiency.

Budget decisions are based on detailed analysis of the District's management, technology, and operational practices. Mesa Water periodically benchmarks its performance compared to other agencies to ensure that customers receive full value for the rates charged, and based on expenditures per capita, Mesa Water remains the most efficient water agency in Orange County.

In November 2017, Mesa Water conducted a public hearing and notification process to adopt a five-year rate adjustment. The second and third year rates and fees are scheduled in FY 2020, ensuring that Mesa Water continues to provide high-quality water to its customers, practices orderly capital infrastructure replacement, and continually improves its technological and operational efficiency.

Sincerely,

Shawn Dewane
Mesa Water Board President

Date: May 28, 2019

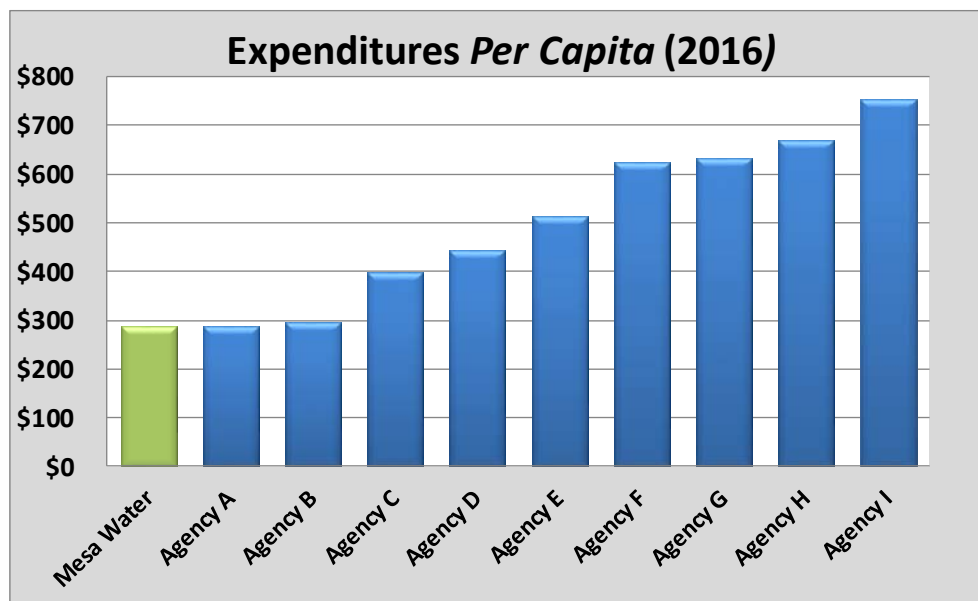
To: Mesa Water District Board of Directors

FISCAL YEAR 2020 BUDGET MESSAGE

I am pleased to present the Fiscal Year (FY) 2020 budget for Mesa Water District (Mesa Water®), beginning July 1, 2019 and ending June 30, 2020.

I would like to express my appreciation to the members of the Board of Directors (Board) for your confidence in Mesa Water's management team as well as your review, advice, suggestions, and policy direction during the budgeting process. This document reflects the time you spent considering and analyzing the District's financial well-being and role in this community. I would also like to thank staff for their contributions and participation in the development of the FY 2020 Budget.

Mesa Water's mission is "Dedicated to Satisfying our Community's Water Needs," and its strategic plan fulfills the District's mission through seven equal and important strategic goals. Mesa Water provides safe, high-quality water that meets or surpasses all Federal and State drinking water standards. The enhanced Mesa Water Reliability Facility (MWRF) allows the District to provide a 100 percent local and reliable, high-quality, and cost-effective water supply for our service area for decades to come. Furthermore, Mesa Water is the most cost efficient water agency in Orange County with the lowest annual *per capita* expenditures at \$288 *per capita* / year (Orange County industry range is \$288 to \$755 *per capita* / year).



Mesa Water District
Fiscal Year 2020 Budget

Organizational Priorities

In 2009, Mesa Water's Board adopted a long-range financial plan and multi-year rate increases. In addition, the Board set a credit worthiness goal as defined by Fitch, Standard & Poor's and other credible rating agencies. The goal was to improve Mesa Water's AA credit rating to a strong AAA in seven years. The Board adopted additional financial goals to further measure the District's credit-worthiness at the end of each fiscal year by using the Days Cash Ratio and Cash on Hand metrics. The Days Cash Ratio is defined as total cash available divided by Operating Expenses per days and is a measurement of an agency's ability to meet known and unanticipated expenses. At that time, the Board established a Days Cash Ratio goal of 600 days and Cash on Hand goal of \$39.7 million by the end of FY 2020. In November 2017, the Board updated the long-term financial plan and adopted multi-year rate increases from FY 2018 to FY 2022.

The FY 2020 Budget is lower than the FY 2020 Days Cash Ratio goal of 600 days and the Cash on Hand goal of \$39.7 million, with a budgeted Days Cash Ratio of 499 days and a budgeted Cash on Hand amount of \$37.2 million. This is due to a variety of reasons, including (1) increased clear and recycled water costs, (2) an increase in the replenishment assessment for potable water in excess of 5 percent, (3) the acquisition and design of two new wells, (4) overall higher capital expenditures than originally planned, and (5) business process improvements along with enhancements to Great Plains and Cogsdale.

With Mesa Water's last debt issuance in June 2017, the Fitch agency issued a AAA credit rating. For this same debt issuance, Standard & Poor's issued a AA+ rating. Subsequently, in the fall of 2013 Standard & Poor's issued an updated AAA rating for the 2010 debt issuance. Mesa Water is continuing to work towards obtaining a strong AAA credit rating from all rating agencies.

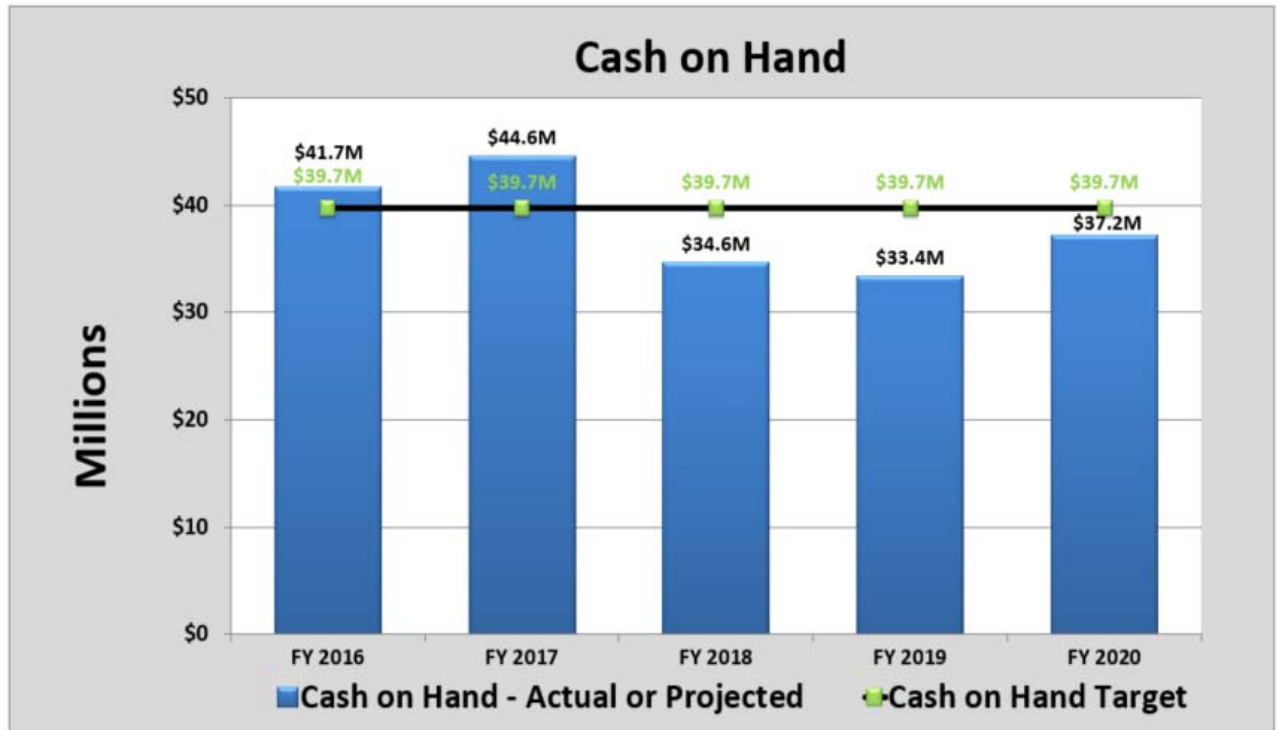
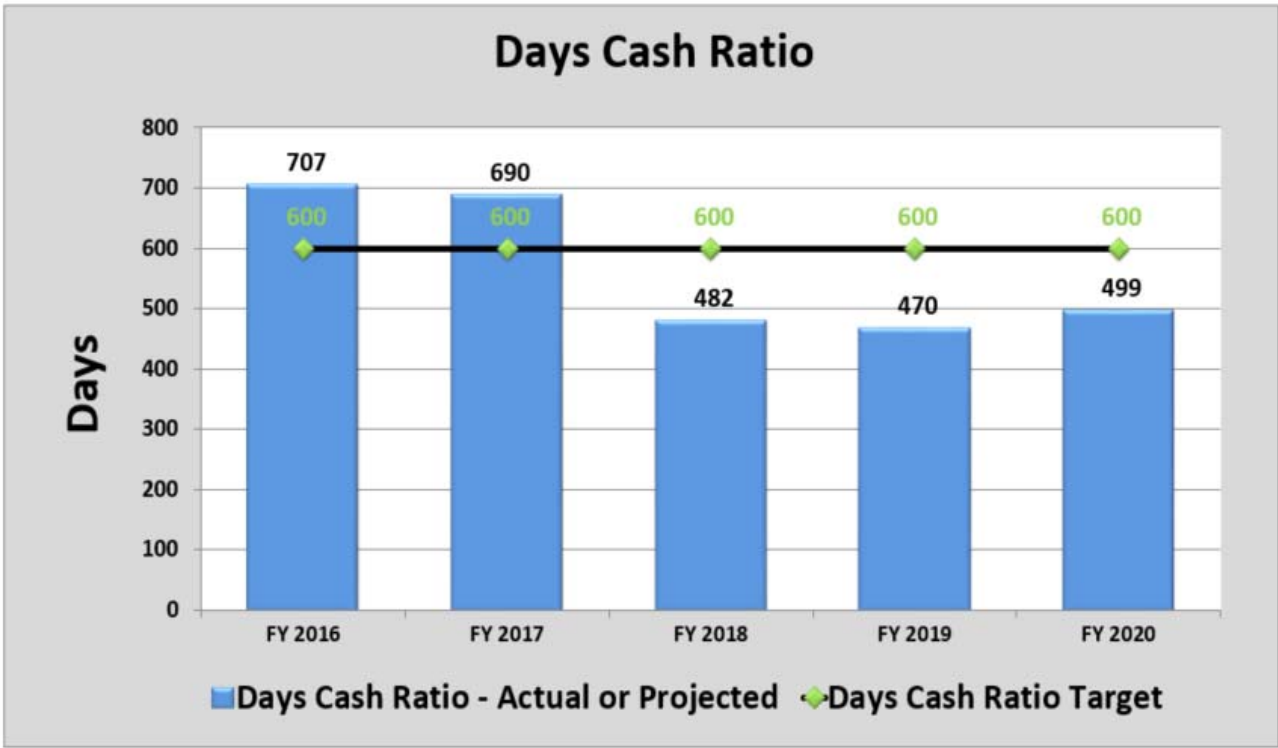
Although the Days Cash Ratio will be lower than the Board's goal, the District does not anticipate any change in its AAA rating from either Fitch or Standard & Poor's (S&P). Since the 2013 update of the long-range financial plan and the related rate increases, the mix and rating criteria by both rating agencies have continued to evolve. Although days cash is an important metric, it is only one of several economic, financial, operational, management, and debt factors used to determine an overall rating.

To qualify for Fitch's highest rating, one year's cash (365 days) would most likely be required. S&P's criteria for days cash also considers actual cash (balance). An overall range of 400-500 days cash, along with our other rating factors should maintain our AAA rating with both rating agencies.

Additionally, an important debt factor is debt service coverage. Fitch awards its highest score for coverage of 2.0 or greater, while S&P awards its highest score at 1.6 or above. The District anticipates that its debt service coverage ratio will remain above 2.0.

As the FY 2020 budget is lower than established Days Cash Ratio and Cash on Hand goals, Mesa Water will continue to allocate Designated Reserves (Funds) in FY 2020 in accordance with Board policy.

Mesa Water District
Fiscal Year 2020 Budget



Mesa Water District
Fiscal Year 2020 Budget

Mesa Water's Strategic Plan

The following seven goals are reflected in the FY 2020 budget:

1. Provide a safe, abundant, and reliable water supply.
2. Practice perpetual infrastructure renewal and improvement.
3. Be financially responsible and transparent.
4. Increase public awareness about Mesa Water and about water.
5. Attract and retain skilled employees.
6. Provide outstanding customer service.
7. Actively participate in regional water issues.

Revenues

While the state of California's drought is officially over, water efficiency efforts continue by our customers. Mesa Water's proposed budget contains moderate amount in FY 2020 of Basin Managed Water (Coastal Pumping Transfer Program (CPTP)).

Mesa Water has budgeted 17,748 acre feet of potable water production and 1,206 acre feet of recycled water (total of 18,954 acre feet) for FY 2020, compared to 17,660 acre feet of potable water sales and 1,200 acre feet of recycled water (total of 18,660 acre feet) budgeted for FY 2019. This includes 2000 acre feet of CPTP water and no imported water.

