

**MesaWater**  
DISTRICT®

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**FOR THE  
FISCAL YEAR ENDED  
JUNE 30, 2021**

**Mesa Water District | Costa Mesa, California**

**MesaWater.org**

*Dedicated to Satisfying our Community's Water Needs*



**Mesa Water District**

**Annual Comprehensive Financial Report**

**For the Fiscal Year Ended June 30, 2021**



1965 Placentia Avenue  
Costa Mesa, CA 92627-3420

Prepared by:  
Financial Services Department



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## **INTRODUCTORY SECTION**

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*Dedicated to  
Satisfying our Community's  
Water Needs*

November 22, 2021

Board of Directors  
Mesa Water District

### **Introduction**

It is our pleasure to submit the Annual Comprehensive Financial Report (ACFR) for Mesa Water District (Mesa Water®) for the fiscal year ended June 30, 2021 (with comparative data for 2020), following guidelines set forth by the Governmental Accounting Standards Board (GASB). Mesa Water is ultimately responsible for both the accuracy of the data and the completeness and fairness of presentation, including all disclosures in this financial report. Mesa Water staff prepared this financial report and believes that the data presented is accurate in all material respects. This report is designed in a manner that we believe beneficial to enhance the reader's understanding of Mesa Water's financial position and activities.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of the Management's Discussion and Analysis (MD&A) Section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with the analysis. The MD&A can be found immediately after the Independent Auditor's Report.

### **Mesa Water's Structure and Leadership**

Mesa Water is a county water district organized pursuant to Water Code Section 33200 and operates pursuant to Water Code Section 30000. Mesa Water has been providing water service to its customers since 1960. Mesa Water is governed by a five-member Board of Directors (Board), elected at-large by division within Mesa Water's service area. The General Manager administers the day-to-day operations of Mesa Water in accordance with policies and procedures established by the Board. Mesa Water employs approximately 56 employees, some of whom are part-time or temporary. Mesa Water's Board meets on the second Wednesday of each month. Meetings are publicly noticed and citizens are encouraged to attend. Mesa Water provides water service to approximately 110,000 residents in the City of Costa Mesa, parts of the City of Newport Beach, and some unincorporated areas of Orange County through approximately 25,000 service connections.

### **Mesa Water's Services**

Residential customers comprise approximately 82% of Mesa Water's customer base and purchase approximately 61% of the water produced annually by Mesa Water. In Fiscal Year 2021, Mesa Water's potable supply was comprised of 100% groundwater and related groundwater exchange programs. Mesa Water is committed to the highest standards for customer service, water awareness and conservation, reliable water delivery and financial leadership and transparency.

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## **BOARD OF DIRECTORS**

**Marice H. DePasquale**  
*President  
Division III*

**Shawn Dewane**  
*Vice President  
Division V*

**James Atkinson**  
*Director  
Division IV*

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

**James R. Fisler**  
*Director  
Division II*

**Paul E. Shoenberger, P.E.**  
*General Manager*

**Denise Garcia**  
*District Secretary*

**Marwan Khalifa, CPA, MBA**  
*District Treasurer*

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

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### **Economic Condition, Outlook and Major Initiatives**

Mesa Water's staff competently carries out the District's mission to manage its finances and water infrastructure, and advocate water policy, while reliably providing an abundance of clean, safe water to benefit the public's quality of life. Each day, Mesa Water's employees strive to carry out their work mindful of Mesa Water's tagline, "Dedicated to Satisfying our Community's Water Needs."

Mesa Water's service area includes various major regional facilities: John Wayne Airport, Orange Coast College, Vanguard University, Orange County Fair and Event Center, Segerstrom Center for the Arts, South Coast Repertory, and the shopping complex at South Coast Plaza. The local economy is primarily based upon retail, commercial business, and light manufacturing.

In Mesa Water's service area, consumers are now experiencing the benefits of decades-long investments in water use efficiency and water infrastructure projects to help lower our regional dependence on imported water.

Two decades ago, Mesa Water's Board set a goal to reduce reliance on imported water from Northern California and the Colorado River by increasing the District's production capacity of groundwater and recycled water. Mesa Water is fortunate to be able to pump safe, high-quality groundwater from Orange County's clear-water aquifer and from the deeper, amber-colored aquifer located directly under its service area.

In Fiscal Year 2020, Mesa Water's Board took another major step towards reliability by approving a three-year \$70MM Capital Improvement Program funded through Certificates of Participation. Mesa Water will construct two new wells to increase local water production capacity and invest in pipeline integrity testing to ensure economical and timely replacement for continued reliable service and high-quality water to customers. Fiscal Year 2021 was the second year of this three-year initiative.

The Mesa Water Reliability Facility (MWRF) was the final step in eliminating the District's dependence on imported water as Mesa Water is now able to meet 100% of its community's water needs with locally-sourced supplies. To further strengthen the District's water supply, in Fiscal Year 2021, Mesa Water completed the design phase of its two new well sites, and commenced construction. Once the two well sites are completed, they will enhance Mesa Water's capability to rely solely upon locally-sourced groundwater. Furthermore, producing local water uses less energy and a lower carbon footprint than is needed to import water from hundreds of miles away.

Mesa Water has undertaken a major initiative to encourage water use efficiency within its service area. In conjunction with Metropolitan Water District of Southern California (MWD) and the Municipal Water District of Orange County (MWDOC), Mesa Water distributes and provides financial incentives for high efficiency water use devices, and has developed education and technical assistance programs designed for residents,



homeowners associations, businesses, and other public agencies. Mesa Water also works with the City of Costa Mesa to promote the wise use of water through the City's development plan check process. These active programmatic efforts have resulted in a cumulative water savings of approximately 17,398 acre feet of water to date.

As of July 1, 2021, Mesa Water charges a uniform commodity rate of \$4.49 per unit and a bi-monthly fixed charge of \$28.60 for a 5/8 inch meter. One unit of water equals 748 gallons which means that the cost per gallon is 0.60 cents. At \$939 per year, the cost of water service for a typical single family home using 127,900 gallons of water annually remains a good value for Mesa Water's customers.

In Fiscal Year 2021, COVID-19 continued to greatly impact the economy. With continued shutdowns and a reduced number of people in businesses, the economic impact was seen at the federal level and substantially felt in all local communities, including in the City of Costa Mesa. As a result of the Mesa Water Board's forward-thinking stewardship, the District was able to continue to provide safe, local, and reliable water.

### **Water Supply**

Mesa Water has finished implementation of a long-standing goal of reducing reliance on MWD imported water by increasing production of local groundwater and developing additional water sources. The completion of the MWRF in January 2013 achieved Mesa Water's goal to provide 100% local and reliable water to its customers, and the completion of the two new wells will further strengthen that goal.

Mesa Water currently has seven groundwater wells that produce high quality water at a lower cost than imported water, with two of the wells associated with the MWRF. The MWRF treats amber groundwater from a previously unusable aquifer, providing Mesa Water with an additional potable water source. Amber groundwater from this lower aquifer is more expensive to produce than clear groundwater produced from the upper aquifer. However, the treatment cost of amber groundwater is less expensive than purchasing imported water.

To encourage the use of water production through the MWRF, MWD has assisted Mesa Water by reimbursing a portion of the capital costs of the treatment plant. MWD reimburses Mesa Water through the Local Resource Program (LRP) which expands the use of amber groundwater and thereby reduces the demand on MWD supplies.

Mesa Water has been treating and delivering amber groundwater to customers since 1985 using a variety of treatment methods. The expansion and upgrade of the MWRF includes nano-filtration membrane technology which expanded capacity to treat amber groundwater by approximately 50% while reducing energy costs by nearly 67%.

In Fiscal Year 2021, Mesa Water produced approximately 77% of its potable water supply from clear groundwater and related groundwater



exchange programs, and approximately 23% from amber groundwater, while taking 0% imported water.

Mesa Water also sells recycled water for irrigation purposes. The water is purchased from Orange County Water District and replaces potable water that would otherwise have been used for irrigation. Approximately 6% of total water supplied to consumers is recycled.

### **Internal Control Structure**

Mesa Water's management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of Mesa Water are protected from loss, theft or misuse. The internal control structure ensures that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Mesa Water's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management.

### **Budgetary Control**

Mesa Water's Board annually adopts a budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations, accountability for Mesa Water's enterprise operations, and capital projects. The budget is presented on the accrual basis of accounting and is consistent with the presentation of Mesa Water's Annual Comprehensive Financial Report.

### **Investment Policy**

The Board has adopted an investment policy that conforms to state law, Mesa Water's ordinances and resolutions, prudent money management, and the "prudent person" standards. The objectives of the Statement of Investment Policy are safety, liquidity and then yield. Currently, funds are invested in various securities as authorized by Mesa Water's Investment Policy.

