



**MesaWater**  
DISTRICT®

# OPERATING BUDGET

**FISCAL YEAR 2021**

Mesa Water District | Costa Mesa, California

**MesaWater.org**

*Dedicated to Satisfying our Community's Water Needs*



# ADOPTED BUDGET FISCAL YEAR 2021

*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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MBA**  
*District Treasurer*

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

May 14, 2020

On behalf of the Mesa Water District Board of Directors (Board), I am pleased to present the approved budget for Fiscal Year (FY) 2021.

Pure, plentiful and affordable water is fundamental to our quality of life, and key to the economic development of our community. The public infrastructure needed to convey water is in need of constant repair, replacement, and improvement. With an eye to the future, our Board is funding critical upgrades to our State of the Art system - ensuring the reliable and sustainable delivery of water to our constituents now and for the next 100 years.

The Board has approved a three year \$70MM Capital Improvement Program funded through Certificates of Participation. This program continues the District's key objective of providing a safe, abundant, and reliable water supply to our ratepayers at an affordable price. The dollars financed will put people to work, stimulate our local economy, and take advantage of historically low interest rates. Most importantly, this program will rebuild the District's supply system for generations to come.

Due to the ongoing Covid-19 pandemic Mesa Water District (Mesa Water®) has adjusted the FY 2021 budgeted revenues and expenses accordingly. Mesa Water expects operating revenues of \$39.0 million with \$27.3 million in operating expenses. Planned capital expenditures are \$21.4 million, and financial obligations for payment of principal and interest on debt are \$6.2 million.

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 2021, the MWRf is expected to supply 3,636 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 2021, 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. As a result of Covid-19, Orange County Water District (OCWD), the agency that manages the Orange County groundwater basin, will not be increasing the basin replenishment cost in FY 2021. However, it is still expected that OCWD's rates will increase annually over the next several years.

In FY 2021, 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 will begin construction in FY 2021. 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



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*Legal Counsel*

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 third and fourth year rates and fees are scheduled in FY 2021, 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 handwritten signature in blue ink, appearing to read "Shawn Dewane", is written over a faint, larger version of the same signature.

Shawn Dewane  
Mesa Water Board President

Date: May 14, 2020

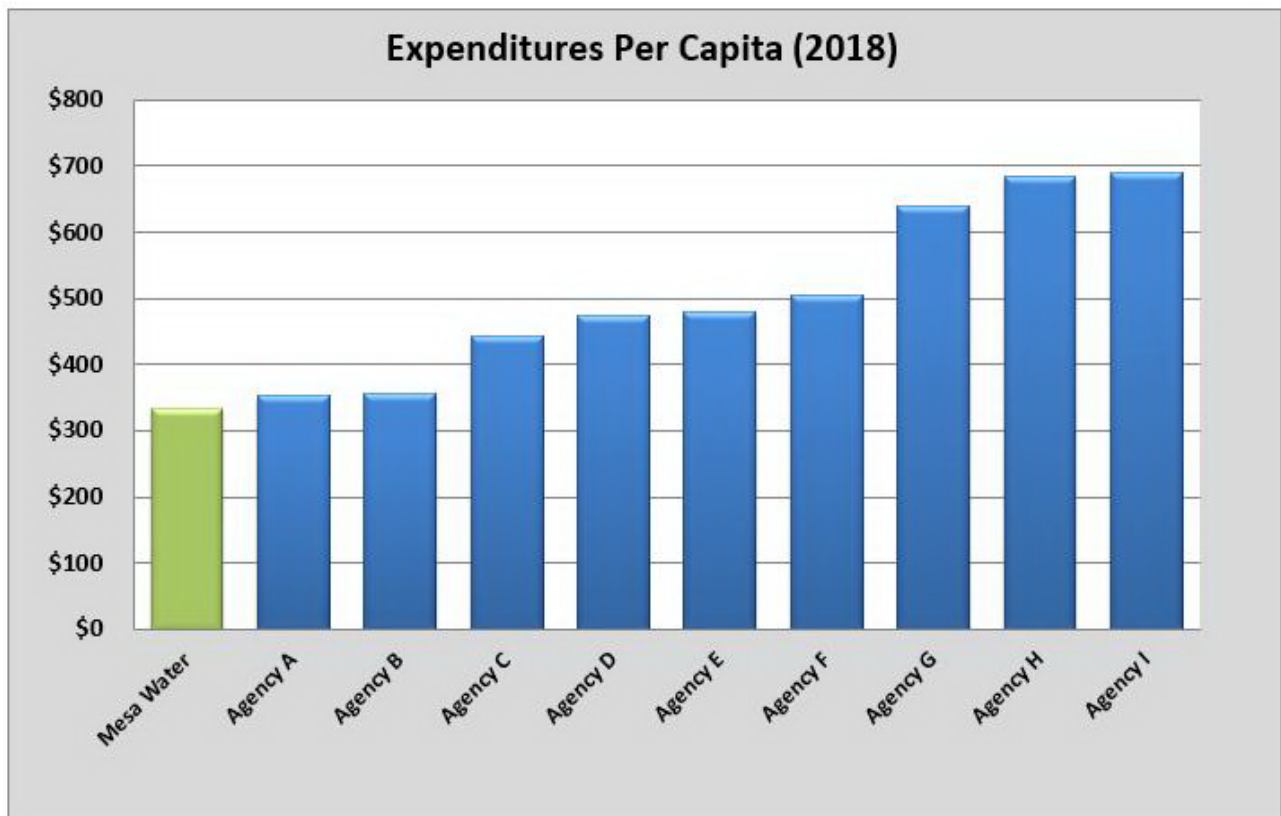
To: Mesa Water District Board of Directors

### FISCAL YEAR 2021 BUDGET MESSAGE

I am pleased to present the Fiscal Year (FY) 2021 budget for Mesa Water District (Mesa Water®), beginning July 1, 2020 and ending June 30, 2021.

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 2021 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 \$334 *per capita* / year (Orange County industry range is \$334 to \$690 *per capita* / year).



Mesa Water District  
**Fiscal Year 2021 Budget**

**Organizational Priorities**

In 2017, Mesa Water's Board reaffirmed the long-range financial plan and adopted multi-year rate increases from FY 2018 to FY 2022. In addition, the Board continued its credit worthiness goal as defined by Fitch, Standard & Poor's and other credible rating agencies. The goal was to improve Mesa Water's AAA credit rating to a strong AAA in five years. The Board continued to further measure the District's credit-worthiness at the end of each fiscal year by using the Days Cash Ratio, Cash on Hand, and debt coverage 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 2021.

The global COVID-19 pandemic has affected the local economy, including Mesa Water. The Board's foresight to plan for unexpected events, such as the current pandemic, ensures that Mesa Water will continue to be financially strong. Despite a decrease in production, due to ongoing closures of the local and national economy, the District has adjusted its forecasted FY 2020 results and still expects to finish the year with positive cash flow adding to reserves.

The FY 2021 Budget is lower than the FY 2021 Days Cash Ratio goal of 600 days but meets the Cash on Hand goal of \$39.7 million, with a budgeted Days Cash Ratio of 593 days and a budgeted Cash on Hand amount of \$43.3 million. This is due to a variety of reasons, including increased recycled water costs, reduced revenue due to decreased demand resulting from the COVID-19 stay at home order, and implementing a more robust Capital Improvement Program.

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 AAA 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.

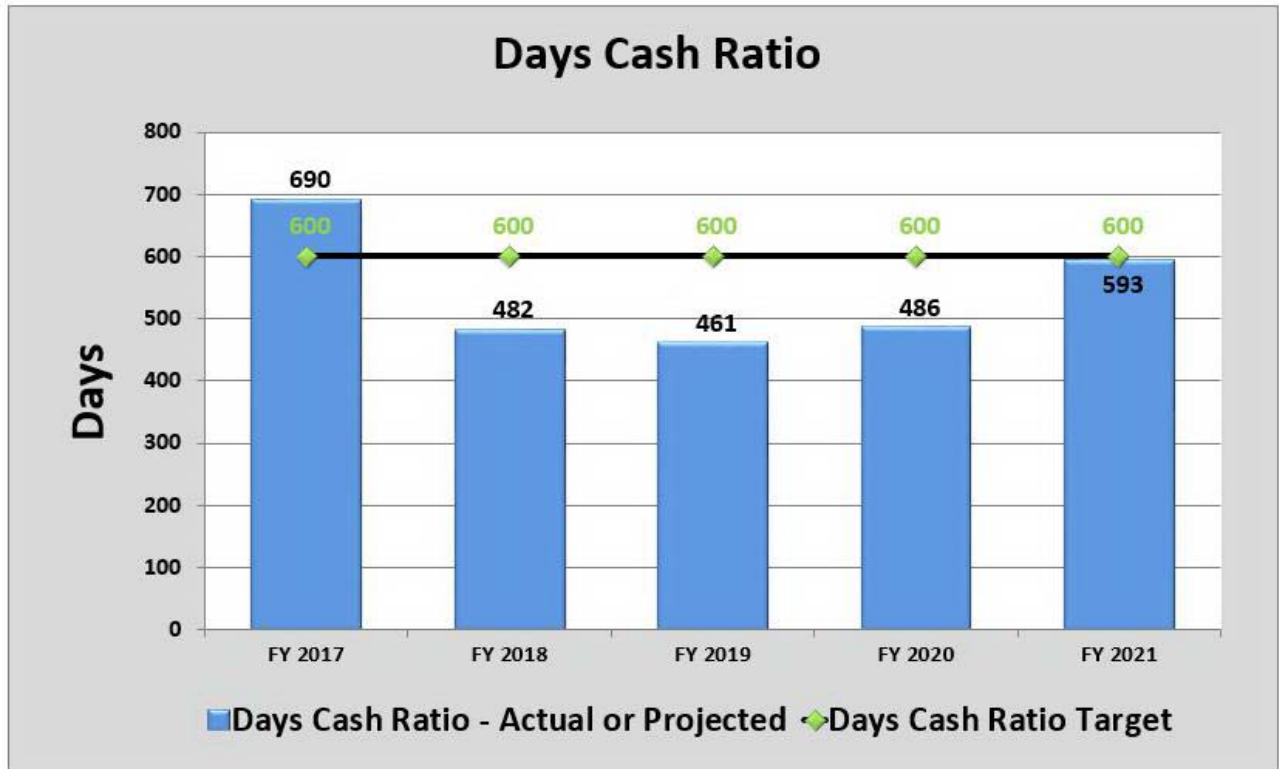
Although the Days Cash Ratio will be lower than the Board's goal, the District does not anticipate any change in its AAA rating from either Fitch or Standard & Poor's (S&P). Since the 2013 update of the long-range financial plan and the related rate increases, the mix and rating criteria by both rating 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 2021 budget is lower than established Days Cash Ratio, Mesa Water will continue to allocate Designated Reserves (Funds) in FY 2021 in accordance with Board policy.

Mesa Water District  
Fiscal Year 2021 Budget





Mesa Water District  
**Fiscal Year 2021 Budget**

**Mesa Water’s Strategic Plan**

The following seven goals are reflected in the FY 2021 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**

Mesa Water has budgeted 15,796 acre feet of potable water production and 1,073 acre feet of recycled water (total of 16,869 acre feet) for FY 2021, compared to 17,748 acre feet of potable water production and 1,206 acre feet of recycled water (total of 18,954 acre feet) budgeted for FY 2020. There is no CPTP water or imported water budget for FY 2021.