Changes by major category of Operating Revenues are summarized below:

	FY 2019 Budget	FY 2020 Budget	% Change
Operating Revenues:			
Water Consumption Sales	\$28,443,175	\$30,234,388	6.3%
Monthly Meter Service Charge	7,617,038	7,902,531	3.8%
Recycled Water Sales	1,351,231	1,428,901	5.8%
Concessions from Gov. Agencies	429,500	1,129,200	162.9%
Other Charges and Services	459,508	398,600	-13.26%
TOTAL OPERATING REVENUES	\$38,300,452	\$41,093,626	7.29%

Mesa Water's FY 2020 Operating Revenues are budgeted at \$41.1 million compared to \$38.3 million in the FY 2019 budget, a 7.3 percent increase. Additionally, the FY 2020 budget includes revenues based upon the second and third tiers of new rate increases in potable water consumption rates and monthly meter service charges from the multi-year rate schedule adopted in 2017 as detailed below:

Mesa Water District
Fiscal Year 2020 Budget

ADOPTED SCHEDULE OF RATE CHANGES

	1/1/2018	1/1/2019	1/1/2020	1/1/2021	1/1/2022
Per Unit * (CCF):					
	Usage Charge Rate				
Potable	\$3.86	\$4.06	\$4.27	\$4.49	\$4.72
Meter Size:					
	Bi-monthly Meter Basic Charge Rate				
5/8"	\$24.69	\$25.93	\$27.23	\$28.60	\$30.03

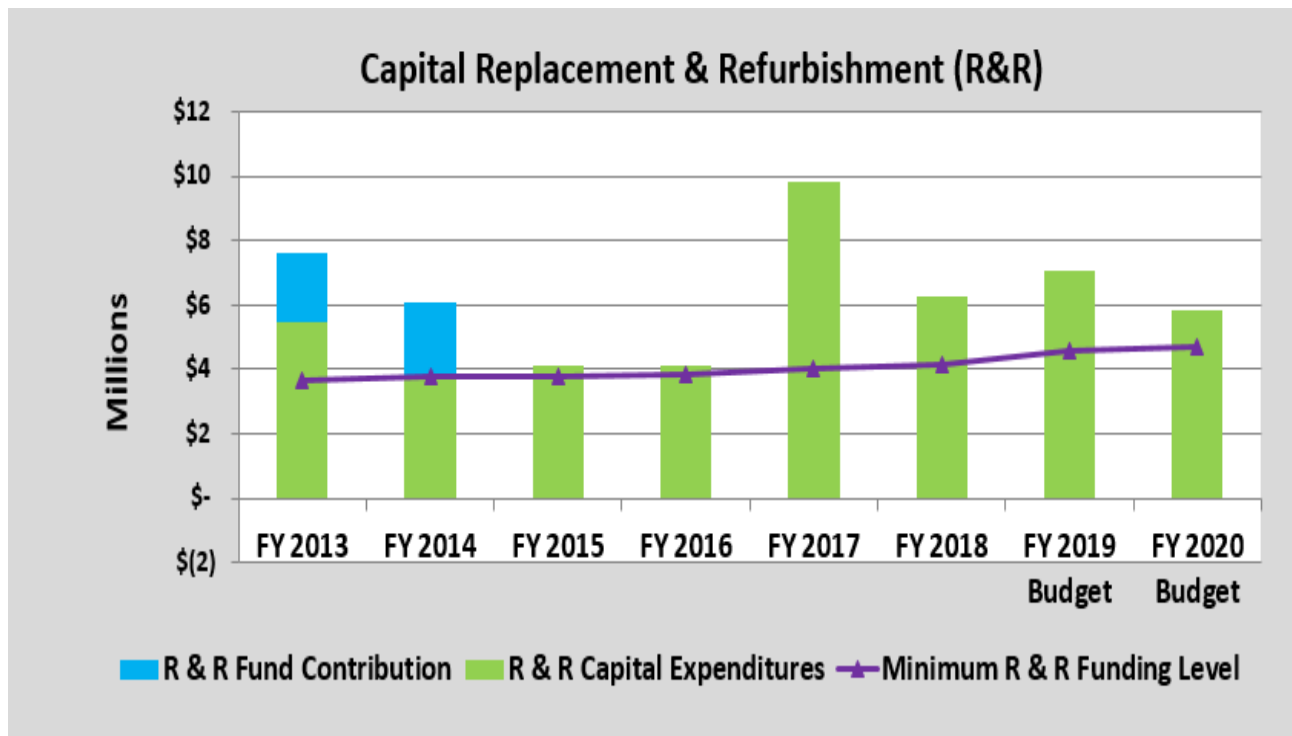
**One unit equals 100 cubic feet or 748 gallons.*

Due to development activity revenue remaining less stable and being influenced by general economic conditions, revenues related to development activity are budgeted based on an eight-year rolling historical average. Mesa Water expects this method to reduce volatility in budgeting development revenues.

Capital Projects

The FY 2020 capital budget includes expenditures of \$6.3 million representing a 31.7 percent decrease from the FY 2019 budget of \$8.0 million. Mesa Water's Strategic Goal #2 is, "Practice perpetual infrastructure renewal and improvement." The District has a "perpetual agency" philosophy, and has adopted a long-range plan to manage, maintain, and develop its infrastructure.

In 2020, Mesa Water will begin rehabilitation of the OC-44 pipeline. Also to further ensure the District's ability to rely solely upon locally sourced groundwater, the two new wells designs will be finalized. Funds will also be used for new pipelines and replacement of end-of-life pipelines, IT security, and scheduled annual replacements of hydrants, valves, and meters.



Mesa Water District
Fiscal Year 2020 Budget

Expenses

Included in the expense budget are several items which reflect the goals of Mesa Water's Strategic Plan:

1. In FY 2020, Mesa Water will continue maintaining and updating Mesa Water's Computerized Maintenance Management System (CMMS) and streamlining core business processes facilitated through the Business Process Evaluation Implementation. These projects contribute to Strategic Plan goal #3, "Be financially responsible and transparent."
2. During FY 2020, Mesa Water will continue conducting outreach to its key audiences, consisting of customers (ratepayers); community members (residents, organizations, and businesses); Federal, State, County, and City elected officials; industry colleagues at OC municipalities, water districts and special districts; media; and current and former Mesa Water® staff and Board members. This outreach includes facilitating clear, concise, and constant communications; producing publications about Mesa Water and water; and running Mesa Water's News Bureau and social media program. Mesa Water plans to conduct ongoing constituent relations activities such as its Speaker's Bureau program, Town Hall, and Well Wisher meetings, participating in community events and giving tours of the MWRf to provide ongoing information about capital improvements projects and the related benefits. Mesa Water will continue offering water education programs including its Water Issues Study Group (WISG), assemblies for 5th-grade students at schools in Mesa Water's service area, and promoting water stewardship and water use efficiency. These items contribute to the District's Strategic Plan goals #4, "Increase public awareness about Mesa Water and about water," and #6, "Provide outstanding customer service."
3. Lastly, the District will continue its government relations work including legislative affairs and advocacy activities for issues that may impact Mesa Water and its constituents. These items contribute primarily to the District's Strategic Plan goals #4, "Increase public awareness about Mesa Water and about water," and #7, "Actively participate in regional water issues," and secondarily to goals #3, "Be financially responsible and transparent," #5, "Attract and retain skilled employees," and #6, "Provide outstanding customer service."

Mesa Water's FY 2020 Operating Expenses are budgeted at \$27.8 million compared to \$26.5 million in the FY 2019 budget, an increase of 5 percent in Operating Expenses. Changes by major category of Operating Expenses are summarized below:

	FY 2019	FY 2020	% Change
Operating Revenues:			
Imported Sources of Supply	\$399,439	\$428,000	7.1%
Basin Managed Water	1,015,000	2,100,000	106.9%
Clear Water	7,032,248	6,871,455	-2.3%
Amber Water	3,632,752	3,131,338	-13.8%
Recycled Water	1,005,600	1,045,602	4.0%
Transmission and Distribution	4,906,170	5,431,780	10.7%
General and Administrative	8,463,549	8,776,635	3.7%
TOTAL OPERATING REVENUES	\$26,454,758	\$27,784,810	5.0%

Imported sources of supply expense increased due to the increased participation in the CPTP program.

Mesa Water District
Fiscal Year 2020 Budget

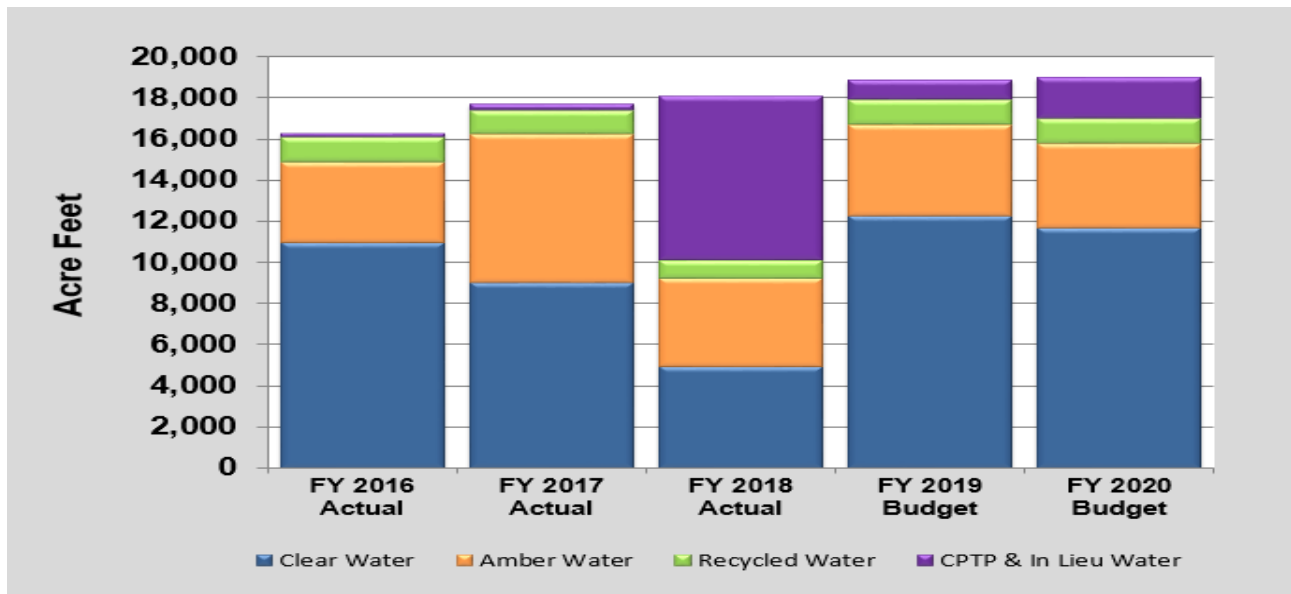
Economic and Policy Issues

In FY 2020 Mesa Water does not anticipate importing water from the Municipal Water District of Orange County (MWDOC). Imported water is higher in cost per acre foot in comparison to clear or amber water, with additional imported fixed costs charged to Mesa Water regardless of the amount of water purchased. Costs detailed below are comprised of (water production) operating expenses, net of Metropolitan Water District Local Resource Program (LRP) revenue:

Water Source	FY 2020 Budgeted Average Cost per Acre Foot
Clear Water	\$590
Amber Water (MWRF)	\$706 - \$154 LRP = \$612
Imported Water (None in FY 2020)	\$1050/\$1078
Recycled Water	\$867

During FY 2020, Mesa Water expects Orange County Water District (OCWD) will not change the Basin Pumping Percentage (BPP) of 77 percent of total potable supply. The Replenishment Assessment (RA) acre foot charge by OCWD is expected to increase from \$462 to \$487 due to increased imported water purchases along with increased costs to expand OCWD's Groundwater Replenishment System (GWRS).

The MWRF Improvements Project was completed in FY 2013, and the MWRF was fully operational in FY 2014. In FY 2020, the MWRF is budgeted to run at an approximate capacity of 4,087 acre feet, complementing clear water production to achieve 100 percent locally-sourced water supplies. With the MWRF, Mesa Water has eliminated the need to purchase imported water in almost all circumstances. The following is a summary of sources of water for budgeted FY 2020:



Mesa Water District
Fiscal Year 2020 Budget

Staffing Levels

Staffing levels are projected to increase slightly from FY 2019, by 1 in FY 2020 to 55.00 Full Time Equivalent.

Conclusion

Mesa Water continues to thrive as an organization. The budget demonstrates Mesa Water's commitment to meeting its financial and strategic goals. The District's Board of Directors and staff continue a tradition of innovation with ideas and methods for accomplishing Mesa Water's mission: *Dedicated to Satisfying our Community's Water Needs.*

A handwritten signature in blue ink, appearing to read "Paul E. Shoenberger".