### **Water Rates and Revenues**

Revenue from user charges generated from Mesa Water's customers support the operations of the District. Accordingly, water rates are reviewed every five (5) years when a Water Rate Schedule is prepared to achieve the Board's financial goals. Water rates are user charges imposed on customers for services and are the primary component of Mesa Water's revenue. Water rates are composed of a commodity (usage) charge and a fixed bi-monthly service charge. Mesa Water raised rates by an average of 5% in Fiscal Year 2021.

### **Audit and Financial Reporting**

State law and bond covenants require Mesa Water to obtain an annual audit of its financial statements by an independent Certified Public Accountant. The accounting firm of CliftonLarsonAllen LLP conducted the audit of Mesa Water's financial statements. Their unmodified Independent Auditor's Report appears in the Financial Section.



### **Risk Management**

Mesa Water participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) for the purchase of workers' compensation, liability, property, automobile and fidelity insurance. The typical liability limits are \$1MM per incident/occurrence.

### **Awards and Acknowledgements**

This is the 28th year that Mesa Water is submitting its Annual Comprehensive Financial Report (ACFR) for the Government Finance Officers Association of the United States and Canada's (GFOA) Certificate of Achievement for Excellence in Financial Reporting. To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized ACFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. Mesa Water believes that this ACFR meets the Certificate of Achievement Program's requirements and is submitting it to the GFOA to determine its eligibility for 2021.

Preparation of this report was accomplished through the combined efforts of Mesa Water's staff. We appreciate the dedicated efforts and professionalism that these staff members contribute to Mesa Water. We would also like to thank the members of the Board of Directors for their continued support in planning and implementing Mesa Water District's fiscal policies.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Paul E. Shoenberger", written over a horizontal line.

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

A handwritten signature in blue ink, appearing to read "Marwan Khalifa", written over a horizontal line.

Marwan Khalifa, C.P.A.  
Mesa Water Chief Financial Officer

Award from fiscal year 2018-2019 included as the fiscal year 2019-2020 award is not yet available from the GFOA.



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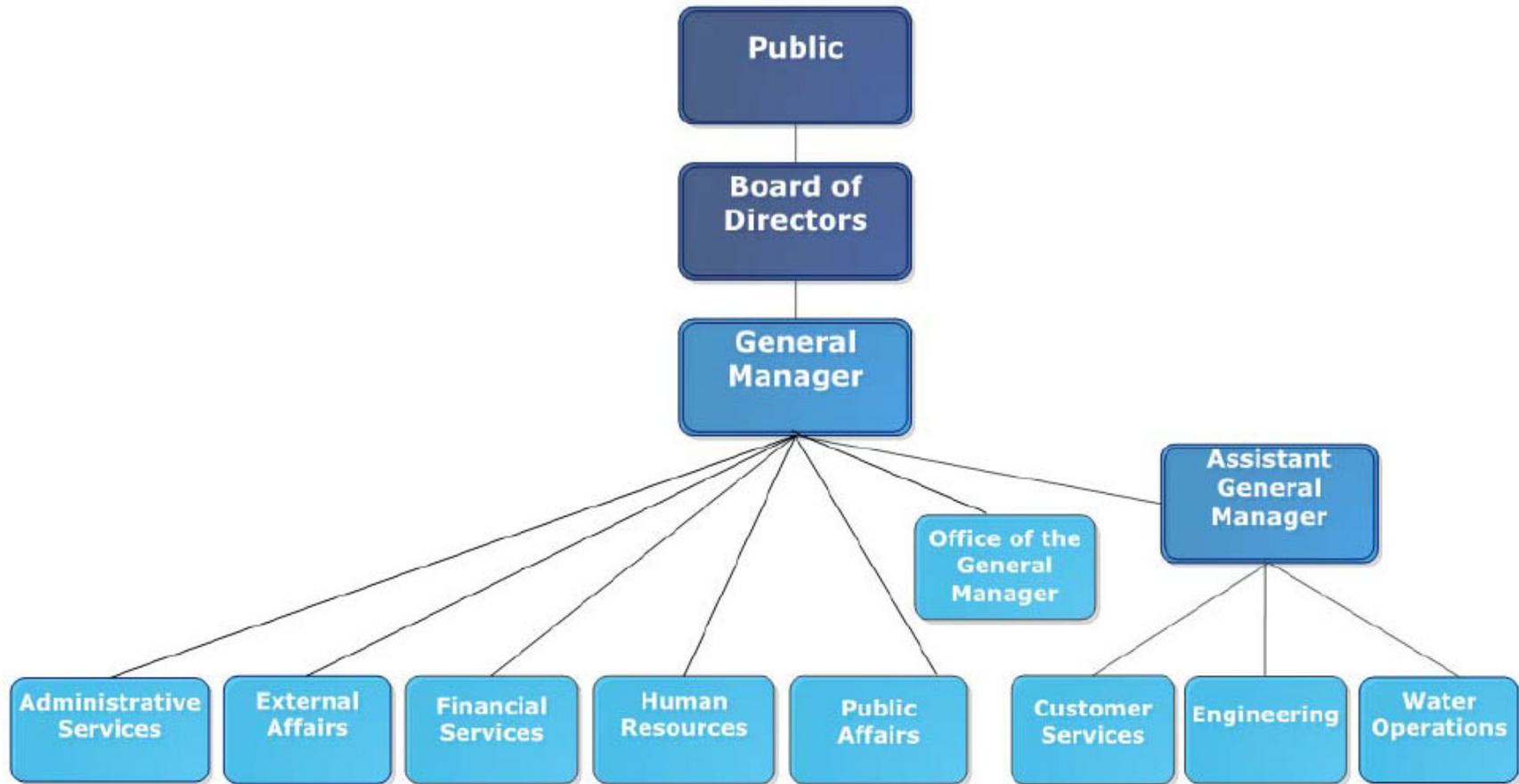
**Mesa Water District  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2019**

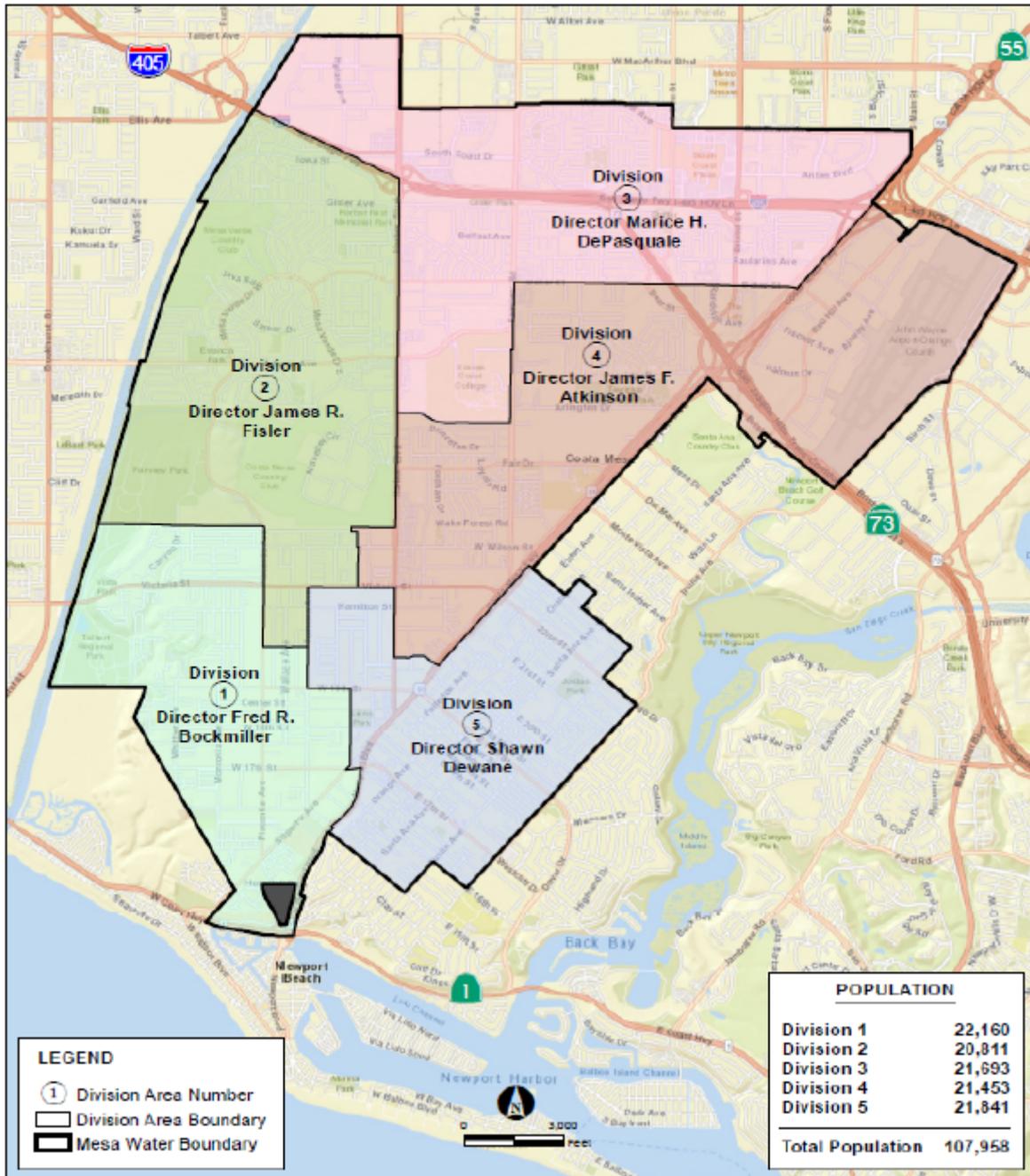
*Christopher P. Morrill*

Executive Director/CEO



## Mesa Water District

### District Service Area Map



## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Mesa Water District  
Costa Mesa, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities of Mesa Water District (the District), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District as of June 30, 2021 and 2020, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1 to the financial statements, the District implemented GASB 84, *Fiduciary Funds*, in the fiscal year ended June 30, 2021. This resulted in the removal of the OPEB trust from the financial statements as a fiduciary fund. Our opinion is not modified with respect to that matter.