Changes by major category of Operating Revenues are summarized below:

	FY 2020 Budget	FY 2021 Budget	% Change
<b>Operating Revenues:</b>			
Water Consumption Sales	\$30,234,388	\$28,895,418	-4.4%
Monthly Meter Service Charge	7,902,531	8,362,553	5.8%
Recycled Water Sales	1,428,907	1,329,739	-6.9%
Concessions from Gov. Agencies	1,129,200	-	-100.0%
Other Charges and Services	398,600	398,350	-0.1%
<b>TOTAL OPERATING REVENUES</b>	<b>\$41,093,626</b>	<b>\$38,986,060</b>	<b>-5.1%</b>

Mesa Water’s FY 2021 Operating Revenues are budgeted at \$39.0 million compared to \$41.1 million in the FY 2020 budget, a -5.1 percent decrease. Additionally, the Fiscal Year 2021 budget includes revenues based upon the third and fourth 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 2021 Budget**

**ADOPTED SCHEDULE OF RATE CHANGES**

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

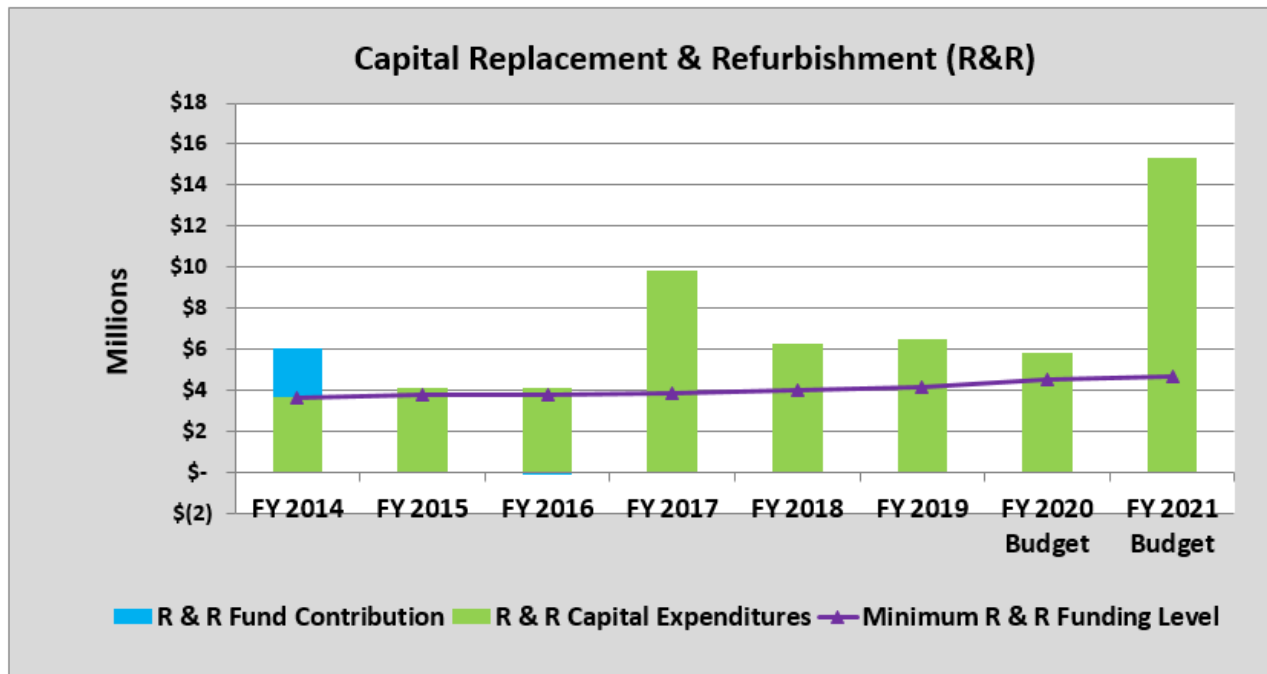
*\*One unit equals 100 cubic feet or 748 gallons.*

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 2021 capital budget includes expenditures of \$21.4 million representing a 241.4 percent increase from the FY 2020 budget of \$6.3 million. This is part of a 3 year, 70 million, Capital Improvement Program Renewal (CIPR) that has been approved by The Board. The CIPR will be funded by a Certificate of Participation issuance in June of 2020. 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 2021, to further ensure the District's ability to rely solely upon locally sourced groundwater, construction on the two new wells will begin. Funds will also be used for an education center at the MWRP, 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 2021 Budget**

**Expenses**

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

1. In FY 2021, 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 2021, 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 2021 Operating Expenses are budgeted at \$27.3 million compared to \$27.8 million in the FY 2020 budget, a decrease of -1.9% in Operating Expenses. Changes by major category of Operating Expenses are summarized below:

	FY 2020 Budget	FY 2021 Budget	% Change
<b>Operating Expense:</b>			
Imported Sources of Supply	\$428,000	\$447,488	4.6%
Basin Managed Water	2,100,000	-	-100.0%
Clear Water	6,871,455	7,196,090	4.7%
Amber Water	3,131,338	3,158,770	0.9%
Recycled Water	1,045,602	971,065	-7.1%
Transmission and Distribution	5,431,780	5,807,010	6.9%
General and Administrative	8,796,635	9,709,031	10.4%
<b>TOTAL OPERATING REVENUES</b>	<b>\$27,804,810</b>	<b>\$27,289,454</b>	<b>-1.9%</b>

Basin Managed Water expense decreased due to CPTP program not being available in FY 2021.

Mesa Water District  
**Fiscal Year 2021 Budget**

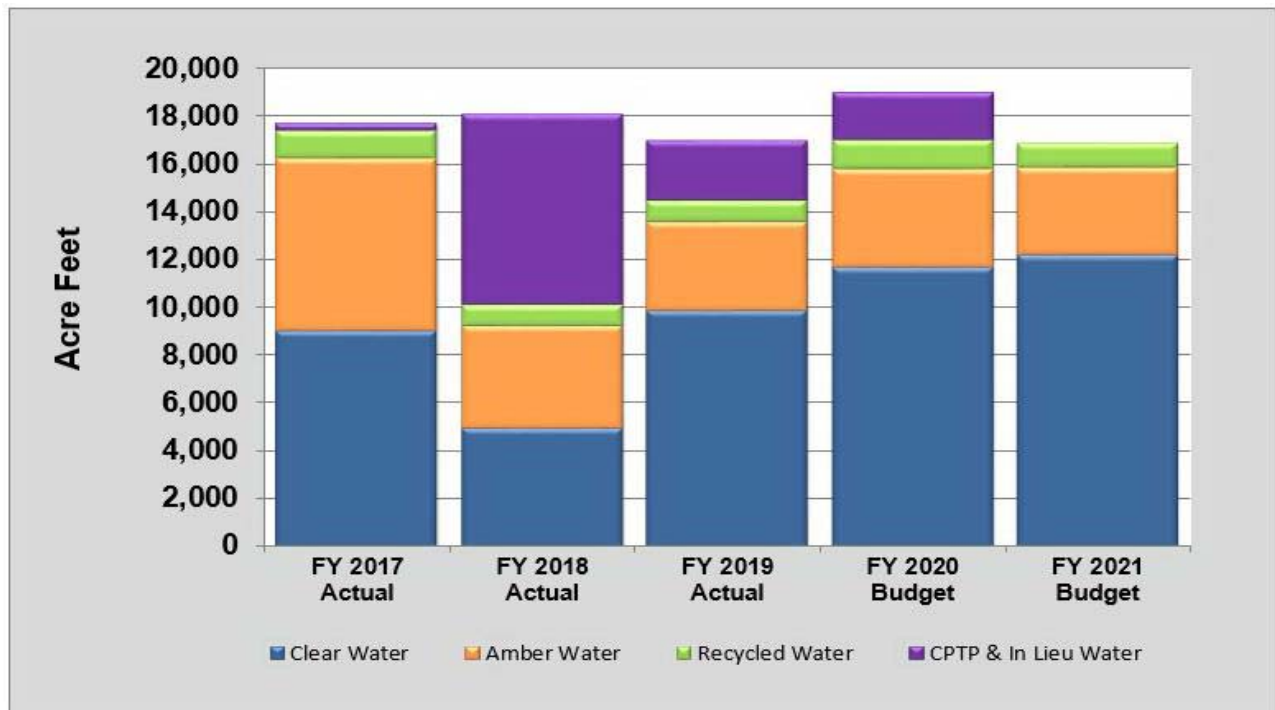
**Economic and Policy Issues**

In FY 2021, 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 2021 Budgeted Average Cost per Acre Foot
<b>Clear Water</b>	\$592
<b>Amber Water (MWRF)</b>	\$869 - \$157 LRP = \$712
<b>Imported Water (None in FY2021)</b>	\$1,078/\$1,131
<b>Recycled Water</b>	\$905

During FY 2021, 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 not change from \$487 due to the COVID-19 pandemic.

The MWRF Improvements Project was completed in FY 2013, and the MWRF was fully operational in FY 2014. In FY 2021, the MWRF is budgeted to run at an approximate capacity of 3,636 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 2021:



Mesa Water District  
**Fiscal Year 2021 Budget**

**Staffing Levels**

Staffing levels are projected to increase from FY 2020, by 2 in FY 2021 to 57.00 FTE's. These are 2 limited term employees to assist with the 70 million Capital Improvement Program.

**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 2021 Budget

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Fiscal Year 2021 Budget

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

	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 BUDGET	FY 2021 BUDGET	PERCENTAGE CHANGE
<b>OPERATING REVENUES:</b>					
Water consumption sales	\$ 26,272,951	\$ 25,910,454	\$ 30,234,388	\$ 28,895,418	-4.43%
Monthly meter service charge	6,838,600	7,511,575	7,902,531	8,362,553	5.82%
Recycled water sales	1,137,748	1,119,273	1,428,907	1,329,739	-6.94%
Concessions from gov. agencies (incl. CPTP)	933,937	1,226,127	1,129,200	-	-100.00%
Other charges and services	522,073	400,446	398,600	398,350	-0.06%
<b>TOTAL OPERATING REVENUES</b>	<b>35,705,309</b>	<b>36,167,875</b>	<b>41,093,626</b>	<b>38,986,060</b>	<b>-5.13%</b>
<b>OPERATING EXPENSES:</b>					
Imported Water Fixed Costs	388,408	368,722	428,000	447,488	4.55%
Basin Managed Water	5,185,384	2,628,097	2,100,000	-	-100.00%
Clear water cost	2,776,268	5,453,136	6,871,455	7,196,090	4.72%
Amber water cost	3,134,554	2,967,369	3,131,338	3,158,770	0.88%
Recycled water	629,455	758,122	1,045,602	971,065	-7.13%
Transmission and distribution	6,132,007	5,482,303	5,431,780	5,807,010	6.91%
General and administrative	7,978,006	7,589,724	8,796,635	9,709,031	10.37%
<b>TOTAL OPERATING EXPENSES</b>	<b>26,224,082</b>	<b>25,247,473</b>	<b>27,804,810</b>	<b>27,289,454</b>	<b>-1.85%</b>
<b>OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION</b>	<b>9,481,227</b>	<b>10,920,402</b>	<b>13,288,816</b>	<b>11,696,606</b>	<b>-11.98%</b>
Depreciation and amortization	(5,010,013)	(5,155,612)	(5,250,000)	(5,350,000)	1.90%
<b>OPERATING INCOME</b>	<b>4,471,214</b>	<b>5,764,790</b>	<b>8,038,816</b>	<b>6,346,606</b>	<b>-21.05%</b>
<b>NONOPERATING REVENUES / (EXPENSES):</b>					
Bond issuance costs	-	-	-	-	0.00%
Investment earnings (incl. unrealized)	535,930	1,872,020	465,000	435,000	-6.45%
Interest expense - long-term debt	(1,140,774)	(945,513)	(812,639)	(2,212,887)	172.31%
Gain (Loss) on sale/disposition of capital assets, net	17,397	(2,904)	(30,000)	(20,000)	-33.33%
Impairment of capital assets & termination of lease	-	-	-	-	0.00%
Other non-operating, net	38,350	91,145	(35,000)	(40,000)	14.29%
<b>NONOPERATING REVENUES / (EXPENSES):</b>	<b>(549,097)</b>	<b>1,014,748</b>	<b>(412,639)</b>	<b>(1,837,887)</b>	<b>345.40%</b>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	<b>3,922,117</b>	<b>6,779,538</b>	<b>7,626,177</b>	<b>4,508,719</b>	<b>-40.88%</b>
<b>CAPITAL CONTRIBUTIONS:</b>					
Capacity and installation charges	1,912,740	860,855	1,210,000	1,101,000	-9.01%
Capital Grants (includes LRP)	641,666	554,095	700,798	588,352	-16.05%
Developers and others	728,920	502,128	550,000	500,000	-9.09%
<b>TOTAL CAPITAL CONTRIBUTIONS</b>	<b>3,283,326</b>	<b>1,917,078</b>	<b>2,460,798</b>	<b>2,189,352</b>	<b>-11.03%</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 7,205,443</b>	<b>\$ 8,696,616</b>	<b>\$ 10,086,975</b>	<b>\$ 6,698,071</b>	<b>-33.60%</b>



