



MesaWater
DISTRICT®

OPERATING BUDGET

FISCAL YEAR 2023

Mesa Water District | Costa Mesa, California

MesaWater.org

Dedicated to Satisfying Our Community's Water Needs



ADOPTED BUDGET FISCAL YEAR 2023

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:

Mesa Water District, a local independent special district, manages its finances and water infrastructure, and advocates water policy, while reliably providing an abundance of clean, safe water to benefit the public's quality of life.



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 and statewide water issues.	



*Dedicated to
Satisfying our Community's
Water Needs*

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May 11, 2022

On behalf of the Mesa Water District Board of Directors (Board), I am pleased to present the approved budget for Fiscal Year (FY) 2023.

Mesa Water has a perpetual agency philosophy requiring a scheduled systematic review of its long-range financial plan and goals. As such, Mesa Water's Strategic Plan includes the goal of being financially responsible and transparent, as well as providing its customers a safe abundant and reliable water supply; and continually investing in and maintaining its infrastructure, which pumps, treats and delivers nearly five billion gallons of drinking water to residential and business customers each year.

Mesa Water expects operating revenues of \$44.1 million with \$33.9 million in operating expenses. Planned capital expenditures are \$32.3 million, and financial obligations for payment of principal and interest on debt are \$6.8 million.

Mesa Water has \$70 million of needed water system upgrades including wells, reservoirs and pipelines under way, as part of its Capital Improvement Program Renewal (CIPR), funded through Certificates of Participation. FY 2023 will be the third year of this program, which supports the District's key objective of providing a reliable and safe water supply to our ratepayers at an affordable price.

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 Mesa Water Reliability Facility (MWRF) achieves the District's long-standing goal of serving 100 percent local, reliable supplies to its customers. In FY 2023, the MWRF is expected to supply 3,754 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.

In FY 2023, the District will incur some fixed costs for imported water, which only serves as Mesa Water's emergency back-up supply. Furthermore, Orange County Water District (OCWD), the agency that manages the Orange County groundwater basin, is increasing the basin replenishment cost by \$51 acre foot, or 10 percent. It is anticipated that OCWD's rates will continue to increase annually over the next several years.

In FY 2023, Mesa Water will continue its focus on essential services and capital and technology improvements that will provide efficiency and productivity gains. The technology improvements will focus on cyber security upgrades.

In November 2017, Mesa Water conducted a public hearing and notification process to adopt a five-year rate adjustment. The last year of that rate and fee schedule took place in FY 2022, ensuring the provision of high-quality water for our customers, the financing of current and future infrastructure projects, the funding of Mesa Water cash reserves, and the servicing of long-term debt.

In January 2022, Mesa Water conducted a public hearing and notification process to adopt a new five-year rate adjustment. The five-year rate adjustments will begin in January 2023. Critical factors in considering the new rate schedule included the repair or replacement of Mesa Water's systems and assets, the rising



Replenishment Assessment charged to Mesa Water for pumping groundwater, increasing energy consumption costs, and rising labor costs.

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. More information about Mesa Water, its finances and strategic objectives and goals can be found at MesaWater.org.

I consider it a privilege to serve on the Mesa Water Board to advocate for water, our most precious asset, key to our quality of life and the economic development of our vibrant community. We look forward to continuing to provide 100% local, reliable, clean, safe water now and for generations to come.

Sincerely,

A handwritten signature in blue ink that reads "Marice H. DePasquale".

Marice H. DePasquale
Mesa Water Board President

Date: May 11, 2022

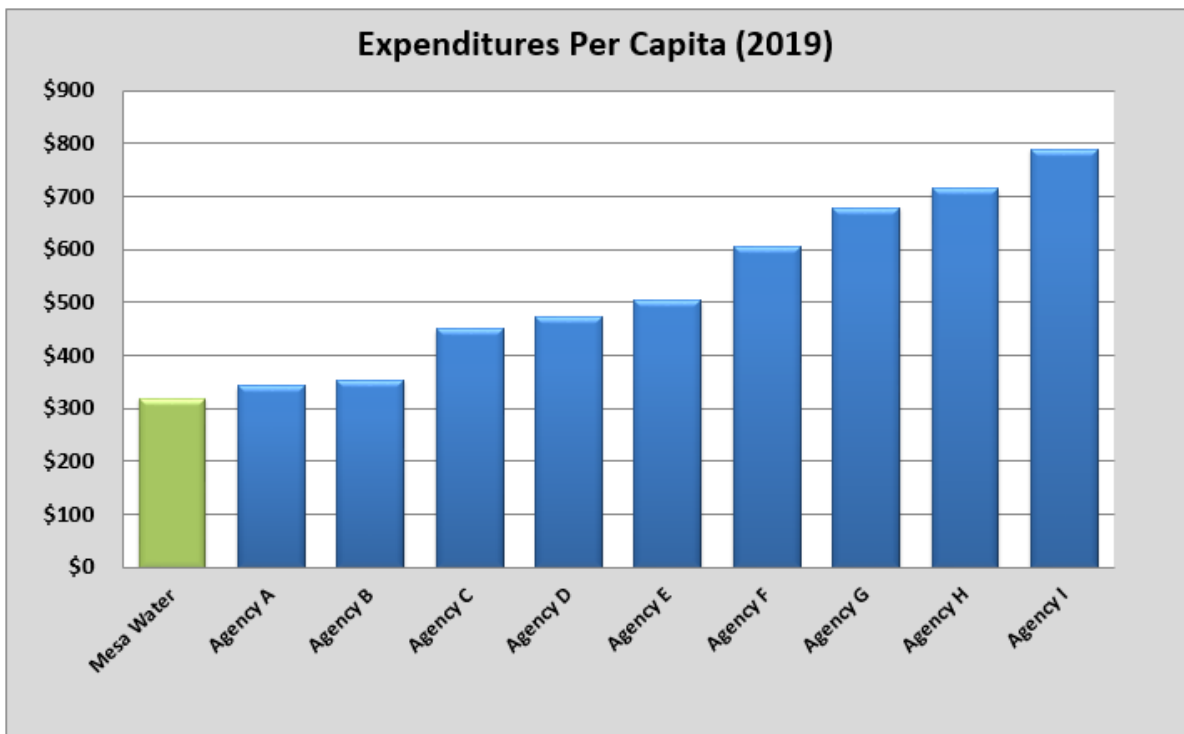
To: Mesa Water District Board of Directors

FISCAL YEAR 2023 BUDGET MESSAGE

I am pleased to present the Fiscal Year (FY) 2023 budget for Mesa Water District (Mesa Water®), beginning July 1, 2022 and ending June 30, 2023.

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 2023 Budget.

Our mission statement is “Mesa Water, a local independent special district, manages its finances and water infrastructure, and advocates water policy, while reliably providing an abundance of clean, safe water to benefit the public’s quality of life.” Mesa Water’s 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 \$320 per capita / year (Orange County industry range is \$320 to \$790 per capita / year).



Mesa Water District
Fiscal Year 2023 Budget

Organizational Priorities

In 2022, Mesa Water's Board reaffirmed the long-range financial plan and adopted multi-year rate increases from Calendar Year 2023 through 2027. In addition, the Board continued its credit worthiness goal as defined by Fitch, Standard & Poor's and other credible rating agencies. The goal is to continue to maintain Mesa Water's strong AAA credit rating. The Board continues 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. The Board established a Days Cash Ratio goal of 600 days and a Cash on Hand goal of \$39.7 million by the end of FY 2022.

The global COVID-19 pandemic continued to have an effect on 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.

The FY 2023 Budget is lower than the FY 2023 Days Cash Ratio goal of 600 days and Cash on Hand goal of \$39.7 million, with a budgeted Days Cash Ratio of 325 days and a budgeted Cash on Hand amount of \$29.3 million.

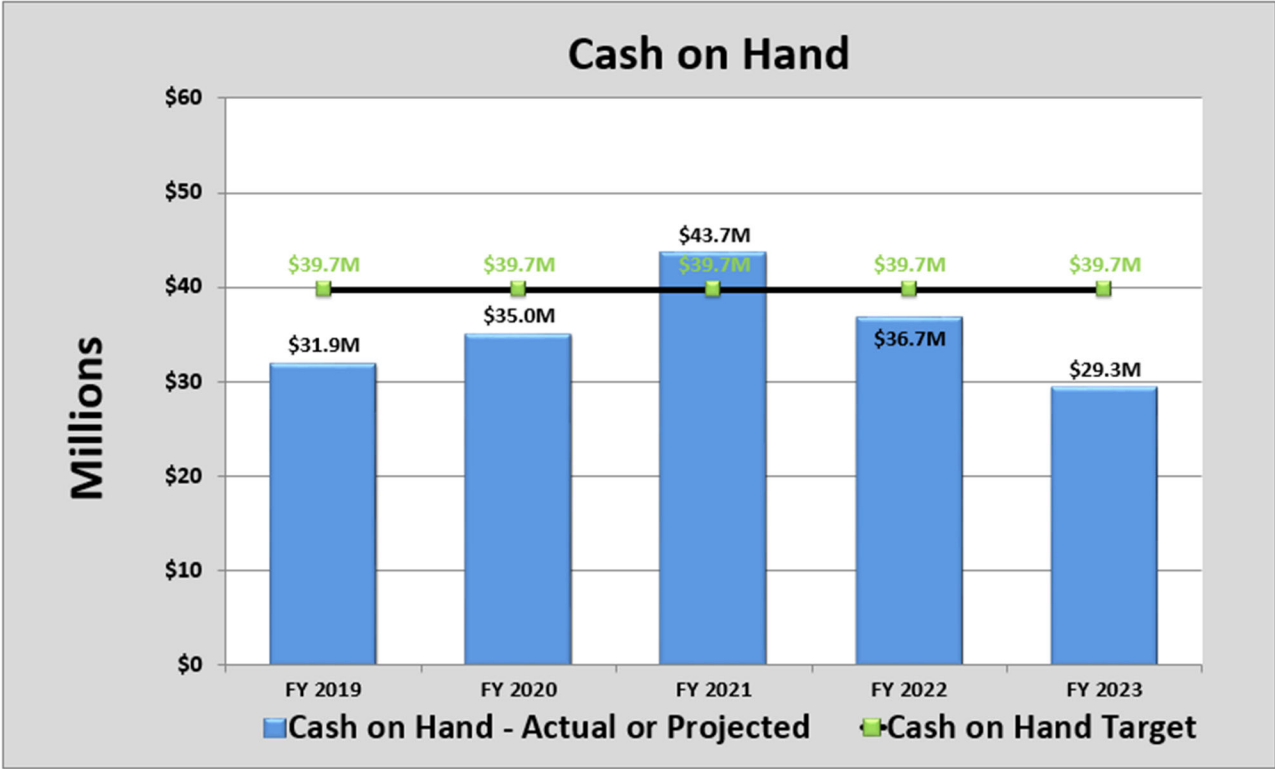
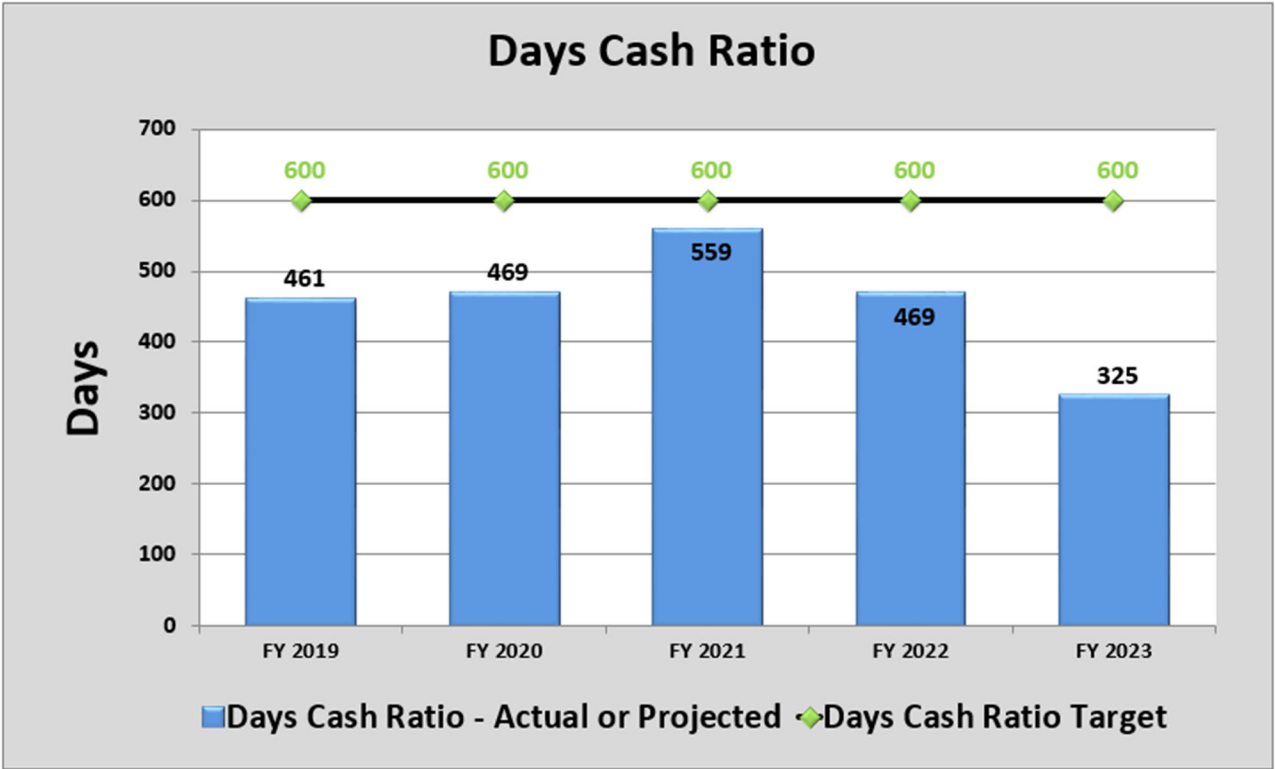
With Mesa Water's last debt issuance in June 2020, the Fitch agency issued a AAA credit rating. For this same debt issuance, Standard & Poor's also issued a AAA rating. Subsequently, in the spring of 2021, Fitch reaffirmed AAA the rating for the 2017 and 2020 debt issuance. Mesa Water is continuing to work on maintaining a strong AAA credit rating from all rating agencies.