**Other Matters**

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of the net pension liability, the schedule of plan contributions – pension, schedule of changes in the net OPEB liability and related ratios, and the schedule of plan contributions – OPEB be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, supplementary information consisting of the certificates of participation - revenue coverage and reconciliation of total revenues and total expenses, and the statistical information section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Board of Commissioners  
Mesa Water District

The introductory section and statistical information section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Irvine, California  
November 22, 2021

**MESA WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED JUNE 30, 2021 AND 2020**

The following discussion and analysis of the financial performance of the Mesa Water District (District/Mesa Water) provides an overview of the District's financial activities for the year ended June 30, 2021. This section should be read in conjunction with the basic financial statements and notes to the financial statements, which follows this analysis.

**Financial Highlights**

**FY 2021**

- Net position equaled \$152.0 million, an increase of \$9.7 million or 6.8% from the prior year. \$105.8 million of Net Position was for net investment in capital assets, \$6.1 million was restricted for pension benefits, and the remaining \$40.1 million was unrestricted.
- Total revenues increased \$6.3 million or 16.8%, primarily due to investment earnings being significantly stronger than the prior year.
- Total expenses increased by \$.7 million or 2.0%. This increase is primarily due to increased cost for transmission and distribution.
- Total Capital Assets increased by \$7.1 million due to \$12.6 million in net additions and deletions, offset by depreciation expense of \$5.5 million.
- Total debt decreased by \$4.0 million due to principal repayments.

**FY 2020**

- Net position equaled \$142.3 million, an increase of \$5.0 million or 3.7% from the prior year. \$105.0 million of Net Position was for net investment in capital assets, \$3.3 million was restricted for pension benefits, and the remaining \$34.0 million was unrestricted.
- Total revenues decreased \$.1 million or -.4%, primarily due to investment earnings not being as strong as the prior year.
- Total expenses increased by \$4.6 million or 14.9%. This increase is primarily due to completion of the AAA lease and increased cost for general and administrative expenses.
- Total Capital Assets increased by \$2.2 million due to \$7.7 million in net additions and deletions, offset by depreciation expense of \$5.5 million.
- Total debt increased by \$66.9 million due to the issuance of the 2020 COPS.

This annual report consists of a series of financial statements: (1) The Statement of Net Position, (2) Statement of Revenues, Expenses and Changes in Net Position, and (3) Statement of Cash Flows, all of which together provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies. The report also contains notes to the financial statements and other supplementary information.

**MESA WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEARS ENDED JUNE 30, 2021 AND 2020**

**Statement of Net Position** includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities) and deferred outflows and inflows of resources. It also provides the basis for computing a rate of return, evaluating the capital structure, and assessing the liquidity and financial flexibility of the District.

**Statement of Revenues, Expenses and Changes in Net Position** measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. The statement can be used to evaluate profitability and credit worthiness.

**Statement of Cash Flows** provides information about the District's cash receipts, cash payments and changes in cash resulting from operations, investments, and financing activities.

**Notes to the Financial Statements** provide additional information essential to a full understanding of the data provided in the financial statements.

**Other Information** includes required supplementary information.

**Financial Analysis of the District**

The following condensed schedules contain summary financial information extracted from the basic financial statements to assist general readers in evaluating the District's overall financial position and results of operations as described in this Management's Discussion and Analysis (MD&A). Increases or decreases in these schedules can be used as performance indicators to assess whether the District's overall financial position has improved or deteriorated. Other external factors such as changes in economic conditions, customer growth, weather conditions and legislative mandates as well as changes in Federal and State water quality standards should also be considered as part of this assessment.

**MESA WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEARS ENDED JUNE 30, 2021 AND 2020**

**Statement of Net Position**

The Statement of Net Position reflects the District's financial position as of June 30. The statement includes assets, deferred outflow of resources, liabilities, and deferred inflows of resources. The Net Position represents the District's net worth including, but not limited to, capital contributions and investments in capital assets.

A condensed summary of the District's total Net Position as of June 30, 2021 is set forth below:

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>% Change</u>
<b>Assets and Deferred Outflows:</b>				
Current assets	\$ 51,477,142	43,480,675	7,996,467	18.4%
Non-current assets	74,377,596	80,535,395	(6,157,799)	-7.6%
Capital and intangible assets, net	<u>142,069,283</u>	<u>134,931,458</u>	<u>7,137,825</u>	5.3%
<b>Total Assets</b>	<u>267,924,021</u>	<u>258,947,528</u>	<u>8,976,493</u>	3.5%
Deferred charges on debt refundings	485,225	614,618	(129,393)	-21.1%
Deferred amounts from OPEB & pension plans	<u>2,682,152</u>	<u>2,792,143</u>	<u>(109,991)</u>	-3.9%
<b>Total Deferred Outflows</b>	<u>3,167,377</u>	<u>3,406,761</u>	<u>(239,384)</u>	-7.0%
<b>Total Assets and Deferred Outflows</b>	<u>\$ 271,091,398</u>	<u>262,354,289</u>	<u>8,737,109</u>	3.3%
<b>Liabilities:</b>				
Current liabilities	\$ 15,364,031	12,526,475	2,837,556	22.7%
Non-current liabilities	<u>103,069,194</u>	<u>106,285,805</u>	<u>(3,216,611)</u>	-3.0%
<b>Total Liabilities</b>	<u>118,433,225</u>	<u>118,812,280</u>	<u>(379,055)</u>	-0.3%
Deferred Inflow of Resources - Actuarial	<u>585,053</u>	<u>1,177,050</u>	<u>(591,997)</u>	-50.3%
<b>Total Liabilities and Deferred Inflows</b>	<u>119,018,278</u>	<u>119,989,330</u>	<u>(971,052)</u>	-0.8%
<b>Net position:</b>				
Net Investment in capital assets	105,770,707	105,042,348	728,359	0.7%
Restricted for pension benefits	6,139,421	3,383,344	2,756,077	
Unrestricted	<u>40,162,992</u>	<u>33,939,267</u>	<u>6,223,725</u>	18.3%
<b>Total Net Position</b>	<u>152,073,120</u>	<u>142,364,959</u>	<u>9,708,161</u>	6.8%
<b>Total Liabilities, Deferred Inflows, and Net position</b>	<u>\$ 271,091,398</u>	<u>262,354,289</u>	<u>8,737,109</u>	3.3%

The District's total Assets and Deferred Outflows exceeded total liabilities and Deferred Inflows by \$152.0 million and \$142.3 million as of June 30, 2021 and 2020, respectively.

The largest single component of the District's Net Position (70% and 74% for June 30, 2021 and 2020, respectively) reflect the District's net investment in capital assets. The District uses these capital assets to provide services to customers within the District's service area. Consequently, these assets are not available for future spending.

As of June 30, 2021 and 2020, the District showed a positive balance in its Unrestricted Net position of \$40.1 million and \$33.9 million, respectively.

Of the \$103.0 million of non-current liabilities, \$69.8 million and \$20.2 million is attributed to the 2020 and 2017 COPS respectively. The net pension liability accounts for \$12.5 million of the balance. This amount does not include a CalPERS defined benefit pension plan trust with

**MESA WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEARS ENDED JUNE 30, 2021 AND 2020**

PARS (Pension Trust) in the amount of \$16.6 million for fiscal year ended June 30, 2021. The PARS trust is legally restricted to providing benefits for members of the defined benefit pension plan. However, in accordance with GASB 68, the asset balance is not included in calculation of the net pension liability above.