Fiscal Year 2021 Budget

FY 2021 (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)
<b>OPERATING REVENUES:</b>												
Water consumption sales	\$ 28,895,418	\$ 28,895,418	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Monthly meter service charge	8,362,553	8,362,553	-	-	-	-	-	-	-	-	-	-
Recycled water sales	1,329,739	1,329,739	-	-	-	-	-	-	-	-	-	-
Concessions from gov. agencies (incl. CPTP)	-	-	-	-	-	-	-	-	-	-	-	-
Other charges and services	398,350	398,350	-	-	-	-	-	-	-	-	-	-
<b>TOTAL OPERATING REVENUES</b>	<b>38,986,060</b>	<b>38,986,060</b>	-	-	-	-	-	-	-	-	-	-
<b>OPERATING EXPENSES:</b>												
Imported and Basin Managed water costs	447,488	-	-	-	447,488	-	-	-	-	-	-	-
Clear water cost	7,196,090	-	-	-	7,196,090	-	-	-	-	-	-	-
Amber water cost	3,158,770	-	-	-	3,158,770	-	-	-	-	-	-	-
Recycled water	971,065	971,065	-	-	-	-	-	-	-	-	-	-
Transmission and distribution	5,807,010	-	-	-	5,059,221	747,789	-	-	-	-	-	-
General and administrative	9,709,031	-	366,397	1,687,465	-	-	1,844,541	1,307,569	868,371	2,140,548	1,004,750	489,390
<b>TOTAL OPERATING EXPENSES</b>	<b>27,289,454</b>	<b>971,065</b>	<b>366,397</b>	<b>1,687,465</b>	<b>15,861,569</b>	<b>747,789</b>	<b>1,844,541</b>	<b>1,307,569</b>	<b>868,371</b>	<b>2,140,548</b>	<b>1,004,750</b>	<b>489,390</b>
<b>OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION</b>												
	<b>11,696,606</b>	<b>38,014,995</b>	<b>(366,397)</b>	<b>(1,687,465)</b>	<b>(15,861,569)</b>	<b>(747,789)</b>	<b>(1,844,541)</b>	<b>(1,307,569)</b>	<b>(868,371)</b>	<b>(2,140,548)</b>	<b>(1,004,750)</b>	<b>(489,390)</b>
Depreciation and amortization	(5,350,000)	(5,350,000)	-	-	-	-	-	-	-	-	-	-
<b>OPERATING INCOME / (LOSS)</b>	<b>6,346,606</b>	<b>32,664,995</b>	<b>(366,397)</b>	<b>(1,687,465)</b>	<b>(15,861,569)</b>	<b>(747,789)</b>	<b>(1,844,541)</b>	<b>(1,307,569)</b>	<b>(868,371)</b>	<b>(2,140,548)</b>	<b>(1,004,750)</b>	<b>(489,390)</b>
<b>NONOPERATING REVENUES / (EXPENSES):</b>												
Investment earnings	435,000	435,000	-	-	-	-	-	-	-	-	-	-
Interest expense - long-term debt	(2,212,887)	(2,212,887)	-	-	-	-	-	-	-	-	-	-
Loss on sale/disposition of capital assets, net	(20,000)	(20,000)	-	-	-	-	-	-	-	-	-	-
Loss on abandonment	-	-	-	-	-	-	-	-	-	-	-	-
Other non-operating, net	(40,000)	(40,000)	-	-	-	-	-	-	-	-	-	-
<b>NONOPERATING REVENUES / (EXPENSES):</b>	<b>(1,837,887)</b>	<b>(1,837,887)</b>	-	-	-	-	-	-	-	-	-	-
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	<b>4,508,719</b>	<b>30,827,108</b>	<b>(366,397)</b>	<b>(1,687,465)</b>	<b>(15,861,569)</b>	<b>(747,789)</b>	<b>(1,844,541)</b>	<b>(1,307,569)</b>	<b>(868,371)</b>	<b>(2,140,548)</b>	<b>(1,004,750)</b>	<b>(489,390)</b>
<b>CAPITAL CONTRIBUTIONS:</b>												
Capacity and installation charges	1,101,000	1,101,000	-	-	-	-	-	-	-	-	-	-
Capital grants (includes LRP)	588,352	588,352	-	-	-	-	-	-	-	-	-	-
Developers and others	500,000	500,000	-	-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL CONTRIBUTIONS</b>	<b>2,189,352</b>	<b>2,189,352</b>	-	-	-	-	-	-	-	-	-	-
<b>CHANGE IN NET POSITION (2021 Budget)</b>	<b>\$ 6,698,071</b>	<b>\$ 33,016,460</b>	<b>\$ (366,397)</b>	<b>\$ (1,687,465)</b>	<b>\$ (15,861,569)</b>	<b>\$ (747,789)</b>	<b>\$ (1,844,541)</b>	<b>\$ (1,307,569)</b>	<b>\$ (868,371)</b>	<b>\$ (2,140,548)</b>	<b>\$ (1,004,750)</b>	<b>\$ (489,390)</b>
<b>CHANGE IN NET POSITION (2020 Budget)</b>	<b>\$ 10,086,975</b>	<b>\$ 36,846,183</b>	<b>\$ (345,682)</b>	<b>\$ (1,519,228)</b>	<b>\$ (17,123,169)</b>	<b>\$ (839,403)</b>	<b>\$ (1,803,291)</b>	<b>\$ (938,416)</b>	<b>\$ (870,132)</b>	<b>\$ (2,046,723)</b>	<b>\$ (819,572)</b>	<b>\$ (453,592)</b>





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)
<b>OPERATING REVENUES:</b>												
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	-	-	-	-	-	-	-	-	-	-
<b>TOTAL OPERATING REVENUES</b>	<b>41,093,626</b>	<b>41,093,626</b>	-	-	-	-	-	-	-	-	-	-
<b>OPERATING EXPENSES:</b>												
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
<b>TOTAL OPERATING EXPENSES</b>	<b>27,804,810</b>	<b>1,045,602</b>	<b>345,682</b>	<b>1,519,228</b>	<b>17,123,169</b>	<b>839,403</b>	<b>1,803,291</b>	<b>938,416</b>	<b>870,132</b>	<b>2,046,723</b>	<b>819,572</b>	<b>453,592</b>
<b>OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION</b>												
	<b>13,288,816</b>	<b>40,048,024</b>	<b>(345,682)</b>	<b>(1,519,228)</b>	<b>(17,123,169)</b>	<b>(839,403)</b>	<b>(1,803,291)</b>	<b>(938,416)</b>	<b>(870,132)</b>	<b>(2,046,723)</b>	<b>(819,572)</b>	<b>(453,592)</b>
Depreciation and amortization	(5,250,000)	(5,250,000)	-	-	-	-	-	-	-	-	-	-
<b>OPERATING INCOME / (LOSS)</b>	<b>8,038,816</b>	<b>34,798,024</b>	<b>(345,682)</b>	<b>(1,519,228)</b>	<b>(17,123,169)</b>	<b>(839,403)</b>	<b>(1,803,291)</b>	<b>(938,416)</b>	<b>(870,132)</b>	<b>(2,046,723)</b>	<b>(819,572)</b>	<b>(453,592)</b>
<b>NONOPERATING REVENUES / (EXPENSES):</b>												
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)	-	-	-	-	-	-	-	-	-	-
<b>NONOPERATING REVENUES / (EXPENSES):</b>	<b>(412,639)</b>	<b>(412,639)</b>	-	-	-	-	-	-	-	-	-	-
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	<b>7,626,177</b>	<b>34,385,385</b>	<b>(345,682)</b>	<b>(1,519,228)</b>	<b>(17,123,169)</b>	<b>(839,403)</b>	<b>(1,803,291)</b>	<b>(938,416)</b>	<b>(870,132)</b>	<b>(2,046,723)</b>	<b>(819,572)</b>	<b>(453,592)</b>
<b>CAPITAL CONTRIBUTIONS:</b>												
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	-	-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL CONTRIBUTIONS</b>	<b>2,460,798</b>	<b>2,460,798</b>	-	-	-	-	-	-	-	-	-	-
<b>CHANGE IN NET POSITION (2020 Budget)</b>	<b>\$ 10,086,975</b>	<b>\$ 36,846,183</b>	<b>\$ (345,682)</b>	<b>\$ (1,519,228)</b>	<b>\$ (17,123,169)</b>	<b>\$ (839,403)</b>	<b>\$ (1,803,291)</b>	<b>\$ (938,416)</b>	<b>\$ (870,132)</b>	<b>\$ (2,046,723)</b>	<b>\$ (819,572)</b>	<b>\$ (453,592)</b>
<b>CHANGE IN NET POSITION (2019 Budget)</b>	<b>\$ 8,375,285</b>	<b>\$ 33,824,443</b>	<b>\$ (393,304)</b>	<b>\$ (1,515,128)</b>	<b>\$ (16,117,224)</b>	<b>\$ (868,385)</b>	<b>\$ (1,608,920)</b>	<b>\$ (849,529)</b>	<b>\$ (701,849)</b>	<b>\$ (1,958,675)</b>	<b>\$ (981,624)</b>	<b>\$ (454,520)</b>



**Fiscal Year 2021 Budget  
Capital Expenditures Summary**

Description	FY 2020 Budget	FY 2021 Budget
<b>WELLS:</b>		
Croddy/Chandler Pipeline Design & Construction	\$ 195,000	\$ 7,283,650
<b>RESERVOIRS:</b>		
Water & Power System Reliability Assessment	-	30,000
MWRF Back-up Power Project	-	367,085
<b>DISTRIBUTION:</b>		
1951 CMLC Cohort Pipeline Replacement	-	333,590
Abandoned Vault Closures	-	2,257,652
Valve Replacements Assessment	-	811,470
Pipeline Integrity Testing Program	250,000	250,000
On-Call Services (Design, Paving, Const., & CM)	350,000	250,000
Other Agency Projects	1,118,152	75,000
OC44	2,109,720	-
<b>ROUTINE OPERATIONS:</b>		
Operations Routine Capital (Hyd., Valves, Meters, etc.)	1,000,000	1,000,000
<b>NON-ROUTINE OPERATIONS:</b>		
Operations Non-Routine Capital (Vehicles, Other)	145,000	174,000
<b>DISTRICT FACILITIES:</b>		
MWRF	-	2,799,371
Security System Replacement	-	296,250
Garage/Storage	-	331,250
Dewatering Pit	-	290,000
<b>INFORMATION TECHNOLOGY:</b>		
IT Upgrades	1,100,000	1,633,170
IT Project Support	-	400,000
<b>MISC:</b>		
Contingency	-	1,885,525
<b>Total Capital</b>	<b>\$ 6,267,872</b>	<b>\$ 20,468,013</b>
Internal Labor, Material, Overhead	\$ - <sup>1</sup>	\$ 927,355
	<b>\$ 6,267,872</b>	<b>\$ 21,395,368</b>

<sup>1</sup> Included in above amounts.



**Fiscal Year 2021 Budget  
Pro Forma Statement of Cash Flows**

	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 BUDGET	FY 2021 BUDGET
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Operating Income	\$ 4,471,214	\$ 5,764,790	\$ 8,038,816	\$ 6,346,606
Adjustments				
Depreciation	5,010,013	5,155,612	5,250,000	5,350,000
Other	1,538,843	178,294	-	-
Changes in assets & liabilities	4,853,944	111,085	(644,050)	670,000
Additional Pension Prepayment/Contribution	(12,000,000)	(1,000,000)	-	-
OPEB Trust Contribution	-	-	(110,000)	(110,000)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>3,874,014</b>	<b>10,209,781</b>	<b>12,534,766</b>	<b>12,256,606</b>
<b>CASH FLOWS FROM CAPITAL &amp; FINANCING ACTIVITIES:</b>				
Acquisition and construction of capital assets	(11,484,120)	(10,657,815)	(6,267,872)	(21,395,368)
Proceeds from 2020 COPS	-	-	-	23,831,245
Impairment of capital assets & lease termination	-	-	-	-
Principal Paid on long-term debt	(2,705,000)	(2,605,000)	(2,785,000)	(2,975,000)
Interest Paid on long-term debt	(1,166,994)	(1,423,500)	(1,293,250)	(3,230,531)
Proceeds from capacity and installation charges	412,247	773,706	500,000	450,000
Proceeds from capital grant	641,666	554,095	700,798	588,352
<b>NET CASH PROVIDED BY CAPITAL &amp; FINANCING ACTIVITIES</b>	<b>(14,302,201)</b>	<b>(13,358,514)</b>	<b>(9,145,324)</b>	<b>(2,731,302)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment earnings	509,055	410,802	400,000	375,000
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<b>509,055</b>	<b>410,802</b>	<b>400,000</b>	<b>375,000</b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	<b>(9,919,132)</b>	<b>(2,737,931)</b>	<b>3,789,442</b>	<b>9,900,304</b>
<b>CASH &amp; INVESTMENTS - beginning of year</b>	<b>44,566,841</b>	<b>34,647,709</b>	<b>33,374,259</b>	<b>33,409,220</b>
<b>CASH &amp; INVESTMENTS - end of year</b>	<b>\$ 34,647,709</b>	<b>\$ 31,909,778</b>	<b>\$ 37,163,701</b>	<b>\$ 43,309,524</b>



**Fiscal Year 2021 Budget  
Water Data**

**Water Revenue Data**

**Revenue**

	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 BUDGET	FY 2021 BUDGET
All Potable Water Revenue	\$ 26,272,951	\$ 25,910,454	\$ 30,234,388	\$ 28,895,418
Recycled Water Revenue	1,137,748	1,119,273	1,428,907	1,329,739
<b>Total Water Revenue</b>	<b>\$ 27,410,699</b>	<b>\$ 27,029,727</b>	<b>\$ 31,663,295</b>	<b>\$ 30,225,157</b>