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 be above 1.7.

As the FY 2023 budget has lower than established Days Cash Ratio and Cash on Hand goals, Mesa Water will continue to allocate Designated Reserves (Funds) in FY 2023 in accordance with Board policy.

Mesa Water District
 Fiscal Year 2023 Budget



Mesa Water District
Fiscal Year 2023 Budget

Mesa Water’s Strategic Plan

The following seven goals are reflected in the FY 2023 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 and statewide water issues.

Revenues

Mesa Water has budgeted 16,323 acre feet of potable water production and 1,109 acre feet of recycled water (total of 17,432 acre feet) for FY 2023, compared to 16,264 acre feet of potable water production and 1,105 acre feet of recycled water (total of 17,369 acre feet) budgeted for FY 2022.

Changes by major category of Operating Revenues are summarized below:

	FY 2022 Budget	FY 2023 Budget	% Change
Operating Revenues:			
Water Consumption Sales	\$30,626,417	\$32,021,194	4.6%
Monthly Meter Service Charge	8,910,143	7,922,543	-11.1%
Capital Charge	-	2,269,219	100.0%
Recycled Water Sales	1,439,411	1,564,304	8.7%
Concessions from Gov. Agencies	-	-	0.0%
Other Charges and Services	400,000	300,000	-25.0%
TOTAL OPERATING REVENUES	\$41,375,971	\$44,077,261	6.5%

Mesa Water’s FY 2023 Operating Revenues are budgeted at \$44.1 million compared to \$41.4 million in the FY 2022 budget, a 6.5 percent increase. Additionally, the Fiscal Year 2023 budget includes revenues based upon the fifth tiers of rate increases in potable water consumption rates and monthly meter service charges from the multi-year rate schedule adopted in 2017, and the first tier of the new rate increases in potable water consumption rates and monthly meter service charges from the multi-year rate schedule adopted in 2022 as detailed below:

Mesa Water District
Fiscal Year 2023 Budget

ADOPTED SCHEDULE OF RATE CHANGES

	1/1/2022	1/1/2023	1/1/2024	1/1/2025	1/1/2026	1/1/2027
Per Unit* (CCF):						
			Usage Charge Rate			
Potable	\$4.72	\$4.87	\$4.93	\$5.02	\$5.11	\$5.21
Meter Size:			Bi-monthly Meter Basic Charge Rate			
5/8"	\$30.03	\$29.55	\$30.99	\$31.54	\$32.16	\$32.83
Potable Water Meter Size:			Annual Capital Meter Charge Rate			
5/8"	\$0.00	\$99.92	\$163.45	\$198.13	\$235.17	\$274.93

*One unit equals 100 cubic feet or 748 gallons.

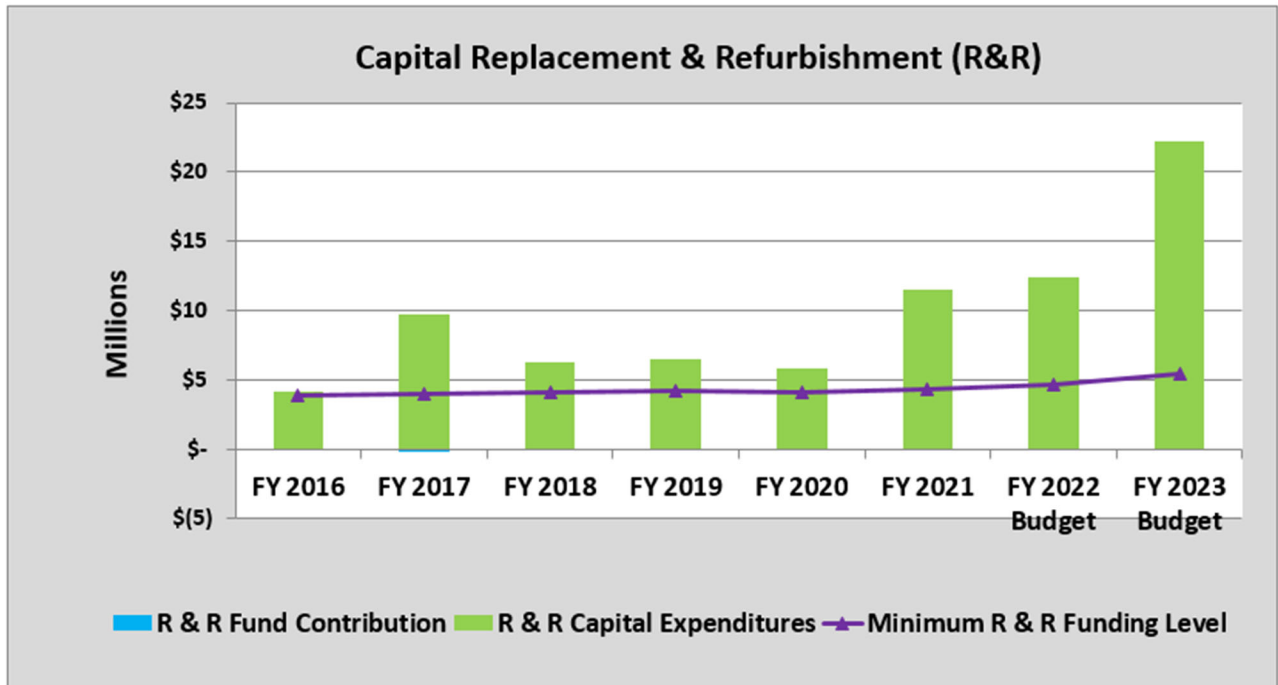
Due to development activity revenue remaining less stable and being influenced by general economic conditions, revenues related to development activity are budgeted based on an eight-year rolling historical average. Mesa Water expects this method to reduce volatility in budgeting development revenues.

Capital Projects

The FY 2023 capital budget includes expenditures of \$32.2 million representing a -3.3 percent decrease from the FY 2022 budget of \$33.3 million. This is part of a 3-year, \$70 million, Capital Improvement Program Renewal (CIPR) that has been approved by the Board. The CIPR was funded by a Certificates of Participation issuance in June of 2020. Mesa Water’s Strategic Plan 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.

To further ensure the District's ability to rely solely upon locally sourced groundwater, construction on two new wells is projected to be completed in FY 2023. Funds will also be used for a water and power system reliability on the reservoirs, SCADA Control Room and Wet Lab upgrades, 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 2023 Budget



Expenses

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

1. In FY 2023, Mesa Water will continue maintaining and updating Mesa Water’s Computerized Maintenance Management System (CMMS) and streamlining core business processes facilitated through the business improvement process. These projects contribute to Strategic Plan Goal #3, “Be financially responsible and transparent.”
2. During FY 2023, 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 managing Mesa Water’s social media program. Mesa Water plans to conduct ongoing constituent relations activities, including community sponsorships, participating in community events, and giving tours of the MWRF to provide water education and information about programs and services, capital improvements projects and the related benefits. 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 and statewide 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 District
Fiscal Year 2023 Budget

Mesa Water’s FY 2023 Operating Expenses are budgeted at \$33.9 million compared to \$29.3 million in the FY 2022 budget, an increase of 15.7% in Operating Expenses. Changes by major category of Operating Expenses are summarized below:

	FY 2022 Budget	FY 2023 Budget	% Change
Operating Expense:			
Imported Sources of Supply	\$463,700	\$529,700	14.2%
Basin Managed Water	35,000	35,000	0.0%
Clear Water	7,960,022	8,907,543	11.9%
Amber Water	3,380,832	3,380,832	17.1%
Recycled Water	1,000,025	1,033,588	3.4%
Transmission and Distribution	6,975,463	7,786,128	11.6%
General and Administrative	9,464,124	11,611,770	22.7%
TOTAL OPERATING EXPENSES	\$29,279,166	\$33,863,676	15.7%

Economic and Policy Issues

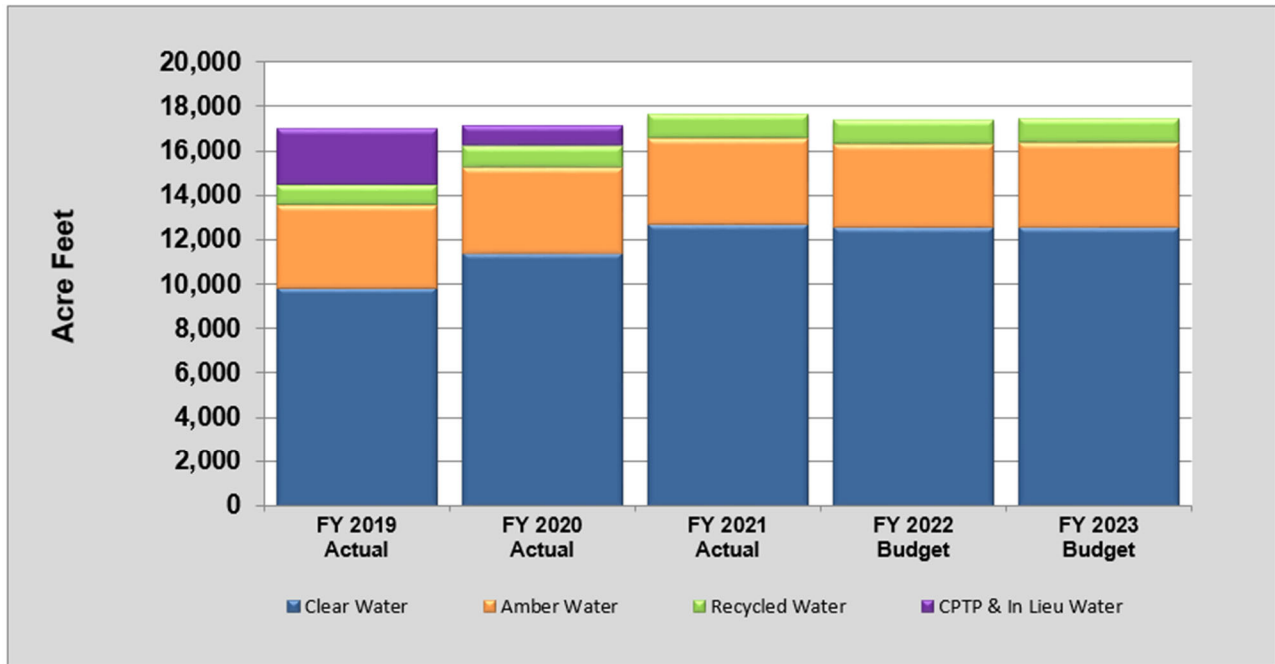
Imported water is higher in cost per acre foot in comparison to clear or amber water, with additional imported fixed costs charged to Mesa Water regardless of the amount of water purchased. Costs detailed below are comprised of (water production) operating expenses, net of Metropolitan Water District Local Resource Program (LRP) revenue:

Water Source	FY 2023 Budgeted Average Cost per Acre Foot
Clear Water	\$709
Amber Water (MWRf)	\$1,055 - \$163 LRP = \$892
Imported Water	\$1,143/\$1,252
Recycled Water	\$932

During FY 2023, Mesa Water expects Orange County Water District (OCWD) will not change the Basin Pumping Percentage (BPP) of 77 percent of total potable supply. The Replenishment Assessment (RA) acre foot charge by OCWD is expected to increase from \$507 to \$558 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 2023, the MWRf is budgeted to run at an approximate capacity of 3,754 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 budgeted sources of water for FY 2023:

Mesa Water District
Fiscal Year 2023 Budget



Staffing Levels

Staffing levels are projected to remain the same from FY 2022, at 55 Full Time Employees (plus two Limited-Term positions to support the CIPR).

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 the District’s mission: Mesa Water District, a local independent special district, manages its finances and water infrastructure, and advocates water policy, while reliably providing an abundance of clean, safe water to benefit the public’s quality of life.

Sincerely,

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



Fiscal Year 2023 Budget

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Fiscal Year 2023 Budget

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

	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 BUDGET	FY 2023 BUDGET
OPERATING REVENUES:				
Water consumption sales	\$ 26,913,077	\$ 29,431,505	\$ 30,626,417	\$ 32,021,194
Monthly meter service charge	7,870,740	8,464,262	8,910,143	7,922,543
Capital charge	-	-	-	2,269,219
Recycled water sales	1,250,605	1,428,840	1,439,411	1,564,305
Concessions from gov. agencies (incl. CPTP)	163,691	-	-	-
Other charges and services	526,777	665,928	400,000	300,000
TOTAL OPERATING REVENUES	36,724,890	39,990,535	41,375,971	44,077,261
OPERATING EXPENSES:				
Imported Water Fixed Costs	507,008	370,881	463,700	529,700
Basin Managed Water	659,666	28,388	35,000	35,000
Clear water cost	6,760,158	7,569,448	7,960,022	8,907,543
Amber water cost	3,158,924	3,191,073	3,380,832	3,959,947
Recycled water	861,521	1,009,398	1,000,025	1,033,588
Transmission and distribution	6,020,490	7,360,850	6,975,463	7,786,128
General and administrative	9,270,384	8,959,171	9,464,124	11,611,770
TOTAL OPERATING EXPENSES	27,238,151	28,489,209	29,279,166	33,863,676
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	9,486,739	11,501,326	12,096,805	10,213,585
Depreciation and amortization	(5,517,326)	(5,491,984)	(5,850,000)	(5,900,000)
OPERATING INCOME	3,969,413	6,009,342	6,246,805	4,313,585
NONOPERATING REVENUES / (EXPENSES):				
Bond issuance costs	(322,473)	-	-	-
Investment earnings (incl. unrealized)	1,255,743	4,367,631	450,000	410,000
Interest expense - long-term debt	(964,979)	(2,754,815)	(2,602,900)	(2,441,761)
Gain (Loss) on sale/disposition of capital assets, net	8,123	5,500	(15,000)	(10,000)
Impairment of capital assets & termination of lease	-	-	-	-
Other non-operating, net	(1,990,429)	(11,182)	(20,000)	(15,000)
NONOPERATING REVENUES / (EXPENSES):	(2,014,015)	1,607,134	(2,187,900)	(2,056,761)
INCOME BEFORE CAPITAL CONTRIBUTIONS	1,955,398	7,616,476	4,058,905	2,256,824
CAPITAL CONTRIBUTIONS:				
Capacity and installation charges	1,297,240	473,316	1,174,207	1,090,000
Capital Grants (includes LRP)	584,091	578,702	616,060	614,664
Developers and others	1,203,077	1,039,667	600,000	675,000
TOTAL CAPITAL CONTRIBUTIONS	3,084,408	2,091,685	2,390,267	2,379,664
CHANGE IN NET POSITION	\$ 5,039,806	\$ 9,708,161	\$ 6,449,172	\$ 4,636,488



Fiscal Year 2023 Budget

FY 2023 (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	\$ 32,021,194	\$ 32,021,194	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Monthly meter service charge	7,922,543	\$ 7,922,543	-	-	-	-	-	-	-	-	-	-
Monthly meter service charge	2,269,219	\$ 2,269,219	-	-	-	-	-	-	-	-	-	-
Recycled water sales	1,564,305	\$ 1,564,305	-	-	-	-	-	-	-	-	-	-
Concessions from gov. agencies (incl. CPTP)	-	\$ -	-	-	-	-	-	-	-	-	-	-
Other charges and services	300,000	\$ 300,000	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING REVENUES	44,077,261	44,077,261	-	-	-	-	-	-	-	-	-	-
OPERATING EXPENSES:												
Imported and Basin Managed water costs	564,700	-	-	-	564,700	-	-	-	-	-	-	-
Clear water cost	8,907,543	-	-	-	8,907,543	-	-	-	-	-	-	-
Amber water cost	3,959,947	-	-	-	3,959,947	-	-	-	-	-	-	-
Recycled water	1,033,588	1,033,588	-	-	-	-	-	-	-	-	-	-
Transmission and distribution	7,786,128	-	-	-	6,967,870	818,258	-	-	-	-	-	-
General and administrative	11,611,770	-	465,318	1,614,457	-	-	1,027,938	2,384,322	1,280,548	3,312,896	954,118	572,173
TOTAL OPERATING EXPENSES	33,863,676	1,033,588	465,318	1,614,457	20,400,060	818,258	1,027,938	2,384,322	1,280,548	3,312,896	954,118	572,173
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION												
	10,213,585	43,043,673	(465,318)	(1,614,457)	(20,400,060)	(818,258)	(1,027,938)	(2,384,322)	(1,280,548)	(3,312,896)	(954,118)	(572,173)
Depreciation and amortization	(5,900,000)	(5,900,000)	-	-	-	-	-	-	-	-	-	-
OPERATING INCOME / (LOSS)	4,313,585	37,143,673	(465,318)	(1,614,457)	(20,400,060)	(818,258)	(1,027,938)	(2,384,322)	(1,280,548)	(3,312,896)	(954,118)	(572,173)
NONOPERATING REVENUES / (EXPENSES):												
Investment earnings	410,000	410,000	-	-	-	-	-	-	-	-	-	-
Interest expense - long-term debt	(2,441,761)	(2,441,761)	-	-	-	-	-	-	-	-	-	-
Loss on sale/disposition of capital assets, net	(10,000)	(10,000)	-	-	-	-	-	-	-	-	-	-
Loss on abandonment	-	-	-	-	-	-	-	-	-	-	-	-
Other non-operating, net	(15,000)	(15,000)	-	-	-	-	-	-	-	-	-	-
NONOPERATING REVENUES / (EXPENSES):	(2,056,761)	(2,056,761)	-	-	-	-	-	-	-	-	-	-
INCOME BEFORE CAPITAL CONTRIBUTIONS	2,256,824	35,086,912	(465,318)	(1,614,457)	(20,400,060)	(818,258)	(1,027,938)	(2,384,322)	(1,280,548)	(3,312,896)	(954,118)	(572,173)
CAPITAL CONTRIBUTIONS:												
Capacity and installation charges	1,090,000	1,090,000	-	-	-	-	-	-	-	-	-	-
Capital grants (includes LRP)	614,664	614,664	-	-	-	-	-	-	-	-	-	-
Developers and others	675,000	675,000	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL CONTRIBUTIONS	2,379,664	2,379,664	-	-	-	-	-	-	-	-	-	-
CHANGE IN NET POSITION (2023 Budget)	\$ 4,636,488	\$ 37,466,576	\$ (465,318)	\$ (1,614,457)	\$ (20,400,060)	\$ (818,258)	\$ (1,027,938)	\$ (2,384,322)	\$ (1,280,548)	\$ (3,312,896)	\$ (954,118)	\$ (572,173)
CHANGE IN NET POSITION (2022 Budget)	\$ 6,449,172	\$ 34,728,313	\$ (426,397)	\$ (1,562,051)	\$ (18,165,732)	\$ (649,285)	\$ (1,090,587)	\$ (1,398,124)	\$ (925,678)	\$ (2,405,172)	\$ (1,125,453)	\$ (530,662)



Fiscal Year 2023 Budget

FY 2022 (Budget) Departmental Statement of Revenues, Expenses, and Changes in Net Position

