



OPERATING BUDGET

FISCAL YEAR 2019

Mesa Water District
Costa Mesa, California

MesaWater.org

*Dedicated to Satisfying
our Community's
Water Needs*



ADOPTED BUDGET FISCAL YEAR 2019

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*

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May 3, 2018

On behalf of the Mesa Water District Board of Directors (Board), I am pleased to present the approved budget for Fiscal Year (FY) 2019.

Mesa Water District (Mesa Water®) expects operating revenues of \$38.3 million with \$26.5 million in operating expenses. Planned capital expenditures are \$8.0 million, and financial obligations for payment of principal and interest on debt are \$4.0 million. Budgeted salary and benefits expense is flat in comparison to FY 2018.

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 2019, the MWRf is expected to supply 4,419 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 2019, 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 \$17 per acre foot, or 3.8%. It is anticipated that OCWD's rates will continue to increase annually over the next several years.

In FY 2019, Mesa Water continues its focus on essential services and improvements that will provide efficiency and productivity gains. To further enhance our ability to rely upon locally sourced groundwater, two new well sites have been acquired and the wells are in development. 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 first and second year rates and fees are scheduled in FY 2019, 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,

A blue ink signature of Jim Atkinson, consisting of a stylized 'J' followed by a series of loops and a horizontal stroke.

Jim Atkinson
Mesa Water Board President

Date: May 3, 2018

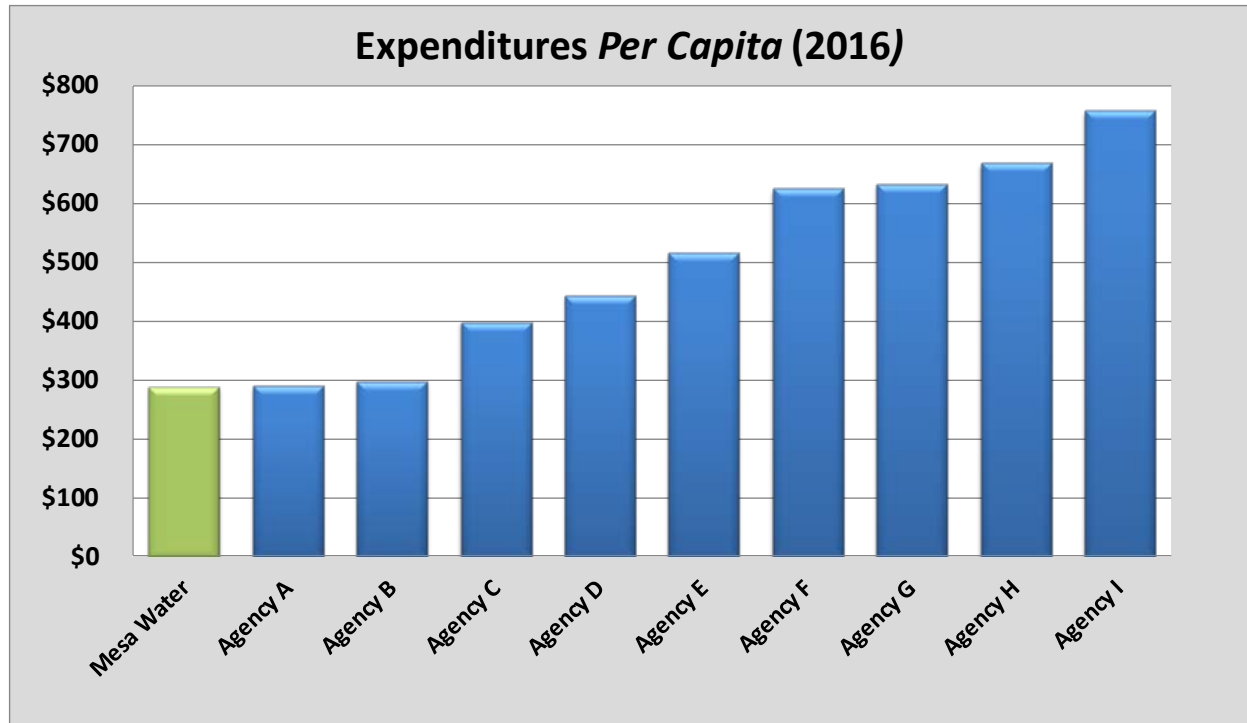
To: Mesa Water District Board of Directors

FISCAL YEAR 2019 BUDGET MESSAGE

I am pleased to present the Fiscal Year (FY) 2019 budget for Mesa Water District (Mesa Water®), beginning July 1, 2018 and ending June 30, 2019.

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 2019 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 2019 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 2018. In November 2017, the Board updated the long-term financial plan and adopted multi-year rate increases from FY 2019 to FY 2023.

The FY 2019 Budget is lower than the FY 2019 Days Cash Ratio goal of 600 days and the Cash on Hand goal of \$39.7 million, with a budgeted Days Cash Ratio of 393 days and a budgeted Cash on Hand amount of \$28.5 million. This is due to a variety of reasons, including (1) reduced revenue due to decreased demand as a result of the drought and continued wise water usage, (2) reduced recycled water rates and an increase in recycled water cost in excess of 50%, (3) an increase in the replenishment assessment for potable water in excess of 10%, (4) additional impairment costs for wells, (5) the acquisition and development of two new wells, (6) overall higher capital expenditures than originally planned, and (7) 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.

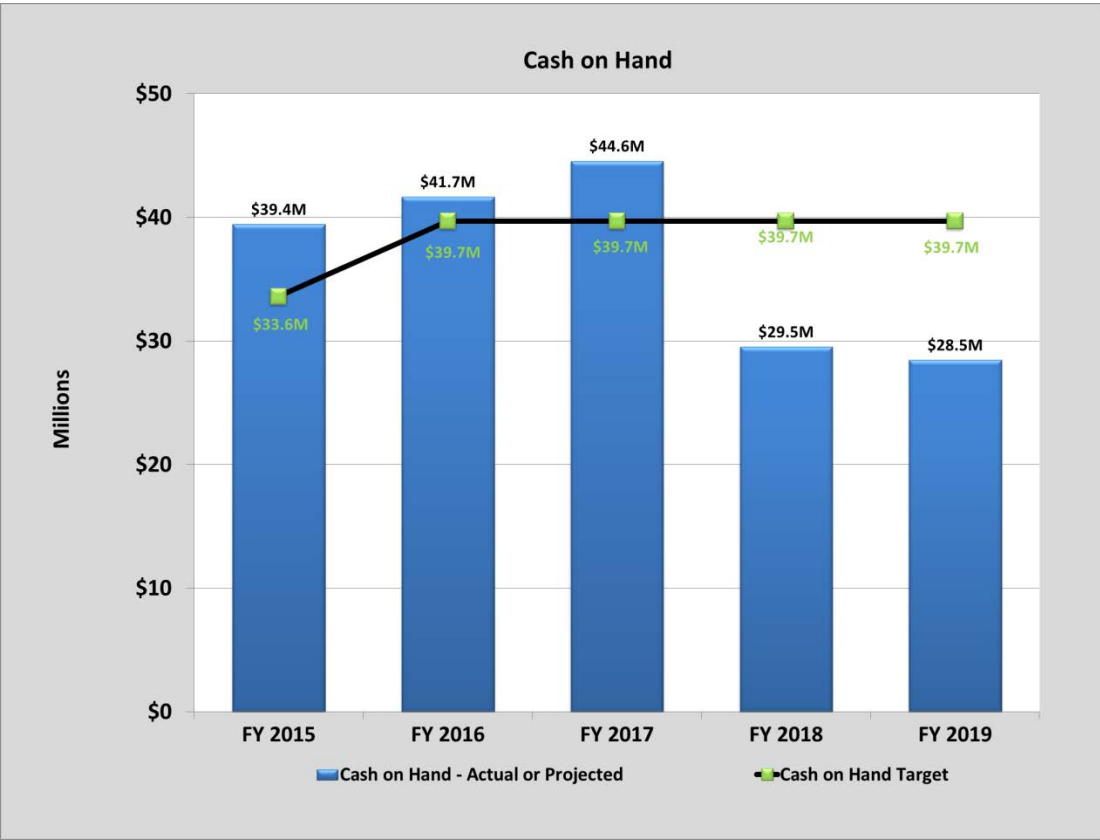
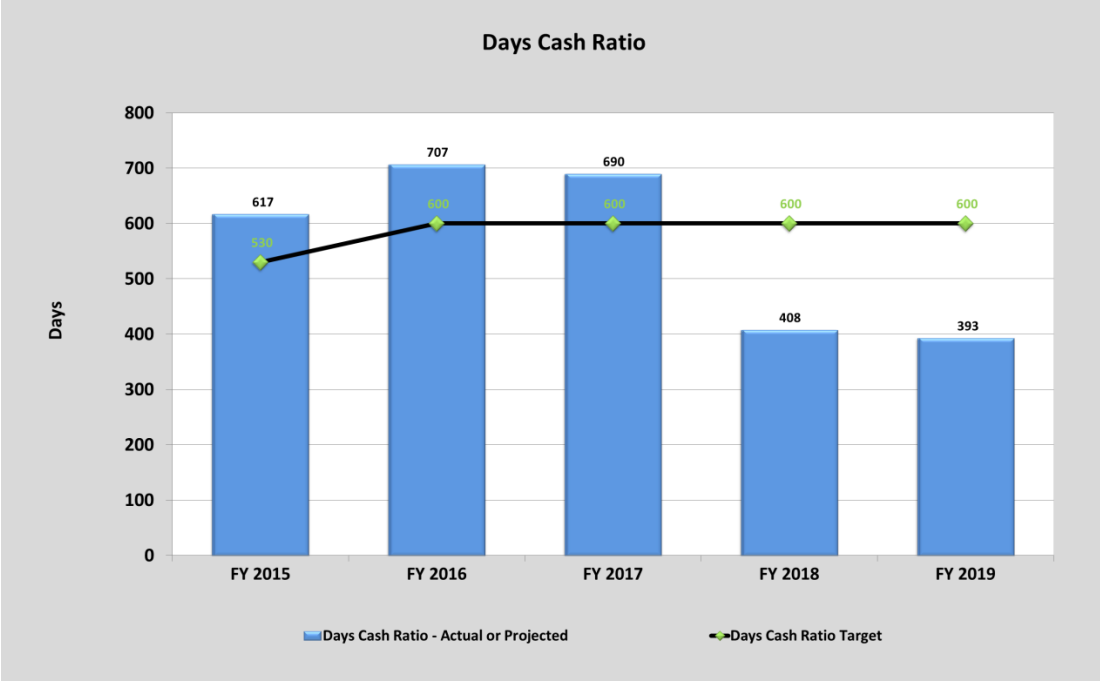
Although the Days Cash Ratio will be lower than the Board's goal, the District does not anticipate any change in its AAA rating from either Fitch or Standard & Poor's (S&P). Since the 2013 update of the long-range financial plan and the related rate increases, the mix and rating criteria by both rating 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 2019 budget is lower than established Days Cash Ratio and Cash on Hand goals, Mesa Water will continue to allocate Designated Reserves (Funds) in FY 2019 in accordance with Board policy.