Paul E. Shoenberger, P.E.
Mesa Water General Manager



Fiscal Year 2020 Budget

TABLE OF CONTENTS

Message from the President (open for final version).....	i
Letter of Transmittal.....	ii
Table of Contents	x
 <i>I. BUDGET SUMMARY</i>	
Comparative Statement of Revenues, Expenses, and Changes in Net Position	1
FY 2020 Departmental Statement of Revenues, Expenses, and Changes in Net Position.....	2
FY 2019 Departmental Statement of Revenues, Expenses, and Changes in Net Position.....	3
Capital Expenditures Summary	4
Pro Forma Statement of Cash Flows and Balance Sheet (open for final version).....	5
 <i>II. BASIS OF THE BUDGET</i>	
Water Data.....	6
Water Supply Components.....	7
Production of Potable Water in Acre Feet, Monthly 4 Year Trend Analysis (Graph)	8
Water Supply Needs – Historical and Projected (Graph).....	9
Water Supply Needs – Historical and Projected with Best Fit Line (Graph)	10
Organizational Chart.....	11
Personnel Summary	12
Labor and Benefits Summary	13
COP Coverage Ratios	14
Designated Fund Levels	15
District Overview.....	16
Major Revenue Descriptions	17
Fund Description.....	19
Basis of Accounting	19
Budget Controls and Revisions	19
 <i>III. DEPARTMENTS</i>	
General (Departments 000).....	20
Board of Directors (Department 100)	22
Office of the General Manager Department (Department 200).....	22
Water Costs (Departments 310, 320, and 330)	23
Water Operations Department (Department 300)	24
Engineering Department (Department 400)	24
Customer Services Department (Department 500).....	25
Financial Services Department (Department 600)	26
Public Affairs Department (Department 700)	27
External Affairs Department (Department 900)	27
Administrative Services Department (Department 800).....	28
Human Resources Department (Department 850)	28
 <i>IV. APPENDIX</i>	
Glossary of Terms	Appendix 1



Fiscal Year 2020 Budget

Comparative Statement of Revenues, Expenses, and Changes in Net Position

	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2020 BUDGET
OPERATING REVENUES:				
Water consumption sales	\$ 23,261,150	\$ 26,272,951	\$ 28,443,175	\$ 30,234,388
Monthly meter service charge	6,331,300	6,838,600	7,617,038	7,902,531
Recycled water sales	971,796	1,137,748	1,351,231	1,428,907
Concessions from gov. agencies (incl. CPTP)	-	933,937	429,500	1,129,200
Other charges and services	560,558	522,073	459,508	398,600
TOTAL OPERATING REVENUES	31,124,804	35,705,309	38,300,452	41,093,626
OPERATING EXPENSES:				
Imported Water Fixed Costs	554,050	388,408	399,439	428,000
Basin Managed Water	288,303	5,185,384	1,015,000	2,100,000
Clear water cost	4,427,407	2,776,268	7,032,248	6,871,455
Amber water cost	4,520,866	3,134,554	3,632,752	3,131,338
Recycled water	572,549	629,455	1,005,600	1,045,602
Transmission and distribution	5,021,716	6,132,007	4,906,170	5,431,780
General and administrative	8,184,895	7,978,006	8,463,549	8,796,635
TOTAL OPERATING EXPENSES	23,569,786	26,224,082	26,454,758	27,804,810
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	7,555,018	9,481,227	11,845,694	13,288,816
Depreciation and amortization	(4,920,209)	(5,010,013)	(5,350,000)	(5,250,000)
OPERATING INCOME	2,634,809	4,471,214	6,495,694	8,038,816
NONOPERATING REVENUES / (EXPENSES):				
Bond issuance costs	(203,837)	-	-	-
Investment earnings (incl. unrealized)	25,518	535,930	425,000	465,000
Interest expense - long-term debt	(1,094,610)	(1,140,774)	(798,574)	(812,639)
Gain (Loss) on sale/disposition of capital assets, net	(94,086)	17,397	(36,000)	(30,000)
Impairment of capital assets & termination of lease	-	-	-	-
Other non-operating, net	(15,135)	38,350	(53,500)	(35,000)
NONOPERATING REVENUES / (EXPENSES):	(1,382,150)	(549,097)	(463,074)	(412,639)
INCOME BEFORE CAPITAL CONTRIBUTIONS	1,252,659	3,922,117	6,032,620	7,626,177
CAPITAL CONTRIBUTIONS:				
Capacity and installation charges	2,498,297	1,912,740	1,131,000	1,210,000
Capital Grants (includes LRP)	1,036,516	641,666	686,665	700,798
Developers and others	805,548	728,920	525,000	550,000
TOTAL CAPITAL CONTRIBUTIONS	4,340,361	3,283,326	2,342,665	2,460,798
CHANGE IN NET POSITION	\$ 5,593,020	\$ 7,205,443	\$ 8,375,285	\$ 10,086,975



Fiscal Year 2020 Budget

FY 2020 (Budget) Departmental Statement of Revenues, Expenses, and Changes in Net Position

	Consolidated (All Depts)	General (000), (020)	Board (100)	Office of the GM (200)	Water Ops (3XX)	Engineering (400)	Customer Services (500)	Financial Services (600)	Public Affairs (700)	Administrative Services (800)	Human Resources (850)	External Affairs (900)
OPERATING REVENUES:												
Water consumption sales	\$ 30,234,388	\$ 30,234,388	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Monthly meter service charge	7,902,531	7,902,531	-	-	-	-	-	-	-	-	-	-
Recycled water sales	1,428,907	1,428,907	-	-	-	-	-	-	-	-	-	-
Concessions from gov. agencies (incl. CPTP)	1,129,200	1,129,200	-	-	-	-	-	-	-	-	-	-
Other charges and services	398,600	398,600	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING REVENUES	41,093,626	41,093,626	-	-	-	-	-	-	-	-	-	-
OPERATING EXPENSES:												
Imported and Basin Managed water costs	2,528,000	-	-	-	2,528,000	-	-	-	-	-	-	-
Clear water cost	6,871,455	-	-	-	6,871,455	-	-	-	-	-	-	-
Amber water cost	3,131,338	-	-	-	3,131,338	-	-	-	-	-	-	-
Recycled water	1,045,602	1,045,602	-	-	-	-	-	-	-	-	-	-
Transmission and distribution	5,431,780	-	-	-	4,592,376	839,403	-	-	-	-	-	-
General and administrative	8,796,635	-	345,682	1,519,228	-	-	1,803,291	938,416	870,132	2,046,723	819,572	453,592
TOTAL OPERATING EXPENSES	27,804,810	1,045,602	345,682	1,519,228	17,123,169	839,403	1,803,291	938,416	870,132	2,046,723	819,572	453,592
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	13,288,816	40,048,024	(345,682)	(1,519,228)	(17,123,169)	(839,403)	(1,803,291)	(938,416)	(870,132)	(2,046,723)	(819,572)	(453,592)
Depreciation and amortization	(5,250,000)	(5,250,000)	-	-	-	-	-	-	-	-	-	-
OPERATING INCOME / (LOSS)	8,038,816	34,798,024	(345,682)	(1,519,228)	(17,123,169)	(839,403)	(1,803,291)	(938,416)	(870,132)	(2,046,723)	(819,572)	(453,592)
NONOPERATING REVENUES / (EXPENSES):												
Investment earnings	465,000	465,000	-	-	-	-	-	-	-	-	-	-
Interest expense - long-term debt	(812,639)	(812,639)	-	-	-	-	-	-	-	-	-	-
Loss on sale/disposition of capital assets, net	(30,000)	(30,000)	-	-	-	-	-	-	-	-	-	-
Loss on abandonment	-	-	-	-	-	-	-	-	-	-	-	-
Other non-operating, net	(35,000)	(35,000)	-	-	-	-	-	-	-	-	-	-
NONOPERATING REVENUES / (EXPENSES):	(412,639)	(412,639)	-	-	-	-	-	-	-	-	-	-
INCOME BEFORE CAPITAL CONTRIBUTIONS	7,626,177	34,385,385	(345,682)	(1,519,228)	(17,123,169)	(839,403)	(1,803,291)	(938,416)	(870,132)	(2,046,723)	(819,572)	(453,592)
CAPITAL CONTRIBUTIONS:												
Capacity and installation charges	1,210,000	1,210,000	-	-	-	-	-	-	-	-	-	-
Capital grants (includes LRP)	700,798	700,798	-	-	-	-	-	-	-	-	-	-
Developers and others	550,000	550,000	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL CONTRIBUTIONS	2,460,798	2,460,798	-	-	-	-	-	-	-	-	-	-
CHANGE IN NET POSITION (2020 Budget)	\$ 10,086,975	\$ 36,846,183	\$ (345,682)	\$ (1,519,228)	\$ (17,123,169)	\$ (839,403)	\$ (1,803,291)	\$ (938,416)	\$ (870,132)	\$ (2,046,723)	\$ (819,572)	\$ (453,592)
CHANGE IN NET POSITION (2019 Budget)	\$ 8,375,285	\$ 33,824,443	\$ (393,304)	\$ (1,515,128)	\$ (16,117,224)	\$ (868,385)	\$ (1,608,920)	\$ (849,529)	\$ (701,849)	\$ (1,958,675)	\$ (981,624)	\$ (454,520)



Fiscal Year 2019 Budget

FY 2019 (Budget) Departmental Statement of Revenues, Expenses, and Changes in Net Position

	Consolidated (All Depts)	General (000), (020)	Board (100)	Office of the GM (200)	Water Ops (3XX)	Engineering (400)	Customer Services (500)	Financial Services (600)	Public Affairs (700)	Administrative Services (800)	Human Resources (850)	External Affairs (900)
OPERATING REVENUES:												
Water consumption sales	\$ 28,443,175	\$ 28,443,175	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Monthly meter service charge	7,617,038	7,617,038	-	-	-	-	-	-	-	-	-	-
Recycled water sales	1,351,231	1,351,231	-	-	-	-	-	-	-	-	-	-
Concessions from gov. agencies (incl. CPTP)	429,500	429,500	-	-	-	-	-	-	-	-	-	-
Other charges and services	459,508	459,508	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING REVENUES	38,300,452	38,300,452	-	-	-	-	-	-	-	-	-	-
OPERATING EXPENSES:												
Imported and Basin Managed water costs	1,414,439	-	-	-	1,414,439	-	-	-	-	-	-	-
Clear water cost	7,032,248	-	-	-	7,032,248	-	-	-	-	-	-	-
Amber water cost	3,632,752	-	-	-	3,632,752	-	-	-	-	-	-	-
Recycled water	1,005,600	1,005,600	-	-	-	-	-	-	-	-	-	-
Transmission and distribution	4,906,170	-	-	-	4,037,785	868,385	-	-	-	-	-	-
General and administrative	8,463,549	-	393,304	1,515,128	-	-	1,608,920	849,529	701,849	1,958,675	981,624	454,520
TOTAL OPERATING EXPENSES	26,454,758	1,005,600	393,304	1,515,128	16,117,224	868,385	1,608,920	849,529	701,849	1,958,675	981,624	454,520
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	11,845,694	37,294,852	(393,304)	(1,515,128)	(16,117,224)	(868,385)	(1,608,920)	(849,529)	(701,849)	(1,958,675)	(981,624)	(454,520)
Depreciation and amortization	(5,350,000)	(5,350,000)	-	-	-	-	-	-	-	-	-	-
OPERATING INCOME / (LOSS)	6,495,694	31,944,852	(393,304)	(1,515,128)	(16,117,224)	(868,385)	(1,608,920)	(849,529)	(701,849)	(1,958,675)	(981,624)	(454,520)
NONOPERATING REVENUES / (EXPENSES):												
Investment earnings	425,000	425,000	-	-	-	-	-	-	-	-	-	-
Interest expense - long-term debt	(798,574)	(798,574)	-	-	-	-	-	-	-	-	-	-
Loss on sale/disposition of capital assets, net	(36,000)	(36,000)	-	-	-	-	-	-	-	-	-	-
Loss on abandonment	-	-	-	-	-	-	-	-	-	-	-	-
Other non-operating, net	(53,500)	(53,500)	-	-	-	-	-	-	-	-	-	-
NONOPERATING REVENUES / (EXPENSES):	(463,074)	(463,074)	-	-	-	-	-	-	-	-	-	-
INCOME BEFORE CAPITAL CONTRIBUTIONS	6,032,620	31,481,778	(393,304)	(1,515,128)	(16,117,224)	(868,385)	(1,608,920)	(849,529)	(701,849)	(1,958,675)	(981,624)	(454,520)
CAPITAL CONTRIBUTIONS:												
Capacity and installation charges	1,131,000	1,131,000	-	-	-	-	-	-	-	-	-	-
Capital grants (includes LRP)	686,665	686,665	-	-	-	-	-	-	-	-	-	-
Developers and others	525,000	525,000	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL CONTRIBUTIONS	2,342,665	2,342,665	-	-	-	-	-	-	-	-	-	-
CHANGE IN NET POSITION (2019 Budget)	\$ 8,375,285	\$ 33,824,443	\$ (393,304)	\$ (1,515,128)	\$ (16,117,224)	\$ (868,385)	\$ (1,608,920)	\$ (849,529)	\$ (701,849)	\$ (1,958,675)	\$ (981,624)	\$ (454,520)
CHANGE IN NET POSITION (2018 Budget)	\$ 3,470,206	\$ 28,893,178	\$ (331,646)	\$ (1,580,773)	\$ (16,175,989)	\$ (693,596)	\$ (1,436,461)	\$ (1,090,262)	\$ (899,245)	\$ (1,728,712)	\$ (923,296)	\$ (562,992)



Fiscal Year 2020 Budget Capital Expenditures Summary

Description	FY 2019 Budget	FY 2020 Budget
Well Automation and Rehab	\$ 2,450,000	-
IT Security Upgrades	605,000	1,100,000
Operations Routine Capital (Hyd., Valves, Meters, etc.)	1,000,000	1,000,000
On-Call Services (Design, Paving, Const., & Const. Mgmt.)	350,000	350,000
Croddy/Chandler Pipeline Design & Construction	625,000	195,000
Santa Ana PRS Upgrade	111,600	-
Pipeline Integrity Testing Program	250,000	250,000
Administration Building Improvements (Phase III) & HVAC	1,808,000	-
Operations Non-Routine Capital (Vehicles, Other)	215,000	145,000
Reservoirs Pump Controls & Chemical Systems Project	239,000	-
Other Agency Projects	125,000	1,118,152
OC-44	80,000	2,109,720
Human Resources Information System	50,000	-
MWRF PLC Replacement Study	100,000	-
Total Capital	\$ 8,008,600	\$ 6,267,872
Internal Labor, Material, Overhead	\$ - ¹	\$ - ¹
	\$ 8,008,600	\$ 6,267,872

¹ Included in above amounts.