A condensed summary of the District's total Net Position as of June 30, 2020 is set forth below:

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
<b>Assets and Deferred Outflows:</b>				
Current assets	\$ 43,480,675	39,071,466	4,409,209	11.3%
Non-current assets	80,535,395	13,539,195	66,996,200	494.8%
Capital and intangible assets, net	134,931,458	132,676,394	2,255,064	1.7%
<b>Total Assets</b>	<u>258,947,528</u>	<u>185,287,055</u>	<u>73,660,473</u>	<u>39.8%</u>
Deferred charges on debt refundings	614,618	744,011	(129,393)	-17.4%
Deferred amounts from OPEB & pension plans	2,792,143	2,725,430	66,713	2.4%
<b>Total Deferred Outflows</b>	<u>3,406,761</u>	<u>3,469,441</u>	<u>(62,680)</u>	<u>-1.8%</u>
<b>Total Assets and Deferred Outflows</b>	<u>\$ 262,354,289</u>	<u>188,756,496</u>	<u>73,597,793</u>	<u>39.0%</u>
<b>Liabilities:</b>				
Current liabilities	\$ 12,526,475	11,754,326	772,149	6.6%
Non-current liabilities	106,285,805	38,736,245	67,549,560	174.4%
<b>Total Liabilities</b>	<u>118,812,280</u>	<u>50,490,571</u>	<u>68,321,709</u>	<u>135.3%</u>
Deferred Inflow of Resources - Actuarial	1,177,050	940,772	236,278	25.1%
<b>Total Liabilities and Deferred Inflows</b>	<u>119,989,330</u>	<u>51,431,343</u>	<u>68,557,987</u>	<u>133.3%</u>
<b>Net position:</b>				
Net Investment in capital assets	105,042,348	102,275,574	2,766,774	2.7%
Restricted for pension benefits	3,383,344	4,814,662	(1,431,318)	
Unrestricted	33,939,267	30,234,917	3,704,350	12.3%
<b>Total Net Position</b>	<u>142,364,959</u>	<u>137,325,153</u>	<u>5,039,806</u>	<u>3.7%</u>
<b>Total Liabilities, Deferred Inflows, and Net position</b>	<u>\$ 262,354,289</u>	<u>188,756,496</u>	<u>73,597,793</u>	<u>39.0%</u>

The District's total Assets and Deferred Outflows exceeded total liabilities and Deferred Inflows by \$142.3 million and \$137.3 million as of June 30, 2020 and 2019, respectively.

The largest single component of the District's Net Position (74% and 75% for June 30, 2020 and 2019, respectively) reflect the District's net investment in capital assets. The District uses these capital assets to provide services to customers within the District's service area. Consequently, these assets are not available for future spending.

As of June 30, 2020 and 2019, the District showed a positive balance in its Unrestricted Net position of \$33.9 million and \$30.2 million, respectively.

Of the \$106.2 million of non-current liabilities, \$70.3 million is attributed to the issuance of the 2020 COPS. The net pension liability accounts for \$11.5 million of the balance. This amount does not include a CalPERS defined benefit pension plan trust with PARS (Pension Trust) in the amount of \$13.2 million for fiscal year ended June 30, 2020. The PARS trust is legally restricted to providing benefits for members of the defined benefit pension plan. However, in accordance with GASB 68, the asset balance is not included in calculation of the net pension liability above.

**MESA WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEARS ENDED JUNE 30, 2021 AND 2020**

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

The Statement of Revenues, Expenses, and Changes in Net Position summarizes the District's operations during the fiscal year.

A summary of the District's changes in Net Position for the fiscal years ended June 30, 2021 is presented below:

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>% Change</u>
Revenues				
Operating revenues	\$ 39,990,535	36,724,890	3,265,645	8.9%
Non-operating revenues	4,373,131	1,263,866	3,109,265	246.0%
<b>Total Revenues</b>	<u>44,363,666</u>	<u>37,988,756</u>	<u>6,374,910</u>	<u>16.8%</u>
Expenses:				
Operating expenses (not including deprec.)	28,489,209	27,238,151	1,251,058	4.6%
Depreciation and amortization	5,491,984	5,517,326	(25,342)	-0.5%
Non-operating expenses	2,765,997	3,277,881	(511,884)	-15.6%
<b>Total Expenses</b>	<u>36,747,190</u>	<u>36,033,358</u>	<u>713,832</u>	<u>2.0%</u>
<b>Net income before contributions</b>	<u>7,616,476</u>	<u>1,955,398</u>	<u>5,661,078</u>	<u>289.5%</u>
<b>Capital Contributions</b>	<u>2,091,685</u>	<u>3,084,408</u>	<u>(992,723)</u>	<u>-32.2%</u>
<b>Change in Net Position</b>	<u>9,708,161</u>	<u>5,039,806</u>	<u>4,668,355</u>	<u>92.6%</u>
<b>Net Position, beginning of year</b>	<u>142,364,959</u>	<u>137,325,153</u>	<u>5,039,806</u>	<u>3.7%</u>
<b>Net Position, end of year</b>	<u>\$ 152,073,120</u>	<u>142,364,959</u>	<u>9,708,161</u>	<u>6.8%</u>

The District's Net Position increased by \$9.7 million for the year ended June 30, 2021, while for the year ended June 30, 2020, Net Position increased by \$5.0 million.

**MESA WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEARS ENDED JUNE 30, 2021 AND 2020**

A summary of the District's changes in Net Position for the fiscal years ended June 30, 2020 is presented below:

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
<b>Revenues</b>				
Operating revenues	\$ 36,724,890	36,167,875	557,015	1.5%
Non-operating revenues	<u>1,263,866</u>	<u>1,963,165</u>	<u>(699,299)</u>	-35.6%
<b>Total Revenues</b>	<u>37,988,756</u>	<u>38,131,040</u>	<u>(142,284)</u>	-0.4%
<b>Expenses:</b>				
Operating expenses (not including deprec.)	27,238,151	25,247,473	1,990,678	7.9%
Depreciation and amortization	5,517,326	5,155,612	361,714	7.0%
Non-operating expenses	<u>3,277,881</u>	<u>948,417</u>	<u>2,329,464</u>	245.6%
<b>Total Expenses</b>	<u>36,033,358</u>	<u>31,351,502</u>	<u>4,681,856</u>	14.9%
<b>Net income before contributions</b>	1,955,398	6,779,538	(4,824,140)	-71.2%
<b>Capital Contributions</b>	<u>3,084,408</u>	<u>1,917,078</u>	<u>1,167,330</u>	60.9%
<b>Change in Net Position</b>	5,039,806	8,696,616	(3,656,810)	-42.0%
<b>Net Position, beginning of year</b>	<u>137,325,153</u>	<u>128,628,537</u>	<u>8,696,616</u>	6.8%
<b>Net Position, end of year</b>	<u>\$ 142,364,959</u>	<u>137,325,153</u>	<u>5,039,806</u>	3.7%

The District's Net Position increased by \$5.0 million for the year ended June 30, 2020, while for the year ended June 30, 2019, Net Position increased by \$8.7 million.

**MESA WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEARS ENDED JUNE 30, 2021 AND 2020**

**Total District Revenues**

Total District Revenues for the year ended June 30, 2021 is summarized below:

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>% Change</u>
Water sales	\$ 29,431,505	26,913,077	2,518,428	9.4%
Meter service charges	8,464,262	7,870,740	593,522	7.5%
Recycled water sales	1,428,840	1,250,605	178,235	14.3%
Concessions from governmental agencies	-	163,691	(163,691)	-100.0%
Other charges and services	<u>665,928</u>	<u>526,777</u>	<u>139,151</u>	<u>26.4%</u>
<b>Total Operating Revenues</b>	<u>39,990,535</u>	<u>36,724,890</u>	<u>3,265,645</u>	<u>8.9%</u>
Investment earnings	4,367,631	1,255,743	3,111,888	247.8%
Gain on sale/disposition of capital assets, net	5,500	8,123	(2,623)	-32.3%
Other nonoperating revenue, net	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.0%</u>
<b>Total Non-operating revenues</b>	<u>4,373,131</u>	<u>1,263,866</u>	<u>3,109,265</u>	<u>246.0%</u>
<b>Total Revenues</b>	<u>\$ 44,363,666</u>	<u>37,988,756</u>	<u>6,374,910</u>	<u>16.8%</u>

The District's operating revenues totaled \$39.9 million in fiscal year 2021. This represents an increase of \$3.2 million or 8.9% from the prior year. The increase in total operating revenue was a result of \$2.5 million in water sales, \$0.6 million increase in meter service charges, and \$0.2 million increase in recycled water sales. There was also \$.1 million decrease in concessions from governmental agencies due to the Coastal Pumping Transfer Program (CPTP) being zero.

The vast majority of the increase in non-operating revenues reflects higher investment earnings.