Mesa Water District
Fiscal Year 2019 Budget



Mesa Water District
Fiscal Year 2019 Budget

Mesa Water's Strategic Plan

The following seven goals are reflected in the FY 2019 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, conservation efforts continue by our customers. Mesa Water's proposed budget contains moderate amount in Fiscal Year 2019 of the Coastal Pumping Transfer Program (CPTP).

Mesa Water has budgeted 17,660 acre feet of potable water production and 1,200 acre feet of recycled water (total of 18,660 acre feet) for FY 2019, compared to 17,314 acre feet of potable water sales and 1,375 acre feet of recycled water (total of 18,689 acre feet) budgeted for FY 2018. This includes 1000 acre feet of CPTP water and no imported water.

Changes by major category of Operating Revenues are summarized below:

	FY 2018 Budget	FY 2019 Budget	% Change
Operating Revenues:			
Water Consumption Sales	\$26,330,652	\$28,443,175	8.0%
Monthly Meter Service Charge	6,599,331	7,617,038	15.4%
Recycled Water Sales	1,420,085	1,351,231	-4.8%
Concessions from Gov. Agencies	1,051,600	429,500	-59.2%
Other Charges and Services	579,520	459,508	-20.7%
TOTAL OPERATING REVENUES	\$35,981,188	\$38,300,452	6.4%

Mesa Water's FY 2019 Operating Revenues are budgeted at \$38.3 million compared to \$36.0 million in the FY 2018 budget, a 6.4 percent increase. Additionally, the Fiscal Year 2019 budget includes revenues based upon the first two 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 2019 Budget

ADOPTED SCHEDULE OF RATE CHANGES

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

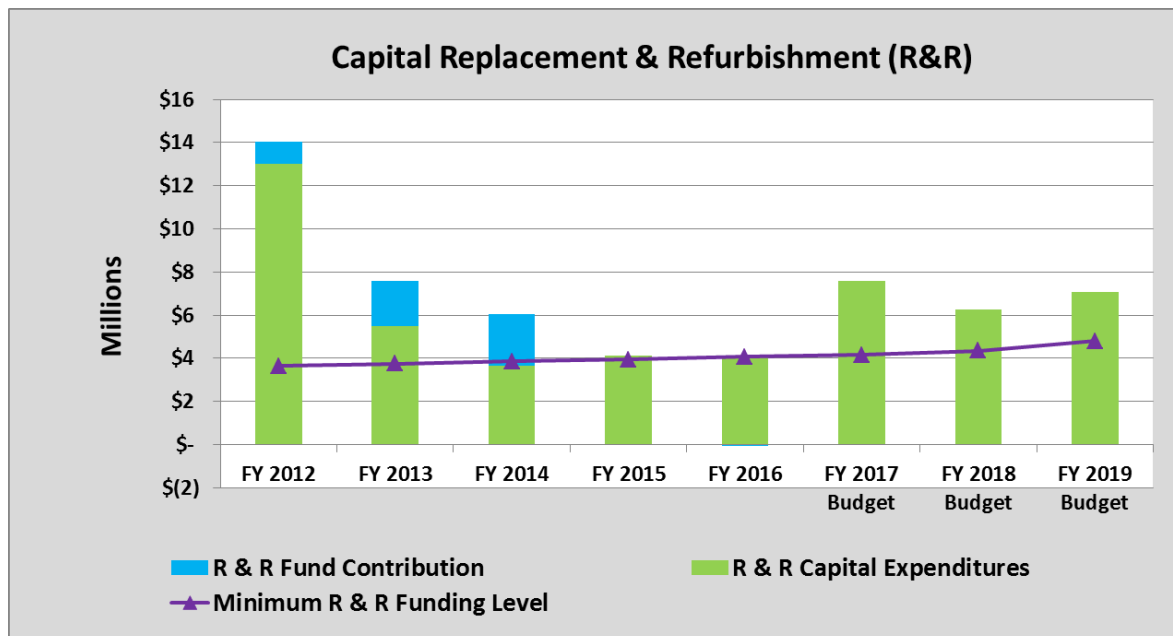
**One unit equals 100 cubic feet or 748 gallons.*

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 2019 capital budget includes expenditures of \$8.0 million representing a 32 percent decrease from the FY 2018 budget of \$11.7 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 2019, Mesa Water will continue with the automation and rehabilitation of two of the District's seven operating wells. Automation and rehabilitation work is complete at three of the District's seven operating wells. By the end of FY 2019 all seven of the District's operating wells will be automated. To further ensure the District's ability to rely solely upon locally sourced groundwater, two new wells will be designed. Funds will also be used for new pipelines and replacement of end-of-life pipelines, a new roof and HVAC system at the District's headquarters, and scheduled annual replacements of hydrants, valves, and meters.



Mesa Water District
Fiscal Year 2019 Budget

Expenses

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

1. In FY 2019, 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 2019, 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 2019 Operating Expenses are budgeted at \$26.5 million compared to \$26.4 million in the FY 2018 budget, an increase of less than 1% in Operating Expenses. Changes by major category of Operating Expenses are summarized below:

	FY 2018 Budget	FY 2019 Budget	% Change
Operating Expenses:			
Imported Sources of Supply	\$453,723	\$399,439	-11.96%
Basin Managed Water	2,193,400	1,015,000	-53.72%
Clear Water	5,818,611	7,032,248	20.86%
Amber Water	3,387,337	3,632,752	7.25%
Recycled Water	1,014,751	1,005,600	-0.90%
Transmission and Distribution	5,016,514	4,906,170	-2.20%
General and Administrative	8,553,387	8,463,549	-1.05%
TOTAL OPERATING EXPENSES	\$26,437,723	\$26,454,758	0.06%

Mesa Water District
Fiscal Year 2019 Budget

Imported sources of supply expense decreased due to the reduced participation in the CPTP program. Recycled water costs have also decreased over the prior year, due to reduced recycled water consumption.

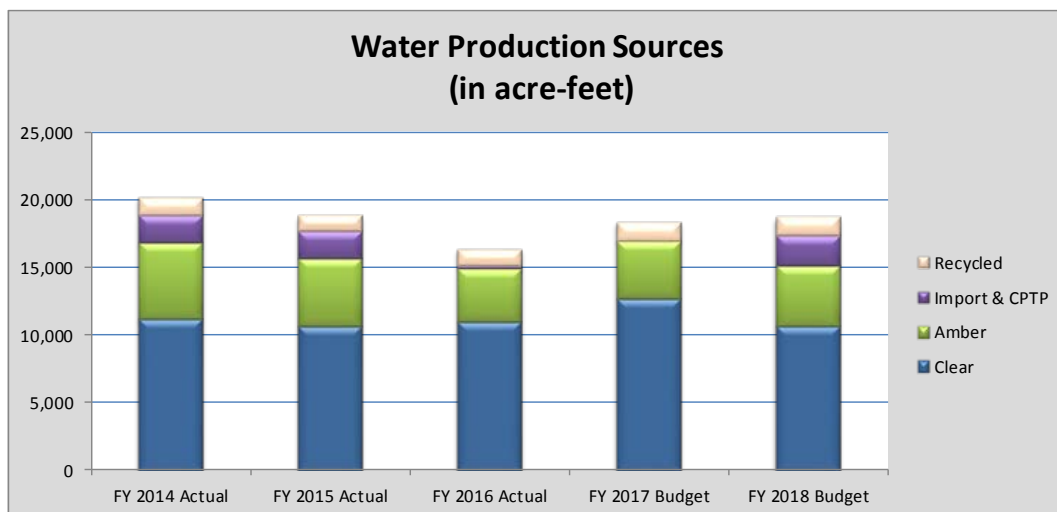
Economic and Policy Issues

In FY 2019 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 2019 Budgeted Average Cost per Acre Foot
Clear Water	\$574
Amber Water (MWRF)	\$822-\$151 LRP= \$671
Imported Water (None in FY2018)	\$1015/\$1050
Recycled Water	\$838

During FY 2019, Mesa Water expects Orange County Water District (OCWD) will increase the Basin Pumping Percentage (BPP) from 75 percent to 77 percent of total potable supply. The Replenishment Assessment (RA) acre foot charge by OCWD is expected to increase from \$445 to \$462 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 2019, the MWRF is budgeted to run at an approximate capacity of 4,419 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 2019:



Mesa Water District
Fiscal Year 2019 Budget

Staffing Levels

Staffing levels are projected to drop slightly from FY 2018, decreasing by 3.75 in FY 2019 to 54.00 FTE's.