Fiscal Year 2020 Budget
Pro Forma Statement of Cash Flows and Historical Condensed Balance Sheets

	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2020 BUDGET
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating Income	\$ 2,634,809	\$ 4,471,214	\$ 6,495,694	\$ 8,038,816
Adjustments				
Depreciation	4,920,209	5,010,013	5,350,000	5,250,000
Other	-	1,538,843	-	-
Changes in assets & liabilities	(5,111,241)	4,853,944	550,000	(644,050)
Additional Pension Prepayment/Contribution	(319,267)	(12,000,000)	(1,000,000)	-
OPEB Trust Contribution	(250,000)	-	-	(110,000)
NET CASH PROVIDED BY OPERATING ACTIVITIES	1,874,510	3,874,014	11,395,694	12,534,766
CASH FLOWS FROM CAPITAL & FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(12,943,009)	(11,484,120)	(8,008,600)	(6,267,872)
Proceeds from 2017 COPS	13,251,342	-	-	-
Impairment of capital assets & lease termination	-	-	-	-
Principal Paid on long-term debt	(2,190,000)	(2,705,000)	(2,605,000)	(2,785,000)
Interest Paid on long-term debt	(1,354,374)	(1,166,994)	(1,423,500)	(1,293,250)
Proceeds from capacity and installation charges	2,750,116	412,247	450,000	500,000
Proceeds from capital grant	1,036,516	641,666	686,665	700,798
NET CASH PROVIDED BY CAPITAL & FINANCING ACTIVITIES	550,591	(14,302,201)	(10,900,435)	(9,145,324)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment earnings	467,953	509,055	335,500	400,000
NET CASH PROVIDED BY INVESTING ACTIVITIES	467,953	509,055	335,500	400,000
NET INCREASE IN CASH & CASH EQUIVALENTS	2,893,054	(9,919,132)	830,759	3,789,442
CASH & INVESTMENTS - beginning of year	41,673,787	44,566,841	32,543,500	33,374,259
CASH & INVESTMENTS - end of year	\$ 44,566,841	\$ 34,647,709	\$ 33,374,259	\$ 37,163,701



Fiscal Year 2020 Budget

Water Data

Water Revenue Data

Revenue

All Potable Water Revenue
Recycled Water Revenue
Total Water Revenue

FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2020 BUDGET
\$ 23,261,150	\$ 26,272,951	\$ 28,443,175	\$ 30,234,388
971,796	1,137,748	1,351,231	1,428,907
\$ 24,232,946	\$ 27,410,699	\$ 29,794,406	\$ 31,663,295

Acre Feet Sold

Potable
Recycled
Total Acre Feet

15,898	17,059	16,805	16,978
1,197	853	1,200	1,206
17,095	17,912	18,005	18,184

Revenue Per Acre Foot

Potable
Recycled
Total Revenue Per Acre Foot

\$ 1,463.15	\$ 1,540.12	\$ 1,692.54	1,780.80
811.86	1,333.82	1,126.03	1,184.83
\$ 1,417.55	\$ 1,530.30	\$ 1,654.79	\$ 1,741.27

Water Cost Data

Cost

Imported and Basin Managed Water
Clear Water
Amber Water
Total Potable Water
Recycled Water
Total Water Cost

\$ 842,353	\$ 5,573,792	\$ 1,414,439	\$ 2,528,000
4,427,407	2,776,268	7,032,248	6,871,455
4,520,866	3,134,554	3,632,752	3,131,338
9,790,626	11,484,614	12,079,439	12,530,793
572,549	629,455	1,005,600	1,045,602
\$ 10,363,175	\$ 12,114,069	\$ 13,085,039	\$ 13,576,395

Acre Feet Produced

Imported and Basin Managed Water
Clear Water
Clear & Imported and Basin Managed Water
Amber Water
Total Potable Water
Recycled
Total Acre Feet

298	7,918	1,000	2,000
9,011	4,958	12,241	11,661
9,309	12,876	13,241	13,661
7,174	4,326	4,419	4,087
16,483	17,202	17,660	17,748
1,197	853	1,200	1,206
17,680	18,055	18,860	18,954

Cost Per Acre Foot

Imported Water (Variable Costs)
Clear Water
Amber Water
Recycled
Total Cost Per Acre Foot

\$ 932.50	\$ 997.00	\$ 1,032.50	\$ 1,064.00
491.33	559.96	574.48	589.27
630.17	724.58	822.08	766.17
478.32	324.10	838.00	867.00
\$ 586.15	\$ 670.95	\$ 693.80	\$ 716.28

Imported Water Variable Costs per Acre Foot

\$923/942	\$979/1015	\$1015/1050	\$1050/1078
-----------	------------	-------------	-------------



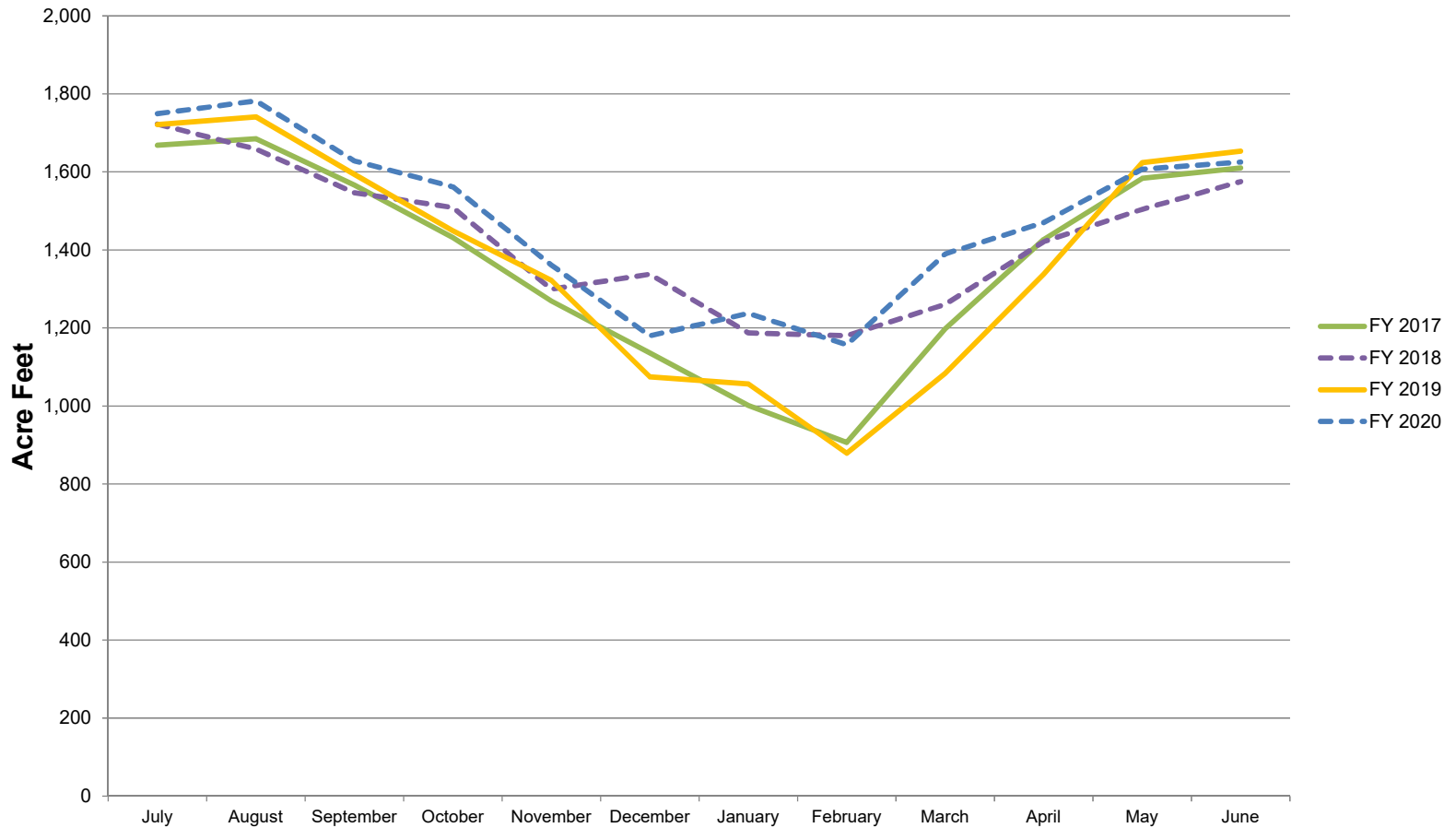
Fiscal Year 2020 Budget
Water Supply Components

	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2020 BUDGET
Clear Water Costs				
Basin Replenishment Assessment	\$ 3,622,301	\$ 5,374,849	\$ 5,655,342	\$ 5,678,907
Utilities Pumping	527,872	309,144	820,392	659,385
Treatment/ Labor and Materials	277,235	260,752	556,514	533,163
Total Clear Water Costs	<u>\$ 4,427,408</u>	<u>\$ 5,944,745</u>	<u>\$ 7,032,248</u>	<u>\$ 6,871,455</u>
Amber Water Costs				
Basin Replenishment Assessment	\$ 2,883,908	\$ 1,908,654	\$ 2,041,578	\$ 1,990,369
Utilities Pumping	890,048	641,789	878,276	529,922
Treatment/ Labor and Materials	746,910	584,111	712,898	611,047
Total Amber Water Costs	<u>\$ 4,520,866</u>	<u>\$ 3,134,554</u>	<u>\$ 3,632,752</u>	<u>\$ 3,131,338</u>
Imported Water Fixed Costs				
Readiness to Serve - Total Charge	\$ 114,345	\$ 36,236	\$ 38,748	\$ 38,748
Capacity Charge	76,216	-	-	-
Choice Charges	-	-	-	-
Retail Meter Charge - Total Charge	256,931	282,042	300,591	308,652
Shared Pipeline Maintenance Costs	39,600	49,800	39,600	39,600
	<u>\$ 487,092</u>	<u>\$ 368,078</u>	<u>\$ 378,939</u>	<u>\$ 387,000</u>
 Retail Meter Charge - Per Meter (\$)	 10.85	 12.10	 12.25	 12.54
 Basin Pumping Percentage	 70%	 75%	 77%	 77%



Fiscal Year 2020 Budget

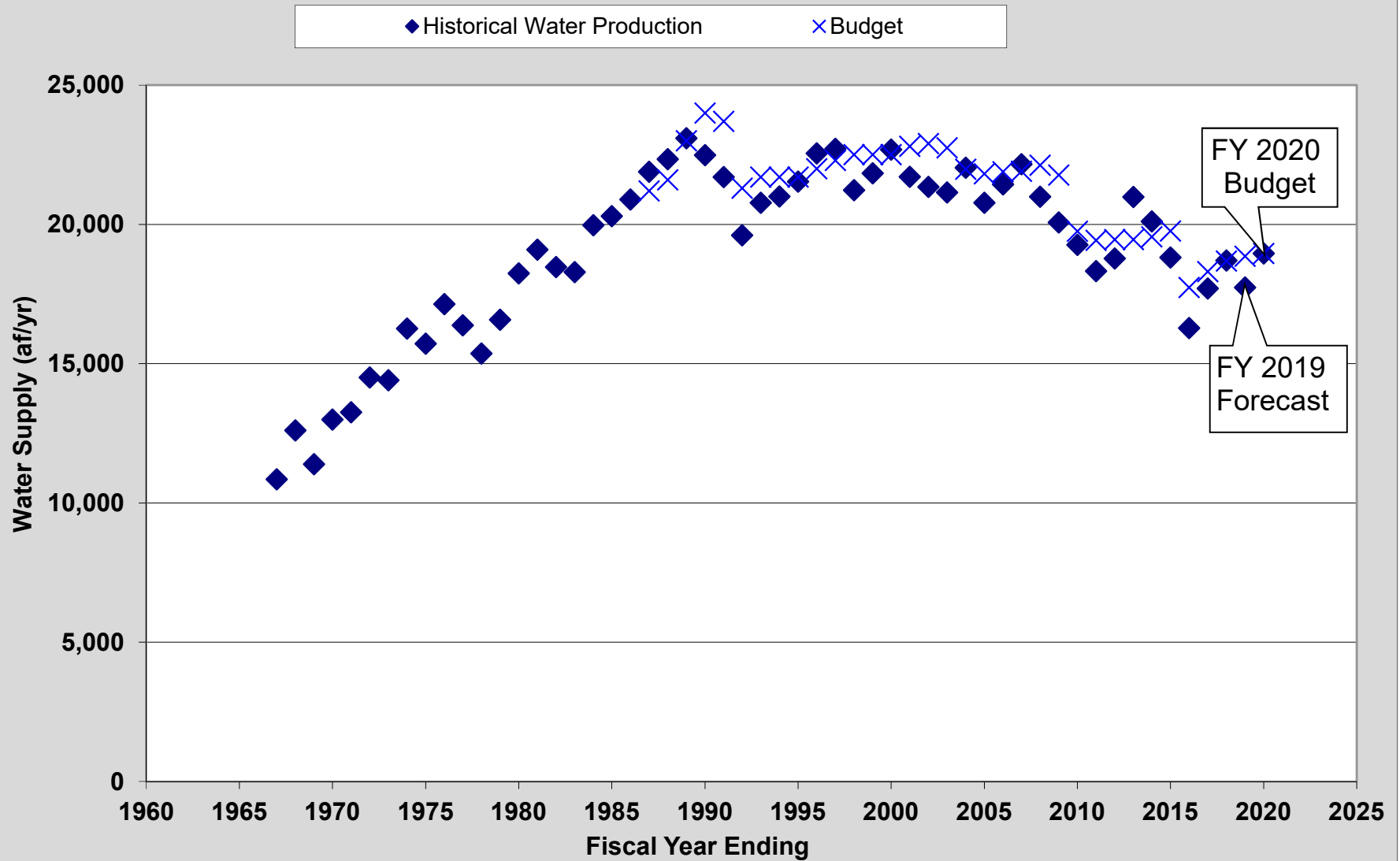
Production of Potable Water in Acre Feet, Monthly 4-Year Trend Analysis