	Consolidated (All Depts)	General (000), (020)	Board (100)	Office of the GM (200)	Water Ops (3XX)	Engineering (400)	Customer Services (500)	Financial Services (600)	Public Affairs (700)	Administrative Services (800)	Human Resources (850)	External Affairs (900)
OPERATING REVENUES:												
Water consumption sales	\$ 30,626,417	\$ 30,626,417	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Monthly meter service charge	8,910,143	8,910,143	-	-	-	-	-	-	-	-	-	-
Recycled water sales	1,439,411	1,439,411	-	-	-	-	-	-	-	-	-	-
Concessions from gov. agencies (incl. CPTP)	-	-	-	-	-	-	-	-	-	-	-	-
Other charges and services	400,000	400,000	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING REVENUES	41,375,971	41,375,971	-	-	-	-	-	-	-	-	-	-
OPERATING EXPENSES:												
Imported and Basin Managed water costs	498,700	-	-	-	498,700	-	-	-	-	-	-	-
Clear water cost	7,960,022	-	-	-	7,960,022	-	-	-	-	-	-	-
Amber water cost	3,380,832	-	-	-	3,380,832	-	-	-	-	-	-	-
Recycled water	1,000,025	1,000,025	-	-	-	-	-	-	-	-	-	-
Transmission and distribution	6,975,463	-	-	-	6,326,178	649,285	-	-	-	-	-	-
General and administrative	9,464,124	-	426,397	1,562,051	-	-	1,090,587	1,398,124	925,678	2,405,172	1,125,453	530,662
TOTAL OPERATING EXPENSES	29,279,166	1,000,025	426,397	1,562,051	18,165,732	649,285	1,090,587	1,398,124	925,678	2,405,172	1,125,453	530,662
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION												
	12,096,805	40,375,946	(426,397)	(1,562,051)	(18,165,732)	(649,285)	(1,090,587)	(1,398,124)	(925,678)	(2,405,172)	(1,125,453)	(530,662)
Depreciation and amortization	(5,850,000)	(5,850,000)	-	-	-	-	-	-	-	-	-	-
OPERATING INCOME / (LOSS)	6,246,805	34,525,946	(426,397)	(1,562,051)	(18,165,732)	(649,285)	(1,090,587)	(1,398,124)	(925,678)	(2,405,172)	(1,125,453)	(530,662)
NONOPERATING REVENUES / (EXPENSES):												
Investment earnings	450,000	450,000	-	-	-	-	-	-	-	-	-	-
Interest expense - long-term debt	(2,602,900)	(2,602,900)	-	-	-	-	-	-	-	-	-	-
Loss on sale/disposition of capital assets, net	(15,000)	(15,000)	-	-	-	-	-	-	-	-	-	-
Loss on abandonment	-	-	-	-	-	-	-	-	-	-	-	-
Other non-operating, net	(20,000)	(20,000)	-	-	-	-	-	-	-	-	-	-
NONOPERATING REVENUES / (EXPENSES):	(2,187,900)	(2,187,900)	-	-	-	-	-	-	-	-	-	-
INCOME BEFORE CAPITAL CONTRIBUTIONS	4,058,905	32,338,046	(426,397)	(1,562,051)	(18,165,732)	(649,285)	(1,090,587)	(1,398,124)	(925,678)	(2,405,172)	(1,125,453)	(530,662)
CAPITAL CONTRIBUTIONS:												
Capacity and installation charges	1,174,207	1,174,207	-	-	-	-	-	-	-	-	-	-
Capital grants (includes LRP)	616,060	616,060	-	-	-	-	-	-	-	-	-	-
Developers and others	600,000	600,000	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL CONTRIBUTIONS	2,390,267	2,390,267	-	-	-	-	-	-	-	-	-	-
CHANGE IN NET POSITION (2022 Budget)	\$ 6,449,172	\$ 34,728,313	\$ (426,397)	\$ (1,562,051)	\$ (18,165,732)	\$ (649,285)	\$ (1,090,587)	\$ (1,398,124)	\$ (925,678)	\$ (2,405,172)	\$ (1,125,453)	\$ (530,662)
CHANGE IN NET POSITION (2021 Budget)	\$ 6,698,071	\$ 33,016,460	\$ (366,397)	\$ (1,687,465)	\$ (15,861,569)	\$ (747,789)	\$ (1,844,541)	\$ (1,307,569)	\$ (868,371)	\$ (2,140,548)	\$ (1,004,750)	\$ (489,390)



**Fiscal Year 2023 Budget
Capital Expenditures Summary**

Description	FY 2022 Budget	FY 2023 Budget
WELLS:		
Croddy/Chandler Pipeline Design & Construction	\$ 12,845,409	\$ 2,807,026
RESERVOIRS:		
Water & Power System Reliability Assessment	793,800	15,541,280
Chemical Management System	6,600	2,599,000
DISTRIBUTION:		
1951 CMLC Cohort Pipeline Replacement	1,900,424	-
Wilson St. Pipeline	2,051,072	422,335
Abandoned Vault Closures	1,648,663	-
Valve Replacements Assessment	1,167,780	1,463,993
Plastic Service Line Replacements	64,680	790,620
Pipeline Integrity Testing Program	250,000	250,000
On-Call Services (Design, Paving, Const., & CM)	249,750	243,000
Other Agency Projects	1,139,172	119,172
ROUTINE OPERATIONS:		
Operations Routine Capital (Hyd., Valves, Meters, etc.)	1,000,000	1,000,000
NON-ROUTINE OPERATIONS:		
Operations Non-Routine Capital (Vehicles, Other)	550,000	808,782
SCADA Metrics & System Upgrades	400,000	-
DISTRICT FACILITIES:		
MWRF	5,307,652	2,455,022
Garage/Storage	387,333	181,000
Dewatering Pit	54,945	525,000
INFORMATION TECHNOLOGY:		
IT Upgrades	1,937,300	1,973,130
IT Project Support	400,000	-
MISC:		
HRIS	30,000	-
Total Capital	\$ 32,184,580	\$ 31,179,360
Internal Labor, Material, Overhead	\$ 1,120,201	\$ 1,031,623
	\$ 33,304,781	\$ 32,210,983



**Fiscal Year 2023 Budget
Pro Forma Statement of Cash Flows**

	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 BUDGET	FY 2023 BUDGET
<i>CASH FLOWS FROM OPERATING ACTIVITIES:</i>				
Operating Income	\$ 3,969,413	\$ 6,009,342	\$ 6,246,805	\$ 4,313,585
Adjustments				
Depreciation	5,517,326	5,491,984	5,850,000	5,900,000
Other	(1,476,055)	(234,217)	-	-
Changes in assets & liabilities	3,918,480	3,961,971	715,000	1,138,151
Additional Pension Prepayment/Contribution	-	-	-	-
OPEB Trust Contribution	(110,000)	(110,000)	(110,000)	(110,000)
NET CASH PROVIDED BY OPERATING ACTIVITIES	11,819,164	15,119,080	12,701,805	11,241,736
<i>CASH FLOWS FROM CAPITAL & FINANCING ACTIVITIES:</i>				
Acquisition and construction of capital assets	(6,561,190)	(11,584,643)	(33,304,781)	(32,210,983)
Proceeds from 2020 COPS	-	9,613,350	29,817,280	29,429,071
Impairment of capital assets & lease termination	-	-	-	-
Principal Paid on long-term debt	(2,785,000)	(2,975,000)	(3,175,000)	(3,385,000)
Interest Paid on long-term debt	(1,293,250)	(3,163,764)	(3,571,450)	(3,412,700)
Proceeds from capacity and installation charges	782,866	696,351	650,000	1,191,000
Proceeds from capital grant	584,091	578,702	616,060	614,664
NET CASH PROVIDED BY CAPITAL & FINANCING ACTIVITIES	(9,272,483)	(6,835,004)	(8,967,891)	(7,773,948)
<i>CASH FLOWS FROM INVESTING ACTIVITIES:</i>				
Investment earnings	549,809	363,893	415,000	385,000
NET CASH PROVIDED BY INVESTING ACTIVITIES	549,809	363,893	415,000	385,000
NET INCREASE IN CASH & CASH EQUIVALENTS	3,096,490	8,647,969	4,148,914	3,852,788
CASH & INVESTMENTS - beginning of year	31,909,778	35,006,268	43,309,524	47,458,438
CASH & INVESTMENTS - end of year	\$ 35,006,268	\$ 43,654,237	\$ 47,458,438	\$ 51,311,226



**Fiscal Year 2023 Budget
Water Data**

Water Revenue Data

Revenue

	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 BUDGET	FY 2023 BUDGET
All Potable Water Revenue	\$ 26,913,077	\$ 29,431,505	\$ 30,626,417	\$ 32,021,194
Recycled Water Revenue	1,250,605	1,428,840	1,439,411	1,564,305
Total Water Revenue	\$ 28,163,682	\$ 30,860,345	\$ 32,065,828	\$ 33,585,499

Acre Feet Sold

Potable	15,905	16,453	15,288	15,344
Recycled	959	1,049	1,105	1,109
Total Acre Feet	16,864	17,502	16,393	16,453

Revenue Per Acre Foot

<i>Potable</i>	\$ 1,692.11	\$ 1,788.82	\$ 2,003.28	\$ 2,086.94
<i>Recycled</i>	1,304.07	1,362.10	1,302.63	1,410.55
Total Revenue Per Acre Foot	\$ 1,670.05	\$ 1,763.25	\$ 1,956.05	\$ 2,041.35

Water Cost Data

Cost

Imported and Basin Managed Water	\$ 1,166,674	\$ 399,269	\$ 498,700	\$ 564,700
Clear Water	6,760,158	7,569,448	7,960,022	8,907,543
Amber Water	3,158,924	3,191,073	3,380,832	3,959,947
Total Potable Water	11,085,756	11,159,790	11,839,554	13,432,190
Recycled Water	861,521	1,009,398	1,000,025	1,033,588
Total Water Cost	\$ 11,947,277	\$ 12,169,188	\$ 12,839,579	\$ 14,465,778

Acre Feet Produced

Imported and Basin Managed Water	869	-	-	-
Clear Water	11,364	12,672	12,523	12,569
Clear & Imported and Basin Managed Water	12,233	12,672	12,523	12,569
Amber Water	3,885	3,878	3,741	3,754
Total Potable Water	16,118	16,550	16,264	16,323
Recycled	959	1,049	1,105	1,109
Total Acre Feet	17,077	17,599	17,369	17,432

Cost Per Acre Foot

<i>Imported Water (Variable Costs)</i>	\$ 1,064.00	\$ 1,091.00	\$ 1,123.50	\$ 1,197.50
<i>Clear Water</i>	594.87	597.34	635.63	708.69
<i>Amber Water</i>	813.11	822.87	903.72	1,054.86
<i>Recycled</i>	898.35	962.25	905.00	932.00
Total Cost Per Acre Foot	\$ 699.61	\$ 691.47	\$ 739.22	\$ 829.84

Imported Water Variable Costs per Acre Foot	\$1050/1078	\$1078/1104	\$1104/1143	\$1143/1252
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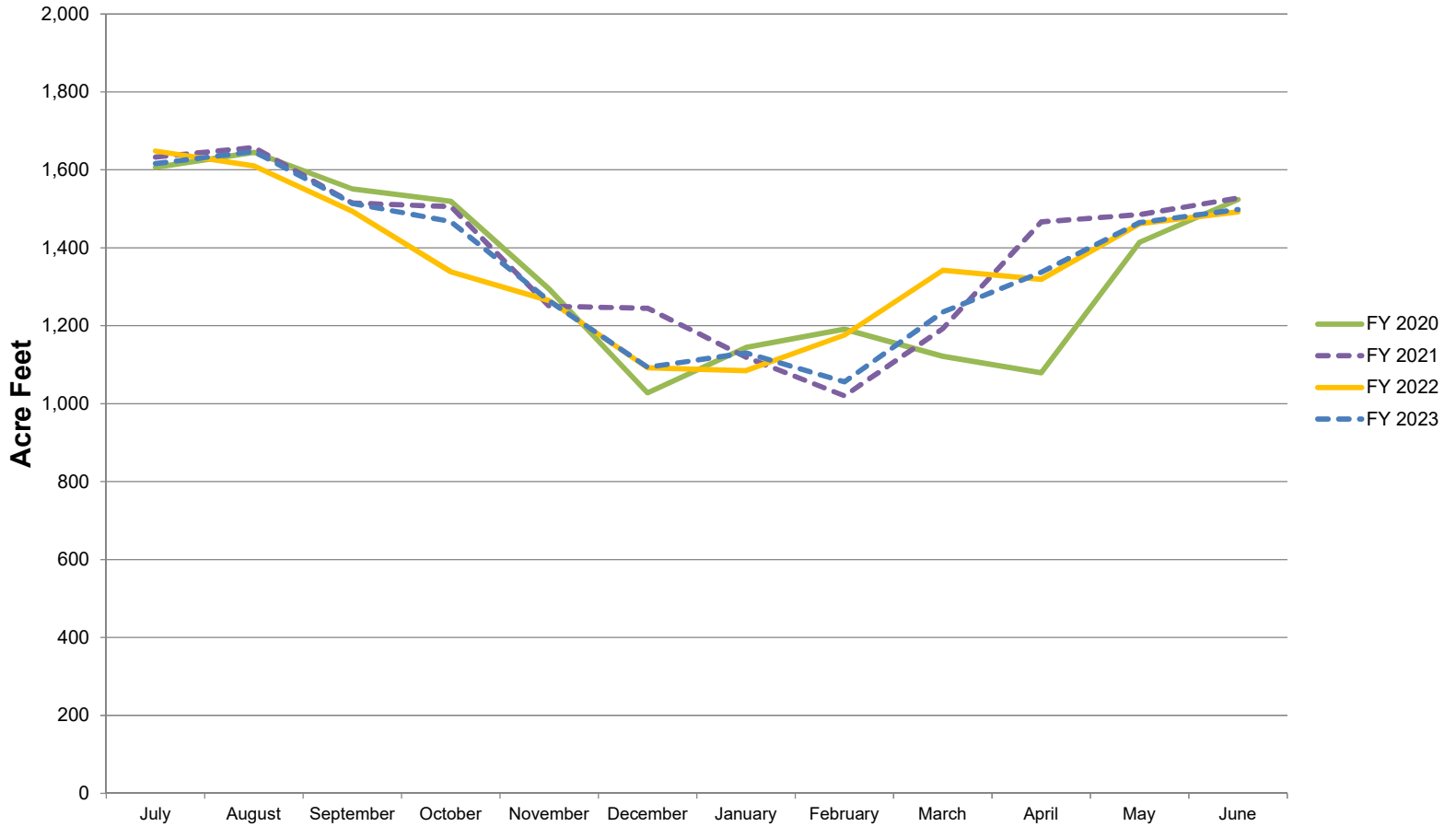
Fiscal Year 2023 Budget
Water Supply Components