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 2019 Budget

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Fiscal Year 2019 Budget
Comparative Statement of Revenues, Expenses, and Changes in Net Position

	FY 2016 ACTUAL	FY 2017 ACTUAL	FY 2018 BUDGET	FY 2019 BUDGET
OPERATING REVENUES:				
Water consumption sales	\$ 21,060,727	\$ 23,261,150	\$ 26,330,652	\$ 28,443,175
Monthly meter service charge	6,050,343	6,331,300	6,599,331	7,617,038
Recycled water sales	1,056,481	971,796	1,420,085	1,351,231
Concessions from gov. agencies (incl. CPTP)	-	-	1,051,600	429,500
Other charges and services	830,432	560,558	579,520	459,508
TOTAL OPERATING REVENUES	28,997,983	31,124,804	35,981,188	38,300,452
OPERATING EXPENSES:				
Imported Water Fixed Costs	1,031,539	554,050	2,647,123	399,439
Basin Managed Water		288,303	-	1,015,000
Clear water cost	4,682,120	4,427,407	5,818,611	7,032,248
Amber water cost	2,453,295	4,520,866	3,387,337	3,632,752
Recycled water	496,582	572,549	1,014,751	1,005,600
Transmission and distribution	4,961,178	5,021,716	5,016,514	4,906,170
General and administrative	7,900,124	8,184,895	8,553,387	8,463,549
TOTAL OPERATING EXPENSES	21,524,838	23,569,786	26,437,723	26,454,758
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	7,473,145	7,555,018	9,543,465	11,845,694
Depreciation and amortization	(4,702,756)	(4,920,209)	(5,384,472)	(5,350,000)
OPERATING INCOME	2,770,389	2,634,809	4,158,993	6,495,694
NONOPERATING REVENUES / (EXPENSES):				
Bond issuance costs	-	(203,837)	-	-
Investment earnings (incl. unrealized)	681,378	25,518	300,000	425,000
Interest expense - long-term debt	(1,196,589)	(1,094,610)	(1,245,095)	(798,574)
Loss on sale/disposition of capital assets, net	(69,130)	(94,086)	(12,000)	(36,000)
Impairment of capital assets & termination of lease	(1,303,752)	-	(2,300,000)	-
Other non-operating, net	(120,907)	(15,135)	100,000	(53,500)
NONOPERATING REVENUES / (EXPENSES):	(2,009,000)	(1,382,150)	(3,157,095)	(463,074)
INCOME BEFORE CAPITAL CONTRIBUTIONS	761,389	1,252,659	1,001,898	6,032,620
CAPITAL CONTRIBUTIONS:				
Capacity and installation charges	1,945,079	2,498,297	1,215,000	1,131,000
Capital Grants (includes LRP)	555,892	1,036,516	678,308	686,665
Developers and others	515,385	805,548	575,000	525,000
TOTAL CAPITAL CONTRIBUTIONS	3,016,356	4,340,361	2,468,308	2,342,665
CHANGE IN NET POSITION	\$ 3,777,745	\$ 5,593,020	\$ 3,470,206	\$ 8,375,285



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 2018 Budget
FY 2018 (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	\$ 26,330,652	\$ 26,330,652	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Monthly meter service charge	6,599,331	6,599,331	-	-	-	-	-	-	-	-	-	-
Recycled water sales	1,420,085	1,420,085	-	-	-	-	-	-	-	-	-	-
Concessions from gov. agencies (incl. CPTP)	1,051,600	1,051,600	-	-	-	-	-	-	-	-	-	-
Other charges and services	579,520	579,520	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING REVENUES	35,981,188	35,981,188	-	-	-	-	-	-	-	-	-	-
OPERATING EXPENSES:												
Imported and Basin Managed water costs	2,647,123	-	-	-	2,647,123	-	-	-	-	-	-	-
Clear water cost	5,818,611	-	-	-	5,818,611	-	-	-	-	-	-	-
Amber water cost	3,387,337	-	-	-	3,387,337	-	-	-	-	-	-	-
Recycled water	1,014,751	1,014,751	-	-	-	-	-	-	-	-	-	-
Transmission and distribution	5,016,514	-	-	-	4,322,918	693,596	-	-	-	-	-	-
General and administrative	8,553,387	-	331,646	1,580,773	-	-	1,436,461	1,090,262	899,245	1,728,712	923,296	562,992
TOTAL OPERATING EXPENSES	26,437,723	1,014,751	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
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION												
	9,543,465	34,966,437	(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)
Depreciation and amortization	(5,384,472)	(5,384,472)	-	-	-	-	-	-	-	-	-	-
OPERATING INCOME / (LOSS)	4,158,993	29,581,965	(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)
NONOPERATING REVENUES / (EXPENSES):												
Investment earnings	300,000	300,000	-	-	-	-	-	-	-	-	-	-
Interest expense - long-term debt	(1,245,095)	(1,245,095)	-	-	-	-	-	-	-	-	-	-
Loss on sale/disposition of capital assets, net	(12,000)	(12,000)	-	-	-	-	-	-	-	-	-	-
Loss on abandonment	(2,300,000)	(2,300,000)	-	-	-	-	-	-	-	-	-	-
Other non-operating, net	100,000	100,000	-	-	-	-	-	-	-	-	-	-
NONOPERATING REVENUES / (EXPENSES):	(3,157,095)	(3,157,095)	-	-	-	-	-	-	-	-	-	-
INCOME BEFORE CAPITAL CONTRIBUTIONS	1,001,898	26,424,870	(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)
CAPITAL CONTRIBUTIONS:												
Capacity and installation charges	1,215,000	1,215,000	-	-	-	-	-	-	-	-	-	-
Capital grants (includes LRP)	678,308	678,308	-	-	-	-	-	-	-	-	-	-
Developers and others	575,000	575,000	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL CONTRIBUTIONS	2,468,308	2,468,308	-	-	-	-	-	-	-	-	-	-
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)
CHANGE IN NET POSITION (2017 Budget)	\$ 4,766,681	\$ 28,397,277	\$ (341,120)	\$ (1,521,088)	\$ (14,299,322)	\$ (603,867)	\$ (2,470,845)	\$ (1,194,905)	\$ (879,040)	\$ (1,661,533)	\$ -	\$ (658,876)



**Fiscal Year 2019 Budget
Capital Expenditures Summary**

Description	FY 2018 Budget	FY 2019 Budget
Well Automation and Rehab	\$ 3,740,000	\$ 2,450,000
IT Security Upgrades	-	605,000
New Well Site	2,200,000	-
Operations Routine Capital (Hyd., Valves, Meters, etc.)	649,000	1,000,000
On-Call Services (Design, Paving, Const., & CM)	600,000	350,000
New Well Properties (Development of Wells)	450,000	-
Croddy/Chandler Pipeline Design	-	625,000
Santa Ana PRS Upgrade	350,000	111,600
Pipeline Integrity Testing Program	310,000	250,000
Hydrants and Mainline Valves (Contractor)	300,000	-
Administration Building Improvements (Phase III) & HVAC	1,220,000	1,808,000
Operations Non-Routine Capital (Vehicles, Other)	250,000	215,000
Reservoirs Pump Controls & Chemical Systems Project	200,000	239,000
Other Agency Projects	175,000	125,000
Harbor/19th Pipeline Replacement/Rehab	150,000	-
MWRF Landscape	137,000	-
Facilities Security System	90,000	-
OC44	-	80,000
Human Resources Information System	90,000	50,000
MWRF PLC Replacement Study	50,000	100,000
MWRF Storage	50,000	-
Conference Room Upgrade	20,000	-
New Well 9	-	-
MWRF Improvements	-	-
Reservoir 1 & 2 Improvements	-	-
Total Capital	\$ 11,031,000	\$ 8,008,600
Internal Labor, Material, Overhead	\$ 678,500	\$ - ¹
	\$ 11,709,500	\$ 8,008,600

¹ Included in above amounts for FY 2019.



Fiscal Year 2019 Budget
Pro Forma Statement of Cash Flows and Historical Condensed Balance Sheets

	FY 2016 ACTUAL	FY 2017 ACTUAL	FY 2018 BUDGET	FY 2019 BUDGET
<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>				
Operating Income	\$ 2,770,389	\$ 2,634,809	\$ 4,158,993	\$ 6,495,694
Adjustments				
Depreciation	4,702,756	4,920,209	\$ 5,384,472	\$ 5,350,000
Other	-	-	-	-
Changes in assets & liabilities	222,785	(5,111,241)	(863,301)	550,000
Additional Pension Prepayment/Contribution	(262,702)	(319,267)	(13,000,000)	(1,000,000)
OPEB Trust Contribution	(250,000)	(250,000)	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	7,183,228	1,874,510	(4,319,836)	11,395,694
<i>CASH FLOWS FROM CAPITAL & FINANCING ACTIVITIES:</i>				
Acquisition and construction of capital assets	(5,905,165)	(12,943,009)	(11,709,500)	(8,008,600)
Proceeds from 2017 COPS	-	13,251,342	11,709,500	-
Impairment of capital assets & lease termination	-	-	(2,300,000)	-
Principal Paid on long-term debt	(2,090,000)	(2,190,000)	(2,690,000)	(2,605,000)
Interest Paid on long-term debt	(1,227,984)	(1,354,374)	(1,180,727)	(1,423,500)
Proceeds from capacity and installation charges	3,257,138	2,750,116	1,215,000	450,000
Proceeds from capital grant	555,892	1,036,516	678,308	686,665
NET CASH PROVIDED BY CAPITAL & FINANCING ACTIVITIES	(5,410,119)	550,591	(4,277,419)	(10,900,435)
<i>CASH FLOWS FROM INVESTING ACTIVITIES:</i>				
Investment earnings	455,593	467,953	300,000	335,500
NET CASH PROVIDED BY INVESTING ACTIVITIES	455,593	467,953	300,000	335,500
NET INCREASE IN CASH & CASH EQUIVALENTS	2,228,702	2,893,054	(8,297,255)	830,759
CASH & INVESTMENTS - beginning of year	39,445,085	41,673,787	37,830,838	27,642,695
CASH & INVESTMENTS - end of year	\$ 41,673,787	\$ 44,566,841	\$ 29,533,583	\$ 28,473,454



Fiscal Year 2019 Budget

Water Data

Water Revenue Data

Revenue

All Potable Water Revenue	\$ 21,060,727	\$ 23,261,150	\$ 26,330,652	\$ 28,443,175
Recycled Water Revenue	1,056,481	971,796	1,420,085	1,351,231
Total Water Revenue	\$ 22,117,208	\$ 24,232,946	\$ 27,750,737	\$ 29,794,406

Acre Feet Sold

Potable	14,454	15,898	16,475	16,805
Recycled	1,217	1,197	1,375	1,200
Total Acre Feet	15,671	17,095	17,850	18,005

Revenue Per Acre Foot

Potable	\$ 1,457.09	\$ 1,463.15	\$ 1,598.22	1,692.54
Recycled	868.10	811.86	1,032.79	1,126.03
Total Revenue Per Acre Foot	\$ 1,411.35	\$ 1,417.55	\$ 1,554.66	\$ 1,654.79

Water Cost Data

Cost

Imported and Basin Managed Water	\$ 1,031,539	\$ 842,353	\$ 2,647,123	\$ 1,414,439
Clear Water	4,682,120	4,427,407	5,818,611	7,032,248
Amber Water	2,453,295	4,520,866	3,387,337	3,632,752
Total Potable Water	8,166,954	9,790,626	11,853,071	12,079,439
Recycled Water	496,582	572,549	1,014,751	1,005,600
Total Water Cost	\$ 8,663,536	\$ 10,363,175	\$ 12,867,822	\$ 13,085,039