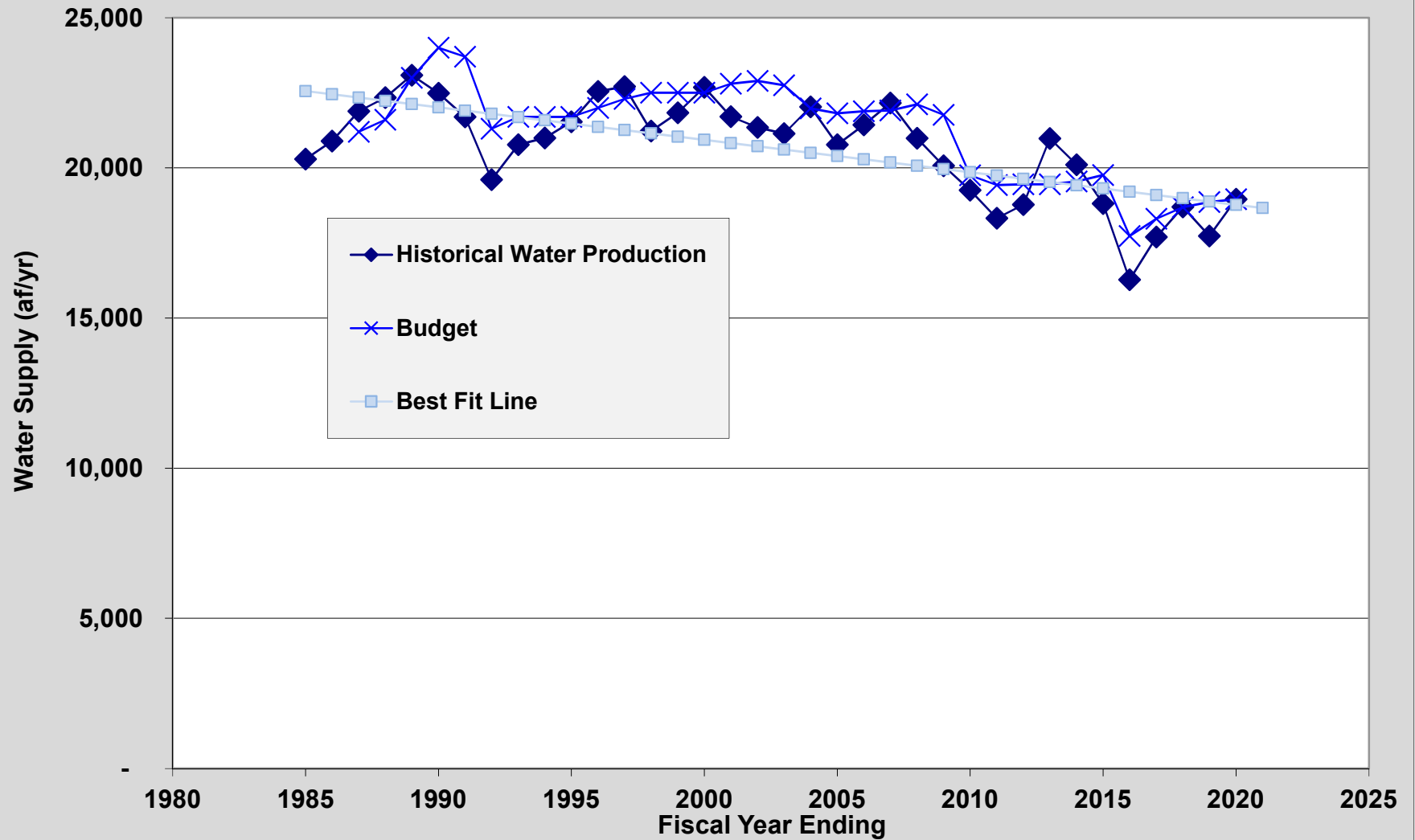
Water Production in Acre Feet

	July	August	September	October	November	December	January	February	March	April	May	June	Total
FY 2017	1,668.2	1,685.0	1,566.1	1,431.3	1,268.7	1,136.1	1,001.5	906.6	1,197.8	1,427.2	1,583.8	1,610.3	16,482.6
FY 2018	1,722.6	1,658.5	1,546.3	1,509.1	1,299.4	1,337.5	1,187.5	1,180.2	1,260.8	1,421.1	1,504.0	1,575.1	17,202.1
FY 2019	1,720.9	1,741.1	1,593.2	1,449.3	1,321.8	1,075.1	1,056.5	878.8	1,084.1	1,337.5	1,624.0	1,653.0	16,535.3
FY 2020	1,749.0	1,782.0	1,628.0	1,562.0	1,361.0	1,180.0	1,237.0	1,157.0	1,390.0	1,470.0	1,607.0	1,625.0	17,748.0

Fiscal Year 2020 Budget Water Supply Needs (Historical and Projected)

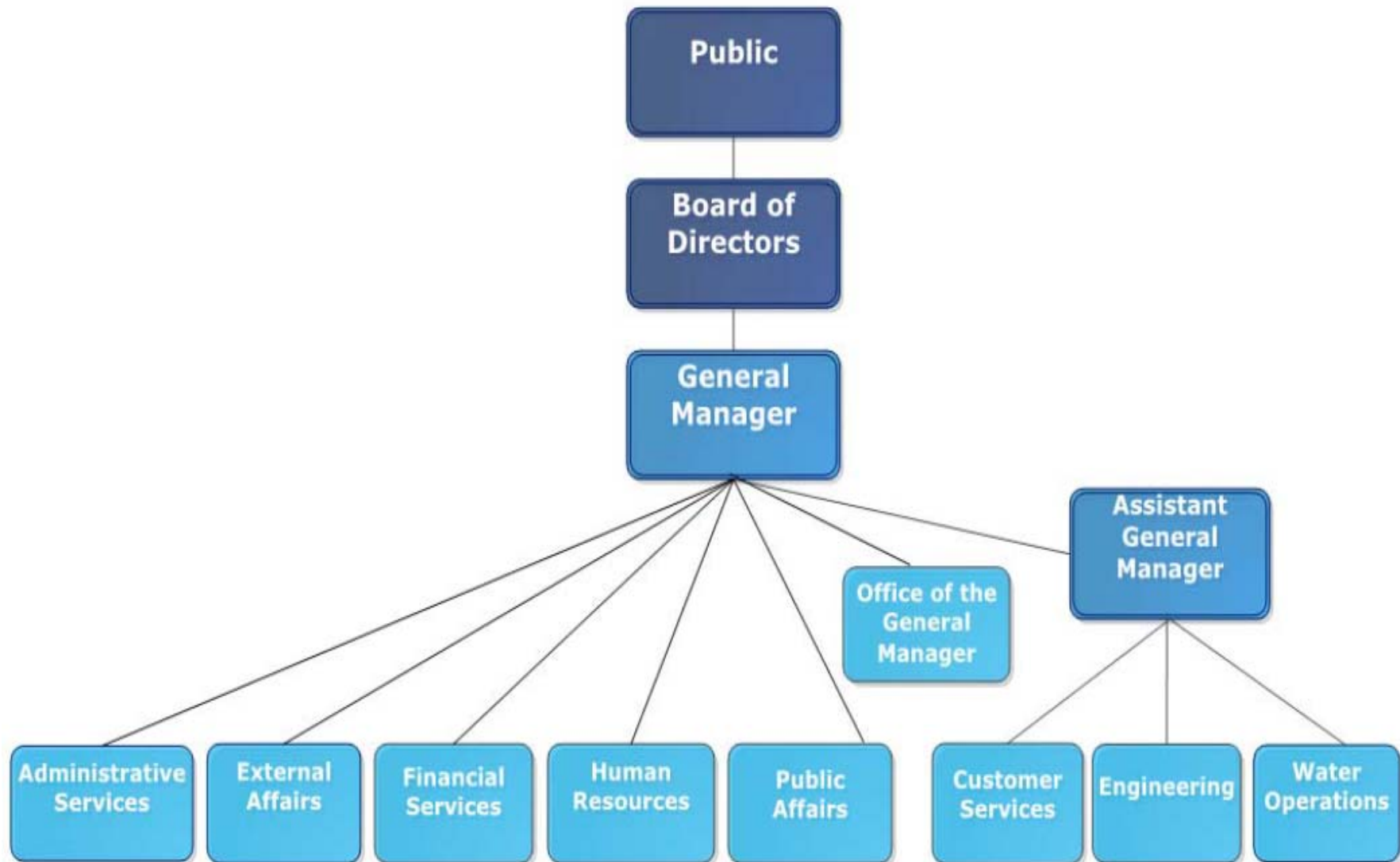


Fiscal Year 2020 Budget Water Supply Needs (Historical and Projected)





Mesa Water District FY 2020 Budget





**Fiscal Year 2020 Budget
Personnel Summary**

	FY 2017 Budget	FY 2018 Budget	FY 2019 Budget	FY 2020 Budget
OFFICE OF THE GENERAL MANAGER				
Executive Office	2	2	2	2
TOTAL DISTRICT MANAGEMENT	2	2	2	2
ADMINISTRATIVE SERVICES				
Administrative Services	4.75	4.75	5	5
Information Technology	2	2	0	0
TOTAL ADMINISTRATIVE SERVICES/IT	6.75	6.75	5	5
HUMAN RESOURCES				
Human Resources	2.75	3	3	3
TOTAL HUMAN RESOURCES	2.75	3	3	3
CUSTOMER SERVICES				
Customer Service	8	8	8	9
Conservation	1	1	1	1
TOTAL CUSTOMER SERVICE	9	9	9	10
ENGINEERING				
Engineering	5	5	5	4
TOTAL ENGINEERING	5	5	5	4
FINANCIAL SERVICES				
Financial Services	7	7	5	5
TOTAL FINANCIAL SERVICES	7	7	5	5
EXTERNAL AFFAIRS				
External Affairs	1.5	1.5	1.5	1.5
TOTAL EXTERNAL AFFAIRS	1.5	1.5	1.5	1.5
PUBLIC AFFAIRS				
Public Affairs	2.5	2.5	2.5	2.5
TOTAL PUBLIC AFFAIRS	2.5	2.5	2.5	2.5
WATER OPERATIONS				
Supervision/Support	6	6	6	6
Distribution	10	10	10	11
Production	3	3	3	3
Water Quality	2	2	2	2
TOTAL WATER OPERATIONS	21	21	21	22
TOTAL PERSONNEL	57.50	57.75	54.00	55.00

Notes:

- Five elected officials serve on Mesa Water's Board of Directors.
- Interns not included in above figures:

Interns	1.5	1.5	0.5	0.5
---------	-----	-----	-----	-----



**Fiscal Year 2020 Budget
Labor and Benefits Summary**

Category	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2020 BUDGET
Labor	\$5,787,950	\$4,588,206	\$5,968,278	\$6,116,182
FICA / Medicare	397,847	399,738	441,868	453,053
Workers Comp	170,616	135,594	164,327	188,771
Flex Credits	547,365	318,270	997,800	1,159,800
LTD/Life Insurance/EAP	29,081	30,113	39,536	41,542
Retirement	1,133,660	1,439,151	1,130,000	1,267,000
Total	\$8,066,519	\$6,911,072	\$8,741,809	\$9,226,348



**Fiscal Year 2020 Budget
COP Coverage Ratios**

	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2020 BUDGET
Revenues				
Operating Revenue	\$ 31,124,804	\$ 34,771,372	\$ 37,870,952	\$ 39,964,426
Non-Operating Revenue	25,518	535,930	425,000	465,000
Total Revenues	31,150,322	35,307,302	38,295,952	40,429,426
Expenses (Excluding Depreciation Expense)				
Operating Expenses	23,569,786	26,224,082	26,454,758	27,804,810
Income available for debt service	\$ 7,580,536	\$ 9,083,220	\$ 11,841,194	\$ 12,624,616
Annual Debt Service, Senior Debt	\$ 1,973,500	\$ 1,974,000	\$ 4,028,500	\$ 4,078,250
Coverage Ratio, Senior Debt	384%	460%	294%	310%
Annual Debt Service, Subordinated Debt	\$ 1,339,638	\$ 1,896,727	\$ -	\$ -
Coverage Ratio, Total Debt	229%	235%	294%	310%



**Fiscal Year 2020 Budget
Designated Fund Levels**

	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2020 BUDGET	Days
Customer & Development Deposits	\$ 4,430,002	\$ 4,000,000	\$ 4,250,000	\$ 3,500,000	N/A
Capital Replacement Fund	12,369,694	8,159,661	6,910,042	7,596,075	N/A
Other Funds					
Administrative & General Fund	1,614,369	1,436,936	1,419,439	1,489,579	20
Catastrophe Fund	11,623,456	8,118,688	8,019,829	11,171,840	150
	13,237,825	9,555,624	9,439,268	12,661,418	
Liquidity Funds					
Operating Funds (Target 120 days)	9,686,213	8,621,616	8,516,633	8,937,472	120
Rate Stabilization Funds (Target 60 days)	4,843,107	4,310,808	4,258,316	4,468,736	60
Total Liquidity Funds (Max 180 days total)	14,529,320	12,932,424	12,774,949	13,406,208	
Total Cash - Designated Funds	\$ 44,566,841	\$ 34,647,709	\$ 33,374,259	\$ 37,163,701	N/A

Operating Expense	\$ 23,569,786	\$ 26,224,082	\$ 25,904,758	\$ 27,184,810
Cash per Day	\$ 64,575	\$ 71,847	\$ 70,972	\$ 74,479
Days Cash Ratio Actual/Estimate	690	482	470	499
Days Cash Ratio Target	600	600	600	600

Fund Descriptions:

Customer & Development Deposits - Monies held on behalf of Mesa Water's customers as required for their utility account or as cash bonds for development projects.