**Acre Feet Sold**

Potable	17,059	16,110	16,978	15,164
Recycled	853	916	1,206	1,073
<b>Total Acre Feet</b>	<b>17,912</b>	<b>17,026</b>	<b>18,184</b>	<b>16,237</b>

**Revenue Per Acre Foot**

<i>Potable</i>	\$ 1,540.12	\$ 1,608.35	1,780.80	1,905.51
<i>Recycled</i>	1,333.82	1,221.91	1,184.83	1,239.27
<b>Total Revenue Per Acre Foot</b>	<b>\$ 1,530.30</b>	<b>\$ 1,587.56</b>	<b>\$ 1,741.27</b>	<b>\$ 1,861.48</b>

**Water Cost Data**

**Cost**

Imported and Basin Managed Water	\$ 5,573,792	\$ 2,996,819	\$ 2,528,000	\$ 447,488
Clear Water	2,776,268	5,453,136	6,871,455	7,196,090
Amber Water	3,134,554	2,967,369	3,131,338	3,158,770
<b>Total Potable Water</b>	<b>11,484,614</b>	<b>11,417,324</b>	<b>12,530,793</b>	<b>10,802,348</b>
Recycled Water	629,455	758,122	1,045,602	971,065
<b>Total Water Cost</b>	<b>\$ 12,114,069</b>	<b>\$ 12,175,446</b>	<b>\$ 13,576,395</b>	<b>\$ 11,773,413</b>

**Acre Feet Produced**

Imported and Basin Managed Water	7,918	2,492	2,000	-
Clear Water	4,958	9,813	11,661	12,160
Clear & Imported and Basin Managed Water	12,876	12,305	13,661	12,160
Amber Water	4,326	3,760	4,087	3,636
<b>Total Potable Water</b>	<b>17,202</b>	<b>16,065</b>	<b>17,748</b>	<b>15,796</b>
Recycled	853	916	1,206	1,073
<b>Total Acre Feet</b>	<b>18,055</b>	<b>16,981</b>	<b>18,954</b>	<b>16,869</b>

**Cost Per Acre Foot**

<i>Imported Water (Variable Costs)</i>	\$ 997.00	\$ 1,032.50	\$ 1,064.00	\$ 1,104.50
<i>Clear Water</i>	559.96	555.71	589.27	591.78
<i>Amber Water</i>	724.58	789.19	766.17	868.75
<i>Recycled</i>	324.10	827.64	867.00	905.00
<b>Total Cost Per Acre Foot</b>	<b>\$ 670.95</b>	<b>\$ 717.00</b>	<b>\$ 716.28</b>	<b>\$ 697.93</b>

Imported Water Variable Costs per Acre Foot	\$979/1015	\$1015/1050	\$1050/1078	\$1078/1131
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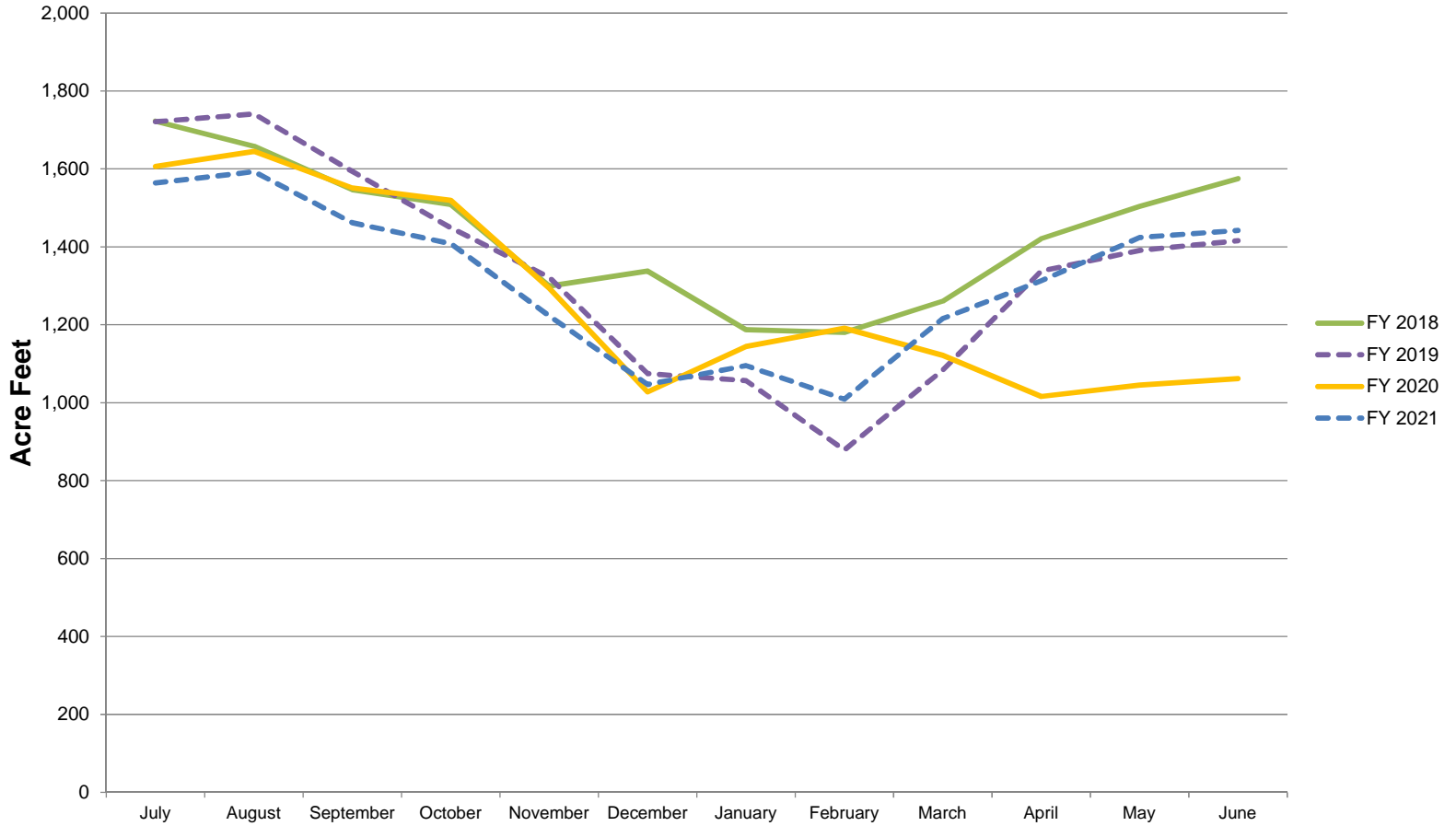
**Fiscal Year 2021 Budget  
Water Supply Components**

	<b>FY 2018 ACTUAL</b>	<b>FY 2019 ACTUAL</b>	<b>FY 2020 BUDGET</b>	<b>FY 2021 BUDGET</b>
<b>Clear Water Costs</b>				
Basin Replenishment Assessment	\$ 5,374,849	\$ 4,512,463	\$ 5,678,907	\$ 5,921,920
Utilities Pumping	309,144	539,962	659,385	785,802
Treatment/ Labor and Materials	260,752	400,711	533,163	488,368
<b>Total Clear Water Costs</b>	<b>\$ 5,944,745</b>	<b>\$ 5,453,137</b>	<b>\$ 6,871,455</b>	<b>\$ 7,196,090</b>
<b>Amber Water Costs</b>				
Basin Replenishment Assessment	\$ 1,908,654	\$ 1,737,074	\$ 1,990,369	\$ 1,770,732
Utilities Pumping	641,789	608,965	529,922	665,578
Treatment/ Labor and Materials	584,111	621,329	611,047	722,460
<b>Total Amber Water Costs</b>	<b>\$ 3,134,554</b>	<b>\$ 2,967,368</b>	<b>\$ 3,131,338</b>	<b>\$ 3,158,770</b>
<b>Imported Water Fixed Costs</b>				
Readiness to Serve - Total Charge	\$ 36,236	\$ 1,407	\$ 38,748	\$ 3,000
Capacity Charge	-	-	-	-
Choice Charges	-	-	-	-
Retail Meter Charge - Total Charge	282,042	291,268	308,652	321,938
Shared Pipeline Maintenance Costs	49,800	48,000	39,600	97,150
<b>Total Imported Water Fixed Costs</b>	<b>\$ 368,078</b>	<b>\$ 340,676</b>	<b>\$ 387,000</b>	<b>\$ 422,088</b>
 Retail Meter Charge - Per Meter (\$)	 12.10	 12.25	 12.54	 12.97
 Basin Pumping Percentage	 75%	 77%	 77%	 77%