**MESA WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEARS ENDED JUNE 30, 2021 AND 2020**

Total District Revenues for the year ended June 30, 2020 is summarized below:

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
Water sales	\$ 26,913,077	25,910,454	1,002,623	3.9%
Meter service charges	7,870,740	7,511,575	359,165	4.8%
Recycled water sales	1,250,605	1,119,273	131,332	11.7%
Concessions from governmental agencies	163,691	1,226,127	(1,062,436)	-86.6%
Other charges and services	<u>526,777</u>	<u>400,446</u>	<u>126,331</u>	31.5%
<b>Total Operating Revenues</b>	<u>36,724,890</u>	<u>36,167,875</u>	<u>557,015</u>	1.5%
Investment earnings	1,255,743	1,872,020	(616,277)	-32.9%
Gain on sale/disposition of capital assets, net	8,123	-	8,123	100.0%
Other nonoperating revenue, net	<u>-</u>	<u>91,145</u>	<u>(91,145)</u>	-100.0%
<b>Total Non-operating revenues</b>	<u>1,263,866</u>	<u>1,963,165</u>	<u>(699,299)</u>	-35.6%
<b>Total Revenues</b>	<u>\$ 37,988,756</u>	<u>38,131,040</u>	<u>(142,284)</u>	-0.4%

The District's operating revenues totaled \$36.7 million in fiscal year 2020. This represents an increase of \$0.5 million or 1.5% from the prior year. The increase in total operating revenue was a result of \$0.4 million increase in meter service charges and \$0.1 million increase in recycled water sales. There was a \$1.0 million decrease in concessions from governmental agencies due to the Coastal Pumping Transfer Program (CPTP) being significantly reduced. These decreases were offset by water sales as a result of increases in the rate.

The vast majority of the decrease in non-operating revenues reflects lower investment earnings.

**MESA WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEARS ENDED JUNE 30, 2021 AND 2020**

**Total District Expenses**

A summary of Total District Expenses for the year ended June 30, 2021 is outlined below:

	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>% Change</u>
Import source of supply	\$ 370,881	507,008	(136,127)	-26.8%
Basin managed water	28,388	659,666	(631,278)	-95.7%
Clear well production	7,569,448	6,760,158	809,290	12.0%
Amber well production	3,191,073	3,158,924	32,149	1.0%
Recycled water	<u>1,009,398</u>	<u>861,521</u>	<u>147,877</u>	<u>17.2%</u>
Total Water Supply	12,169,188	11,947,277	221,911	1.9%
Transmission and distribution	7,360,850	6,020,490	1,340,360	22.3%
General and administrative	8,959,171	9,270,384	(311,213)	-3.4%
Depreciation and amortization	<u>5,491,984</u>	<u>5,517,326</u>	<u>(25,342)</u>	<u>-0.5%</u>
Total Operating Expense	<u>33,981,193</u>	<u>32,755,477</u>	<u>1,225,716</u>	<u>3.7%</u>
Interest expense - long-term debt	2,754,815	964,979	1,789,836	185.5%
Loss on sale/disposition of capital assets, net	-	-	-	0.0%
Bond Issuance Costs	-	322,473	(322,473)	-100.0%
Other nonoperating expense, net	<u>11,182</u>	<u>1,990,429</u>	<u>(1,979,247)</u>	<u>-99.4%</u>
Total Nonoperating Expenses	<u>2,765,997</u>	<u>3,277,881</u>	<u>(511,884)</u>	<u>-15.6%</u>
Total Expenses	<u>\$ 36,747,190</u>	<u>36,033,358</u>	<u>713,832</u>	<u>2.0%</u>

The District's total expenses increased by \$.7 million or 2.0%. This increase primarily due to additional spending in transmission and distribution expenses.

For non-operating expenses, additional interest cost from the 2020 COPS was offset by last year's one time payoff of the AAA lease.

**MESA WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEARS ENDED JUNE 30, 2021 AND 2020**

A summary of Total District Expenses for the year ended June 30, 2020 is outlined below:

	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>% Change</u>
Import source of supply	\$ 507,008	368,722	138,286	37.5%
Basin managed water	659,666	2,628,097	(1,968,431)	-74.9%
Clear well production	6,760,158	5,453,136	1,307,022	24.0%
Amber well production	3,158,924	2,970,494	188,430	6.3%
Recycled water	<u>861,521</u>	<u>758,122</u>	<u>103,399</u>	<u>13.6%</u>
<b>Total Water Supply</b>	<b>11,947,277</b>	<b>12,178,571</b>	<b>(231,294)</b>	<b>-1.9%</b>
Transmission and distribution	6,020,490	5,479,178	541,312	9.9%
General and administrative	9,270,384	7,589,724	1,680,660	22.1%
Depreciation and amortization	<u>5,517,326</u>	<u>5,155,612</u>	<u>361,714</u>	<u>7.0%</u>
<b>Total Operating Expense</b>	<b><u>32,755,477</u></b>	<b><u>30,403,085</u></b>	<b><u>2,352,392</u></b>	<b><u>7.7%</u></b>
Interest expense - long-term debt	964,979	945,513	19,466	2.1%
Loss on sale/disposition of capital assets, net	-	2,904	(2,904)	-100.0%
Bond Issuance Costs	322,473	-	322,473	100.0%
Other nonoperating expense, net	<u>1,990,429</u>	<u>-</u>	<u>1,990,429</u>	<u>0.0%</u>
<b>Total Nonoperating Expenses</b>	<b><u>3,277,881</u></b>	<b><u>948,417</u></b>	<b><u>2,329,464</u></b>	<b><u>245.6%</u></b>
<b>Total Expenses</b>	<b><u>\$ 36,033,358</u></b>	<b><u>31,351,502</u></b>	<b><u>4,681,856</u></b>	<b><u>14.9%</u></b>

The District's total expenses increased by \$4.6 million or 14.9%. This increase primarily due to additional spending in general and administrative expenses, and an increase in total pension expense.

For non-operating expenses, issuance cost of the 2020 COPS and payoff of the AAA lease are the main reasons for the \$2.3 million increase.

**MESA WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEARS ENDED JUNE 30, 2021 AND 2020**

**Capital Assets**

Changes in capital assets amounts for the year ended June 30, 2021 is as follows:

	<b>Balance 2020</b>	<b>Additions</b>	<b>Transfers/ Deletions</b>	<b>Balance 2021</b>
Capital assets:				
Non-depreciable assets	25,146,930	12,629,790	(13,805,473)	23,971,247
Depreciable assets	200,959,891	13,805,492	-	214,765,383
Accumulated Depreciation	(91,175,363)	(5,491,984)	-	(96,667,347)
	<u>134,931,458</u>	<u>20,943,298</u>	<u>(13,805,473)</u>	<u>142,069,283</u>

As of June 30, 2021 and 2020, the District's investment in capital assets amounted to \$142.0 million and \$134.9 million, respectively, net of accumulated depreciation, resulting in a net increase of \$7.1 million. Capital additions to depreciable assets were \$13.8 million in fiscal year 2021. Depreciation remained relatively constant in comparison to the prior year. Please refer to Note 3, Capital Assets, in the accompanying Notes to the Financial Statements.

Changes in capital assets amounts for the year ended June 30, 2020 is as follows:

	<b>Balance 2019</b>	<b>Additions</b>	<b>Transfers/ Deletions</b>	<b>Balance 2020</b>
Capital assets:				
Non-depreciable assets	19,058,171	7,772,390	(1,683,631)	25,146,930
Depreciable assets	199,309,727	1,683,631	(33,467)	200,959,891
Accumulated Depreciation	(85,691,504)	(5,517,326)	33,467	(91,175,363)
	<u>132,676,394</u>	<u>3,938,695</u>	<u>(1,683,631)</u>	<u>134,931,458</u>

As of June 30, 2020 and 2019, the District's investment in capital assets amounted to \$134.9 million and \$132.7 million, respectively, net of accumulated depreciation, resulting in a net increase of \$2.2 million. Capital additions to depreciable assets were \$1.7 million in fiscal year 2020. Depreciation was up slightly by \$0.4 million in comparison to the prior year. Please refer to Note 3, Capital Assets, in the accompanying Notes to the Financial Statements.

**MESA WATER DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)  
YEARS ENDED JUNE 30, 2021 AND 2020**

**Debt Administration**

Changes in debt amounts for the year ended June 30, 2021 is as follows:

	<u>Balance 2020</u>	<u>Additions</u>	<u>Payments/ Deletions</u>	<u>Balance 2021</u>
2017 Series COPS	26,923,384	-	(3,544,391)	23,378,993
2020 Series COPS	70,291,853	-	(481,577)	69,810,276
<b>Total long-term debt</b>	<b>\$ 97,215,237</b>	<b>-</b>	<b>(4,025,968)</b>	<b>93,189,269</b>

As of June 30, 2021, the District had total outstanding debt of \$93.1 million, which was a decrease of \$4.0 million from the prior fiscal year. The decrease was due to principal repayments. Please refer to Note 6, Long-Term Debt in the accompanying Notes to the Financial Statements.

Changes in debt amounts for the year ended June 30, 2020 is as follows:

	<u>Balance 2019</u>	<u>Additions</u>	<u>Payments/ Deletions</u>	<u>Balance 2020</u>
2017 Series COPS	30,277,774	-	(3,354,390)	26,923,384
2020 Series COPS	-	70,331,984	(40,131)	70,291,853
<b>Total long-term debt</b>	<b>\$ 30,277,774</b>	<b>70,331,984</b>	<b>(3,394,521)</b>	<b>97,215,237</b>

As of June 30, 2020, the District had total outstanding debt of \$97.2 million, which was an increase of \$66.9 million from the prior fiscal year. The increase was due to the issuance of the 2020 COPS. Please refer to Note 6, Long-Term Debt in the accompanying Notes to the Financial Statements.