Capital Replacement Fund - Used for the replacement of capitalized assets when they reach the end of their useful lives. The target level of the fund shall be \$10 million. The maximum will be based on Mesa Water's Asset Management Plan.

Administrative & General Fund - One of the two capital funds used to fund certain major general, administrative and overhead projects. It is intended to fund (or partially fund) offices, fixtures, furnishings, vehicles and equipment on a pay-as-you-go basis. The target level will equal 20 days of Mesa Water's budgeted total operating expenses and the maximum will be 25 days.

Catastrophe Fund - Used to begin repair of the water system after a catastrophic event, such as a severe earthquake or fire, while long-term financing is being arranged or insurance claims are being processed. The target level will equal 150 days of Mesa Water's budgeted total operating expenses and the maximum will be 180 days.

Operating Fund - Used for unanticipated operating expenses. This fund is designated to maintain working capital for current operations and to meet routine cash flow needs. The target level will equal 120 days of Mesa Water's budgeted total operating expenses and the maximum will be 120 days.

Rate Stabilization Fund - Used to provide flexibility to the Board of Directors when establishing rates such as absorbing temporary rate



Fiscal Year 2020 Budget

District Overview

Mesa Water District (Mesa Water) was formed on January 1, 1960, pursuant to Sections 33200 et. seq., of the California Water Code, which was designated as the Costa Mesa District Merger Law. The general provisions of this law called for the consolidation of four predecessor agencies: the Newport Heights Irrigation District; the Fairview County Water District; the Newport Mesa County Water District; and, the City of Costa Mesa Water Department.

Mesa Water is located in Orange County, California, and provides water to most of Costa Mesa, parts of Newport Beach, and some unincorporated areas of Orange County, including John Wayne Airport. The District serves 110,000 residents in an 18-square-mile area through approximately 24,600 metered accounts.

Potable water is produced from Mesa Water's groundwater wells. The District purchases non-potable, or recycled water, from the Orange County Water District (OCWD).

Due to the District's improved Mesa Water Reliability Facility (MWRF), Mesa Water meets 100 percent of its community's water needs with locally-sourced supplies. Mesa Water also has a 100 percent reliable back-up supply of imported water, if needed, from the Municipal Water District of Orange County (MWDOC).

The District's revenues result solely from its activities as a water utility and Mesa Water receives no tax revenues of any kind.

A five-person Board of Directors (Board), whose members serve overlapping four-year terms, governs Mesa Water. Each Director is elected by and represents one of five geographic divisions of approximately equal population within the District's service area. The Board elects one of its members to serve as President and another to serve as Vice President. The Board appoints the General Manager, District Secretary, Assistant District Secretary, District Treasurer, and Assistant District Treasurer. The General Manager is responsible for the day-to-day operations and administration of Mesa Water in accordance with the Board's policies.



Fiscal Year 2020 Budget

Major Revenue Descriptions

Water Sales Revenue

Usage Charge (potable and recycled) – This is the rate charged per unit (one hundred cubic feet or ccf) to customers based on actual consumption. Mesa Water has a uniform volumetric rate structure, which means all water use is charged at the same per-unit rate. For the first six months of the FY 2020 budget, the potable rate is \$4.06 per ccf, and the recycled rate is \$2.65 per ccf; and, for the second six months of the FY 2020 budget, the potable rate is \$4.27 per ccf, and the recycled rate is budgeted at \$2.79 per ccf. Mesa Water’s Board adopts water rates by resolution. In FY 2018, the Board adopted a multi-year rate resolution with rate increases each year through FY 2022. Usage charges are intended to cover the cost of treating and delivering water to Mesa Water’s customers. The budget for this revenue source is based on estimated water sales which have remained consistent due to Mesa Water’s service area being substantially built-out. The FY 2020 acre feet sales budgeted for both potable and recycled water are listed on page 6.

Construction Water Revenues – This revenue is for the use of temporary hydrant meters used during construction. The revenue includes both the daily rental rate for the meter, and the per-unit charge which is approximately 111 percent of the potable water rate based on the Board’s resolution. This revenue source is dependent solely on construction activity and is less predictable than other water revenue sources.

Fireline Revenues – This revenue is primarily from the stand-by charge for fireline services. Also, use of water other than for firefighting is charged at approximately 111 percent of the potable water rate based on the Board’s resolution. As Mesa Water’s service area is substantially built-out, this revenue source remains relatively consistent year-to-year.

Basic Charge – This charge is assessed per billing period (bi-monthly) and is a set charge based on meter size. This revenue source is intended to cover fixed charges such as financial obligations, customer service, public outreach, and administrative support, per the Board’s resolution. This revenue source is increasing, primarily due to the multi-year rate increase adopted by the Board in FY 2018. As Mesa Water’s service area is substantially built-out, there is limited growth in service connections.

LAFCO Surcharge – This is a pass-through surcharge from the Orange County Local Agency Formation Commission (LAFCO) for Mesa Water’s portion of LAFCO’s budget. This annual surcharge is charged once annually on the customer’s bill. For the FY 2020 budget, the LAFCO surcharge is an estimated total of \$24,600 in revenue.



Fiscal Year 2020 Budget

Major Revenue Descriptions, Continued
--

Non-Water Sales Revenue

Other Operating Revenues – These revenues include costs related to Mesa Water’s operations as a water utility that are not directly related to water sales. The major revenue sources in this category are: delinquent fees, new service establishment fees, and concessions from government agencies.

Delinquent fees are a result of the delinquent payment activity from customers. This revenue source has historically increased slightly from year-to-year. The Board periodically reviews the delinquent fees to ensure full cost recovery.

The new service establishment fee is charged when a new customer establishes an account with Mesa Water. The fee is intended to recover the costs associated with setting up a new account. This fee is reviewed periodically to ensure full cost recovery.

Non-Operating Revenues and Capital Contributions – The revenues under this category include interest earned on Mesa Water’s funds as well as development-related revenues such as capacity charges, inspection fees, plan check fees, and installation fees. The budget for interest earnings are based upon forecasted cash balances during the year as well as anticipated interest earnings from the State of California Local Agency Investment Fund (LAIF), and Mesa Water’s investment portfolio. Mesa Water elected to budget a low rate of return on its investments in FY 2020 based on current and anticipated market conditions.

The Metropolitan Water District of Southern California’s (MET’s) Local Resource Program (LRP), reimburses Mesa Water for a portion of its water production costs from the Mesa Water Reliability Facility (MWRF). By assisting in the development of local water sources, MET’s requirements to import water are reduced. In FY 2011, construction began on the MWRF to expand the facility and improve the treatment technology. Production of water commenced at the MWRF in FY 2013. The acre feet used for the budget are listed on page 6 and the reimbursement rate is budgeted at \$154 per acre foot. Mesa Water is not budgeting import water for FY 2020.



Fiscal Year 2020 Budget

Fund Description

Mesa Water reports its activities as a single 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 Mesa Water is that the cost of providing 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. Monies are set aside in designated funds for specific purposes based on Board policy or in reserve accounts as required by debt agreements. A listing and description of designated funds can be found on page 15.

Basis of Accounting

Accounting basis determines when transactions and economic events are reflected in the financial statements and the budget. Mesa Water prepares its audited financial statements and budgets on the accrual basis of accounting in which revenues are recognized in the accounting period when earned and expenditures are recorded in the accounting period when incurred. Mesa Water's budget and financial statements are consistent with Generally Accepted Accounting Principles (GAAP).

Budget Control and Revisions

Although Mesa Water is not legally required to adopt a budget, the Board annually adopts a fiscal year budget following a series of public meetings. This budget authorizes and provides the basis for reporting, control of financial operations, and accountability.

Mesa Water's budget is prepared on an annual basis using estimates and financial projections for the following fiscal year that meet the priorities and needs of the District.

A quarterly review of the Comparative Statement of Revenue, Expenses and Change in Net Position is conducted and reviewed by the Board's Finance Committee and Mesa Water management and staff. A monthly review of capital expenditures is conducted by the Board of Directors and Mesa Water staff.



**Fiscal Year 2020 Budget
Departmental Budgets**

	Dept. 000 - General, Page 1 of 2	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2020 BUDGET
	REVENUE:				
40100	Usage Charge - Potable Water	\$ 22,810,581	\$ 25,691,711	\$ 28,293,175	\$ 30,074,388
40105	Water sold in lieu of lease payments	-	-	-	-
40149	Accrued Water Sales	294,109	401,096	-	-
40170	Construction Water Revenues	156,460	180,144	150,000	160,000
	TOTAL POTABLE CONSUMPTION REVENUES	23,261,150	26,272,951	28,443,175	30,234,388
40600	Basic Charge - Domestic	5,978,140	6,365,750	7,180,000	7,264,624
40650	Basic Charge - Fire Line	353,160	472,850	437,038	637,907
	TOTAL BASIC CHARGE REVENUES	6,331,300	6,838,600	7,617,038	7,902,531
40260	Usage Charge - Recycled Water	971,796	1,137,748	1,351,231	1,428,907
	TOTAL RECYCLED CONSUMPTION REVENUES	971,796	1,137,748	1,351,231	1,428,907
45700	Coastal Pumping Trns Pgm (CTPP)	-	933,937	429,500	1,129,200
	TOTAL CONCESSIONS FROM GOV'T AGENCIES	-	933,937	429,500	1,129,200
45100	New Service Establishment Fee	38,688	45,982	42,000	44,000
45105	LAFCO Surcharge	24,167	24,245	24,500	24,600
45110	Delinquent Fees	222,044	219,870	230,004	205,000
45115	Loss Recovery	21,671	11,257	18,000	10,000
45120	Cross Connection Testing Fee	17,325	6,570	5,004	5,000
45130	Plan Check Fees	49,329	21,614	36,000	40,000
45140	Water Use Efficiency Program benchmark	-	-	-	-
45300	Insurance reimbursement	148,897	114,396	-	-
45305	OC-44 HB contract revenue	-	-	25,000	25,000
45505	Sale of brass and scrap	10,898	2,479	7,000	5,000
45515	Other operating revenue	71,882	46,707	72,000	40,000
62100	Cash Over/Short	(121)	-	-	-
62190	Write-Off Bad Debt Exp	(44,222)	-	-	-
	TOTAL OTHER CHARGES AND SERVICES	560,558	493,119	459,508	398,600
	TOTAL OPERATING REVENUES	31,124,804	35,676,354	38,300,452	41,093,626



**Fiscal Year 2020 Budget
Departmental Budgets**

	Dept. 000 - General, Page 2 of 2	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2020 BUDGET
	TOTAL OPERATING REVENUES (previous page)	31,124,804	35,676,354	38,300,452	41,093,626
	<i>Recycled Water Costs</i>				
50200	Recycled Water Costs	572,549	629,455	1,005,600	1,045,602
	TOTAL RECYCLED WATER COSTS	572,549	629,455	1,005,600	1,045,602
	<i>DEPRECIATION AND AMORTIZATION</i>				
70100	Amortization & depreciation	\$ 4,920,209	\$ 5,010,013	\$ 5,350,000	5,250,000
	TOTAL AMORTIZATION AND DEPRECIATION	\$ 4,920,209	\$ 5,010,013	\$ 5,350,000	5,250,000
	<i>INVESTMENT EARNINGS</i>				
46105	Interest earned OC Investment Pool	52,990	46,171	-	65,000
46110	Change fair value	(517,714)	(286,240)	(100,000)	(150,000)
46120	Interest Earned - Funds Under District Control	453,232	458,308	425,000	400,000
46125	Realized Gain/Loss on Investments	37,010	317,679	100,000	150,000
	TOTAL INVESTMENT EARNINGS	25,518	535,918	425,000	465,000
	<i>INTEREST EXPENSE</i>				
76115	2009 COPs Interest expense	157,517	65,258	-	-
76120	2010 / 2017 COPs interest expense	934,847	1,450,975	1,385,510	1,252,635
76125	General interest expense	205	169	-	-
76130	2009 / 2017 COPs deferred amount	202,536	272,856	129,394	129,394
76815	2009 Premium Amort Expense	(111,663)	(79,094)	-	-
76820	2010 / 2017 COPs premium amortization	(88,832)	(569,390)	(716,330)	(569,390)
	TOTAL INTEREST EXPENSE	1,094,610	1,140,774	798,574	812,639
	<i>OTHER NON-OPERATING</i>				
46805	Loss on disposal of equipment	(94,086)	-	(36,000)	(30,000)
46808	Loss on Abandonment	-	-	-	-
46810	Non Operating Revenue	14,205	279,211	75,000	75,000
76800	Non Operating Expense	(25,840)	(238,536)	(125,000)	(100,000)
76825	Bond Issuance Costs	(203,837)	-	-	-
76805	COPS Trustee Expense	(3,500)	(2,325)	(3,500)	(10,000)
	TOTAL OTHER NON-OPERATING	(313,058)	38,349	(89,500)	(65,000)
	TOTAL NON-OPERATING REVENUES/EXPENSE	(1,382,150)	(566,507)	(463,074)	(412,639)
	<i>CAPITAL CONTRIBUTIONS</i>				
48115	Capacity Charge Completed Projects	2,161,233	1,584,978	848,715	900,396
48125	Installation Fees Completed Projects	179,070	247,138	161,968	186,263
48135	Inspection Fees Completed Projects	157,994	80,625	120,317	123,341
48200	MWD Local Resource Prog - MWRF	1,015,363	625,078	666,665	683,298
48205	Utility Rebate - Water Operations	21,153	16,588	20,000	17,500
48300	Contributions from Developers	805,548	728,920	525,000	550,000
	TOTAL CAPITAL CONTRIBUTIONS	4,340,361	3,283,326	2,342,665	2,460,798
	Department Total	\$ 28,590,257	\$ 32,753,705	\$ 33,824,443	\$ 36,846,183