Fiscal Year 2021 Budget

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

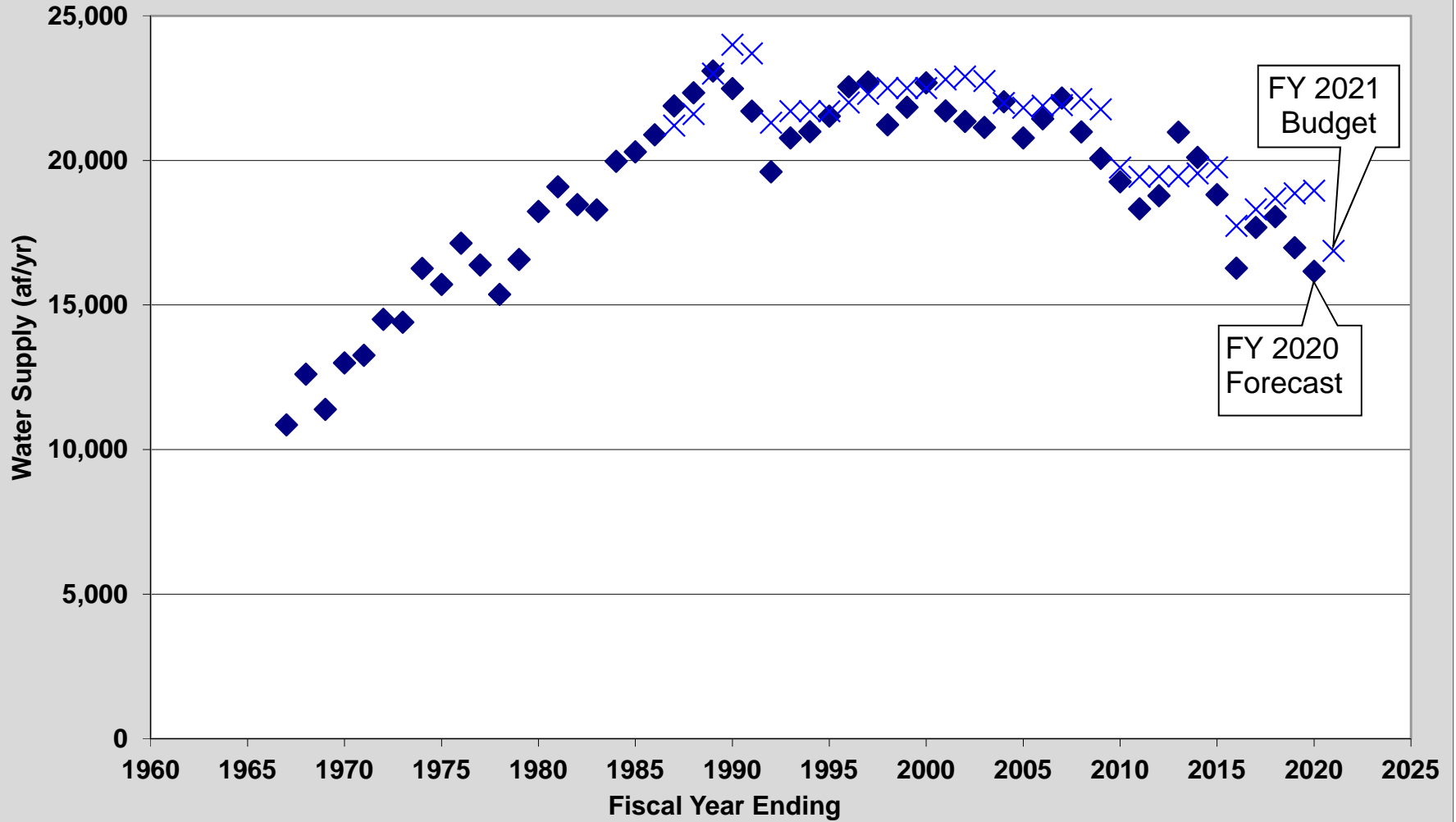


Water Production in Acre Feet

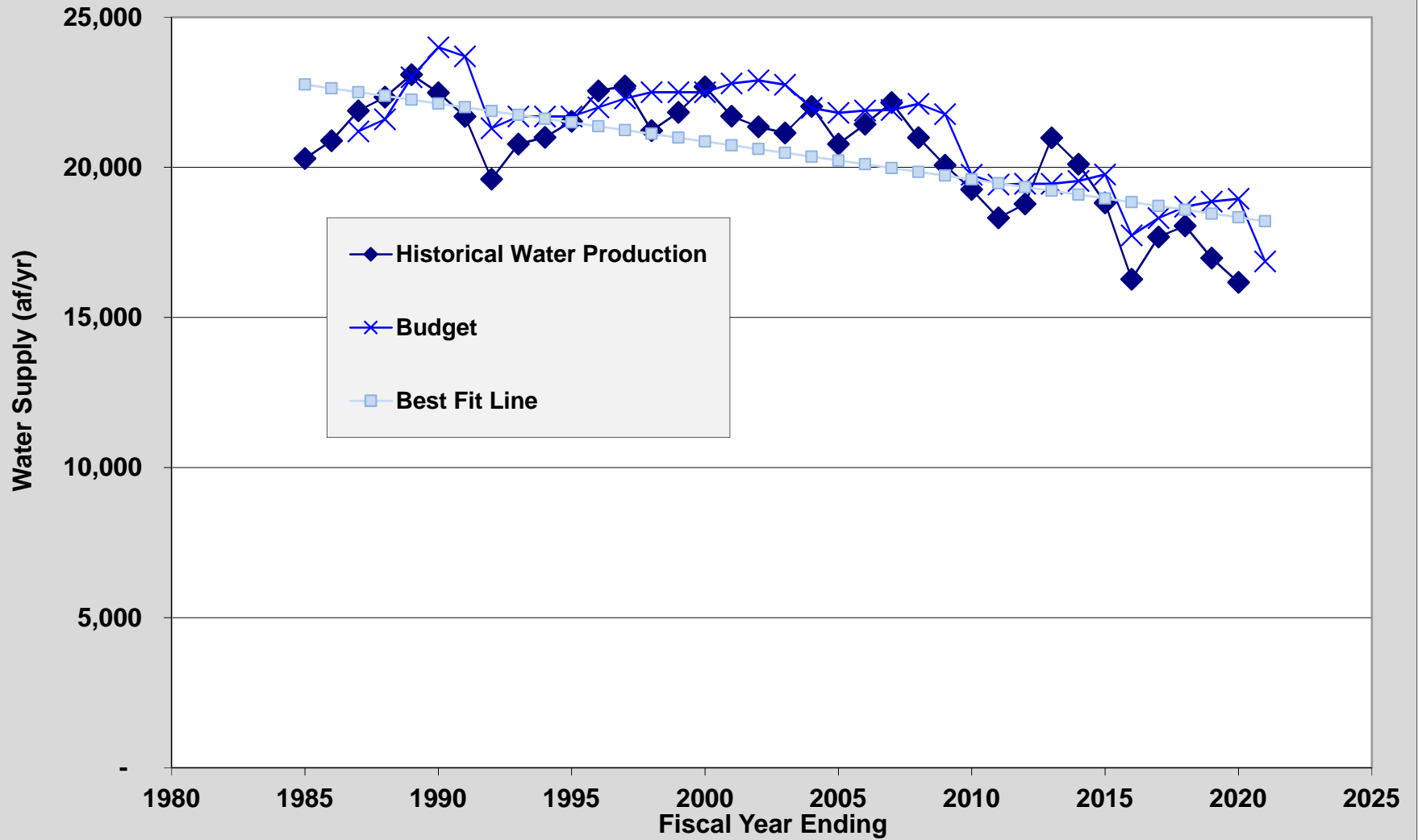
	July	August	September	October	November	December	January	February	March	April	May	June	Total
FY 2018	1,722.6	1,658.5	1,546.3	1,509.1	1,299.4	1,337.5	1,187.5	1,180.2	1,260.8	1,421.1	1,504.0	1,575.1	17,202.1
FY 2019	1,720.9	1,741.1	1,593.2	1,449.3	1,321.8	1,075.1	1,056.5	878.8	1,084.1	1,337.5	1,390.7	1,415.8	16,064.8
FY 2020	1,606.1	1,645.1	1,550.9	1,519.4	1,293.7	1,028.0	1,144.5	1,191.1	1,121.4	1,016.0	1,045.0	1,062.0	15,223.2
FY 2021	1,564.0	1,593.0	1,462.0	1,408.0	1,223.0	1,047.0	1,095.0	1,009.0	1,216.0	1,313.0	1,424.0	1,442.0	15,796.0

### Fiscal Year 2021 Budget Water Supply Needs (Historical and Projected)

◆ Historical Water Production      × Budget



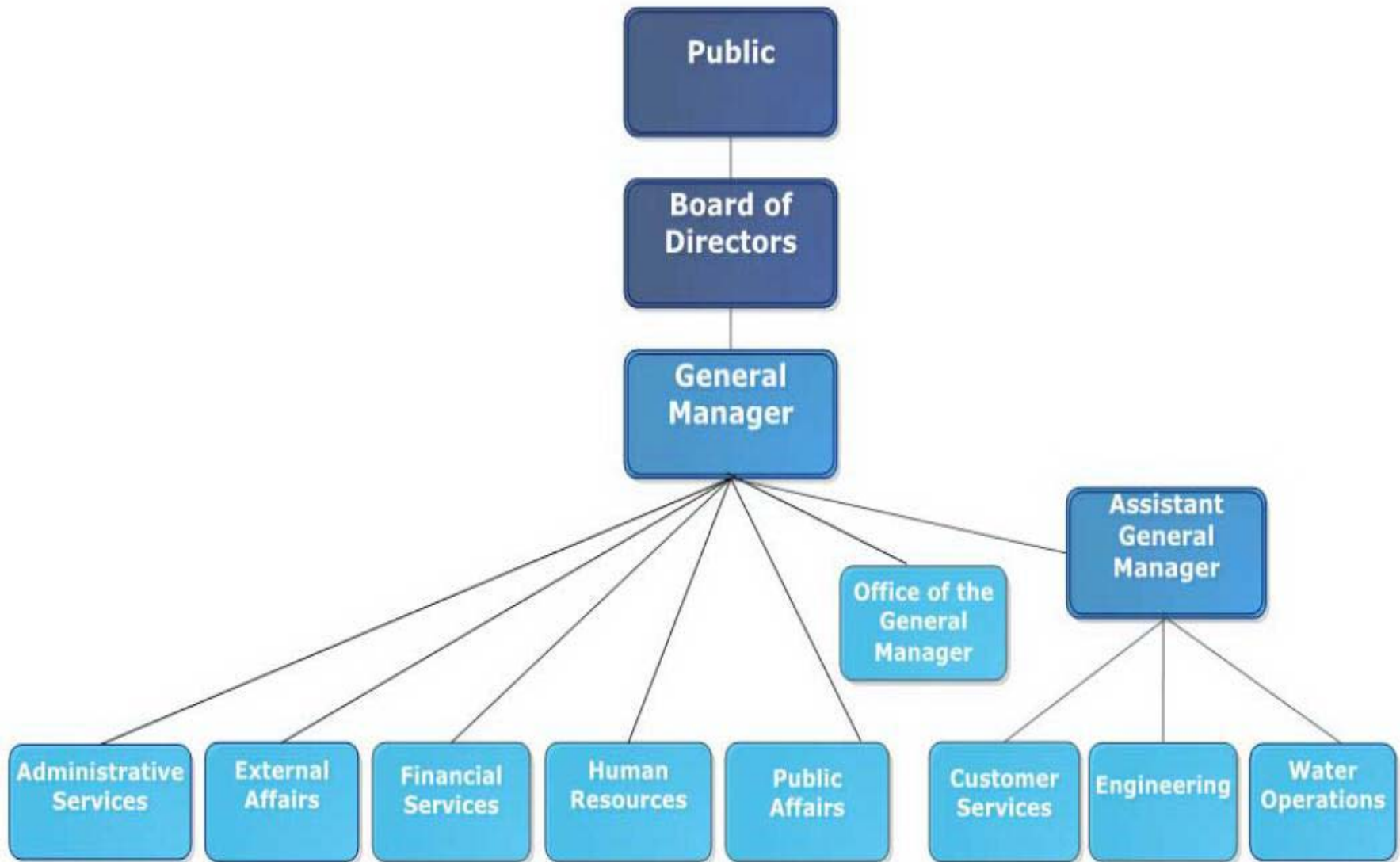
## Fiscal Year 2021 Budget Water Supply Needs (Historical and Projected)







# Mesa Water District FY 2021 Budget





**Fiscal Year 2021 Budget  
Personnel Summary**

	FY 2018 Budget	FY 2019 Budget	FY 2020 Budget	FY 2021 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	5	5	5
Information Technology	2	0	0	0
TOTAL ADMINISTRATIVE SERVICES/IT	6.75	5	5	5
HUMAN RESOURCES				
Human Resources	3	3	3	3
TOTAL HUMAN RESOURCES	3	3	3	3
CUSTOMER SERVICES				
Customer Service	8	8	9	8
Conservation	1	1	1	1
TOTAL CUSTOMER SERVICE	9	9	10	9
ENGINEERING				
Engineering	5	5	4	5
TOTAL ENGINEERING	5	5	4	5
FINANCIAL SERVICES				
Financial Services	7	5	5	5
TOTAL FINANCIAL SERVICES	7	5	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	1.5
TOTAL PUBLIC AFFAIRS	2.5	2.5	2.5	1.5
WATER OPERATIONS				
Supervision/Support	6	6	6	7
Distribution	10	10	11	13
Production	3	3	3	3
Water Quality	2	2	2	2
TOTAL WATER OPERATIONS	21	21	22	25
<b>TOTAL PERSONNEL</b>	<b>57.75</b>	<b>54.00</b>	<b>55.00</b>	<b>57.00</b>

*Notes:*

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

Interns	1.5	0.5	0.5	0.5
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**Fiscal Year 2021 Budget  
Labor and Benefits Summary**

Category	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 BUDGET	FY 2021 BUDGET
Labor	\$4,588,206	\$4,795,468	\$6,116,182	\$6,665,253
FICA / Medicare	399,738	419,936	453,053	458,431
Workers Comp	135,594	105,144	188,771	205,160
Flex Credits	318,270	458,493	1,159,800	1,185,600
LTD/Life Insurance/EAP	30,113	32,178	41,542	55,297
Retirement	1,439,151	1,003,092	1,267,000	1,325,000
<b>Total</b>	<b>\$6,911,072</b>	<b>\$6,814,310</b>	<b>\$9,226,348</b>	<b>\$9,894,741</b>



**Fiscal Year 2021 Budget  
COP Coverage Ratios**

	<b>FY 2018 ACTUAL</b>	<b>FY 2019 ACTUAL</b>	<b>FY 2020 BUDGET</b>	<b>FY 2021 BUDGET</b>
<b>Revenues</b>				
Operating Revenue	\$ 34,771,372	\$ 34,941,748	\$ 39,964,426	\$ 38,986,060
Capacity and Installation Charges	1,912,740	860,855	1,210,000	1,101,000
Non-Operating Revenue	535,930	1,872,020	465,000	435,000
<b>Total Revenues</b>	<b>37,220,042</b>	<b>37,674,623</b>	<b>41,639,426</b>	<b>40,522,060</b>
<b>Expenses (Excluding Depreciation Expense)</b>				
<b>Operating Expenses</b>	<b>26,224,082</b>	<b>25,247,473</b>	<b>27,804,810</b>	<b>27,289,454</b>
<b>Income available for debt service</b>	<b>\$ 10,995,960</b>	<b>\$ 12,427,150</b>	<b>\$ 13,834,616</b>	<b>\$ 13,232,606</b>
Annual Debt Service, Senior Debt	\$ 1,974,000	\$ 4,028,500	\$ 4,078,250	\$ 4,129,000
<b>Coverage Ratio, Senior Debt</b>	<b>557%</b>	<b>308%</b>	<b>339%</b>	<b>320%</b>
Annual Debt Service, Subordinated Debt	\$ 1,896,727	\$ -	\$ -	\$ 2,076,531
<b>Coverage Ratio, Total Debt</b>	<b>284%</b>	<b>308%</b>	<b>339%</b>	<b>213%</b>



**Fiscal Year 2021 Budget  
Designated Fund Levels**

	<b>FY 2018 ACTUAL</b>	<b>FY 2019 ACTUAL</b>	<b>FY 2020 BUDGET</b>	<b>FY 2021 BUDGET</b>	<b>DAYS</b>
<b>Customer &amp; Development Deposits</b>	\$ 4,000,000	\$ 3,750,000	\$ 3,500,000	\$ 3,250,000	N/A
<b>Capital Replacement Fund</b>	8,159,661	6,509,205	7,596,075	11,960,374	N/A
<b>Other Funds</b>					
Administrative & General Fund	1,436,936	1,383,423	1,489,579	1,824,620	25
Catastrophe Fund	8,118,688	7,816,341	11,171,840	13,137,265	180
	9,555,624	9,199,764	12,661,418	14,961,885	
<b>Liquidity Funds</b>					
Operating Funds (Target 120 days)	8,621,616	8,300,539	8,937,472	8,758,177	120
Rate Stabilization Funds (Target 60 days)	4,310,808	4,150,270	4,468,736	4,379,088	60
<b>Total Liquidity Funds (Max 180 days total)</b>	12,932,424	12,450,809	13,406,208	13,137,265	
<b>Total Cash - Designated Funds</b>	\$ 34,647,709	\$ 31,909,778	\$ 37,163,701	\$ 43,309,524	N/A
Operating Expense	\$ 26,224,082	\$ 25,247,473	\$ 27,184,810	\$ 26,639,454	
Cash per Day	\$ 71,847	\$ 69,171	\$ 74,479	\$ 72,985	
Days Cash Ratio Actual/Estimate	482	461	499	593	
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 2021 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 24,850 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 2021 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 2021 budget, the potable rate is \$4.27 per ccf, and the recycled rate is \$2.79 per ccf; and, for the second six months of the FY 2021 budget, the potable rate is \$4.49 per ccf, and the recycled rate is budgeted at \$2.93 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 2021 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 2021 budget, the LAFCO surcharge is an estimated total of \$24,850 in revenue.