Acre Feet Produced

Imported and Basin Managed Water	202	298	2,200	1,000
Clear Water	10,963	9,011	10,693	12,241
Clear & Imported and Basin Managed Water	11,165	9,309	12,893	13,241
Amber Water	3,892	7,174	4,421	4,419
Total Potable Water	15,057	16,483	17,314	17,660
Recycled	1,217	1,217	1,375	1,200
Total Acre Feet	16,274	17,700	18,689	18,860

Cost Per Acre Foot

Imported Water (Variable Costs)	\$ 932.50	\$ 932.50	\$ 997.00	\$ 1,032.50
Clear Water	427.08	491.33	544.15	574.48
Amber Water	630.34	630.17	766.19	822.08
Recycled	408.04	470.46	481.27	838.00
Total Cost Per Acre Foot	\$ 532.35	\$ 585.49	\$ 688.52	\$ 693.80

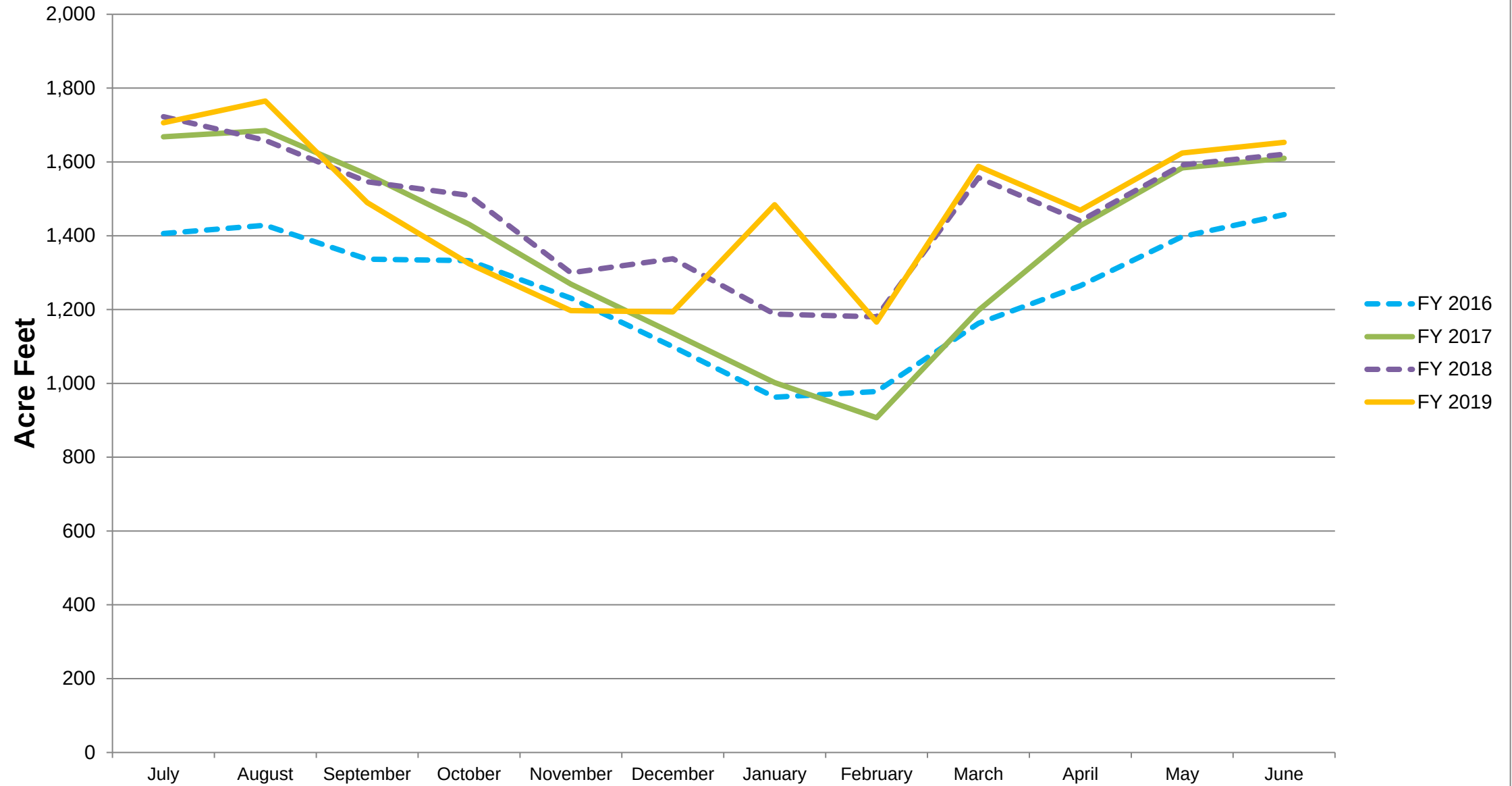
Imported Water Variable Costs per Acre Foot	\$923/942	\$923/942	\$979/1015	\$1015/1050
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Fiscal Year 2019 Budget Water Supply Components

	FY 2016 ACTUAL	FY 2017 ACTUAL	FY 2018 BUDGET	FY 2019 BUDGET
Clear Water Costs				
Basin Replenishment Assessment	\$ 3,518,881	\$ 3,622,301	\$ 4,758,385	\$ 5,655,342
Utilities Pumping	705,000	527,872	652,621	820,392
Treatment/ Labor and Materials	458,239	277,235	407,605	556,694
Total Clear Water Costs	<u>\$ 4,682,120</u>	<u>\$ 4,427,408</u>	<u>\$ 5,818,611</u>	<u>\$ 7,032,428</u>
Amber Water Costs				
Basin Replenishment Assessment	\$ 1,253,256	\$ 2,883,908	\$ 1,967,345	\$ 2,041,578
Utilities Pumping	667,250	890,048	740,247	878,276
Treatment/ Labor and Materials	532,789	746,910	679,745	712,898
Total Amber Water Costs	<u>\$ 2,453,295</u>	<u>\$ 4,520,866</u>	<u>\$ 3,387,337</u>	<u>\$ 3,632,752</u>
Imported Water Fixed Costs				
Readiness to Serve - Total Charge	\$ 203,765	\$ 114,345	\$ 38,748	\$ 38,748
Capacity Charge	169,337	76,216	-	-
Choice Charges	-	-	-	-
Retail Meter Charge - Total Charge	253,890	256,931	296,855	300,591
Shared Pipeline Maintenance Costs	43,371	39,600	39,600	39,600
	<u>\$ 670,363</u>	<u>\$ 487,092</u>	<u>\$ 375,203</u>	<u>\$ 378,939</u>
 Retail Meter Charge - Per Meter (\$)	 10.85	 10.85	 12.10	 12.25
 Basin Pumping Percentage	 70%	 70%	 75%	 77%

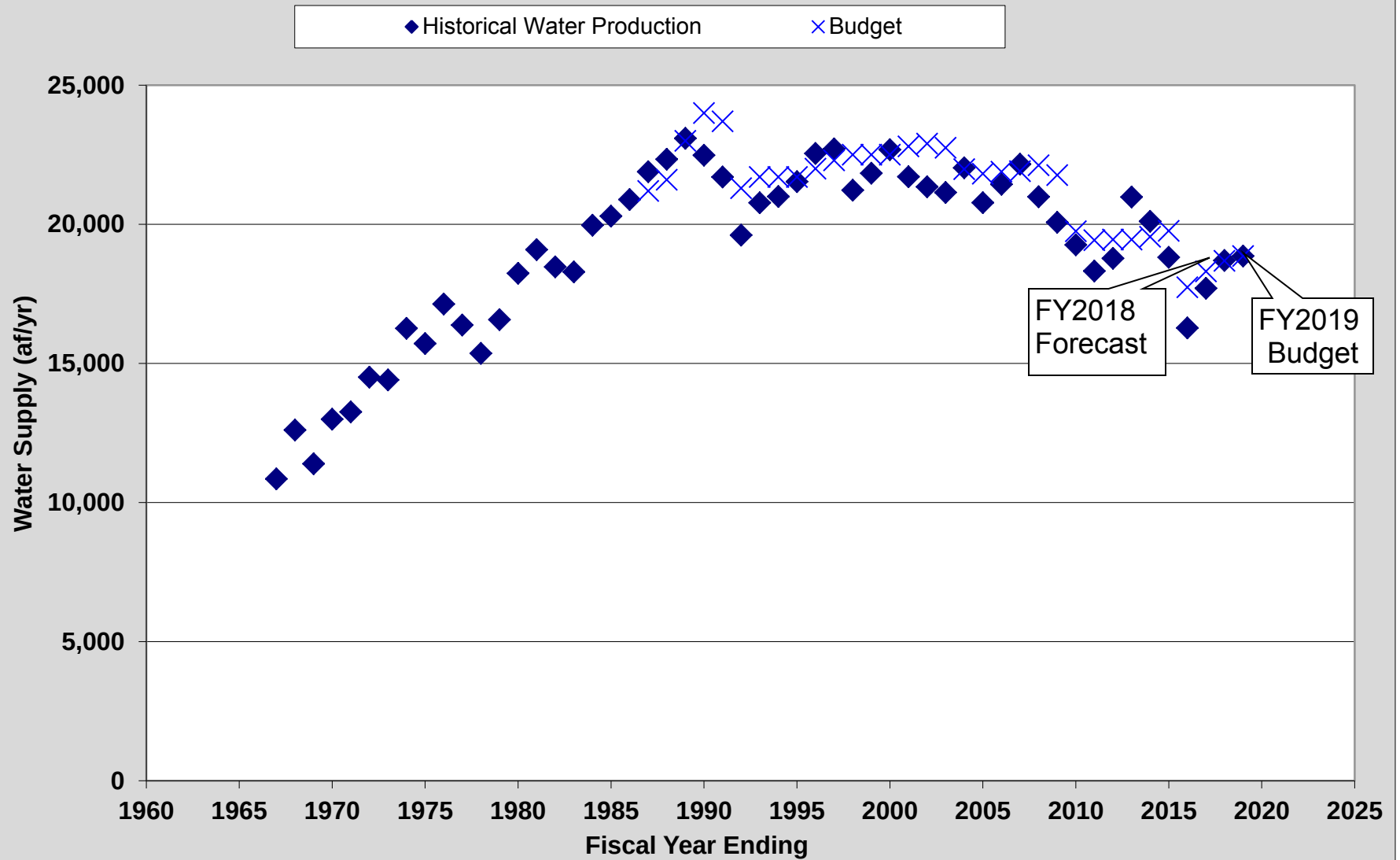
Production of Potable Water in Acre Feet, Monthly 4-Year Trend Analysis