	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 BUDGET	FY 2023 BUDGET
Clear Water Costs				
Basin Replenishment Assessment	\$ 5,804,625	\$ 6,171,605	\$ 6,374,207	\$ 7,013,502
Utilities Pumping	675,810	857,139	1,027,607	1,090,360
Treatment/ Labor and Materials	550,129	540,704	558,208	803,681
Total Clear Water Costs	\$ 7,030,564	\$ 7,569,448	\$ 7,960,022	\$ 8,907,543
Amber Water Costs				
Basin Replenishment Assessment	\$ 1,891,946	\$ 1,888,635	\$ 1,904,169	\$ 2,094,732
Utilities Pumping	598,338	664,305	854,000	800,000
Treatment/ Labor and Materials	665,702	638,133	622,663	1,065,215
Total Amber Water Costs	\$ 3,155,986	\$ 3,191,073	\$ 3,380,832	\$ 3,959,947
Imported Water Fixed Costs				
Readiness to Serve - Total Charge	\$ 2,533	\$ 2,817	\$ 2,000	\$ 1,000
Capacity Charge	-	-	-	-
Choice Charges	-	-	-	55,000
Retail Meter Charge - Total Charge	297,749	295,191	318,000	336,500
Shared Pipeline Maintenance Costs	128,733	55,325	115,000	100,000
Total Imported Water Fixed Costs	\$ 429,015	\$ 353,333	\$ 435,000	\$ 492,500
 Retail Meter Charge - Per Meter (\$)	 12.40	 12.20	 13.00	 13.75
 Basin Pumping Percentage	 77%	 77%	 77%	 77%



Fiscal Year 2023 Budget

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

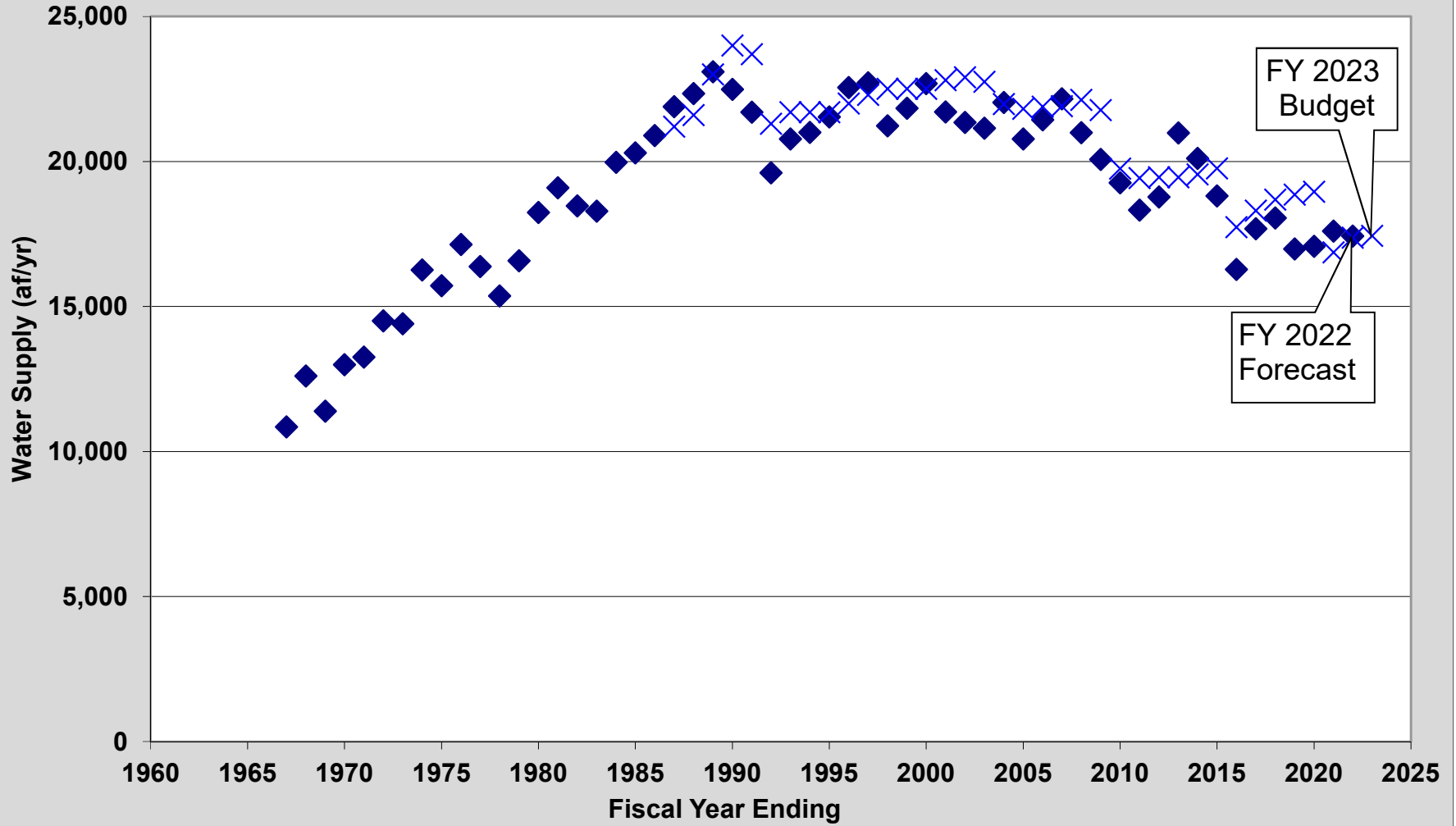


Water Production in Acre Feet

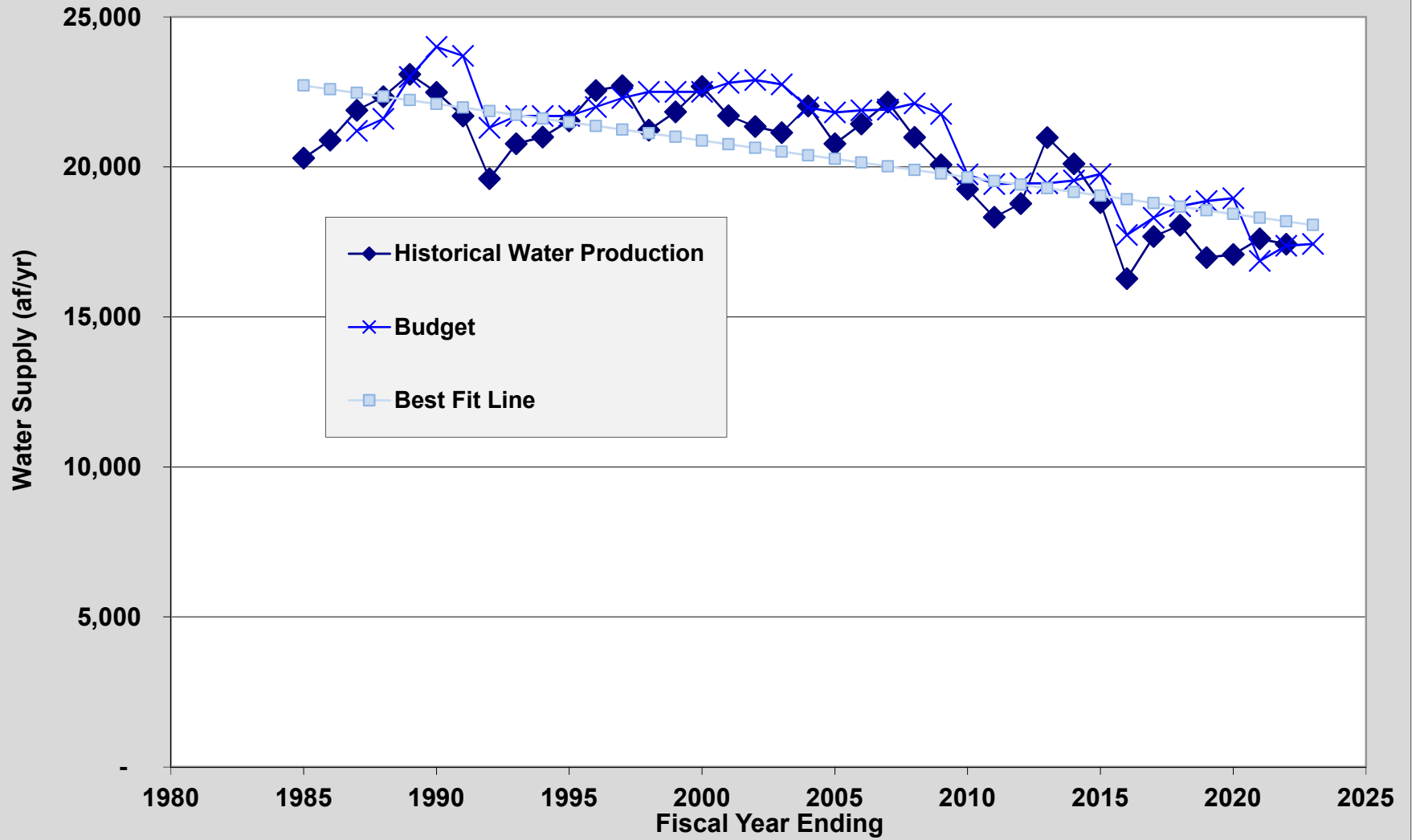
	July	August	September	October	November	December	January	February	March	April	May	June	Total
FY 2020	1,606.1	1,645.1	1,550.9	1,519.4	1,293.7	1,028.0	1,144.5	1,191.1	1,121.4	1,079.5	1,414.0	1,523.7	16,117.4
FY 2021	1,633.0	1,657.6	1,515.0	1,505.6	1,250.3	1,244.8	1,119.1	1,020.1	1,192.4	1,466.2	1,485.5	1,527.4	16,617.0
FY 2022	1,648.4	1,609.8	1,493.5	1,339.0	1,264.3	1,092.5	1,084.7	1,175.8	1,342.2	1,319.0	1,462.0	1,492.0	16,323.2
FY 2023	1,616.0	1,647.0	1,514.0	1,467.0	1,264.0	1,094.0	1,130.0	1,056.0	1,235.0	1,337.0	1,465.0	1,498.0	16,323.0

Fiscal Year 2023 Budget Water Supply Needs (Historical and Projected)