## Fiscal Year 2021 Budget

<b>Major Revenue Descriptions, Continued</b>
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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 2021 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 \$157 per acre foot. Mesa Water is not budgeting import water for FY 2021.





## Fiscal Year 2021 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 2021 Budget  
Departmental Budgets**

	Dept. 000 - General, Page 1 of 2	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 BUDGET	FY 2021 BUDGET
	<b>REVENUE:</b>				
40100	Usage Charge - Potable Water	\$ 25,691,711	\$ 25,880,705	\$ 30,074,388	\$ 28,743,418
40105	Water sold in lieu of lease payments	-	65,215	-	-
40149	Accrued Water Sales	401,096	(122,396)	-	-
40170	Construction Water Revenues	180,144	86,930	160,000	152,000
	<b>TOTAL POTABLE CONSUMPTION REVENUES</b>	<b>26,272,951</b>	<b>25,910,453</b>	<b>30,234,388</b>	<b>28,895,418</b>
40600	Basic Charge - Domestic	6,365,750	6,887,353	7,264,624	7,728,719
40650	Basic Charge - Fire Line	472,850	624,222	637,907	633,834
	<b>TOTAL BASIC CHARGE REVENUES</b>	<b>6,838,600</b>	<b>7,511,575</b>	<b>7,902,531</b>	<b>8,362,553</b>
40260	Usage Charge - Recycled Water	1,137,748	1,119,273	1,428,907	1,329,739
	<b>TOTAL RECYCLED CONSUMPTION REVENUES</b>	<b>1,137,748</b>	<b>1,119,273</b>	<b>1,428,907</b>	<b>1,329,739</b>
45700	Coastal Pumping Trns Pgm (CPTP)	933,937	1,226,127	1,129,200	-
	<b>TOTAL CONCESSIONS FROM GOV'T AGENCIES</b>	<b>933,937</b>	<b>1,226,127</b>	<b>1,129,200</b>	<b>-</b>
45100	New Service Establishment Fee	45,982	44,513	44,000	45,000
45105	LAFCO Surcharge	24,245	24,546	24,600	24,850
45110	Delinquent Fees	219,870	211,981	205,000	200,000
45115	Loss Recovery	11,257	18,074	10,000	12,500
45120	Cross Connection Testing Fee	6,570	8,640	5,000	6,000
45130	Plan Check Fees	21,614	55,480	40,000	45,000
45140	Water Use Efficiency Program benchmark	-	-	-	-
45300	Insurance reimbursement	114,396	63,222	-	-
45305	OC-44 HB contract revenue	-	-	25,000	35,000
45505	Sale of brass and scrap	2,479	5,665	5,000	5,000
45515	Other operating revenue	46,707	(16,124)	40,000	25,000
62100	Cash Over/Short	(92)	76	-	-
62190	Write-Off Bad Debt Exp	29,047	(15,626)	-	-
	<b>TOTAL OTHER CHARGES AND SERVICES</b>	<b>522,074</b>	<b>400,446</b>	<b>398,600</b>	<b>398,350</b>
	<b>TOTAL OPERATING REVENUES</b>	<b>35,705,309</b>	<b>36,167,875</b>	<b>41,093,626</b>	<b>38,986,060</b>



**Fiscal Year 2021 Budget  
Departmental Budgets**

	Dept. 000 - General, Page 2 of 2	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 BUDGET	FY 2021 BUDGET
	<b>TOTAL OPERATING REVENUES (previous page)</b>	<b>35,705,309</b>	<b>36,167,875</b>	<b>41,093,626</b>	<b>38,986,060</b>
	<i>Recycled Water Costs</i>				
50200	Recycled Water Costs	629,455	758,122	1,045,602	971,065
	<b>TOTAL RECYCLED WATER COSTS</b>	<b>629,455</b>	<b>758,122</b>	<b>1,045,602</b>	<b>971,065</b>
	<i>DEPRECIATION AND AMORTIZATION</i>				
70100	Amortization & depreciation	5,010,013	5,155,612	5,250,000	5,350,000
	<b>TOTAL AMORTIZATION AND DEPRECIATION</b>	<b>5,010,013</b>	<b>5,155,612</b>	<b>5,250,000</b>	<b>5,350,000</b>
	<i>INVESTMENT EARNINGS</i>				
46105	Interest earned OC Investment Pool	46,171	77,760	65,000	60,000
46110	Change fair value	(286,228)	597,871	(150,000)	(100,000)
46120	Interest Earned - Funds Under District Control	458,308	357,813	400,000	375,000
46125	Realized Gain/Loss on Investments	317,679	838,575	150,000	100,000
	<b>TOTAL INVESTMENT EARNINGS</b>	<b>535,930</b>	<b>1,872,020</b>	<b>465,000</b>	<b>435,000</b>
	<i>INTEREST EXPENSE</i>				
76115	2009 / 2020 COPs Interest expense	65,258	-	-	2,006,329
76120	2010 / 2017 COPs interest expense	1,450,975	1,385,510	1,252,635	1,110,615
76125	General interest expense	169	-	-	-
76130	2009 / 2017 COPs deferred amount	272,856	129,393	129,394	129,394
76815	2009 / 2020 Premium Amort Expense	(79,094)	-	-	(464,061)
76820	2010 / 2017 COPs premium amortization	(569,390)	(569,390)	(569,390)	(569,390)
	<b>TOTAL INTEREST EXPENSE</b>	<b>1,140,774</b>	<b>945,513</b>	<b>812,639</b>	<b>2,212,887</b>
	<i>OTHER NON-OPERATING</i>				
46805	Loss on disposal of equipment	-	-	(30,000)	(20,000)
46808	Loss on Abandonment	-	-	-	-
46810	Non Operating Revenue	279,211	186,820	75,000	80,000
76800	Non Operating Expense	(238,536)	(87,900)	(100,000)	(105,000)
76825	Bond Issuance Costs	-	-	-	-
76805	COPS Trustee Expense	(2,325)	(7,775)	(10,000)	(15,000)
	<b>TOTAL OTHER NON-OPERATING</b>	<b>38,349</b>	<b>91,145</b>	<b>(65,000)</b>	<b>(60,000)</b>
	<b>TOTAL NON-OPERATING REVENUES/EXPENSE</b>	<b>(566,495)</b>	<b>1,017,652</b>	<b>(412,639)</b>	<b>(1,837,887)</b>
	<i>CAPITAL CONTRIBUTIONS</i>				
48115	Capacity Charge Completed Projects	1,584,978	677,258	900,396	820,317
48125	Installation Fees Completed Projects	247,138	108,343	186,263	172,010
48135	Inspection Fees Completed Projects	80,625	75,254	123,341	108,673
48200	MWD Local Resource Prog - MWRF	625,078	554,095	683,298	570,852
48205	Utility Rebate - Water Operations	16,588	-	17,500	17,500
48300	Contributions from Developers	728,920	502,128	550,000	500,000
	<b>TOTAL CAPITAL CONTRIBUTIONS</b>	<b>3,283,326</b>	<b>1,917,078</b>	<b>2,460,798</b>	<b>2,189,352</b>
	<b>Department Total</b>	<b>\$ 32,782,672</b>	<b>\$ 33,188,871</b>	<b>\$ 36,846,183</b>	<b>\$ 33,016,460</b>



**Fiscal Year 2021 Budget  
Departmental Budgets**

	Dept. 100 - Governance	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 BUDGET	FY 2021 BUDGET
	<b>PAYROLL EXPENSES:</b>				
60115	Labor Taxes	\$ 9,734	\$ 10,099	\$ 12,733	\$ 13,357
60120	Labor Workers Comp	57,236	34,738	1,818	1,908
60130	Labor Directors Fee	131,424	134,112	174,600	174,600
60205	Benefits LTD/Life/EAP	388	405	531	532
60220	Benefits Flex Credits	8,307	22,044	96,000	96,000
	<b>Total Payroll</b>	<b>207,090</b>	<b>201,398</b>	<b>285,682</b>	<b>286,397</b>
	<b>EXPENSES (NON-PAYROLL)</b>				
61100	Election Fees	-	26,919	-	30,000
62115	Staff Development & Conferences	20,622	19,756	40,000	30,000
62125	Department Admin	14,577	21,361	20,000	20,000
	<b>Total</b>	<b>35,198</b>	<b>68,036</b>	<b>60,000</b>	<b>80,000</b>
	<b>Department Total</b>	<b>\$ 242,288</b>	<b>\$ 269,433</b>	<b>\$ 345,682</b>	<b>\$ 366,397</b>

	Dept. 200 - Office of the General Manager	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 BUDGET	FY 2021 BUDGET
	<b>PAYROLL EXPENSES:</b>				
60100	Labor Regular	\$ 365,184	\$ 378,485	\$ 473,989	\$ 477,052
60105	Labor Non-Regular	31,232	43,113	-	-
60110	Labor Vacation	36,003	46,234	-	-
	<b>Labor Subtotal</b>	<b>432,420</b>	<b>467,831</b>	<b>473,989</b>	<b>477,052</b>
60115	Labor Taxes	21,404	22,468	22,993	23,038
60120	Labor Workers Comp	2,741	2,745	5,967	6,002
60205	Benefits LTD/Life/EAP	1,823	1,921	2,279	2,973
60210	Benefits CalPERS	132,421	94,950	100,000	115,000
60220	Benefits Flex Credits	18,947	33,048	51,000	38,400
	<b>Total Payroll</b>	<b>609,756</b>	<b>622,962</b>	<b>656,228</b>	<b>662,465</b>
	<b>EXPENSES (NON-PAYROLL)</b>				
61110	Regulatory Compliance/Permits	188	2,064	1,000	1,000
62115	Staff Development & Conferences	7,358	10,269	10,000	10,000
62125	Department Admin	11,443	16,858	12,000	15,000
62130	Dues and Subscriptions	64,988	72,493	90,000	99,000
63100	Support Services	146,918	98,776	350,000	500,000
63105	Legal Services	685,962	243,257	400,000	400,000
	<b>Total</b>	<b>916,856</b>	<b>443,717</b>	<b>863,000</b>	<b>1,025,000</b>
	<b>Department Total</b>	<b>\$ 1,526,612</b>	<b>\$ 1,066,679</b>	<b>\$ 1,519,228</b>	<b>\$ 1,687,465</b>