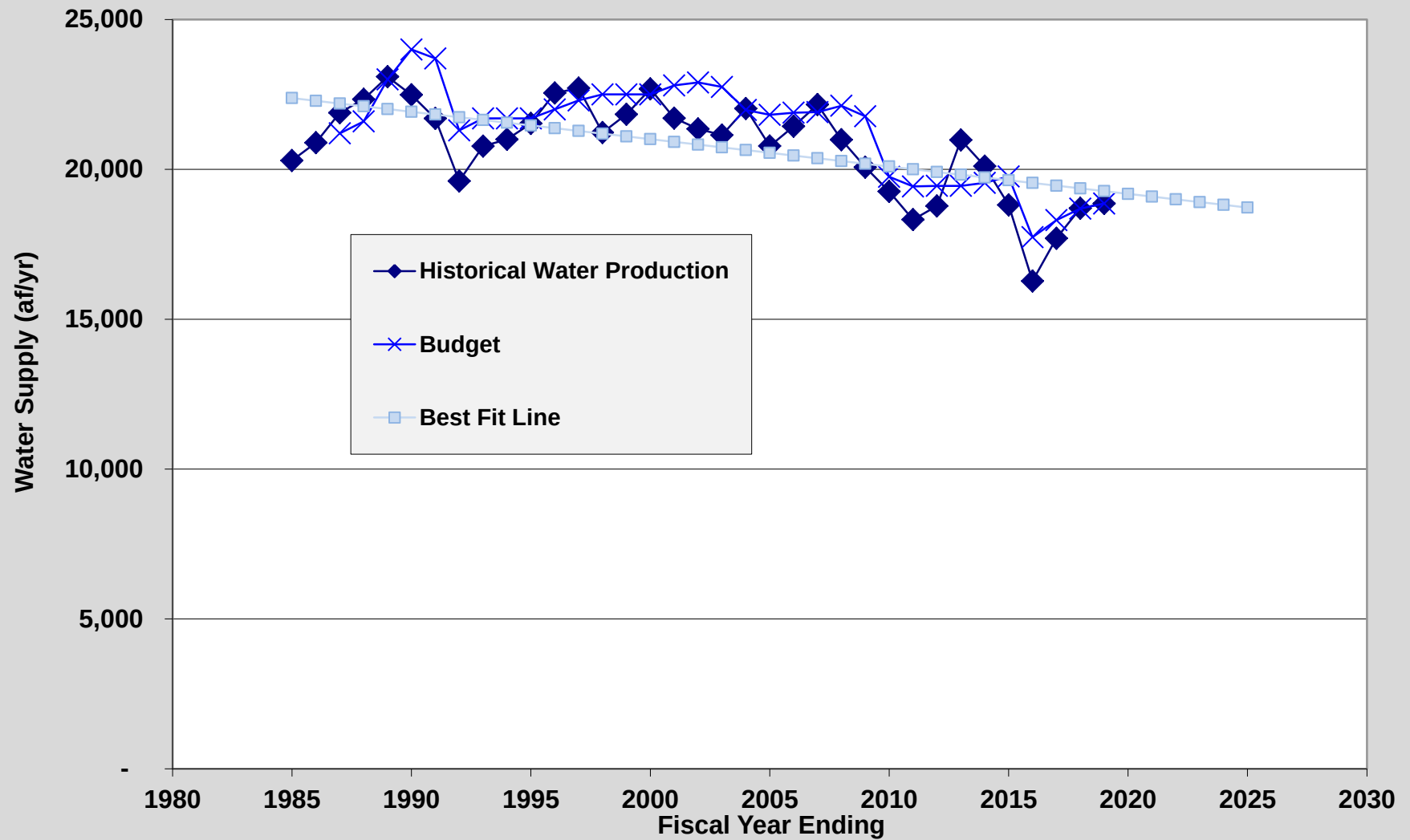
Water Production in Acre Feet

	July	August	September	October	November	December	January	February	March	April	May	June	Total
FY 2016	1,406.1	1,428.3	1,336.4	1,332.4	1,231.0	1,099.5	962.7	978.0	1,162.7	1,264.5	1,397.8	1,457.4	15,056.7
FY 2017	1,668.0	1,685.0	1,566.0	1,431.0	1,269.0	1,136.0	1,002.0	907.0	1,198.0	1,427.0	1,584.0	1,610.0	16,483.0
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	1,557.0	1,440.0	1,592.0	1,621.0	17,651.1
FY 2019	1,706.0	1,765.0	1,490.0	1,324.0	1,197.0	1,194.0	1,484.0	1,166.0	1,588.0	1,469.0	1,624.0	1,653.0	17,660.0

Fiscal 2019 Budget Water Supply Needs (Historical and Projected)

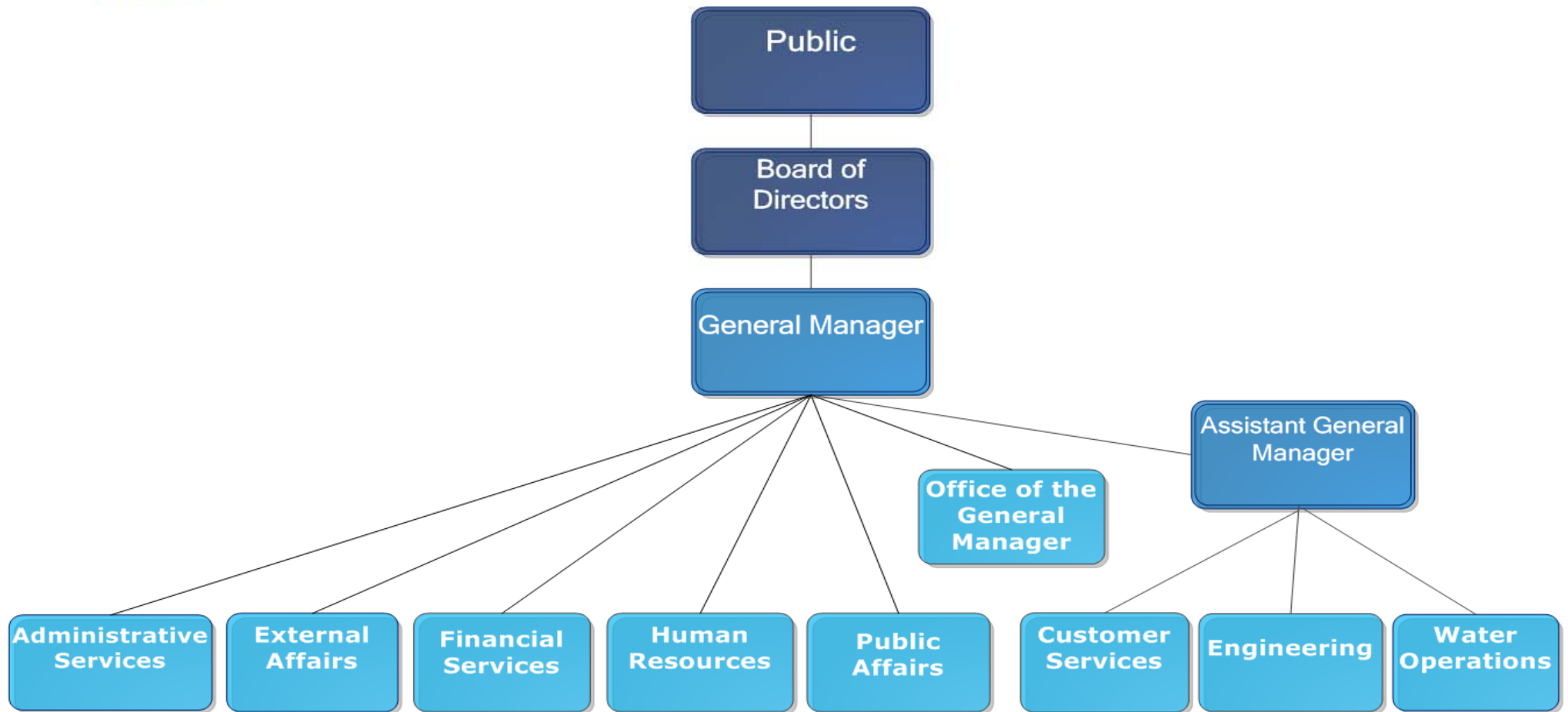


Fiscal 2019 Budget Water Supply Needs (Historical and Projected)





Mesa Water District FY 2019 Budget





Fiscal Year 2019 Budget Personnel Summary

	FY 2016 Budget	FY 2017 Budget	FY 2018 Budget	FY 2019 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	4.75	5
Information Technology	2	2	2	0
TOTAL ADMINISTRATIVE SERVICES/IT	6.75	6.75	6.75	5
HUMAN RESOURCES				
Human Resources	2	2.75	3	3
TOTAL HUMAN RESOURCES	2	2.75	3	3
CUSTOMER SERVICES				
Customer Service	8	8	8	8
Conservation	1	1	1	1
TOTAL CUSTOMER SERVICE	9	9	9	9
ENGINEERING				
Engineering	5	5	5	5
TOTAL ENGINEERING	5	5	5	5
FINANCIAL SERVICES				
Financial Services	7	7	7	5
TOTAL FINANCIAL SERVICES	7	7	7	5
EXTERNAL AFFAIRS				
External Affairs	0	1.5	1.5	1.5
TOTAL EXTERNAL AFFAIRS	0	1.5	1.5	1.5
PUBLIC AFFAIRS				
Public Affairs	2	2.5	2.5	2.5
TOTAL PUBLIC AFFAIRS	2	2.5	2.5	2.5
WATER OPERATIONS				
Supervision/Support	5	6	6	6
Distribution	10	10	10	10
Production	4	3	3	3
Water Quality	2	2	2	2
TOTAL WATER OPERATIONS	21	21	21	21
TOTAL PERSONNEL	54.75	57.50	57.75	54.00

Notes:

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

Interns	2.5	1.5	1.5	0.5
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**Fiscal Year 2019 Budget
Labor and Benefits Summary**