◆ Historical Water Production × Budget

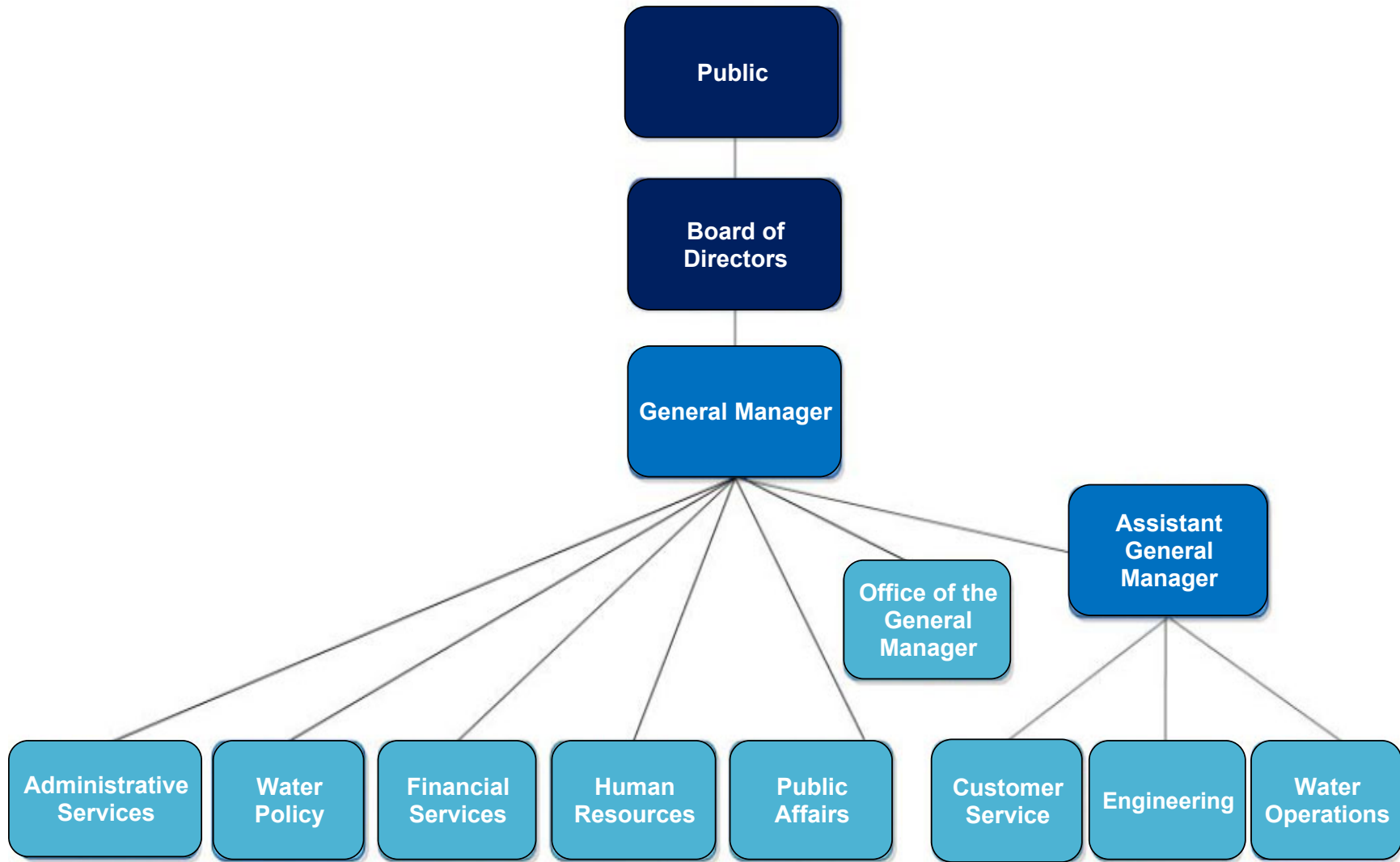


Fiscal Year 2023 Budget Water Supply Needs (Historical and Projected)





Mesa Water District FY 2023 Budget





**Fiscal Year 2023 Budget
Personnel Summary**

	FY 2020 Budget	FY 2021 Budget	FY 2022 Budget	FY 2023 Budget
OFFICE OF THE GENERAL MANAGER				
Executive Office	2	2	2	2
TOTAL DISTRICT MANAGEMENT	2	2	2	2
ADMINISTRATIVE SERVICES				
Administrative Services	5	5	5	5
Information Technology	0	0	0	0
TOTAL ADMINISTRATIVE SERVICES/IT	5	5	5	5
HUMAN RESOURCES				
Human Resources	3	3	3	3
TOTAL HUMAN RESOURCES	3	3	3	3
CUSTOMER SERVICES				
Customer Service	9	8	4	4
Conservation	1	1	1	1
TOTAL CUSTOMER SERVICE	10	9	5	5
ENGINEERING				
Engineering	4	5	5	5
TOTAL ENGINEERING	4	5	5	5
FINANCIAL SERVICES				
Financial Services	5	5	5	5
TOTAL FINANCIAL SERVICES	5	5	5	5
WATER POLICY				
Water Policy	1.5	1.5	1.5	1
TOTAL WATER POLICY	1.5	1.5	1.5	1
PUBLIC AFFAIRS				
Public Affairs	2.5	1.5	1.5	2
TOTAL PUBLIC AFFAIRS	2.5	1.5	1.5	2
WATER OPERATIONS				
Supervision/Support	6	7	7	7
Distribution	11	11	10	10
Limited Term	0	2	2	2
Production	3	3	3	3
Water Quality	2	2	2	2
Field Services	0	0	5	5
TOTAL WATER OPERATIONS	22	25	29	29
TOTAL PERSONNEL	55	57	57	57

Notes:

- Five elected officials serve on Mesa Water's Board of Directors.
- Limited-Term positions to support the Capital Improvement Program Renewal
- Interns not included in above figures:

Interns	0.5	0.5	0.5	0.5
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**Fiscal Year 2023 Budget
Labor and Benefits Summary**

Category	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 BUDGET	FY 2023 BUDGET
Labor	\$4,689,423	\$4,872,921	\$5,425,717	\$6,869,261	\$7,252,791
FICA / Medicare	419,936	435,142	469,369	474,724	511,559
Workers Comp	105,144	118,455	106,552	215,011	228,659
Flex Credits	458,493	687,961	1,037,225	1,185,600	1,209,600
LTD/Life Insurance/EAP	32,178	45,410	51,557	56,512	57,799
Benefits Other	-	-	-	285,341	295,943
Retirement	1,003,092	2,410,523	2,009,157	1,370,000	1,555,000
Total	\$6,708,265	\$8,570,412	\$9,099,576	\$10,456,449	\$11,111,351



**Fiscal Year 2023 Budget
COP Coverage Ratios**

	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 BUDGET	FY 2023 BUDGET
Revenues				
Operating Revenue	\$ 36,561,199	\$ 39,990,535	\$ 41,375,971	\$ 44,077,261
Capacity and Installation Charges	1,297,240	473,316	1,174,207	1,090,000
Non-Operating Revenue	1,255,743	4,367,631	450,000	410,000
Total Revenues	39,114,182	44,831,482	43,000,178	45,577,261
Expenses (Excluding Depreciation Expense)				
Operating Expenses	27,238,151	28,489,209	29,279,166	33,863,676
Income available for debt service	\$ 11,876,031	\$ 16,342,273	\$ 13,721,012	\$ 11,713,585
Annual Debt Service, Senior Debt	\$ 4,078,250	\$ 4,129,000	\$ 4,180,250	\$ 4,231,500
Coverage Ratio, Senior Debt	291%	396%	328%	277%
Annual Debt Service, Subordinated Debt	\$ -	\$ 2,010,190	\$ 2,566,200	\$ 2,566,200
Coverage Ratio, Total Debt	291%	266%	203%	172%



**Fiscal Year 2023 Budget
Designated Fund Levels**

	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 BUDGET	FY 2023 BUDGET	DAYS
Customer & Development Deposits	\$ 2,209,544	\$ 2,439,438	\$ 3,000,000	\$ 2,750,000	N/A
Capital Replacement Fund	707,944	7,652,169	4,734,224	2,490,215	N/A
Other Funds					
Administrative & General Fund	1,865,627	1,951,316	1,957,477	2,257,101	20 - 25
Catastrophe Fund	13,432,513	14,049,473	9,381,225	1,500,000	150 - 180
	15,298,140	16,000,788	11,338,702	3,757,101	
Liquidity Funds					
Operating Funds (Target 150 days)	11,193,761	11,707,894	11,744,863	13,542,607	120 - 150
Rate Stabilization Funds (Target 75 days)	5,596,880	5,853,947	5,872,431	6,771,303	60 - 75
Total Liquidity Funds (Max 225 days total)	16,790,641	17,561,841	17,617,294	20,313,910	
Total Cash - Designated Funds	\$ 35,006,269	\$ 43,654,236	\$ 36,690,220	\$ 29,311,226	N/A

Operating Expense	\$ 27,238,151	\$ 28,489,209	\$ 28,579,166	\$ 32,953,676
Cash per Day	\$ 74,625	\$ 78,053	\$ 78,299	\$ 90,284
Days Cash Ratio Actual/Estimate	469	559	469	325
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 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 2023 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 25,000 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 2023 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 2023 budget, the potable rate is \$4.72 per ccf, and the recycled rate is \$3.08 per ccf; and, for the second six months of the FY 2023 budget, the potable rate is \$4.87 per ccf, and the recycled rate is budgeted at \$3.40 per ccf. Mesa Water’s Board adopts water rates by resolution. In FY 2022, the Board adopted a multi-year rate resolution with rate increases each year through FY 2027. 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 2023 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 2022. 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 2023 budget, the LAFCO surcharge is an estimated total of \$25,000 in revenue.



Fiscal Year 2023 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 2023 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 \$163 per acre foot.



Fiscal Year 2023 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 2023 Budget
Departmental Budgets**

	Dept. 000 - General, Page 1 of 2	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 BUDGET	FY 2023 BUDGET
	REVENUE:				
40100	Usage Charge - Potable Water	\$ 26,700,169	\$ 29,134,244	\$ 30,466,417	\$ 31,881,194
40105	Water sold in lieu of lease payments	-	-	-	-
40149	Accrued Water Sales	143,173	250,022	-	-
40170	Construction Water Revenues	69,735	47,239	160,000	140,000
	TOTAL POTABLE CONSUMPTION REVENUES	26,913,077	29,431,505	30,626,417	32,021,194
40600	Basic Charge - Domestic	7,222,164	7,766,733	8,236,648	7,232,290
40650	Basic Charge - Fire Line	648,576	697,529	673,495	690,253
	TOTAL BASIC CHARGE REVENUES	7,870,740	8,464,262	8,910,143	7,922,543
40700	Capital Charge - Domestic	-	-	-	2,269,219
	TOTAL CAPITAL CHARGE REVENUES	-	-	-	2,269,219
40260	Usage Charge - Recycled Water	1,250,605	1,428,840	1,439,411	1,564,305
	TOTAL RECYCLED CONSUMPTION REVENUES	1,250,605	1,428,840	1,439,411	1,564,305
45700	Coastal Pumping Trns Pgm (CPTP)	163,691	-	-	-
	TOTAL CONCESSIONS FROM GOV'T AGENCIES	163,691	-	-	-
45100	New Service Establishment Fee	39,304	54,334	50,000	55,000
45105	LAFCO Surcharge	24,681	24,813	25,000	25,000
45110	Delinquent Fees	137,531	784	185,000	70,000
45115	Loss Recovery	6,711	29,819	14,000	10,000
45120	Cross Connection Testing Fee	13,050	-	8,000	5,000
45130	Plan Check Fees	113,236	109,049	55,000	65,000
45140	Water Use Efficiency Program benchmark	10,000	-	-	-
45300	Insurance reimbursement	143,830	-	-	-
45305	OC-44 HB contract revenue	4,800	536,029	30,000	40,000
45505	Sale of brass and scrap	2,197	7,114	3,000	5,000
45515	Other operating revenue	7,273	(37,512)	30,000	25,000
62100	Cash Over/Short	4	3,858	-	-
62190	Write-Off Bad Debt Exp	24,160	(190,305)	-	-
	TOTAL OTHER CHARGES AND SERVICES	526,777	537,983	400,000	300,000
	TOTAL OPERATING REVENUES	36,724,890	39,862,590	41,375,971	44,077,261