**Fiscal Year 2021 Budget  
Departmental Budgets**

	<b>Dept. 3XX - Water Costs</b>	<b>FY 2018 ACTUAL</b>	<b>FY 2019 ACTUAL</b>	<b>FY 2020 BUDGET</b>	<b>FY 2021 BUDGET</b>
	<b><i>IMPORTED/BASIN MANAGED WATER EXPENSES</i></b>				
50100-320	Imported Water Fixed Costs	\$ 368,078	\$ 340,676	\$ 387,000	\$ 422,088
50105-320	Imported Water Variable Costs	-	-	-	-
50115-320	Basin Managed Water	2,016,907	2,628,097	2,100,000	-
50130-320	Chemicals and Treatment	-	-	-	-
50180-320	Utilities - Imported	16,430	1,475	1,700	1,400
60100-320	Labor Import	3,897	19,023	15,000	-
62165-320	Parts and Materials - Import	-	880	10,000	10,000
63100-320	Support Services - Import	-	6,667	14,300	14,000
	<b>Total Imported / Basin Managed Water Costs</b>	<b>2,405,312</b>	<b>2,996,817</b>	<b>2,528,000</b>	<b>447,488</b>
50110-320	In-Lieu Water	3,168,477	-	-	-
	<b>Total In-Lieu Water Costs</b>	<b>3,168,477</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b><i>CLEAR WATER EXPENSES</i></b>				
50130-310	Chemicals - Clear	48,787	102,957	137,720	114,836
50150-310	Basin Replenishment Assessment - Clear	2,206,372	4,512,463	5,678,907	5,921,920
50155-310	Well Land Leases - Clear	78,499	78,499	78,500	-
50160-020	BEA (Rebilled to Segerstrom)	-	-	-	-
50180-310	Utilities - Clear	309,144	539,962	659,385	785,802
60100-310	Labor Clear	62,747	85,485	62,000	85,000
62165-310	Parts and Materials - Clear	43,316	65,247	50,000	75,000
63100-310	Support Services - Clear	27,403	68,523	204,943	213,532
	<b>Total Clear Water Costs</b>	<b>2,776,268</b>	<b>5,453,137</b>	<b>6,871,455</b>	<b>7,196,090</b>
	<b><i>AMBER WATER EXPENSES</i></b>				
50130-330	Chemicals - Amber	367,762	363,622	273,052	336,896
50150-330	Basin Replenishment Assessment - Amber	1,908,654	1,737,074	1,990,369	1,770,732
50180-330	Utilities - Amber	641,789	608,965	529,922	665,578
60100-330	Labor Amber	14,756	20,560	20,000	20,000
62165-330	Parts and Materials - Amber	79,858	56,635	100,000	150,000
63100-330	Support Services - Amber	121,735	180,513	217,995	215,564
	<b>Total Amber Water Costs</b>	<b>3,134,554</b>	<b>2,967,368</b>	<b>3,131,338</b>	<b>3,158,770</b>



**Fiscal Year 2021 Budget  
Departmental Budgets**

	<b>Dept. 300 - Water Operations</b>	<b>FY 2018 ACTUAL</b>	<b>FY 2019 ACTUAL</b>	<b>FY 2020 BUDGET</b>	<b>FY 2021 BUDGET</b>
	<i><b>PAYROLL EXPENSES:</b></i>				
60100	Labor Regular	\$ 1,614,872	\$ 1,677,632	\$ 2,103,826	\$ 2,410,197
60105	Labor Non-Reg	275,114	345,019	-	-
60110	Labor Vacation	141,269	141,007	-	-
	<i>Labor Subtotal</i>	<b>2,031,255</b>	<b>2,163,658</b>	<b>2,103,826</b>	<b>2,410,197</b>
60115	Labor Taxes	155,900	167,873	170,000	178,035
60120	Labor Workers Comp	50,995	47,499	119,766	131,652
60125	Labor Temporary	25,245	19,966	40,000	50,000
60205	Benefits LTD/Life/EAP	11,613	12,672	14,967	21,497
60210	Benefits CalPERS	535,300	381,161	485,000	525,000
60215	Benefits Other	4,435	4,249	15,840	15,840
60220	Flex credits	115,258	180,604	422,400	460,800
60990	Payroll jobs WIP	(222,471)	(252,766)	(280,000)	(285,000)
	<b>Total Payroll</b>	<b>2,707,529</b>	<b>2,724,916</b>	<b>3,091,799</b>	<b>3,508,021</b>
	<i><b>EXPENSES (NON-PAYROLL)</b></i>				
50130	Chemicals T&D	2,639	3,125	2,443	2,409
61110	Regulatory Compliance/Permits	304,449	111,790	183,719	140,000
62115	Staff Development & Conferences	15,363	25,131	25,000	35,000
62120	Damages	-	-	-	-
62125	Department Administration	16,769	9,951	20,000	22,000
62135	Facilities improvements	8,570	13,479	25,000	20,000
62140	Fuel	65,110	68,731	60,000	60,000
62145	General Supplies	4,914	8,748	8,000	8,000
62155	Leasing/ Equipment Rental	31	821	-	-
62160	Other Agency Cost Reimbursement	-	4,960	5,000	-
62165	Parts & Materials	300,921	410,014	300,000	300,000
62180	Tools & Equipment	5,777	17,380	-	-
62185	Utilities	141,323	167,251	138,215	162,171
63100	Support Services	1,663,657	1,249,653	1,009,200	1,086,620
63105	Legal Services	-	-	-	-
63990	Capitalized G&A Contra - T&D	(239,623)	(179,893)	(276,000)	(285,000)
63995	Capitalized Equipment Contra - T&D	-	-	-	-
	<b>Total</b>	<b>2,289,901</b>	<b>1,911,142</b>	<b>1,500,577</b>	<b>1,551,200</b>
	<b>Department Total</b>	<b>\$ 4,997,430</b>	<b>\$ 4,636,058</b>	<b>\$ 4,592,376</b>	<b>\$ 5,059,221</b>

	<b>Dept. 400 - Engineering</b>	<b>FY 2018 ACTUAL</b>	<b>FY 2019 ACTUAL</b>	<b>FY 2020 BUDGET</b>	<b>FY 2021 BUDGET</b>
	<i><b>PAYROLL EXPENSES:</b></i>				
60100	Labor Regular	\$ 626,429	\$ 538,145	\$ 631,238	\$ 824,899
60105	Labor Non-Reg	94,495	84,242	-	-
60110	Labor Vacation	52,249	43,930	-	-
	<i>Labor Subtotal</i>	<b>773,172</b>	<b>666,317</b>	<b>631,238</b>	<b>824,899</b>
60115	Labor Taxes	47,304	39,566	38,069	49,300
60120	Labor Workers Comp	4,641	4,047	8,236	10,805
60125	Labor Temporary	-	-	-	-
60205	Benefits LTD/Life/EAP	3,862	3,337	3,901	5,905
60210	Benefits CalPERS	173,721	119,125	120,000	145,000
60215	Benefits Other - Engineering	6,851	6,937	2,160	2,880
60220	Benefits Flex Credits	40,146	48,785	76,800	96,000
60990	Capital Labor/Benefit Contra	(215,361)	(143,410)	(250,000)	(550,000)
	<b>Total Payroll</b>	<b>834,336</b>	<b>744,702</b>	<b>630,403</b>	<b>584,789</b>
	<i><b>EXPENSES (NON-PAYROLL)</b></i>				
62115	Staff Development & Conferences	14,646	10,199	15,000	15,000
62125	Department Admin	2,412	4,941	3,500	6,000
62145	General Supplies	3,141	382	3,500	2,000
63100	Support Services	412,848	189,480	302,000	335,000
63990	Capitalized G&A Contra	(132,805)	(103,460)	(115,000)	(195,000)
	<b>Total</b>	<b>300,241</b>	<b>101,541</b>	<b>209,000</b>	<b>163,000</b>
	<b>Department Total</b>	<b>\$ 1,134,577</b>	<b>\$ 846,243</b>	<b>\$ 839,403</b>	<b>\$ 747,789</b>

	<b>Transmission and Distribution</b>	<b>FY 2018 ACTUAL</b>	<b>FY 2019 ACTUAL</b>	<b>FY 2020 BUDGET</b>	<b>FY 2021 BUDGET</b>
	<b>Transmission and Distribution Grand Total</b>	<b>\$ 6,132,007</b>	<b>\$ 5,482,301</b>	<b>\$ 5,431,780</b>	<b>\$ 5,807,010</b>



**Fiscal Year 2021 Budget  
Departmental Budgets**

	Dept. 500 - Customer Services	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 BUDGET	FY 2021 BUDGET
	<b><i>PAYROLL EXPENSES:</i></b>				
60100	Labor Regular	\$ 589,584	\$ 573,450	\$ 813,853	\$ 883,390
60105	Labor Non-Reg	128,591	124,298	-	-
60110	Labor Vacation	53,836	47,994	-	-
	<i>Labor Subtotal</i>	<b>772,011</b>	<b>745,741</b>	<b>813,853</b>	<b>883,390</b>
60115	Labor Taxes	58,300	56,586	77,248	67,075
60120	Labor Workers Comp	12,202	10,513	31,220	33,739
60125	Labor Temporary	20,158	118,903	25,000	15,000
60205	Benefits LTD/Life/EAP	4,802	4,638	6,740	8,587
60210	Benefits CalPERS	229,589	150,531	215,000	225,000
60215	Benefits Other	4,481	5,240	6,480	6,480
60220	Benefits Flex Credits	55,168	64,091	192,000	192,000
	<b>Total Payroll</b>	<b>1,156,712</b>	<b>1,156,242</b>	<b>1,367,541</b>	<b>1,431,271</b>
	<b><i>EXPENSES (NON-PAYROLL)</i></b>				
62100	Cash Over/Short	139	(24)	-	-
62105	Computer Maint/Licensing	2,250	1,611	-	-
62115	Staff Development & Conferences	8,838	9,569	10,000	11,500
62125	Department Admin	10,221	12,390	31,750	35,000
62145	General Supplies	18,529	27,125	14,500	15,000
62175	Telecom/Network	-	-	-	-
63100	Support Services	316,210	295,107	379,500	351,770
	<b>Total</b>	<b>356,187</b>	<b>345,777</b>	<b>435,750</b>	<b>413,270</b>
	<b>Department Total</b>	<b>\$ 1,512,900</b>	<b>\$ 1,502,019</b>	<b>\$ 1,803,291</b>	<b>\$ 1,844,541</b>



**Fiscal Year 2021 Budget  
Departmental Budgets**

	<b>Dept. 600 - Financial Services</b>	<b>FY 2018 ACTUAL</b>	<b>FY 2019 ACTUAL</b>	<b>FY 2020 BUDGET</b>	<b>FY 2021 BUDGET</b>
	<b><i>PAYROLL EXPENSES:</i></b>				
60100	Labor Regular	\$ 358,804	\$ 423,458	\$ 541,925	\$ 568,353
60105	Labor Non-Reg	62,799	93,258	-	-
60110	Labor Vacation	25,926	23,528	-	-
	<i>Labor Subtotal</i>	<b>447,529</b>	<b>540,244</b>	<b>541,925</b>	<b>568,353</b>
60115	Labor Taxes	34,183	37,980	38,553	39,733
60120	Worker's compensation insurance exp.	2,378	2,785	6,348	6,506
60125	Temporary Labor	269,799	52,402	20,000	15,000
60205	LTD, Life Insurance & EAP	2,501	2,847	3,490	4,777
60210	Benefits CalPERS	82,759	63,471	65,000	75,000
60215	Benefits - Other	392	1,410	3,600	3,600
60220	Flex credits	20,288	13,486	96,000	96,000
60990	Applied Overhead for labor benefits	-	-	(275,000)	-
	<b>Total Payroll</b>	<b>859,828</b>	<b>714,625</b>	<b>499,916</b>	<b>808,969</b>
	<b><i>EXPENSES (NON-PAYROLL)</i></b>				
61105	LAFCO charge	26,419	27,356	28,000	28,600
62115	Staff development & conference expense	4,648	9,616	5,000	5,000
62125	Department administration expense	4,245	4,972	5,000	10,000
62145	General Supplies - Finance	33,076	46,909	35,000	45,000
62150	Liability insurance	258,446	239,467	265,000	280,000
63100	Support Services	325,529	320,718	395,500	445,000
63105	Special legal counsel/Advocate	-	-	-	-
63990	Capitalized G&A Contra - Finance	(276,964)	(259,748)	(295,000)	(315,000)
63995	Capitalized Equipment Contra - Finance	-	-	-	-
	<b>Total</b>	<b>375,397</b>	<b>389,291</b>	<b>438,500</b>	<b>498,600</b>
	<b>Department Total</b>	<b>\$ 1,235,225</b>	<b>\$ 1,103,916</b>	<b>\$ 938,416</b>	<b>\$ 1,307,569</b>





**Fiscal Year 2021 Budget  
Departmental Budgets**

	Dept. 700 - Public Affairs	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 BUDGET	FY 2021 BUDGET
	<b>PAYROLL EXPENSES:</b>				
60100	Labor Regular	\$ 109,630	\$ 231,663	\$ 300,849	\$ 190,050
60105	Labor Non-Reg	21,709	39,936	-	-
60110	Labor Vacation	4,995	13,255	-	-
	<i>Labor Subtotal</i>	<b>136,334</b>	<b>284,853</b>	<b>300,849</b>	<b>190,050</b>
60115	Labor Taxes	11,364	21,512	21,142	14,539
60120	Worker's compensation insurance exp.	611	1,594	3,758	2,274
60125	Temporary Labor	20,989	23,707	-	-
60205	LTD, Life Insurance & EAP	373	1,126	2,403	2,278
60210	Benefits CalPERS	26,771	22,285	55,000	25,000
60215	Benefits - Other	416	475	1,800	500
60220	Flex credits	8,879	7,130	48,000	38,400
	<b>Total Payroll</b>	<b>205,737</b>	<b>362,683</b>	<b>432,952</b>	<b>273,041</b>
	<b>EXPENSES (NON-PAYROLL)</b>				
62105	Technology/Software Licensing	1,360	165	1,500	1,500
62115	Staff development & conference expense	226	3,814	1,600	1,000
62125	Department administration expense	3,892	2,656	4,600	3,600
62130	District memberships and subscriptions	2,704	1,607	4,000	1,500
62145	General Office Supplies/Minor Equipment	11,296	34,039	4,000	4,000
63100	Support Services	402,264	295,002	421,480	583,730
63105	Special legal counsel/Advocate	-	70	-	-
	<b>Total</b>	<b>421,742</b>	<b>337,353</b>	<b>437,180</b>	<b>595,330</b>
	<b>Department Total</b>	<b>\$ 627,479</b>	<b>\$ 700,036</b>	<b>\$ 870,132</b>	<b>\$ 868,371</b>