Category	FY 2015 Actuals	FY 2016 Actuals	FY 2017 Actual	FY 2018 Budget	FY 2019 Budget
Labor	\$5,091,731	\$5,724,881	\$5,787,950	\$6,239,150	\$5,968,278
FICA / Medicare	358,947	407,998	397,847	446,479	441,868
Workers Comp	143,382	90,864	170,616	151,832	164,327
Flex Credits	812,928	870,989	547,365	1,060,800	997,800
LTD/Life Insurance/EAP	28,331	31,941	29,081	41,622	39,536
Retirement	911,747	475,069	1,133,660	778,006	1,130,000
Total	\$7,347,066	\$7,601,742	\$8,066,519	\$8,717,889	\$8,741,809



Fiscal Year 2019 Budget
COP Coverage Ratios

	FY 2016 ACTUAL	FY 2017 ACTUAL	FY 2018 BUDGET	FY 2019 BUDGET
Revenues				
Operating Revenue	\$ 28,997,983	\$ 31,124,804	\$ 35,981,188	\$ 37,870,952
Non-Operating Revenue	681,378	25,518	400,000	425,000
Total Revenues	29,679,361	31,150,322	36,381,188	38,295,952
Expenses (Excluding Depreciation Expense)				
Operating Expenses	21,524,838	23,569,786	26,437,723	26,250,918
Income available for debt service	\$ 8,154,523	\$ 7,580,536	\$ 9,943,465	\$ 12,045,034
Annual Debt Service, Senior Debt	\$ 1,973,750	\$ 1,973,500	\$ 1,974,000	\$ 4,028,500
Coverage Ratio, Senior Debt	413%	384%	504%	299%
Annual Debt Service, Subordinated Debt	\$ 1,340,038	\$ 1,339,638	\$ 1,896,727	\$ -
Coverage Ratio, Total Debt	246%	229%	257%	299%



**Fiscal Year 2019 Budget
Designated Fund Levels**

	FY 2015 ACTUAL	FY 2016 ACTUAL	FY 2017 ACTUAL	FY 2018 BUDGET	FY 2019 BUDGET	Days
Customer & Development Deposits	\$ 2,723,761	\$ 4,106,372	\$ 4,430,002	\$ 4,000,000	\$ 4,250,000	N/A
Capital Replacement Fund	10,000,000	14,863,348	12,369,694	8,149,875	6,828,545	N/A
Other Funds						
Administrative & General Fund	1,526,933	1,474,131	1,614,369	1,448,642	1,449,576	20
Catastrophe Fund	11,451,996	10,614,947	11,623,456	2,897,285	2,899,152	40
	12,978,929	12,089,078	13,237,825	4,345,927	4,348,727	
Liquidity Funds						
Operating Funds (Target 120 days)	9,161,597	7,076,659	9,686,213	8,691,854	8,697,455	120
Rate Stabilization Funds (Target 60 days)	4,580,798	3,538,330	4,843,107	4,345,927	4,348,727	60
Total Liquidity Funds (Max 180 days total)	13,742,395	10,614,989	14,529,320	13,037,781	13,046,182	
Total Cash - Designated Funds	\$ 39,445,085	\$ 41,673,787	\$ 44,566,841	\$ 29,533,583	\$ 28,473,454	N/A
Operating Expense	\$ 23,352,348	\$ 21,524,838	\$ 23,569,786	\$ 26,437,723	\$ 26,454,758	
Cash per Day	\$ 63,979	\$ 58,972	\$ 64,575	\$ 72,432	\$ 72,479	
Days Cash Ratio Actual/Estimate	617	707	690	408	393	
Days Cash Ratio Target	530	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 150 days.

Rate Stabilization Fund - Used to provide flexibility to the Board of Directors when establishing rates such as absorbing temporary rate fluctuations or for one time expenditures. The target level of this fund shall be 60 days of the annual operating budget and the maximum shall be 75 days.



Fiscal Year 2019 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 24,500 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 2019 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 2019 budget, the potable rate is \$3.86 per ccf, and the recycled rate is \$2.52 per ccf; and, for the second six months of the FY 2019 budget, the potable rate is \$4.06 per ccf, and the recycled rate is budgeted at \$2.65 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 2019 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 2019 budget, the LAFCO surcharge is an estimated total of \$24,500 in revenue.



Fiscal Year 2019 Budget

Major Revenue Descriptions, Continued
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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 2019 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 \$151 per acre foot. Mesa Water is not budgeting import water for FY 2019.



Fiscal Year 2019 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 2019 Budget
Departmental Budgets**

	Dept. 000 - General, Page 1 of 2	FY 2016 ACTUAL	FY 2017 ACTUAL	FY 2018 BUDGET	FY 2019 BUDGET
	REVENUE:				
40100	Usage Charge - Potable Water	\$ 20,813,052	\$ 22,810,581	\$ 26,181,419	\$ 28,293,175
40105	Water sold in lieu of lease payments	5,749	-	-	-
40149	Accrued Water Sales	117,851	294,109	-	-
40170	Construction Water Revenues	124,075	156,460	149,233	150,000
	TOTAL POTABLE CONSUMPTION REVENUES	21,060,727	23,261,150	26,330,652	28,443,175
40600	Basic Charge - Domestic	5,702,747	5,978,140	6,237,600	7,180,000
40650	Basic Charge - Fire Line	347,596	353,160	361,731	437,038
	TOTAL BASIC CHARGE REVENUES	6,050,343	6,331,300	6,599,331	7,617,038
40260	Usage Charge - Recycled Water	1,056,481	971,796	1,420,085	1,351,231
	TOTAL RECYCLED CONSUMPTION REVENUES	1,056,481	971,796	1,420,085	1,351,231
45700	Coastal Pumping Trns Pgm (CPTP)	-	-	1,051,600	429,500
	TOTAL CONCESSIONS FROM GOV'T AGENCIES	-	-	1,051,600	429,500
45100	New Service Establishment Fee	44,574	38,688	40,008	42,000
45105	LAFCO Surcharge	23,933	24,167	24,500	24,500
45110	Delinquent Fees	211,576	222,044	230,004	230,004
45115	Loss Recovery	30,452	21,671	18,000	18,000
45120	Cross Connection Testing Fee	34,740	17,325	36,000	5,004
45130	Plan Check Fees	70,222	49,329	70,000	36,000
45140	Water Use Efficiency Program benchmark	15,100	-	-	-
45300	Insurance reimbursement	341,479	148,897	-	-
45305	OC-44 HB contract revenue	-	-	90,000	25,000
45505	Sale of brass and scrap	6,637	10,898	1,008	7,000
45515	Other operating revenue	51,247	71,882	70,000	72,000
62100-500	Cash Over/Short	-	(121)	-	-
62190-500	Write-Off Bad Debt Exp	472	(44,222)	-	-
	TOTAL OTHER CHARGES AND SERVICES	830,432	560,558	579,520	459,508
	TOTAL OPERATING REVENUES	28,997,983	31,124,804	35,981,188	38,300,452



Fiscal Year 2019 Budget
Departmental Budgets

	Dept. 000 - General, Page 2 of 2	FY 2016 ACTUAL	FY 2017 ACTUAL	FY 2018 BUDGET	FY 2019 BUDGET
	TOTAL OPERATING REVENUES (previous page)	28,997,983	31,124,804	35,981,188	38,300,452
50200	Recycled Water Costs	496,582	572,549	1,014,751	1,005,600
	Total Recycled Water Costs	496,582	572,549	1,014,751	1,005,600
	DEPRECIATION AND AMORTIZATION				
70100	Amortization & depreciation	\$ 4,702,756	\$ 4,920,209	\$ 5,384,472	5,350,000
	TOTAL AMORTIZATION AND DEPRECIATION	\$ 4,702,756	\$ 4,920,209	\$ 5,384,472	5,350,000
	INVESTMENT EARNINGS				
46105	Interest earned OC Investment Pool	45,671	52,990	-	-
46110	Change fair value	159,848	(517,714)	(100,000)	(100,000)
46120	Interest Earned - Funds Under District Control	408,169	453,232	400,000	425,000
46125	Realized Gain/Loss on Investments	67,690	37,010		100,000
	TOTAL INVESTMENT EARNINGS	681,378	25,518	300,000	425,000
	INTEREST EXPENSE				
76115	2009 COPs Interest expense	243,885	157,517	66,585	-
76120	2010 / 2017 COPs interest expense	950,546	934,847	1,114,142	1,385,510
76125	General interest expense	117	205	-	-
76130	2009 COPs deferred amount	202,536	202,536	143,463	129,394
76815	2009 Premium Amort Expense	(111,663)	(111,663)	(79,095)	-
76820	2010 COPs premium amortization	(88,832)	(88,832)	-	(716,330)
	TOTAL INTEREST EXPENSE	1,196,589	1,094,610	1,245,095	798,574
	OTHER NON-OPERATING				
46805	Loss on disposal of equipment	(69,130)	(94,086)	(12,000)	(36,000)
46808	Loss on Abandonment	(1,303,752)	-	(2,300,000)	-
46810	Non Operating Revenue	38,965	14,205	150,000	75,000
76800	Non Operating Expense	(156,372)	(25,840)	(50,000)	(125,000)
76825	Bond Issuance Costs	-	(203,837)	-	-
76805	COPS Trustee Expense	(3,500)	(3,500)	-	(3,500)
	TOTAL OTHER NON-OPERATING	(1,493,789)	(313,058)	(2,212,000)	(89,500)
	TOTAL NON-OPERATING REVENUES/EXPENSE	(2,009,000)	(1,382,150)	(3,157,095)	(463,074)
	CAPITAL CONTRIBUTIONS				
48115	Capacity Charge Completed Projects	1,573,607	2,161,233	800,000	848,715
48125	Installation Fees Completed Projects	160,082	179,070	205,000	161,968
48135	Inspection Fees Completed Projects	211,390	157,994	210,000	120,317
48200	MWD Local Resource Prog - MWRF	538,464	1,015,363	654,308	666,665
48205	Utility Rebate - Water Operations	17,428	21,153	24,000	20,000
48300	Contributions from Developers	515,385	805,548	575,000	525,000
	TOTAL CAPITAL CONTRIBUTIONS	3,016,356	4,340,361	2,468,308	2,342,665
	Department Total	\$ 24,806,001	\$ 28,590,257	\$ 28,893,178	33,824,443