**Requests for Information**

This financial report is designed to provide the District's funding sources, ratepayers, stakeholders, and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District at 1965 Placentia Avenue, Costa Mesa, California 92627-3420 or call (949) 574-1022.

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## **BASIC FINANCIAL STATEMENTS**

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**MESA WATER DISTRICT  
STATEMENTS OF NET POSITION  
JUNE 30, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Investments	\$ 43,654,237	\$ 35,006,268
Accrued Interest Receivable	51,587	62,143
Accounts Receivable, Net	7,133,186	7,790,817
Materials and Supplies Inventory	447,282	316,434
Deposits and Prepaid Items	190,850	305,013
Total Current Assets	51,477,142	43,480,675
<b>NONCURRENT ASSETS</b>		
Restricted - Cash and Investments Held by Fiscal Agent	57,751,640	67,336,195
Restricted - Cash and Investments Held by Pension Trust	16,615,556	13,188,800
Other Noncurrent Assets	10,400	10,400
Capital Assets, Not Being Depreciated	23,971,247	25,146,930
Depreciable Capital Assets, Net	118,098,036	109,784,528
Total Noncurrent Assets	216,446,879	215,466,853
Total Assets	267,924,021	258,947,528
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Unamortized Loss on Bond Defeasance	485,225	614,618
Deferred Amounts from OPEB Plan	283,708	252,135
Deferred Amounts from Pension Plans	2,398,444	2,540,008
Total Deferred Outflows of Resources	3,167,377	3,406,761

See accompanying Notes to Basic Financial Statements.

**MESA WATER DISTRICT  
STATEMENTS OF NET POSITION (CONTINUED)  
JUNE 30, 2021 AND 2020**

	2021	2020
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 7,910,534	\$ 6,116,151
Accrued Wages and Related Payables	271,415	263,323
Customer Advances and Deposits	2,439,438	2,209,544
Accrued Interest Payable	1,041,673	529,048
Long-Term Liabilities - Due Within One Year:		
Current Portion of Compensated Absences	525,971	433,409
Current Portion of Certificates of Participation Payable	3,175,000	2,975,000
Total Current Liabilities	15,364,031	12,526,475
<b>NONCURRENT LIABILITIES</b>		
Long-Term Liabilities - Due in More Than One Year:		
Compensated Absences	131,493	108,352
Net OPEB Liability	347,530	410,849
Net Pension Liability	12,575,902	11,526,367
Certificates of Participation Payable	90,014,269	94,240,237
Total Noncurrent Liabilities	103,069,194	106,285,805
Total Liabilities	118,433,225	118,812,280
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Amounts from OPEB Plan	286,376	357,953
Deferred Amounts from Pension Plans	298,677	819,097
Total Deferred Inflows of Resources	585,053	1,177,050
<b>NET POSITION</b>		
Net Investment in Capital Assets	105,770,707	105,042,348
Restricted for Pension Benefits	6,139,421	3,383,344
Unrestricted	40,162,992	33,939,267
Total Net Position	\$ 152,073,120	\$ 142,364,959

See accompanying Notes to Basic Financial Statements.

**MESA WATER DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>OPERATING REVENUES</b>		
Water Consumption Sales	\$ 29,431,505	\$ 26,913,077
Monthly Meter Service Charge	8,464,262	7,870,740
Recycled Water Sales	1,428,840	1,250,605
Concessions from Governmental Agencies	-	163,691
Other Charges and Services	665,928	526,777
Total Operating Revenues	<u>39,990,535</u>	<u>36,724,890</u>
<b>OPERATING EXPENSES</b>		
Imported Sources of Supply	370,881	507,008
Basin Managed Water	28,388	659,666
Clear Water	7,569,448	6,760,158
Amber Water	3,191,073	3,158,924
Recycled Water	1,009,398	861,521
Transmission and Distribution	7,360,850	6,020,490
Depreciation and Amortization	5,491,984	5,517,326
General and Administrative	8,959,171	9,270,384
Total Operating Expenses	<u>33,981,193</u>	<u>32,755,477</u>
<b>OPERATING INCOME</b>	<u>6,009,342</u>	<u>3,969,413</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment Earnings	4,367,631	1,255,743
Interest Expense - Long-Term Debt	(2,754,815)	(964,979)
Gain (Loss) on Sale/Disposition of Capital Assets, Net	5,500	8,123
Bond Issuance Costs	-	(322,473)
Other Nonoperating, Net	(11,182)	(1,990,429)
Total Nonoperating Revenues (Expenses)	<u>1,607,134</u>	<u>(2,014,015)</u>
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	<u>7,616,476</u>	<u>1,955,398</u>
<b>CAPITAL CONTRIBUTIONS</b>		
Capacity and Installation Charges	473,316	1,297,240
Capital Grant	578,702	584,091
Developers and Others	1,039,667	1,203,077
Total Capital Contributions	<u>2,091,685</u>	<u>3,084,408</u>
<b>CHANGE IN NET POSITION</b>	9,708,161	5,039,806
Net Position - Beginning of Year	<u>142,364,959</u>	<u>137,325,153</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 152,073,120</u>	<u>\$ 142,364,959</u>

See accompanying Notes to Basic Financial Statements.

**MESA WATER DISTRICT  
STATEMENTS OF CASH FLOWS  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Receipts from Customers for Water Sales and Services	\$ 40,655,025	\$ 35,474,198
Cash Paid to Employees for Salaries and Wages	(9,478,055)	(8,741,314)
Cash Paid to Vendors and Suppliers for Materials and Services	<u>(16,616,633)</u>	<u>(18,698,097)</u>
Net Cash Provided by Operating Activities	<u>14,560,337</u>	<u>8,034,787</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and Construction of Capital Assets	(11,590,143)	(6,569,313)
Proceeds from Capacity and Installation Charges	696,351	782,866
Principal Proceeds from 2020 Certificates of Participation	-	55,985,000
Premium Proceeds from 2020 Certificates of Participation	-	14,346,984
Bond Issuance Costs	-	(322,473)
Proceeds from Capital Grants	578,702	584,091
Principal Paid on Long-Term Debt	(2,975,000)	(2,785,000)
Interest Paid on Long-Term Debt	(3,163,764)	(1,293,258)
Proceeds from Sale of Capital Assets	<u>5,500</u>	<u>8,123</u>
Net Cash Provided (Used) by Financing Activities	<u>(16,448,354)</u>	<u>60,737,020</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment to Pars OPEB Trust	(110,000)	(110,000)
Earnings on Pars Pension Trust Used to Purchase Investments, Net of \$71,031 and \$66,170 of Administrative Fees as of June 30, 2021 and 2020, Respectively	(4,222,688)	(178,051)
Investment Earnings	363,893	549,809
Proceeds from Sale of Investments	7,766,428	13,312,113
Purchase of Investments	<u>(11,230,972)</u>	<u>(7,999,463)</u>
Net Cash Provided (Used) by Investing Activities	<u>(7,433,339)</u>	<u>5,574,408</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(9,321,356)	74,346,215
Cash and Cash Equivalents - Beginning of Year	<u>84,169,049</u>	<u>9,822,834</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 74,847,693</u>	<u>\$ 84,169,049</u>

See accompanying Notes to Basic Financial Statements.

**MESA WATER DISTRICT  
STATEMENTS OF CASH FLOWS (CONTINUED)  
YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income	\$ 6,009,342	\$ 3,969,413
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	5,491,984	5,517,326
Other Nonoperating Revenue (Expense)	(234,217)	(1,476,055)
(Increase) Decrease in Assets:		
Accounts Receivable	657,631	(1,160,633)
Materials and Supplies Inventory	(130,848)	(117,324)
Deposits and Prepaid Expenses	114,163	(99,901)
Deferred Outflows for OPEB Plan	(31,573)	(148,253)
Deferred Outflows for Pension Plans	141,564	81,540
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	1,794,383	826,143
Customer Advances and Deposits	229,894	(604,433)
Compensated Absences	115,703	89,428
Accrued Wages and Related Payables	8,092	137,046
Net OPEB Liability	(63,319)	(275,410)
Net Pension Liability	1,049,535	1,059,622
Deferred Inflows for OPEB Plan	(71,577)	285,383
Deferred Inflows for Pension Plans	(520,420)	(49,105)
Net Cash Provided by Operating Activities	\$ 14,560,337	\$ 8,034,787
 <b>SUPPLEMENTAL DISCLOSURES OF NONCASH CAPITAL AND RELATED FINANCING AND INVESTING ACTIVITIES</b>		
Amortization of Loss on Bond Defeasance	\$ 129,393	\$ 129,393
Amortization of Long-Term Debt Premiums	\$ 1,050,968	\$ 609,521
Developer Constructed Facilities	\$ 1,039,667	\$ 1,203,077
Change in Fair Value of Investments	\$ (284,284)	\$ 509,998
 <b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET POSITION</b>		
Cash and Investments	\$ 43,654,237	\$ 35,006,268
Restricted Cash and Investments	74,367,196	80,524,995
Less: Noncash Equivalents	(43,173,740)	(31,362,214)
Cash and Cash Equivalents	\$ 74,847,693	\$ 84,169,049

See accompanying Notes to Basic Financial Statements.