	Dept. 900 - External Affairs	FY 2018 ACTUAL	FY 2019 ACTUAL	FY 2020 BUDGET	FY 2021 BUDGET
	<b>PAYROLL EXPENSES:</b>				
60100	Labor Regular	\$ 151,488	\$ 155,958	\$ 178,074	\$ 183,057
60105	Labor Non-Reg	8,265	22,358	-	-
60110	Labor Vacation	11,318	12,416	-	-
	<i>Labor Subtotal</i>	<b>171,071</b>	<b>190,732</b>	<b>178,074</b>	<b>183,057</b>
60115	Labor Taxes	9,905	10,644	12,684	10,715
60120	Labor Workers Comp	1,110	1,223	2,376	2,442
60125	Labor Temporary	-	-	-	-
60205	Benefits LTD/Life/EAP	880	929	1,078	1,256
60210	Benefits CalPERS	53,440	37,704	45,000	45,000
60215	Benefits - Other	4,289	4,547	1,080	720
60220	Benefits Flex Credits	11,195	16,767	28,800	19,200
	<b>Total Payroll</b>	<b>251,891</b>	<b>262,547</b>	<b>269,092</b>	<b>262,390</b>
	<b>EXPENSES (NON-PAYROLL)</b>				
61110	Regulatory Compliance/Permits	-	-	-	-
62115	Staff Development & Conferences	4,960	29,525	5,000	17,500
62125	Department Admin	14,561	4,604	5,000	2,000
62130	Dues and Subscriptions	1,427	1,457	2,500	1,500
62145	General Supplies	982	2,428	2,000	1,000
63100	Support Services	106,921	36,808	170,000	205,000
63105	Legal Services	84,422	84,587	-	-
	<b>Total</b>	<b>213,274</b>	<b>159,408</b>	<b>184,500</b>	<b>227,000</b>
	<b>Department Total</b>	<b>\$ 465,165</b>	<b>\$ 421,955</b>	<b>\$ 453,592</b>	<b>\$ 489,390</b>



**Fiscal Year 2021 Budget  
Departmental Budgets**

	<b>Dept. 800 - Administrative Services</b>	<b>FY 2018 ACTUAL</b>	<b>FY 2019 ACTUAL</b>	<b>FY 2020 BUDGET</b>	<b>FY 2021 BUDGET</b>
	<i>PAYROLL EXPENSES:</i>				
60100	Labor Regular	\$ 377,377	\$ 400,325	\$ 481,308	\$ 505,460
60105	Labor Non-Reg	59,438	67,448	-	-
60110	Labor Vacation	36,233	38,156	-	-
	<i>Labor Subtotal</i>	<b>473,048</b>	<b>505,930</b>	<b>481,308</b>	<b>505,460</b>
60115	Labor Taxes	34,199	36,266	35,189	36,547
60120	Labor Workers Comp	2,544	2,618	5,791	6,082
60125	Labor Temporary	9,035	14,351	-	-
60205	Benefits LTD/Life/EAP	2,451	3,012	3,835	4,579
60210	Benefits CalPERS	194,052	119,514	120,000	135,000
60215	Benefits - Other	1,855	1,290	3,600	2,880
60220	Benefits Flex Credits	30,463	50,965	96,000	96,000
	<b>Total Payroll</b>	<b>747,648</b>	<b>733,945</b>	<b>745,723</b>	<b>786,548</b>
	<i>EXPENSES (NON-PAYROLL)</i>				
60225	Benefits OPEB	(106,346)	-	-	-
60230	Benefit Retiree Expenses	(11,838)	-	-	-
60235	Benefit Unemployment Insurance	-	-	-	-
62105	Computer Maint/Licensing	280,363	219,473	400,000	400,000
62115	Staff Development & Conferences	8,478	10,910	10,000	15,000
62125	Department Admin	5,416	1,881	7,000	7,000
62145	General Supplies - IT	9,039	9,013	35,000	40,000
62170	Postage/Shipping/Freight	14,724	16,724	20,000	20,000
62175	Telecom/Network	207,801	222,695	267,000	280,000
62180	Tools & Equipment	-	582	1,000	1,000
63100	Support Services	498,777	527,757	561,000	591,000
63110	Human Resources Services - Admin	-	-	-	-
	<b>Total</b>	<b>906,413</b>	<b>1,009,035</b>	<b>1,301,000</b>	<b>1,354,000</b>
	<b>Department Total</b>	<b>\$ 1,654,061</b>	<b>\$ 1,742,981</b>	<b>\$ 2,046,723</b>	<b>\$ 2,140,548</b>

	<b>Dept. 850 - Human Resources</b>	<b>FY 2018 ACTUAL</b>	<b>FY 2019 ACTUAL</b>	<b>FY 2020 BUDGET</b>	<b>FY 2021 BUDGET</b>
	<i>PAYROLL EXPENSES:</i>				
60100	Labor Regular	\$ 182,014	\$ 176,196	\$ 319,520	\$ 343,195
60105	Labor Non-Reg	36,494	32,854	-	-
60110	Labor Vacation	13,193	14,805	-	-
	<i>Labor Subtotal</i>	<b>231,701</b>	<b>223,855</b>	<b>319,520</b>	<b>343,195</b>
60115	Labor Taxes	17,444	16,944	24,443	26,092
60120	Labor Workers Comp	1,134	1,211	3,491	3,750
60125	Temporary Labor	31,286	136,233	20,000	20,000
60205	Benefits LTD/Life/EAP	1,377	1,291	2,318	2,913
60210	Benefits CalPERS	11,099	14,350	62,000	35,000
60215	Benefits OPEB	1,125	893	-	-
60220	Benefits Flex Credits	9,619	21,572	52,800	52,800
	<b>Total Payroll</b>	<b>304,786</b>	<b>416,349</b>	<b>484,572</b>	<b>483,750</b>
	<i>EXPENSES (NON-PAYROLL)</i>				
60225	Benefits OPEB	208,929	112,999	-	150,000
60230	Benefit Retiree Expenses	30,332	(6,279)	40,000	45,000
60235	Benefit Unemployment Insurance	-	5,630	25,000	4,000
62115	Staff Development & Conferences	7,550	151	10,000	15,000
62125	Department Admin	5,840	4,675	15,000	20,000
63110	Human Resources Services - Admin	157,233	232,980	245,000	287,000
	<b>Total</b>	<b>409,884</b>	<b>350,157</b>	<b>335,000</b>	<b>521,000</b>
	<b>Department Total</b>	<b>\$ 714,669</b>	<b>\$ 766,506</b>	<b>\$ 819,572</b>	<b>\$ 1,004,750</b>



## Fiscal Year 2021 Budget

### Glossary of Terms

<b>Accrual</b>	The recognition of a revenue or expense as it is earned or incurred regardless of when actual cash is received or paid.
<b>Acre Foot (AF)</b>	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.
<b>Amber Water</b>	Water produced from deep groundwater wells that require treatment for color and odor before being entered to the distribution system.
<b>Amortization</b>	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.
<b>Appropriation</b>	An amount of money in the budget authorized by the Board of Directors, for expenditures or obligations within organizational units for specific purposes.
<b>Assets</b>	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.
<b>Association of California Water Agencies (ACWA)</b>	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.
<b>Basin Pumping Percentage (BPP)</b>	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.
<b>Budget</b>	The District's fiscal plan detailing proposed revenues and expenditures for a period of time.
<b>California Department of Water Resources (CA DWR)</b>	California agency responsible for managing California's water resources.
<b>Capacity Charge</b>	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.
<b>Capital</b>	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.
<b>Cash on Hand</b>	Amount of unrestricted cash held by Mesa Water at a given time.
<b>CCF</b>	Abbreviation for unit of water sold in hundred cubic feet. Mesa Water sells water in this unit of measure.



## Fiscal Year 2021 Budget

### Glossary of Terms

<b>Certificates Of Participation (COP)</b>	Form of lease-purchase financing used to construct or acquire capital facilities or equipment.
<b>Change in Net Position</b>	The final figure on the Statement of Revenues, Expenses and Change in Net Position report where revenues are netted against expenses.
<b>Clear Well Water</b>	Water produced from groundwater wells that require minimal treatment to be released into the distribution system.
<b>Coverage Ratio</b>	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.
<b>Days Cash Ratio</b>	A ratio of the Cash on Hand divided by the average Operating Expenses less Pass-through water sales to government agencies.
<b>Debt Service</b>	Cash required in a given period for payment on interest and principal on outstanding financial obligations.
<b>Depreciation</b>	The method of allocating historical costs of capital assets (excluding land) to periods in which the assets are used.
<b>Designated Funds</b>	Segregation of assets for special purposes such as asset replacement.
<b>Enterprise Fund</b>	A fund established to account for the financing of self-supporting enterprises, such as a utility fund, which render services primarily to the public.
<b>Expenses</b>	The amount of assets consumed or services used in the process of earning revenue.
<b>Fiscal Year (FY)</b>	The annual accounting period. Mesa Water uses July 1 through June 30.
<b>Full Time Equivalent (FTE)</b>	An FTE equals one full-time employee working 2,080 hours per year.
<b>GAAP</b>	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.
<b>Geographic Information System (GIS)</b>	A system combining computer hardware, software and geographic data for collecting, storing, analyzing and displaying geographically referenced information.
<b>In-Lieu Water</b>	Water purchased at the same price as well water when the groundwater basin does not allow for full pumping.
<b>Infrastructure</b>	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 2021 Budget

### Glossary of Terms

<b>Imported Water</b>	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.
<b>LAFCO</b>	Local Agency Formation Commission. This Commission facilitates constructive changes in governmental structure and boundaries and fosters orderly development and governance within its jurisdiction.
<b>Liability</b>	Obligations of the enterprise arising from past events.
<b>Local Agency Investment Fund (LAIF)</b>	A pooled investment vehicle for local agencies in California sponsored by the State of California and administered by the State Treasurer.
<b>Local Resource Program (LRP)</b>	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.
<b>Meet and Confer</b>	Labor relations and labor negotiations with different employee groups.
<b>Memorandum of Understanding</b>	A document describing agreement or accord reached between two or more parties including each party's rights and responsibilities.
<b>Mesa Water Reliability Facility (MWRf)</b>	The facility that is used to treat the amber water pumped by wells from deeper in the groundwater aquifer.
<b>Metropolitan Water District (MWD)</b>	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.
<b>Municipal Water District of Orange County (MWDOC)</b>	Regional water wholesaler of imported water that serves retail agencies in Orange County.
<b>Non-water Expenses</b>	Expenses associated with operations as a water utility but not directly attributable to the production and distribution of water.
<b>Orange County Investment Pool (OCIP)</b>	A pooled investment vehicle for Orange County California agencies administered by the Orange County Treasurer.
<b>Orange County Water District (OCWD)</b>	The agency responsible for managing the Orange County Groundwater Basin in northern and central Orange County that serves cities and water districts.
<b>Other Expense</b>	An expense that cannot be associated definitely with operations.
<b>Other Income</b>	Revenue from sources other than Mesa Water's principal activities as a water utility.
<b>Potable Water</b>	Water that is suitable for drinking.



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<b>Public Employees Retirement System (PERS)</b>	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.
<b>Recycled Water</b>	Non-potable water that is used for irrigation purposes.
<b>Replenishment Assessment (RA)</b>	Amount charged on an acre-foot basis for water pumped from the Orange County Groundwater Basin charged by OCWD.
<b>Restricted Reserves</b>	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.
<b>Reservoir</b>	A pond, lake, tank, or basin (natural or engineered) where water is collected and stored.
<b>Revenue</b>	The sale of goods or services produced by an entity which usually result in the creation of assets, most often cash or receivables.
<b>Statement of Revenues, Expenses and Changes in Net Position</b>	Reports the results of revenues and expenses over a period of time.
<b>Supervisory Control and Data Acquisition (SCADA)</b>	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.
<b>Water Production Costs</b>	The costs associated directly with the production and distribution of water into the system.
<b>Working Capital</b>	The difference between current assets and current liabilities. Represents the amount available for operations and other expenditures.