**Fiscal Year 2020 Budget
Departmental Budgets**

	Dept. 100 - Governance	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2020 BUDGET
	<i>PAYROLL EXPENSES:</i>				
60115	Labor Taxes	\$ 8,953	\$ 9,734	\$ 12,577	\$ 12,733
60120	Labor Workers Comp	46,508	57,236	1,796	1,818
60130	Labor Directors Fee	120,399	131,424	164,400	174,600
60205	Benefits LTD/Life/EAP	381	388	531	531
60220	Benefits Flex Credits	19,965	8,307	84,000	96,000
	Total Payroll	196,206	207,090	263,304	285,682
	<i>EXPENSES (NON-PAYROLL)</i>				
61100	Election Fees	-	-	75,000	-
62115	Staff Development & Conferences	24,432	20,622	40,000	40,000
62125	Department Admin	11,791	14,577	15,000	20,000
	Total	36,223	35,198	130,000	60,000
	Department Total	\$ 232,429	\$ 242,288	\$ 393,304	\$ 345,682

	Dept. 200 - Office of the General Manager	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2020 BUDGET
	<i>PAYROLL EXPENSES:</i>				
60100	Labor Regular	\$ 363,440	\$ 365,184	\$ 453,874	\$ 473,989
60105	Labor Non-Regular	40,267	31,232	-	-
60110	Labor Vacation	32,742	36,003	-	-
	<i>Labor Subtotal</i>	436,449	432,420	453,874	473,989
60115	Labor Taxes	21,088	21,404	22,701	22,993
60120	Labor Workers Comp	9,827	2,741	5,708	5,967
60205	Benefits LTD/Life/EAP	1,691	1,823	2,245	2,279
60210	Benefits CalPERS	86,438	132,421	86,000	100,000
60220	Benefits Flex Credits	27,548	18,947	48,600	51,000
	Total Payroll	583,041	609,756	619,128	656,228
	<i>EXPENSES (NON-PAYROLL)</i>				
61110	Regulatory Compliance/Permits	356	188	1,000	1,000
62115	Staff Development & Conferences	7,283	7,358	20,000	10,000
62125	Department Admin	9,132	11,443	20,000	12,000
62130	Dues and Subscriptions	61,091	64,988	80,000	90,000
63100	Support Services	404,656	146,918	350,000	350,000
63105	Legal Services	374,866	685,962	425,000	400,000
	Total	857,384	916,856	896,000	863,000
	Department Total	\$ 1,440,425	\$ 1,526,612	\$ 1,515,128	\$ 1,519,228



**Fiscal Year 2020 Budget
Departmental Budgets**

	Dept. 3XX - Water Costs	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2020 BUDGET
	IMPORTED/BASIN MANAGED WATER EXPENSES				
50100-320	Imported Water Fixed Costs	\$ 487,092	\$ 368,078	\$ 378,939	\$ 387,000
50105-320	Imported Water Variable Costs	-	-	-	-
50115-320	Basin Managed Water	288,303	2,016,907	1,015,000	2,100,000
50130-320	Chemicals and Treatment	4,179	-	-	-
50180-320	Utilities - Imported	21,892	16,430	-	1,700
60100-320	Labor Import	10,316	3,897	-	15,000
62165-320	Parts and Materials - Import	5,905	-	10,000	10,000
63100-320	Support Services - Import	24,666	-	10,500	14,300
	Total Imported / Basin Managed Water Costs	842,353	2,405,312	1,414,439	2,528,000
50110-320	In-Lieu Water	-	3,168,477	-	-
	Total In-Lieu Water Costs	-	3,168,477	-	-
	CLEAR WATER EXPENSES				
50130-310	Chemicals - Clear	96,297	48,787	154,015	137,720
50150-310	Basin Replenishment Assessment - Clear	3,622,301	2,206,372	5,655,342	5,678,907
50155-310	Well Land Leases - Clear	78,499	78,499	78,499	78,500
50160-020	BEA (Rebilled to Segerstrom)	-	-	-	-
50180-310	Utilities - Clear	527,872	309,144	820,392	659,385
60100-310	Labor Clear	58,880	62,747	65,000	62,000
62165-310	Parts and Materials - Clear	29,174	43,316	50,000	50,000
63100-310	Support Services - Clear	14,385	27,403	209,000	204,943
	Total Clear Water Costs	4,427,408	2,776,268	7,032,248	6,871,455
	AMBER WATER EXPENSES				
50130-330	Chemicals - Amber	534,230	367,762	334,098	273,052
50150-330	Basin Replenishment Assessment - Amber	2,883,908	1,908,654	2,041,578	1,990,369
50180-330	Utilities - Amber	890,048	641,789	878,276	529,922
60100-330	Labor Amber	17,203	14,756	25,000	20,000
62165-330	Parts and Materials - Amber	67,075	79,858	120,000	100,000
63100-330	Support Services - Amber	128,402	121,735	233,800	217,995
	Total Amber Water Costs	4,520,866	3,134,554	3,632,752	3,131,338



**Fiscal Year 2020 Budget
Departmental Budgets**

	Dept. 300 - Water Operations	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2020 BUDGET
	PAYROLL EXPENSES:				
60100	Labor Regular	\$ 1,568,296	\$ 1,614,872	\$ 1,937,470	\$ 2,103,826
60105	Labor Non-Reg	222,491	275,114	-	-
60110	Labor Vacation	110,501	141,269	-	-
	<i>Labor Subtotal</i>	1,901,288	2,031,255	1,937,470	2,103,826
60115	Labor Taxes	148,084	155,900	156,000	170,000
60120	Labor Workers Comp	74,548	50,995	108,751	119,766
60125	Labor Temporary	36,788	25,245	-	40,000
60205	Benefits LTD/Life/EAP	10,642	11,613	14,124	14,967
60210	Benefits CalPERS	412,768	535,300	420,000	485,000
60215	Benefits Other	4,850	4,435	5,000	15,840
60220	Flex credits	200,173	115,258	352,800	422,400
60990	Payroll jobs WIP	(260,385)	(222,471)	(275,000)	(280,000)
	Total Payroll	2,528,756	2,707,529	2,719,145	3,091,799
	EXPENSES (NON-PAYROLL)				
50130-300	Chemicals T&D	-	2,639	8,543	2,443
61110	Regulatory Compliance/Permits	177,855	304,449	203,600	183,719
62115	Staff Development & Conferences	30,499	15,363	25,000	25,000
62120	Damages	427	-	10,000	-
62125	Department Administration	16,777	16,769	35,800	20,000
62135	Facilities improvements	67,375	8,570	55,000	25,000
62140	Fuel	48,513	65,110	60,000	60,000
62145	General Supplies	5,002	4,914	5,000	8,000
62155	Leasing/ Equipment Rental	-	31	5,000	-
62160	Other Agency Cost Reimbursement	132,195	-	-	5,000
62165	Parts & Materials	296,787	300,921	275,000	300,000
62180	Tools & Equipment	-	5,777	-	-
62185	Utilities	120,333	141,323	118,297	138,215
63100	Support Services	882,436	1,663,657	781,400	1,009,200
63105	Legal Services	-	-	-	-
63990	Capitalized G&A Contra - T&D	(261,065)	(239,623)	(264,000)	(276,000)
63995	Capitalized Equipment Contra - T&D	-	-	-	-
	Total	1,517,134	2,289,901	1,318,640	1,500,577
	Department Total	\$ 4,045,890	\$ 4,997,430	\$ 4,037,785	\$ 4,592,376

	Dept. 400 - Engineering	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2020 BUDGET
	PAYROLL EXPENSES:				
60100	Labor Regular	\$ 594,448	\$ 626,429	\$ 732,586	\$ 631,238
60105	Labor Non-Reg	80,586	94,495	-	-
60110	Labor Vacation	51,861	52,249	-	-
	<i>Labor Subtotal</i>	726,895	773,172	732,586	631,238
60115	Labor Taxes	44,057	47,304	46,662	38,069
60120	Labor Workers Comp	6,630	4,641	9,605	8,236
60125	Labor Temporary	-	-	-	-
60205	Benefits LTD/Life/EAP	3,544	3,862	4,632	3,901
60210	Benefits CalPERS	125,472	173,721	126,000	120,000
60215	Benefits Other - Engineering	738	6,851	800	2,160
60220	Benefits Flex Credits	61,452	40,146	84,000	76,800
60990	Capital Labor/Benefit Contra	(258,277)	(215,361)	(275,000)	(250,000)
	Total Payroll	710,511	834,336	729,285	630,403
	EXPENSES (NON-PAYROLL)				
62115	Staff Development & Conferences	17,117	14,646	13,000	15,000
62125	Department Admin	4,488	2,412	6,600	3,500
62145	General Supplies	1,000	3,141	4,500	3,500
63100	Support Services	366,700	412,848	245,000	302,000
63990	Capitalized G&A Contra	(125,790)	(132,805)	(130,000)	(115,000)
	Total	263,515	300,241	139,100	209,000
	Department Total	\$ 974,026	\$ 1,134,577	\$ 868,385	\$ 839,403

	Transmission and Distribution	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2020 BUDGET
	Transmission and Distribution Grand Total	\$ 5,019,916	\$ 6,132,007	\$ 4,906,170	\$ 5,431,780



**Fiscal Year 2020 Budget
Departmental Budgets**

	Dept. 500 - Customer Services	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2020 BUDGET
	PAYROLL EXPENSES:				
60100	Labor Regular	\$ 646,102	\$ 589,584	\$ 764,436	\$ 813,853
60105	Labor Non-Reg	134,500	128,591	-	-
60110	Labor Vacation	69,649	53,836	-	-
	<i>Labor Subtotal</i>	850,251	772,011	764,436	813,853
60115	Labor Taxes	64,591	58,300	70,500	77,248
60120	Labor Workers Comp	19,098	12,202	26,400	31,220
60125	Labor Temporary	672	20,158	-	25,000
60205	Benefits LTD/Life/EAP	4,992	4,802	5,984	6,740
60210	Benefits CalPERS	192,026	229,589	196,000	215,000
60215	Benefits Other	1,128	4,481	1,200	6,480
60220	Benefits Flex Credits	93,749	55,168	151,200	192,000
	Total Payroll	1,226,507	1,156,712	1,215,720	1,367,541
	EXPENSES (NON-PAYROLL)				
62100	Cash Over/Short	-	139	-	-
62105	Computer Maint/Licensing	203,443	2,250	-	-
62115	Staff Development & Conferences	10,043	8,838	15,000	10,000
62125	Department Admin	12,466	10,221	20,000	31,750
62145	General Supplies	43,674	18,529	17,000	14,500
62175	Telecom/Network	179,929	-	-	-
63100	Support Services	707,190	316,210	341,200	379,500
	Total	1,156,745	356,187	393,200	435,750
	Department Total	\$ 2,383,252	\$ 1,512,900	\$ 1,608,920	\$ 1,803,291



**Fiscal Year 2020 Budget
Departmental Budgets**

	Dept. 600 - Financial Services	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2020 BUDGET
	<i>PAYROLL EXPENSES:</i>				
60100	Labor Regular	\$ 379,795	\$ 358,804	\$ 509,326	\$ 541,925
60105	Labor Non-Reg	58,321	62,799	-	-
60110	Labor Vacation	54,329	25,926	-	-
	<i>Labor Subtotal</i>	492,445	447,529	509,326	541,925
60115	Labor Taxes	33,215	34,183	39,681	38,553
60120	Worker's compensation insurance exp.	4,064	2,378	6,365	6,348
60125	Temporary Labor	309,183	269,799	75,000	20,000
60205	LTD, Life Insurance & EAP	2,091	2,501	3,057	3,490
60210	Benefits CalPERS	54,434	82,759	60,000	65,000
60215	Benefits - Other	-	392	-	3,600
60220	Flex credits	33,857	20,288	84,000	96,000
60990	Applied Overhead for labor benefits	-	-	(325,000)	(275,000)
	Total Payroll	929,289	859,828	452,429	499,916
	<i>EXPENSES (NON-PAYROLL)</i>				
61105	LAFCO charge	25,101	26,419	27,000	28,000
62115	Staff development & conference expense	169	4,648	10,000	5,000
62125	Department administration expense	2,592	4,245	5,000	5,000
62145	General Supplies - Finance	33,861	33,076	35,000	35,000
62150	Liability insurance	248,071	258,446	264,000	265,000
63100	Support Services	356,150	325,529	344,100	395,500
63105	Special legal counsel/Advocate	-	-	-	-
63990	Capitalized G&A Contra - Finance	(290,208)	(276,964)	(288,000)	(295,000)
63995	Capitalized Equipment Contra - Finance	-	-	-	-
	Total	375,736	375,397	397,100	438,500
	Department Total	\$ 1,305,025	\$ 1,235,225	\$ 849,529	\$ 938,416