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**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Description of the District**

Mesa Water District (the District) is an independent special district formed on January 1, 1960, pursuant to Section 33200 et. seq., of the California Water Code, which was designated the Costa Mesa District Merger Law. The general provisions of this law called for the consolidation of four predecessor agencies.

The District is located in Orange County, California and provides water to the City of Costa Mesa, parts of the City of Newport Beach, and unincorporated parts of Orange County, including the John Wayne Airport. Mesa Water sells water at a “pass through” cost to the City of Huntington Beach through a jointly owned pipeline for which the City of Huntington Beach contributes 41.4% of the operation and maintenance costs. Amounts received from this agreement are netted against the costs to result in only the District’s cost remaining.

The District’s potable water is produced from groundwater wells or purchased from the Municipal Water District of Orange County (MWDOC), a member agency of the Metropolitan Water District of Southern California (MWD). Nonpotable (recycled) water is purchased from the Orange County Water District (OCWD).

The District’s revenue results solely from its activities as a water utility and it does not receive tax revenues of any kind.

The District is governed by a five-member Board of Directors (Board) who serve overlapping four-year terms. Each member of the Board represents one of five geographic divisions of approximately equal population. The Board periodically elects one of its members to serve as President and another as Vice-President. The Board appoints the General Manager who is responsible for the day-to-day operations and the administration of the District in accordance with its policies. The Board also appoints the District Secretary, Assistant District Secretary, District Treasurer, and Assistant District Treasurer.

The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable.

Mesa Water District Improvement Corporation (Corporation) was incorporated in March 1988. The Corporation is a California nonprofit public benefit corporation formed to assist in the financing of certain improvements to the District’s water system and as such has no employees or other operations. The Corporation meets the definition of a component unit, and would be presented on a blended basis, since it is part of the primary government; however, since the Corporation has no activity, no financial information has been included in these financial statements.

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus and Basis of Accounting – Proprietary Fund**

Although the Corporation is a legally separate entity, the governing board is comprised of the same membership as the District's Board. The District may impose its will on the Corporation and there is a financial benefit/burden relationship between the District and the Corporation. The Corporation does not issue separate financial statements and does not have any activity for the fiscal years ended June 30, 2021 and 2020.

The District is accounted for as an enterprise fund (proprietary fund type). A fund is an accounting entity with a self-balancing set of accounts established to record the net position and results of operations of a specific governmental activity. The activities of enterprise funds closely resemble those of ongoing business in which the purpose is to conserve and add to basic resources while meeting operating expenses from current revenues. Enterprise funds account for operations that provide services on a continuous basis and are substantially financed by revenues derived from user charges.

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The accompanying financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the economic measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with these activities are included on the statement of net position. The statement of revenues, expenses and changes in net position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with water operations. The principal operating revenues of the District are charges to customers for sales and services such as water consumption sales, monthly meter service charge, recycled water sales, concessions from governmental agencies, and other charges and services. Operating expenses include cost of sales and services, which includes imported sources of supply, basin managed water, clear water, amber water, recycled water, transmission and distribution, general and administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Capital contributions are reported as a separate line item in the statement of revenues, expenses and changes in net position and consist of contributed capital assets (developers and others), capital grants, and other charges that are legally restricted for capital expenditures by state law or by Board action that established those charges (capacity and installation charges).

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**New Pronouncements**

**Current Year Standards – GASB No. 84**

In January 2017, GASB issued Statement No. 84 – *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The District adopted this standard in the current fiscal year. Implementation of GASB 84 removed the previously reported OPEB trust that no longer qualifies as a fiduciary fund of the District.

**Net Position**

In the statement of net position, net position is classified into the following categories:

*Net Investment in Capital Assets* – This amount consists of capital assets, net of accumulated depreciation, and reduced by outstanding debt and other payables that are attributed to the acquisition, construction, or improvement of the assets.

*Restricted Net Position* – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments. The District's restricted net position reflects the restricted – cash held by pension trust offset by corresponding pension deferred outflows and inflows of resources and the net pension liability.

*Unrestricted Net Position* – This amount is all net position that do not meet the definition of "net investment in capital assets".

**Net Position Flow Assumption**

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied except in the case of restricted pension net position for which the District will specifically identify annual amounts to be utilized from the pension trust to fund the annual required payments for the net pension liability.

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgetary Policies**

The District adopts an annual nonappropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparison of actual revenue and expense with planned revenue and expense for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

**Cash and Cash Equivalents**

The District considers all highly liquid investments that were purchased with a maturity of three months or less to be cash equivalents, except for the cash held with fiscal agent.

**Investments and Investment Policy**

Investments are reported in the accompanying financial statements at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District has adopted an investment policy directing the District's Treasurer to deposit funds in financial institutions. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

**Accounts Receivable**

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

**Restricted Assets**

Restricted assets are financial resources generated for a specific purpose such as capital projects or pension. These assets are for the benefit of a specified purpose and, as such, are legally or contractually restricted by an external third-party agreement.

**Prepaid Expenses**

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

**Material and Supplies Inventory**

Materials and supplies inventory consists primarily of pipe fittings, meters, and hydrants used for construction and repairs to the water system, which are valued at cost. The first in first out (FIFO) perpetual cost flow assumption is used when inventory is expensed or capitalized the time of use.

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital and Intangible Assets**

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

	<u>Useful Life</u>
Land Improvements	15 to 50 Years
Buildings and Improvements	10 to 50 Years
Machinery and Equipment	4 to 10 Years
Transmission and Distribution System	10 to 99 Years
Reservoirs	50 to 75 Years
Metering Stations	10 to 99 Years
Wells and Pumping Plant	5 to 50 Years
Metering Stations	50 Years
Intangible Assets	3 to 40 Years
Control Systems	4 to 20 Years
Mesa Water Reliability Facility	5 to 50 Years

**Compensated Absences**

The District's personnel policies provide for accumulation of vacation. Liabilities for vacation are recorded when benefits are earned. Cash payment of unused vacation is available to those qualified employees when retiring or separating from the District.

**Customer Advances and Deposits**

Customer advances include deposits received in aid of construction, which are partially refundable if the applicable construction does not take place. Construction advances are transferred to contributed capital when the applicable construction project is completed.

Customer advances also include fees received for installation and inspection services for which the District has yet to provide the service. Revenue is recognized when the service is provided and any deposit remaining at the conclusion of the service is refunded to the customer.

Customer deposits may be collected at the time water service is initiated. Deposits may be applied to customer accounts or refunded at the time an account is closed.

**Water Sales**

The majority of water sales are billed on a bi-monthly cyclical basis. Large meter customers and high consumption users are billed on a monthly basis. Estimated unbilled water sales and service charges through June 30th have been accrued as of year-end.

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Contributions**

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies or real estate developers desiring services that require capital expenditures or capacity commitment.

**Capacity Charges**

The District recognizes revenue from capacity charges at the time the deposits become nonrefundable, which is when the relevant system actually connects to the District's potable water system.

**Deferred Inflows/Outflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until then. The District has the following items that qualify for reporting in this category:

- An unamortized loss on bond defeasance results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflows related to pensions and OPEB equal to employer contributions made after the measurement date of the net pension and OPEB liabilities.
- Deferred outflows related to pensions for differences between actual and expected experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plans.
- Deferred outflows from pensions and OPEB resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average expected remaining services lives of all employees that are provided with pensions and OPEB through the plans.
- Deferred outflows related to pensions and OPEB resulting from the net difference in projected and actual earnings on investments of the pension plan and OPEB plan fiduciary net position. These amounts are amortized over five years.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category:

- Deferred inflows related to pensions and OPEB for differences between actual and expected experiences and changes in assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and OPEB through the plans.

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Inflows/Outflows of Resources (Continued)**

- Deferred inflows related to pensions and OPEB resulting from the net difference in projected and actual earnings on investments of the pension and OPEB plan fiduciary net position. These amounts are amortized over five years.
- Deferred inflows related to pensions from changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average expected remaining services lives of all employees that are provided with pensions through the plans.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

	2021	2020
Valuation Date (VD)	June 30, 2019	June 30, 2018
Measurement Date (MD)	June 30, 2020	June 30, 2019
Measurement Period (MP)	June 30, 2019 to June 30, 2020	June 30, 2018 to June 30, 2019

**OPEB Plan**

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, the District's OPEB plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Use of Estimates**

The preparation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Reclassifications**

Certain amounts in the June 30, 2020 financial statements have been reclassified for comparative purposes to conform to the presentation in the June 30, 2021 financial statements. There was no change in reported net income or net position related to these reclassifications.