**Fiscal Year 2023 Budget
Departmental Budgets**

	Dept. 000 - General, Page 2 of 2	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 BUDGET	FY 2023 BUDGET
	TOTAL OPERATING REVENUES (previous page)	36,724,890	39,862,590	41,375,971	44,077,261
	<i>Recycled Water Costs</i>				
50200	Recycled Water Costs	861,521	1,009,398	1,000,025	1,033,588
	TOTAL RECYCLED WATER COSTS	861,521	1,009,398	1,000,025	1,033,588
	<i>DEPRECIATION AND AMORTIZATION</i>				
70100	Amortization & Depreciation	5,517,326	5,491,984	5,850,000	5,900,000
	TOTAL AMORTIZATION AND DEPRECIATION	5,517,326	5,491,984	5,850,000	5,900,000
	<i>INVESTMENT EARNINGS</i>				
46105	Interest earned OC Investment Pool	90,083	19,584	25,000	10,000
46110	Change fair value	509,998	(284,275)	(80,000)	(100,000)
46120	Interest Earned - Funds Under District Control	394,587	333,744	380,000	350,000
46125	Realized Gain/Loss on Investments	261,075	4,298,578	125,000	150,000
	TOTAL INVESTMENT EARNINGS	1,255,743	4,367,631	450,000	410,000
	<i>INTEREST EXPENSE</i>				
76115	2009 / 2020 COPs Interest expense	192,465	2,566,200	2,566,200	2,566,200
76120	2010 / 2017 COPs interest expense	1,252,635	1,110,615	958,950	797,136
76125	General interest expense	7	-	-	-
76130	2009 / 2017 COPs deferred amount	129,393	129,393	129,395	129,395
76815	2009 / 2020 Premium Amort Expense	-	(482,003)	(482,255)	(481,580)
76820	2010 / 2017 COPs premium amortization	(609,521)	(569,390)	(569,390)	(569,390)
	TOTAL INTEREST EXPENSE	964,979	2,754,815	2,602,900	2,441,761
	<i>OTHER NON-OPERATING</i>				
46805	Loss on disposal of equipment	8,123	5,500	(15,000)	(10,000)
46810	Non Operating Revenue	130,103	2,474	100,000	25,000
76800	Non Operating Expense	(2,106,957)	(16,274)	(100,000)	(25,000)
76825	Bond Issuance Costs	(322,473)	-	-	-
76805	COPS Trustee Expense	(13,575)	2,617	(20,000)	(15,000)
	TOTAL OTHER NON-OPERATING	(2,304,779)	(5,682)	(35,000)	(25,000)
	TOTAL NON-OPERATING REVENUES/EXPENSE	(2,014,015)	1,607,134	(2,187,900)	(2,056,761)
	<i>CAPITAL CONTRIBUTIONS</i>				
48115	Capacity Charge Completed Projects	1,099,005	366,971	888,132	825,000
48125	Installation Fees Completed Projects	151,258	48,325	176,050	165,000
48135	Inspection Fees Completed Projects	46,977	58,020	110,025	100,000
48200	MWD Local Resource Prog - MWRF	584,091	578,702	598,560	599,664
48205	Utility Rebate - Water Operations	-	-	17,500	15,000
48300	Contributions from Developers	1,203,077	1,039,667	600,000	675,000
	TOTAL CAPITAL CONTRIBUTIONS	3,084,408	2,091,685	2,390,267	2,379,664
	Department Total	\$ 31,416,436	\$ 37,060,027	\$ 34,728,313	\$ 37,466,576



**Fiscal Year 2023 Budget
Departmental Budgets**

	Dept. 100 - Governance	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 BUDGET	FY 2023 BUDGET
	<i>PAYROLL EXPENSES:</i>				
60115	Labor Taxes	\$ 12,491	\$ 12,778	\$ 13,357	\$ 14,688
60120	Labor Workers Comp	26,478	1,054	1,908	2,098
60130	Labor Directors Fee	163,617	168,720	174,600	192,000
60205	Benefits LTD/Life/EAP	385	404	532	532
60215	Benefits Other	-	-	90,000	90,000
60220	Benefits Flex Credits	42,996	75,060	96,000	96,000
	Total Payroll	245,967	258,016	376,397	395,318
	<i>EXPENSES (NON-PAYROLL)</i>				
61100	Election Fees	-	12,768	-	25,000
62115	Staff Development & Conferences	14,183	2,007	30,000	25,000
62125	Department Admin	14,212	13,007	20,000	20,000
	Total	28,395	27,782	50,000	70,000
	Department Total	\$ 274,362	\$ 285,798	\$ 426,397	\$ 465,318

	Dept. 200 - Office of the General Manager	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 BUDGET	FY 2023 BUDGET
	<i>PAYROLL EXPENSES:</i>				
60100	Labor Regular	\$ 382,985	\$ 406,174	\$ 491,237	\$ 514,598
60105	Labor Non-Regular	40,676	27,983	-	-
60110	Labor Vacation	39,446	39,009	-	-
	<i>Labor Subtotal</i>	463,107	473,165	491,237	514,598
60115	Labor Taxes	23,184	24,370	23,243	25,690
60120	Labor Workers Comp	3,437	3,761	6,179	6,483
60205	Benefits LTD/Life/EAP	3,118	2,521	3,031	3,128
60210	Benefits CalPERS	249,586	191,567	125,000	150,000
60215	Benefits Other	-	720	14,961	16,158
60220	Benefits Flex Credits	35,703	39,890	38,400	38,400
	Total Payroll	778,135	735,995	702,051	754,457
	<i>EXPENSES (NON-PAYROLL)</i>				
61110	Regulatory Compliance/Permits	562	2,005	1,000	3,000
62115	Staff Development & Conferences	4,980	2,400	10,000	10,000
62125	Department Admin	35,501	2,795	15,000	12,000
62130	Dues and Subscriptions	86,458	77,099	104,000	120,000
63100	Support Services	144,452	207,905	330,000	315,000
63105	Legal Services	302,319	428,216	400,000	400,000
	Total	574,272	720,420	860,000	860,000
	Department Total	\$ 1,352,407	\$ 1,456,414	\$ 1,562,051	\$ 1,614,457



**Fiscal Year 2023 Budget
Departmental Budgets**

	Dept. 3XX - Water Costs	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 BUDGET	FY 2023 BUDGET
	<i>IMPORTED/BASIN MANAGED WATER EXPENSES</i>				
50100-320	Imported Water Fixed Costs	\$ 429,015	\$ 353,333	\$ 435,000	\$ 492,500
50105-320	Imported Water Variable Costs	-	-	-	-
50115-320	Basin Managed Water	389,260	28,388	35,000	35,000
50130-320	Chemicals and Treatment	-	-	-	-
50180-320	Utilities - Imported	762	900	1,000	1,200
60100-320	Labor Import	40,531	12,000	-	-
62165-320	Parts and Materials - Import	32,936	300	10,000	15,000
63100-320	Support Services - Import	3,764	4,347	17,700	21,000
	Total Imported / Basin Managed Water Costs	896,268	399,269	498,700	564,700
50110-320	In-Lieu Water	270,406	-	-	-
	Total In-Lieu Water Costs	270,406	-	-	-
	<i>CLEAR WATER EXPENSES</i>				
50130-310	Chemicals - Clear	120,415	144,453	172,737	349,389
50150-310	Basin Replenishment Assessment - Clear	5,534,219	6,171,605	6,374,207	7,013,502
50155-310	Well Land Leases - Clear	68,695	-	-	-
50160-020	BEA (Rebilled to Segerstrom)	-	-	-	-
50180-310	Utilities - Clear	675,810	857,139	1,027,607	1,090,360
60100-310	Labor Clear	132,550	145,973	90,000	100,000
62165-310	Parts and Materials - Clear	104,976	116,941	80,000	100,000
63100-310	Support Services - Clear	123,493	133,337	215,471	254,292
	Total Clear Water Costs	6,760,158	7,569,448	7,960,022	8,907,543
	<i>AMBER WATER EXPENSES</i>				
50130-330	Chemicals - Amber	404,337	397,579	363,158	696,750
50150-330	Basin Replenishment Assessment - Amber	1,891,946	1,888,635	1,904,169	2,094,732
50180-330	Utilities - Amber	598,338	664,305	854,000	800,000
60100-330	Labor Amber	24,847	31,811	30,000	35,000
62165-330	Parts and Materials - Amber	104,885	66,663	100,000	75,000
63100-330	Support Services - Amber	131,633	142,080	228,505	258,465
	Total Amber Water Costs	3,155,986	3,191,073	3,380,832	3,959,947



**Fiscal Year 2023 Budget
Departmental Budgets**

	Dept. 300 - Water Operations	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 BUDGET	FY 2023 BUDGET
	<i>PAYROLL EXPENSES:</i>				
60100	Labor Regular	\$ 1,713,794	\$ 2,138,633	\$ 2,944,307	\$ 3,140,169
60105	Labor Non-Reg	329,888	228,073	-	-
60110	Labor Vacation	152,228	187,175	-	-
	<i>Labor Subtotal</i>	2,195,910	2,553,881	2,944,307	3,140,169
60115	Labor Taxes	170,527	206,637	216,761	234,512
60120	Labor Workers Comp	56,771	76,941	161,960	174,342
60125	Labor Temporary	-	46,972	30,000	60,000
60205	Benefits LTD/Life/EAP	17,236	20,556	26,152	27,295
60210	Benefits CalPERS	895,509	780,122	600,000	650,000
60215	Benefits Other	12,360	17,100	105,565	111,305
60220	Flex credits	254,269	458,122	556,800	576,000
60990	Payroll jobs WIP	(136,842)	(98,533)	(285,000)	(250,000)
	Total Payroll	3,465,740	4,061,800	4,356,545	4,723,623
	<i>EXPENSES (NON-PAYROLL)</i>				
50130	Chemicals T&D	2,938	3,236	3,020	11,620
61110	Regulatory Compliance/Permits	181,941	176,328	200,000	225,000
62115	Staff Development & Conferences	28,697	3,387	25,000	25,000
62120	Damages	-	-	-	-
62125	Department Administration	13,429	3,062	15,000	15,000
62135	Facilities improvements	2,487	21,246	40,000	50,000
62140	Fuel	46,175	56,019	65,000	120,000
62145	General Supplies	4,710	7,575	12,000	10,000
62155	Leasing/ Equipment Rental	-	-	-	-
62160	Other Agency Cost Reimbursement	-	1,252	-	-
62165	Parts & Materials	130,973	350,666	340,000	340,000
62180	Tools & Equipment	32,144	16,374	-	-
62185	Utilities	153,864	164,003	176,613	148,430
63100	Support Services	1,027,348	1,275,054	1,318,000	1,474,197
63105	Legal Services	-	-	-	-
63990	Capitalized G&A Contra - T&D	(152,128)	(83,246)	(225,000)	(175,000)
63995	Capitalized Equipment Contra - T&D	-	-	-	-
	Total	1,472,578	1,994,956	1,969,633	2,244,247
	Department Total	\$ 4,938,318	\$ 6,056,756	\$ 6,326,178	\$ 6,967,870