**Fiscal Year 2020 Budget
Departmental Budgets**

	Dept. 700 - Public Affairs	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2020 BUDGET
	<i>PAYROLL EXPENSES:</i>				
60100	Labor Regular	\$ 143,168	\$ 109,630	\$ 304,947	\$ 300,849
60105	Labor Non-Reg	21,946	21,709	-	-
60110	Labor Vacation	1,801	4,995	-	-
	<i>Labor Subtotal</i>	166,915	136,334	304,947	300,849
60115	Labor Taxes	12,925	11,364	20,905	21,142
60120	Worker's compensation insurance exp.	1,539	611	3,402	3,758
60125	Temporary Labor	145,272	20,989	-	-
60205	LTD, Life Insurance & EAP	756	373	1,875	2,403
60210	Benefits CalPERS	30,378	26,771	36,000	55,000
60215	Benefits - Other	593	416	720	1,800
60220	Flex credits	13,082	8,879	42,000	48,000
	Total Payroll	371,460	205,737	409,849	432,952
	<i>EXPENSES (NON-PAYROLL)</i>				
62105	Technology/Software Licensing	192	1,360	3,500	1,500
62115	Staff development & conference expense	1,553	226	5,500	1,600
62125	Department administration expense	1,665	3,892	2,500	4,600
62130	District memberships and subscriptions	3,877	2,704	2,500	4,000
62145	General Office Supplies/Minor Equipment	16,502	11,296	10,000	4,000
63100	Support Services	301,829	402,264	343,000	421,480
63105	Special legal counsel/Advocate	-	-	-	-
	Total	325,618	421,742	367,000	437,180
	Department Total	\$ 697,078	\$ 627,479	\$ 776,849	\$ 870,132

	Dept. 900 - External Affairs	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2020 BUDGET
	<i>PAYROLL EXPENSES:</i>				
60100	Labor Regular	\$ 146,923	\$ 151,488	\$ 202,434	\$ 178,074
60105	Labor Non-Reg	13,433	8,265	-	-
60110	Labor Vacation	12,255	11,318	-	-
	<i>Labor Subtotal</i>	172,611	171,071	202,434	178,074
60115	Labor Taxes	9,758	9,905	12,850	12,684
60120	Labor Workers Comp	1,588	1,110	2,300	2,376
60125	Labor Temporary	442	-	-	-
60205	Benefits LTD/Life/EAP	806	880	1,516	1,078
60210	Benefits CalPERS	42,796	53,440	46,000	45,000
60215	Benefits - Other	499	4,289	720	1,080
60220	Benefits Flex Credits	17,009	11,195	25,200	28,800
	Total Payroll	245,509	251,891	291,020	269,092
	<i>EXPENSES (NON-PAYROLL)</i>				
61110	Regulatory Compliance/Permits	425	-	-	-
62115	Staff Development & Conferences	24,080	4,960	10,000	5,000
62125	Department Admin	46,108	14,561	10,000	5,000
62130	Dues and Subscriptions	4,175	1,427	2,500	2,500
62145	General Supplies	2,110	982	2,000	2,000
63100	Support Services	145,551	106,921	50,000	170,000
63105	Legal Services	99,864	84,422	89,000	-
	Total	322,313	213,274	163,500	184,500
	Department Total	\$ 567,822	\$ 465,165	\$ 454,520	\$ 453,592



**Fiscal Year 2020 Budget
Departmental Budgets**

	Dept. 800 - Administrative Services	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2020 BUDGET
	PAYROLL EXPENSES:				
60100	Labor Regular	684,343	377,377	450,717	481,308
60105	Labor Non-Reg	89,711	59,438	-	-
60110	Labor Vacation	60,244	36,233	-	-
	Labor Subtotal	834,298	473,048	450,717	481,308
60115	Labor Taxes	55,176	34,199	33,762	35,189
60120	Labor Workers Comp	6,814	2,544	5,418	5,791
60125	Labor Temporary	-	9,035	-	-
60205	Benefits LTD/Life/EAP	4,178	2,451	3,778	3,835
60210	Benefits CalPERS	189,345	194,052	100,000	120,000
60215	Benefits - Other	3,033	1,855	2,400	3,600
60220	Benefits Flex Credits	80,530	30,463	75,600	96,000
	Total Payroll	1,173,374	747,648	671,675	745,723
	EXPENSES (NON-PAYROLL)				
60225	Benefits OPEB	25,030	(106,346)	-	-
60230	Benefit Retiree Expenses	60,713	(11,838)	-	-
60235	Benefit Unemployment Insurance	-	-	-	-
62105	Computer Maint/Licensing	-	280,363	450,000	400,000
62115	Staff Development & Conferences	10,795	8,478	20,000	10,000
62125	Department Admin	6,515	5,416	10,000	7,000
62145	General Supplies - IT	110	9,039	50,000	35,000
62170	Postage/Shipping/Freight	15,302	14,724	20,000	20,000
62175	Telecom/Network	-	207,801	200,000	267,000
62180	Tools & Equipment	-	-	1,000	1,000
63100	Support Services	27,652	498,777	536,000	561,000
63110	Human Resources Services - Admin	236,951	-	-	-
	Total	383,068	906,413	1,287,000	1,301,000
	Department Total	\$ 1,556,442	\$ 1,654,061	\$ 1,958,675	\$ 2,046,723

	Dept. 850 - Human Resources	FY 2017 ACTUAL	FY 2018 ACTUAL	FY 2019 BUDGET	FY 2020 BUDGET
	PAYROLL EXPENSES:				
60100	Labor Regular	-	182,014	358,088	319,520
60105	Labor Non-Reg	-	36,494	-	-
60110	Labor Vacation	-	13,193	-	-
	Labor Subtotal	-	231,701	358,088	319,520
60115	Labor Taxes	-	17,444	26,230	24,443
60120	Labor Workers Comp	-	1,134	3,912	3,491
60125	Temporary Labor	-	31,286	25,000	20,000
60205	Benefits LTD/Life/EAP	-	1,377	1,794	2,318
60210	Benefits CalPERS	-	11,099	60,000	62,000
60215	Benefits OPEB	-	1,125	-	-
60220	Benefits Flex Credits	-	9,619	50,400	52,800
	Total Payroll	-	304,786	525,424	484,572
	EXPENSES (NON-PAYROLL)				
60225	Benefits OPEB	-	208,929	70,000	-
60230	Benefit Retiree Expenses	-	30,332	60,000	40,000
60235	Benefit Unemployment Insurance	-	-	25,000	25,000
62115	Staff Development & Conferences	-	7,550	17,200	10,000
62125	Department Admin	-	5,840	60,000	15,000
63110	Human Resources Services - Admin	2,422	157,233	224,000	245,000
	Total	2,422	409,884	456,200	335,000
	Department Total	\$ 2,422	\$ 714,669	\$ 981,624	\$ 819,572



Fiscal Year 2020 Budget

Glossary of Terms

Accrual	The recognition of a revenue or expense as it is earned or incurred regardless of when actual cash is received or paid.
Acre Foot (AF)	Covers one acre of land in area by one foot in depth and is equal to 325,851 gallons. Supplies a family of four for approximately one year.
Amber Water	Water produced from deep groundwater wells that require treatment for color and odor before being entered to the distribution system.
Amortization	The periodic expense attributed to the decline in usefulness on an intangible asset or the allocation of bond premium or discount over the life of the bond.
Appropriation	An amount of money in the budget authorized by the Board of Directors, for expenditures or obligations within organizational units for specific purposes.
Assets	Resources owned or held by the enterprise as a result of past events and from which future economic benefits are expected to flow to the enterprise.
Association of California Water Agencies (ACWA)	Association representing nearly 450 public water agencies consisting of municipal, irrigation, county and California water districts, and a number of special purpose agencies. ACWA also represents non-profit and non-public mutual water companies. Members provide the link between local, state and federal water projects, and ultimate water consumers.
Basin Pumping Percentage (BPP)	The amount of clear ground water that can be pumped as a percentage of total potable water. This percentage is set each year by Orange County Water District.
Budget	The District's fiscal plan detailing proposed revenues and expenditures for a period of time.
California Department of Water Resources (CA DWR)	California agency responsible for managing California's water resources.
Capacity Charge	Fee imposed when a customer requests a new service connection. Capacity charges are used by the District to pay for infrastructure built to accommodate future development or to plan, design and construct new facilities to support the additional demand placed on the water system by the new connections.
Capital	Purchases or projects that exceed Mesa Water's capitalization threshold, which is \$10,000 for non-water infrastructure and \$100 (the installation cost of a 5/8" meter) for water infrastructure.
Cash on Hand	Amount of unrestricted cash held by Mesa Water at a given time.
CCF	Abbreviation for unit of water sold in hundred cubic feet. Mesa Water sells water in this unit of measure.



Fiscal Year 2020 Budget

Glossary of Terms

Certificates Of Participation (COP)	Form of lease-purchase financing used to construct or acquire capital facilities or equipment.
Change in Net Position	The final figure on the Statement of Revenues, Expenses and Change in Net Position report where revenues are netted against expenses.
Clear Well Water	Water produced from groundwater wells that require minimal treatment to be released into the distribution system.
Coverage Ratio	Ratio of Net Revenues to total annual financial obligations. This is a margin of safety for payment of debt service, reflecting the number of times by which earnings for a period of time exceed debt service payable in such a period.
Days Cash Ratio	A ratio of the Cash on Hand divided by the average Operating Expenses less Pass-through water sales to government agencies.
Debt Service	Cash required in a given period for payment on interest and principal on outstanding financial obligations.
Depreciation	The method of allocating historical costs of capital assets (excluding land) to periods in which the assets are used.
Designated Funds	Segregation of assets for special purposes such as asset replacement.
Enterprise Fund	A fund established to account for the financing of self-supporting enterprises, such as a utility fund, which render services primarily to the public.
Expenses	The amount of assets consumed or services used in the process of earning revenue.
Fiscal Year (FY)	The annual accounting period. Mesa Water uses July 1 through June 30.
Full Time Equivalent (FTE)	An FTE equals one full-time employee working 2,080 hours per year.
GAAP	Generally Accepted Accounting Principles (GAAP) are uniform standards and guidelines that both private and public sectors use to report and record financial information. GAAP establishes a standard manner to measure and categorize accounting transactions to report financial results. Following GAAP provides a reasonable basis to compare financial results of other water or similar agencies.
Geographic Information System (GIS)	A system combining computer hardware, software and geographic data for collecting, storing, analyzing and displaying geographically referenced information.
In-Lieu Water	Water purchased at the same price as well water when the groundwater basin does not allow for full pumping.
Infrastructure	The accumulated pipelines, treatment plants and storage facilities of Mesa Water, including all meters, valves, pumps, hydrants and other appurtenances, whether constructed by Mesa Water or dedicated by private entities.



Fiscal Year 2020 Budget

Glossary of Terms

Imported Water	Water purchased from Municipal Water District of Orange County (MWDOC). It is transported by an aqueduct system from the Colorado River or the State Water Project.
LAFCO	Local Agency Formation Commission. This Commission facilitates constructive changes in governmental structure and boundaries and fosters orderly development and governance within its jurisdiction.
Liability	Obligations of the enterprise arising from past events.
Local Agency Investment Fund (LAIF)	A pooled investment vehicle for local agencies in California sponsored by the State of California and administered by the State Treasurer.
Local Resource Program (LRP)	Financial incentive programs offered by Metropolitan Water District to encourage agencies to develop or improve local agencies sources of water to help ensure future water supplies are available.
Meet and Confer	Labor relations and labor negotiations with different employee groups.
Memorandum of Understanding	A document describing agreement or accord reached between two or more parties including each party's rights and responsibilities.
Mesa Water Reliability Facility (MWRF)	The facility that is used to treat the amber water pumped by wells from deeper in the groundwater aquifer.
Metropolitan Water District (MWD)	A consortium of cities and water districts that provide water usage to water customers in parts of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura counties.
Municipal Water District of Orange County (MWDOC)	Regional water wholesaler of imported water that serves retail agencies in Orange County.
Non-water Expenses	Expenses associated with operations as a water utility but not directly attributable to the production and distribution of water.
Orange County Investment Pool (OCIP)	A pooled investment vehicle for Orange County California agencies administered by the Orange County Treasurer.
Orange County Water District (OCWD)	The agency responsible for managing the Orange County Groundwater Basin in northern and central Orange County that serves cities and water districts.
Other Expense	An expense that cannot be associated definitely with operations.
Other Income	Revenue from sources other than Mesa Water's principal activities as a water utility.
Potable Water	Water that is suitable for drinking.



Fiscal Year 2020 Budget

Glossary of Terms

Public Employees Retirement System (PERS)	An agency, multiple-employer, public retirement system to which Mesa Water contributes that acts as a common investment and administrative agent for participating public entities within the State of California.
Recycled Water	Non-potable water that is used for irrigation purposes.
Replenishment Assessment (RA)	Amount charged on an acre-foot basis for water pumped from the Orange County Groundwater Basin charged by OCWD.
Restricted Reserves	An account used to indicate that a portion of Net Position is legally restricted for a specific purpose or not available for appropriation and subsequent spending.
Reservoir	A pond, lake, tank, or basin (natural or engineered) where water is collected and stored.
Revenue	The sale of goods or services produced by an entity which usually result in the creation of assets, most often cash or receivables.
Statement of Revenues, Expenses and Changes in Net Position	Reports the results of revenues and expenses over a period of time.
Supervisory Control and Data Acquisition (SCADA)	The Supervisory Control and Data Acquisition system collects operational data from remote units to monitor and control water systems and facilities throughout the District's service area.
Water Production Costs	The costs associated directly with the production and distribution of water into the system.
Working Capital	The difference between current assets and current liabilities. Represents the amount available for operations and other expenditures.