**Fiscal Year 2019 Budget
Departmental Budgets**

	Dept. 100 - Governance	FY 2016 ACTUAL	FY 2017 ACTUAL	FY 2018 BUDGET	FY 2019 BUDGET
	<i>PAYROLL EXPENSES:</i>				
60115	Labor Taxes	\$ 10,081	\$ 8,953	\$ 12,118	\$ 12,577
60120	Labor Workers Comp	(243)	46,508	1,600	1,796
60130	Labor Directors Fee	133,020	120,399	158,400	164,400
60205	Benefits LTD/Life/EAP	503	381	528	531
60220	Benefits Flex Credits	66,602	19,965	84,000	84,000
	Total Payroll	209,963	196,206	256,646	263,304
	<i>EXPENSES (NON-PAYROLL)</i>				
61100	Election Fees	27	-	-	75,000
62115	Staff Development & Conferences	32,572	24,432	55,000	40,000
62125	Department Admin	13,868	11,791	20,000	15,000
	Total	46,467	36,223	75,000	130,000
	Department Total	\$ 256,430	\$ 232,429	\$ 331,646	\$ 393,304

	Dept. 200 - Office of the General Manager	FY 2016 ACTUAL	FY 2017 ACTUAL	FY 2018 BUDGET	FY 2019 BUDGET
	<i>PAYROLL EXPENSES:</i>				
60100	Labor Regular	\$ 345,976	\$ 363,440	\$ 467,232	\$ 453,874
60105	Labor Non-Regular	22,328	40,267	-	-
60110	Labor Vacation	35,882	32,742	-	-
	<i>Labor Subtotal</i>	404,186	436,449	467,232	453,874
60115	Labor Taxes	20,839	21,088	22,895	22,701
60120	Labor Workers Comp	2,521	9,827	5,000	5,708
60205	Benefits LTD/Life/EAP	2,294	1,691	2,040	2,245
60210	Benefits CalPERS	20,225	86,438	75,006	86,000
60220	Benefits Flex Credits	17,514	27,548	48,600	48,600
	Total Payroll	467,579	583,041	620,773	619,128
	<i>EXPENSES (NON-PAYROLL)</i>				
61110	Regulatory Compliance/Permits	132	356	1,000	1,000
62115	Staff Development & Conferences	10,679	7,283	20,000	20,000
62125	Department Admin	13,955	9,132	25,000	20,000
62130	Dues and Subscriptions	68,250	61,091	74,000	80,000
63100	Support Services	455,393	404,656	440,000	350,000
63105	Legal Services	274,028	374,866	400,000	425,000
	Total	822,437	857,384	960,000	896,000
	Department Total	\$ 1,290,016	\$ 1,440,425	\$ 1,580,773	\$ 1,515,128

MesaWater
DISTRICT®
Fiscal Year 2019 Budget
Departmental Budgets

	Dept. 3XX - Water Costs	FY 2016 ACTUAL	FY 2017 ACTUAL	FY 2018 BUDGET	FY 2019 BUDGET
	IMPORTED/BASIN MANAGED WATER EXPENSES				
50100-320	Imported Water Fixed Costs	\$ 670,363	\$ 487,092	\$ 375,203	\$ 378,939
50105-320	Imported Water Variable Costs	-	-	-	-
50115-320	Basin Managed Water	190,052	288,303	2,193,400	1,015,000
50130-320	Chemicals and Treatment	-	4,179	-	-
50180-320	Utilities - Imported	66,133	21,892	32,520	-
60100-320	Labor Import	27,366	10,316	15,000	-
62165-320	Parts and Materials - Import	40,865	5,905	10,000	10,000
63100-320	Support Services - Import	36,760	24,666	21,000	10,500
	Total Imported / Basin Managed Water Costs	1,031,539	842,353	2,647,123	1,414,439
	Imported Water Fixed Costs				
	Readiness to Serve - Total Charge	203,765	114,345	38,748	38,748
	Capacity Charge	169,336	76,216	-	-
	Choice Charges	-	-	-	-
	Retail Meter Charge - Total Charge	253,890	256,931	296,855	300,591
	Shared Pipeline Maintenance Costs	43,371	39,600	39,600	39,600
	Total Imported Water Fixed Costs	670,363	487,092	375,203	378,939
50110-320	In-Lieu Water	-	-	-	-
	Total In-Leiw Water Costs	-	-	-	-
	CLEAR WATER EXPENSES				
50130-310	Chemicals - Clear	90,967	96,297	124,605	154,015
50150-310	Basin Replenishment Assessment - Clear	3,518,881	3,622,301	4,758,385	5,655,342
50155-310	Well Land Leases - Clear	78,499	78,499	24,000	78,499
50160-020	BEA (Rebilled to Segerstrom)	12,107	-	-	-
50180-310	Utilities - Clear	705,000	527,872	652,621	820,392
60100-310	Labor Clear	128,518	58,880	69,000	65,000
62165-310	Parts and Materials - Clear	63,857	29,174	50,000	50,000
63100-310	Support Services - Clear	84,291	14,385	140,000	209,000
	Total Clear Water Costs	4,682,120	4,427,408	5,818,611	7,032,248
	AMBER WATER EXPENSES				
50130-330	Chemicals - Amber	332,897	534,230	294,745	334,098
50150-330	Basin Replenishment Assessment - Amber	1,253,256	2,883,908	1,967,345	2,041,578
50180-330	Utilities - Amber	667,250	890,048	740,247	878,276
60100-330	Labor Amber	58,212	17,203	27,000	25,000
62165-330	Parts and Materials - Amber	64,370	67,075	120,000	120,000
63100-330	Support Services - Amber	77,310	128,402	238,000	233,800
	Total Amber Water Costs	2,453,295	4,520,866	3,387,337	3,632,752



Fiscal Year 2019 Budget
Departmental Budgets

	Dept. 300 - Water Operations	FY 2016 ACTUAL	FY 2017 ACTUAL	FY 2018 BUDGET	FY 2019 BUDGET
	PAYROLL EXPENSES:				
60100	Labor Regular	\$ 1,281,977	\$ 1,568,296	\$ 1,855,741	\$ 1,937,470
60105	Labor Non-Reg	92,446	222,491	-	-
60110	Labor Vacation	128,034	110,501	-	-
	<i>Labor Subtotal</i>	1,502,457	1,901,288	1,855,741	1,937,470
60115	Labor Taxes	151,419	148,084	140,043	156,000
60120	Labor Workers Comp	59,865	74,548	86,000	108,751
60125	Labor Temporary	-	36,788	-	-
60205	Benefits LTD/Life/EAP	11,339	10,642	14,000	14,124
60210	Benefits CalPERS	183,151	412,768	278,000	420,000
60215	Benefits Other	-	4,850	-	5,000
60220	Flex credits	318,518	200,173	352,800	352,800
60990	Payroll jobs WIP	(237,253)	(260,385)	(288,000)	(275,000)
	Total Payroll	1,989,496	2,528,756	2,438,584	2,719,145
	EXPENSES (NON-PAYROLL)				
50130-300	Chemicals T&D	-	-	8,055	8,543
61110	Regulatory Compliance/Permits	98,706	177,855	202,300	203,600
62115	Staff Development & Conferences	24,584	30,499	32,000	25,000
62120	Damages	23,347	427	10,000	10,000
62125	Department Administration	15,574	16,777	35,800	35,800
62135	Facilities improvements	41,197	67,375	80,000	55,000
62140	Fuel	64,936	48,513	60,000	60,000
62145	General Supplies	3,904	5,002	7,000	5,000
62155	Leasing/ Equipment Rental	1,481	-	25,000	5,000
62160	Other Agency Cost Reimbursement	89,928	132,195	200,000	-
62165	Parts & Materials	504,020	296,787	275,000	275,000
62180	Tools & Equipment	-	-	-	-
62185	Utilities	68,608	120,333	124,083	118,297
63100	Support Services	1,132,385	882,436	883,100	781,400
63105	Legal Services	-	-	10,000	-
63990	Capitalized G&A Contra - T&D	-	(261,065)	-	(264,000)
63995	Capitalized Equipment Contra - T&D	-	-	(68,004)	-
	Total	2,068,670	1,517,134	1,884,334	1,318,640
	Department Total	\$ 4,058,166	\$ 4,045,890	\$ 4,322,918	\$ 4,037,785

	Dept. 400 - Engineering	FY 2016 ACTUAL	FY 2017 ACTUAL	FY 2018 BUDGET	FY 2019 BUDGET
	PAYROLL EXPENSES:				
60100	Labor Regular	\$ 1,086,708	\$ 594,448	\$ 696,102	\$ 732,586
60105	Labor Non-Reg	34,172	80,586	-	-
60110	Labor Vacation	44,361	51,861	-	-
	<i>Labor Subtotal</i>	1,165,241	726,895	696,102	732,586
60115	Labor Taxes	45,699	44,057	45,244	46,662
60120	Labor Workers Comp	4,680	6,630	9,000	9,605
60125	Labor Temporary	-	-	-	-
60205	Benefits LTD/Life/EAP	3,818	3,544	4,250	4,632
60210	Benefits CalPERS	46,990	125,472	82,000	126,000
60215	Benefits Other - Engineering	-	738	-	800
60220	Benefits Flex Credits	99,572	61,452	84,000	84,000
60990	Capital Labor/Benefit Contra	(679,665)	(258,277)	(525,000)	(275,000)
	Total Payroll	686,335	710,511	395,596	729,285
	EXPENSES (NON-PAYROLL)				
62115	Staff Development & Conferences	5,707	17,117	13,500	13,000
62125	Department Admin	3,703	4,488	9,000	6,600
62145	General Supplies	4,321	1,000	5,500	4,500
63100	Support Services	202,946	366,700	270,000	245,000
63990	Capitalized G&A Contra	-	(125,790)	-	(130,000)
	Total	216,677	263,515	298,000	139,100
	Department Total	\$ 903,012	\$ 974,026	\$ 693,596	\$ 868,385

	Transmission and Distribution	FY 2016 ACTUAL	FY 2017 BUDGET	FY 2018 BUDGET	FY 2018 BUDGET
	Transmission and Distribution Grand Total	\$ 4,961,178	\$ 5,019,916	\$ 5,016,514	\$ 4,906,170