	Dept. 400 - Engineering	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 BUDGET	FY 2023 BUDGET
	<i>PAYROLL EXPENSES:</i>				
60100	Labor Regular	\$ 544,075	\$ 733,919	\$ 854,800	\$ 886,553
60105	Labor Non-Reg	85,049	73,473	-	-
60110	Labor Vacation	48,701	41,269	-	-
	<i>Labor Subtotal</i>	677,825	848,662	854,800	886,553
60115	Labor Taxes	40,087	53,600	49,938	54,733
60120	Labor Workers Comp	4,981	6,492	11,196	11,615
60125	Labor Temporary	-	-	-	-
60205	Benefits LTD/Life/EAP	4,295	5,575	6,028	6,160
60210	Benefits CalPERS	267,037	252,096	155,000	180,000
60215	Benefits Other	8,148	8,148	28,323	30,197
60220	Benefits Flex Credits	64,368	86,272	96,000	96,000
60990	Capital Labor/Benefit Contra	(225,847)	(180,294)	(675,000)	(600,000)
	Total Payroll	840,894	1,080,551	526,285	665,258
	<i>EXPENSES (NON-PAYROLL)</i>				
62115	Staff Development & Conferences	2,911	250	10,000	10,000
62125	Department Admin	7,373	2,966	6,000	6,000
62145	General Supplies	311	780	2,000	2,000
63100	Support Services	342,998	323,347	330,000	310,000
63990	Capitalized G&A Contra	(109,377)	(103,801)	(225,000)	(175,000)
	Total	244,216	223,543	123,000	153,000
	Department Total	\$ 1,085,110	\$ 1,304,094	\$ 649,285	\$ 818,258

	Transmission and Distribution	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 BUDGET	FY 2023 BUDGET
	Transmission and Distribution Grand Total	\$ 6,023,428	\$ 7,360,850	\$ 6,975,463	\$ 7,786,128



**Fiscal Year 2023 Budget
Departmental Budgets**

	Dept. 500 - Customer Services	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 BUDGET	FY 2023 BUDGET
	<i>PAYROLL EXPENSES:</i>				
60100	Labor Regular	\$ 620,499	\$ 381,040	\$ 516,554	\$ 495,626
60105	Labor Non-Reg	111,398	41,253	-	-
60110	Labor Vacation	52,578	15,629	-	-
	<i>Labor Subtotal</i>	784,475	437,922	516,554	495,626
60115	Labor Taxes	62,131	35,575	38,755	37,916
60120	Labor Workers Comp	14,368	5,318	11,551	10,560
60125	Labor Temporary	79,937	250	15,000	2,500
60205	Benefits LTD/Life/EAP	7,136	7,182	4,562	4,517
60210	Benefits CalPERS	369,541	280,038	125,000	150,000
60215	Benefits Other	8,791	6,511	18,540	18,319
60220	Benefits Flex Credits	110,718	89,006	96,000	96,000
	Total Payroll	1,437,097	861,802	825,962	815,438
	<i>EXPENSES (NON-PAYROLL)</i>				
62100	Cash Over/Short	(4)	-	-	-
62105	Computer Maint/Licensing	-	-	-	-
62115	Staff Development & Conferences	8,934	1,043	6,000	2,500
62125	Department Admin	40,139	798	15,000	11,000
62145	General Supplies	15,311	8,912	13,000	1,000
62175	Telecom/Network	-	-	-	-
63100	Support Services	300,727	208,325	230,625	198,000
	Total	365,107	219,078	264,625	212,500
	Department Total	\$ 1,802,204	\$ 1,080,880	\$ 1,090,587	\$ 1,027,938



**Fiscal Year 2023 Budget
Departmental Budgets**

	Dept. 600 - Financial Services	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 BUDGET	FY 2023 BUDGET
	<i>PAYROLL EXPENSES:</i>				
60100	Labor Regular	\$ 469,189	\$ 521,075	\$ 607,093	\$ 673,581
60105	Labor Non-Reg	63,827	43,721	-	-
60110	Labor Vacation	25,770	29,260	-	-
	<i>Labor Subtotal</i>	558,786	594,056	607,093	673,581
60115	Labor Taxes	39,125	42,420	41,594	46,656
60120	Worker's compensation insurance exp.	3,947	4,051	6,966	7,685
60125	Temporary Labor	46,946	-	15,000	5,000
60205	LTD, Life Insurance & EAP	4,109	4,828	4,938	5,193
60210	Benefits CalPERS	169,936	131,863	85,000	100,000
60215	Benefits - Other	3,180	3,600	21,333	23,207
60220	Flex credits	54,789	93,068	96,000	96,000
60990	Applied Overhead for labor benefits	-	-	-	-
	Total Payroll	880,818	873,886	877,924	957,322
	<i>EXPENSES (NON-PAYROLL)</i>				
61105	LAFCO charge	27,233	22,265	29,200	25,000
62115	Staff development & conference expense	6,976	625	5,000	15,000
62125	Department administration expense	27,876	7,486	10,000	10,000
62145	General Supplies - Finance	35,635	27,831	45,000	40,000
62150	Liability insurance	225,249	194,935	250,000	1,225,000
63100	Support Services	407,750	652,331	481,000	412,000
63105	Special legal counsel/Advocate	-	-	-	-
63990	Capitalized G&A Contra - Finance	(253,257)	(282,370)	(300,000)	(300,000)
63995	Capitalized Equipment Contra - Finance	-	-	-	-
	Total	477,462	623,103	520,200	1,427,000
	Department Total	\$ 1,358,280	\$ 1,496,989	\$ 1,398,124	\$ 2,384,322



**Fiscal Year 2023 Budget
Departmental Budgets**

	Dept. 700 - Public Affairs	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 BUDGET	FY 2023 BUDGET
	PAYROLL EXPENSES:				
60100	Labor Regular	\$ 156,412	\$ 147,465	\$ 207,143	\$ 212,621
60105	Labor Non-Reg	37,538	14,747	-	-
60110	Labor Vacation	7,080	8,823	-	-
	<i>Labor Subtotal</i>	201,030	171,035	207,143	212,621
60115	Labor Taxes	16,971	16,208	15,846	16,266
60120	Worker's compensation insurance exp.	1,419	1,232	2,487	2,556
60125	Temporary Labor	-	46,585	-	-
60205	LTD, Life Insurance & EAP	1,663	1,890	2,348	1,787
60210	Benefits CalPERS	46,589	40,879	35,000	50,000
60215	Benefits - Other	-	540	6,934	6,468
60220	Flex credits	20,044	38,685	38,400	38,400
	Total Payroll	287,716	317,053	308,158	328,098
	EXPENSES (NON-PAYROLL)				
62105	Technology/Software Licensing	528	-	1,500	-
62115	Staff development & conference expense	334	(950)	1,000	8,000
62125	Department administration expense	22,636	247	3,600	2,000
62130	District memberships and subscriptions	864	1,407	1,500	3,000
62145	General Office Supplies/Minor Equipment	4,736	274	4,000	35,000
63100	Support Services	370,273	454,135	605,920	904,450
63105	Special legal counsel/Advocate	-	-	-	-
	Total	399,371	455,113	617,520	952,450
	Department Total	\$ 687,087	\$ 772,166	\$ 925,678	\$ 1,280,548

	Dept. 900 - Water Policy	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 BUDGET	FY 2023 BUDGET
	PAYROLL EXPENSES:				
60100	Labor Regular	\$ 154,506	\$ 169,470	\$ 188,554	\$ 192,697
60105	Labor Non-Reg	17,943	15,892	-	-
60110	Labor Vacation	14,971	8,487	-	-
	<i>Labor Subtotal</i>	187,420	193,849	188,554	192,697
60115	Labor Taxes	11,029	11,036	10,794	11,908
60120	Labor Workers Comp	1,400	1,513	2,515	2,571
60125	Labor Temporary	-	-	-	-
60205	Benefits LTD/Life/EAP	1,177	1,253	1,278	1,296
60210	Benefits CalPERS	88,565	67,947	50,000	60,000
60215	Benefits - Other	4,958	4,958	6,321	6,501
60220	Benefits Flex Credits	15,619	17,140	19,200	19,200
	Total Payroll	310,168	297,695	278,662	294,173
	EXPENSES (NON-PAYROLL)				
61110	Regulatory Compliance/Permits	-	-	-	-
62115	Staff Development & Conferences	20,177	2,009	12,500	12,500
62125	Department Admin	2,610	2,801	2,000	2,000
62130	Dues and Subscriptions	1,158	402	1,500	1,500
62145	General Supplies	857	259	1,000	2,000
63100	Support Services	122,461	164,262	235,000	260,000
63105	Legal Services	84,576	42,000	-	-
	Total	231,839	211,732	252,000	278,000
	Department Total	\$ 542,007	\$ 509,427	\$ 530,662	\$ 572,173



**Fiscal Year 2023 Budget
Departmental Budgets**

	Dept. 800 - Administrative Services	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 BUDGET	FY 2023 BUDGET
	PAYROLL EXPENSES:				
60100	Labor Regular	\$ 439,868	\$ 433,002	\$ 526,661	\$ 551,165
60105	Labor Non-Reg	54,367	44,372	-	-
60110	Labor Vacation	38,325	23,913	-	-
	<i>Labor Subtotal</i>	532,560	501,287	526,661	551,165
60115	Labor Taxes	39,905	37,600	37,863	40,351
60120	Labor Workers Comp	3,786	3,558	6,334	6,447
60125	Labor Temporary	-	-	-	-
60205	Benefits LTD/Life/EAP	4,293	4,565	4,667	4,768
60210	Benefits CalPERS	226,564	165,141	150,000	155,000
60215	Benefits - Other	3,540	3,600	18,647	19,415
60220	Benefits Flex Credits	62,151	87,154	96,000	96,000
	Total Payroll	872,799	802,906	840,172	873,146
	EXPENSES (NON-PAYROLL)				
60235	Benefit Unemployment Insurance	2,207	-	-	-
62105	Computer Maint/Licensing	265,809	404,349	609,000	957,750
62115	Staff Development & Conferences	13,054	1,723	10,000	10,000
62125	Department Admin	2,625	1,288	7,000	7,000
62145	General Supplies - IT	6,302	7,624	40,000	129,000
62170	Postage/Shipping/Freight	16,716	6,601	17,000	16,000
62175	Telecom/Network	376,528	411,400	290,000	350,000
62180	Tools & Equipment	-	-	1,000	1,000
63100	Support Services	883,311	943,604	591,000	969,000
63110	Human Resources Services - Admin	3,326	984	-	-
	Total	1,569,878	1,777,574	1,565,000	2,439,750
	Department Total	\$ 2,442,677	\$ 2,580,480	\$ 2,405,172	\$ 3,312,896

	Dept. 850 - Human Resources	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 BUDGET	FY 2023 BUDGET
	PAYROLL EXPENSES:				
60100	Labor Regular	\$ 227,976	\$ 326,218	\$ 358,312	\$ 393,781
60105	Labor Non-Reg	18,163	21,110	-	-
60110	Labor Vacation	16,473	23,682	-	-
	<i>Labor Subtotal</i>	262,612	371,010	358,312	393,781
60115	Labor Taxes	19,692	29,146	26,573	28,839
60120	Labor Workers Comp	1,868	2,631	3,915	4,302
60125	Temporary Labor	116,840	12,676	20,000	-
60205	Benefits LTD/Life/EAP	1,998	2,782	2,976	3,123
60210	Benefits CalPERS	97,196	99,504	45,000	60,000
60215	Benefits Other	1,620	2,160	12,877	13,973
60220	Benefits Flex Credits	27,304	52,828	52,800	57,600
	Total Payroll	529,130	572,737	522,453	561,618
	EXPENSES (NON-PAYROLL)				
60225	Benefits OPEB	72,376	51,300	100,000	80,000
60230	Benefit Retiree Expenses	(6,444)	(1)	50,000	25,000
60235	Benefit Unemployment Insurance	7,034	2,538	8,000	5,000
62115	Staff Development & Conferences	850	200	10,000	7,500
62125	Department Admin	5,543	5,927	15,000	10,000
63110	Human Resources Services - Admin	202,871	144,315	420,000	265,000
	Total	282,230	204,279	603,000	392,500
	Department Total	\$ 811,360	\$ 777,016	\$ 1,125,453	\$ 954,118



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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.



Fiscal Year 2023 Budget

Glossary of Terms

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



Fiscal Year 2023 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.