**Fiscal Year 2019 Budget
Departmental Budgets**

	Dept. 500 - Customer Services	FY 2016 ACTUAL	FY 2017 ACTUAL	FY 2018 BUDGET	FY 2019 BUDGET
	<i>PAYROLL EXPENSES:</i>				
60100	Labor Regular	\$ 737,990	\$ 646,102	\$ 697,055	\$ 764,436
60105	Labor Non-Reg	61,013	134,500	-	-
60110	Labor Vacation	49,840	69,649	-	-
	<i>Labor Subtotal</i>	848,843	850,251	697,055	764,436
60115	Labor Taxes	69,650	64,591	53,326	70,500
60120	Labor Workers Comp	10,374	19,098	25,380	26,400
60125	Labor Temporary	187,837	672	-	-
60205	Benefits LTD/Life/EAP	5,703	4,992	6,000	5,984
60210	Benefits CalPERS	85,047	192,026	90,000	196,000
60215	Benefits Other	-	1,128	-	1,200
60220	Benefits Flex Credits	175,675	93,749	151,200	151,200
	Total Payroll	1,383,129	1,226,507	1,022,961	1,215,720
	<i>EXPENSES (NON-PAYROLL)</i>				
62100	Cash Over/Short	750	-	-	-
62105	Computer Maint/Licensing	210,901	203,443	-	-
62115	Staff Development & Conferences	7,885	10,043	15,000	15,000
62125	Department Admin	17,741	12,466	20,000	20,000
62145	General Supplies	149,054	43,674	17,000	17,000
62175	Telecom/Network	146,789	179,929	-	-
63100	Support Services	873,795	707,190	361,500	341,200
	Total	1,406,915	1,156,745	413,500	393,200
	Department Total	\$ 2,790,044	\$ 2,383,252	\$ 1,436,461	\$ 1,608,920



**Fiscal Year 2019 Budget
Departmental Budgets**

	Dept. 600 - Financial Services	FY 2016 ACTUAL	FY 2017 ACTUAL	FY 2018 BUDGET	FY 2019 BUDGET
	PAYROLL EXPENSES:				
60100	Labor Regular	\$ 370,888	\$ 379,795	\$ 741,028	\$ 509,326
60105	Labor Non-Reg	17,855	58,321	-	-
60110	Labor Vacation	30,967	54,329	-	-
	<i>Labor Subtotal</i>	419,710	492,445	741,028	509,326
60115	Labor Taxes	31,726	33,215	52,666	39,681
60120	Worker's compensation insurance exp.	2,312	4,064	8,600	6,365
60125	Temporary Labor	459,877	309,183	75,000	75,000
60205	LTD, Life Insurance & EAP	2,307	2,091	3,700	3,057
60210	Benefits CalPERS	18,457	54,434	65,000	60,000
60215	Benefits - Other	-	-	-	-
60220	Flex credits	54,514	33,857	117,600	84,000
60990	Applied Overhead for labor benefits	(322,494)	-	(330,000)	(325,000)
	Total Payroll	666,409	929,289	733,594	452,429
	EXPENSES (NON-PAYROLL)				
61105	LAFCO charge	23,141	25,101	26,004	27,000
62115	Staff development & conference expense	2,241	169	3,400	10,000
62125	Department administration expense	7,345	2,592	2,600	5,000
62145	General Supplies - Finance	31,668	33,861	33,008	35,000
62150	Liability insurance	236,169	248,071	264,000	264,000
63100	Support Services	278,997	356,150	351,660	344,100
63105	Special legal counsel/Advocate	-	-	-	-
63990	Capitalized G&A Contra - Finance	(180,617)	(290,208)	(260,004)	(288,000)
63995	Capitalized Equipment Contra - Finance	(48,937)	-	(64,000)	-
	Total	350,007	375,736	356,668	397,100
	Department Total	\$ 1,016,416	\$ 1,305,025	\$ 1,090,262	\$ 849,529



**Fiscal Year 2019 Budget
Departmental Budgets**

	Dept. 700 - Public Affairs	FY 2016 ACTUAL	FY 2017 ACTUAL	FY 2018 BUDGET	FY 2019 BUDGET
	PAYROLL EXPENSES:				
60100	Labor Regular	\$ 247,200	\$ 143,168	\$ 315,900	\$ 304,947
60105	Labor Non-Reg	13,427	21,946	-	-
60110	Labor Vacation	17,746	1,801	-	-
	<i>Labor Subtotal</i>	278,373	166,915	315,900	304,947
60115	Labor Taxes	20,333	12,925	23,795	20,905
60120	Worker's compensation insurance exp.	1,385	1,539	4,500	3,402
60125	Temporary Labor	25,861	145,272	-	-
60205	LTD, Life Insurance & EAP	1,572	756	3,000	1,875
60210	Benefits CalPERS	32,282	30,378	40,000	36,000
60215	Benefits - Other	-	593	-	720
60220	Flex credits	28,887	13,082	33,600	42,000
	Total Payroll	388,693	371,460	420,795	409,849
	EXPENSES (NON-PAYROLL)				
62105	Technology/Software Licensing	-	192	6,500	3,500
62115	Staff development & conference expense	22,945	1,553	11,000	5,500
62125	Department administration expense	23,604	1,665	5,000	2,500
62130	District memberships and subscriptions	6,382	3,877	2,500	2,500
62145	General Office Supplies/Minor Equipment	73,439	16,502	80,250	10,000
63100	Support Services	519,820	301,829	373,200	268,000
63105	Special legal counsel/Advocate	144,000	-	-	-
	Total	790,190	325,618	478,450	292,000
	Department Total	\$ 1,178,883	\$ 697,078	\$ 899,245	\$ 701,849

	Dept. 900 - External Affairs	FY 2016 ACTUAL	FY 2017 Actual	FY 2018 BUDGET	FY 2019 BUDGET
	PAYROLL EXPENSES:				
60100	Labor Regular	\$ -	\$ 146,923	\$ 198,620	\$ 202,434
60105	Labor Non-Reg	-	13,433	-	-
60110	Labor Vacation	-	12,255	-	-
	<i>Labor Subtotal</i>	-	172,611	198,620	202,434
60115	Labor Taxes	-	9,758	12,768	12,850
60120	Labor Workers Comp	-	1,588	2,800	2,300
60125	Labor Temporary	-	442	-	-
60205	Benefits LTD/Life/EAP	-	806	1,104	1,516
60210	Benefits CalPERS	-	42,796	28,000	46,000
60215	Benefits - Other	-	499	-	720
60220	Benefits Flex Credits	144	17,009	25,200	25,200
	Total Payroll	144	245,509	268,492	291,020
	EXPENSES (NON-PAYROLL)				
61110	Regulatory Compliance/Permits	-	425	-	-
62115	Staff Development & Conferences	-	24,080	10,000	10,000
62125	Department Admin	-	46,108	25,000	10,000
62130	Dues and Subscriptions	-	4,175	2,500	2,500
62145	General Supplies	-	2,110	2,000	2,000
63100	Support Services	15,000	145,551	155,000	50,000
63105	Legal Services	-	99,864	100,000	89,000
	Total	15,000	322,313	294,500	163,500
	Department Total	\$ 15,144	\$ 567,822	\$ 562,992	\$ 454,520



**Fiscal Year 2019 Budget
Departmental Budgets**

	Dept. 800 - Administrative Services	FY 2016 ACTUAL	FY 2017 ACTUAL	FY 2018 BUDGET	FY 2019 BUDGET
	<i>PAYROLL EXPENSES:</i>				
60100	Labor Regular	657,993	684,343	652,160	450,717
60105	Labor Non-Reg	44,409	89,711	-	-
60110	Labor Vacation	56,553	60,244	-	-
	<i>Labor Subtotal</i>	758,955	834,298	652,160	450,717
60115	Labor Taxes	58,251	55,176	57,920	33,762
60120	Labor Workers Comp	9,971	6,814	5,172	5,418
60125	Labor Temporary	2,873	-	-	-
60205	Benefits LTD/Life/EAP	4,406	4,178	5,160	3,778
60210	Benefits CalPERS	88,917	189,345	76,000	100,000
60215	Benefits - Other	-	3,033	-	2,400
60220	Benefits Flex Credits	109,618	80,530	113,400	75,600
	Total Payroll	1,032,991	1,173,374	909,812	671,675
	<i>EXPENSES (NON-PAYROLL)</i>				
60225	Benefits OPEB	38,200	25,030	-	-
60230	Benefit Retiree Expenses	-	60,713	-	-
60235	Benefit Unemployment Insurance	10,076	-	-	-
62105	Computer Maint/Licensing	-	-	400,000	450,000
62115	Staff Development & Conferences	49,613	10,795	8,600	20,000
62125	Department Admin	4,649	6,515	4,800	10,000
62145	General Supplies - IT	-	110	33,000	50,000
62170	Postage/Shipping/Freight	18,224	15,302	18,000	20,000
62175	Telecom/Network	-	-	180,000	200,000
62180	Tools & Equipment	53,819	-	500	1,000
63100	Support Services	7,131	27,652	174,000	536,000
63110	Human Resources Services - Admin	138,488	236,951	-	-
	Total	320,200	383,068	818,900	1,287,000
	Department Total	\$ 1,353,191	\$ 1,556,442	\$ 1,728,712	\$ 1,958,675

	Dept. 850 - Human Resources	FY 2016 ACTUAL	FY 2017 ACTUAL	FY 2018 BUDGET	FY 2019 BUDGET
	<i>PAYROLL EXPENSES:</i>				
60100	Labor Regular	-	-	345,912	358,088
60105	Labor Non-Reg	-	-	-	-
60110	Labor Vacation	-	-	-	-
	<i>Labor Subtotal</i>	-	-	345,912	358,088
60115	Labor Taxes	-	-	25,704	26,230
60120	Labor Workers Comp	-	-	3,780	3,912
60125	Temporary Labor	-	-	-	25,000
60205	Benefits LTD/Life/EAP	-	-	1,800	1,794
60210	Benefits CalPERS	-	-	44,000	60,000
60220	Benefits Flex Credits	-	-	50,400	50,400
	Total Payroll	-	-	471,596	525,424
	<i>EXPENSES (NON-PAYROLL)</i>				
60225	Benefits OPEB	-	-	70,000	70,000
60230	Benefit Retiree Expenses	-	-	60,000	60,000
60235	Benefit Unemployment Insurance	-	-	25,000	25,000
62115	Staff Development & Conferences	-	-	17,200	17,200
62125	Department Admin	-	-	5,100	60,000
63110	Human Resources Services - Admin	-	2,422	274,400	224,000
	Total	-	2,422	451,700	456,200
	Department Total	\$ -	\$ 2,422	\$ 923,296	\$ 981,624



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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.



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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.



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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 2019 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.