**NOTE 2 CASH AND INVESTMENTS**

Cash and investments as of June 30, 2021 and 2020, are classified in the financial statements as follows:

	<u>2021</u>	<u>2020</u>
Statements of Net Position:		
Cash and Investments	\$ 43,654,237	\$ 35,006,268
Restricted Cash and Investments: Fiscal Agent	57,751,640	67,336,195
Restricted Cash and Investments: Pension Trust	16,615,556	13,188,800
Total Cash and Investments	<u>\$ 118,021,433</u>	<u>\$ 115,531,263</u>

Cash and investments as of June 30, 2021 and 2020, consist of the following:

	<u>2021</u>	<u>2020</u>
Petty Cash	\$ 14,500	\$ 14,500
Deposits With Financial Institutions	16,265,194	14,018,894
Restricted:		
Cash Held By Fiscal Agent	<u>57,741,371</u>	<u>67,335,618</u>
Total Cash	74,021,065	81,369,012
Investments	27,374,543	20,972,874
Restricted:		
Investments Held By Fiscal Agent	10,269	577
Investments Held By Pension Trust	<u>16,615,556</u>	<u>13,188,800</u>
Total Investments	44,000,368	34,162,251
 Total Cash and Investments	 <u>\$ 118,021,433</u>	 <u>\$ 115,531,263</u>

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

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

The following table identifies the investment types that are authorized by the District in accordance with the California Government Code (or the District's Investment Policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's Investment Policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District or the investments of funds within the pension Trust that are governed by the agreement between the District and the trustee, rather than the general provisions of the California Government Code or the District's Investment Policy.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 Years	None	None
Mesa Water District Bonds	5 Years	None	None
U.S. Treasury Obligations	5 Years	None	None
State of California Obligations	5 Years	None	None
Other State Obligations	5 Years	None	None
California Local Agency Obligations	5 Years	None	None
U.S. Agency Securities	5 Years	None	None
Bankers' Acceptances	180 Days	40%	30%
Prime Commercial paper	270 Days	25%	10%
Negotiable Certificates of Deposit	5 Years	30%	*
Repurchase Agreements	1 Year	None	None
Reverse Repurchase Agreements	92 Days	20%	**
Medium-Term notes	5 Years	30%	10%
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Trust Indenture or Other Contract	Per Contract	Per Contract	Per Contract
Collateralized Bank Deposits	5 Years	None	None
Mortgage Pass-Through Securities	5 Years	20%	None
Shares of Beneficial Interest in JPA's	N/A	None	None
Certificates of Deposits	5 Years	30%	None
Local Agency Investment Fund (LAIF)	N/A	None	\$75 Million
County Pooled Investment Funds	N/A	None	None
Time Deposits	5 Years	None	*

\* Subject to FDIC limits

\*\* of Base

The District's investment policy mirrors the California Government Code except for mortgage pass-through securities. The District's policy is more restrictive than the California Government Code as investments in mortgage pass-through securities shall not exceed 10% of the portfolio.

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Investments Authorized by Debt Agreements**

Investment of debt proceeds held by bond trustees are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's Investment Policy.

**Pension Trust**

**Investment Policy**

The District established a trust account with Public Agency Retirement Services (PARS) to hold assets that are legally restricted for use in administering the District's pension plan. The pension trust Funds' specific cash and investments are managed by a third-party portfolio manager under guidelines approved by the District.

Those guidelines are as follows:

Risk Tolerance: Capital Appreciation

Risk Management: The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process help to drive return potential while reducing portfolio risk.

Investment Objective: The primary goal of the capital appreciation objective is growth of principal. The major portion of the assets are invested in equity securities and market fluctuations are expected.

Strategic Ranges: 0% to 20% Cash  
10% to 30% Fixed Income  
65% to 85% Equity

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Investment in State Investment Pool and County Investment Pool**

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The District is also a voluntary participant in the Orange County Investment Pool (OCIP) that is regulated by California Government Code and the Orange County Board of Supervisors under the oversight of the Orange County Treasurer-Tax Collector. The fair value of the District's investments in these pools is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF and OCIP for each respective portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF and OCIP, which are recorded on an amortized cost basis multiplied by a fair value factor.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a governmental entity will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a governmental entity will not be able to recover the value of its investment or collateral securities that are in the possession of another party. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF and OCIP).

The California Government Code and the District's Investment Policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit), and, the District's investment policy that requires no more than two-thirds of the District's deposits in a depository shall be collateralized by mortgage-backed securities, with the remainder to be secured by nonmortgage-backed securities.

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. \$250,000 of bank balances at June 30, 2021 and 2020 are federally insured. Bank balances of \$16,974,688 and \$13,648,632 at June 30, 2021 and 2020, respectively, are collateralized in accordance with IRC; however, the collateralized securities are not held in the District's name.

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. In accordance with its Investment Policy, the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing over time as necessary to provide the cash flows and liquidity needed for operations. Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations is provided in the following tables that shows the distribution of the District's investments by maturity as of June 30, 2021 and 2020.

Investment Type	June 30, 2021			
	Total	12 Months or Less	13 to 24 Months	25 to 60 Months
Local Agency Investment Pool	\$ 1,083	\$ 1,083	\$ -	\$ -
Orange County Investment Pool	825,545	825,545	-	-
Federal Agency Securities:				
Federal Farm Credit Bank (FFCB)	4,039,993	-	767,307	3,272,686
Federal National Mortgage Association (FNMA)	2,816,693	506,835	507,365	1,802,493
Federal Home Loan Bank (FHLB)	3,532,933	755,153	1,040,460	1,737,320
Federal Home Loan Mortgage Corporation (FHLMC)	3,361,366	-	-	3,361,366
Federal Agricultural Mortgage Corporation (FAMC)	1,054,375	-	-	1,054,375
Negotiable Certificates of Deposit	10,597,155	1,945,451	501,555	8,150,149
Money Market Mutual Funds	654,842	654,842	-	-
U.S. Treasury Obligation	490,558	-	-	490,558
Held By Fiscal Agent:				
Money Market Mutual Funds	10,269	10,269	-	-
Held By Pension Trust:				
Money Market Mutual Funds	55,460	55,460	-	-
Mutual Funds	16,560,096	16,560,096	-	-
Total	<u>\$ 44,000,368</u>	<u>\$ 21,314,734</u>	<u>\$ 2,816,687</u>	<u>\$ 19,868,947</u>

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Disclosures Relating to Interest Rate Risk (Continued)**

Investment Type	June 30, 2020			
	Total	12 Months Or Less	13 to 24 Months	25 to 60 Months
Local Agency Investment Pool	\$ 1,073	\$ 1,073	\$ -	-
Orange County Investment Pool	2,798,964	2,798,964	-	\$ -
Federal Agency Securities:				
Federal Farm Credit Bank (FFCB)	1,276,858	-	-	1,276,858
Federal National Mortgage Association (FNMA)	1,027,175	-	514,755	512,420
Federal Home Loan Bank (FHLB)	2,584,165	-	767,835	1,816,330
Federal Home Loan Mortgage Corporation (FHLMC)	1,749,427	-	-	1,749,427
Federal Agricultural Mortgage Corporation (FAMC)	1,077,865	-	-	1,077,865
Negotiable Certificates of Deposit	10,457,347	495,025	3,495,318	6,467,004
Medium Term Notes	-	-	-	-
Held By Fiscal Agent:				
Money Market Mutual Funds	577	577	-	-
Held By Pension Trust:				
Money Market Mutual Funds	461,632	461,632	-	-
Mutual Funds	12,727,168	12,727,168	-	-
Total	<u>\$ 34,162,251</u>	<u>\$ 16,484,439</u>	<u>\$ 4,777,908</u>	<u>\$ 12,899,904</u>

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's Investment Policy, or debt agreements, and the actual ratings by Standard & Poor's as of year-end for each investment type for the fiscal years ended June 30, 2021 and 2020.

Investment Type	June 30, 2021			
	AAA	AA	Not Rated	Total
Local Agency Investment Pool	\$ -	\$ -	\$ 1,083	\$ 1,083
Orange County Investment Pool	825,545	-	-	825,545
Federal Agency Securities:				
Federal Farm Credit Bank (FFCB)	-	4,039,993	-	4,039,993
Federal National Mortgage Association (FNMA)	-	2,816,693	-	2,816,693
Federal Home Loan Bank (FHLB)	-	3,532,933	-	3,532,933
Federal Home Loan Mortgage Corporation (FHLMC)	-	3,361,366	-	3,361,366
Federal Agricultural Mortgage Corporation (FAMC)	-	1,054,375	-	1,054,375
Negotiable Certificates of Deposit	-	-	10,597,155	10,597,155
Money Market Mutual Funds	654,842	-	-	654,842
U.S. Treasury Obligation	-	490,558	-	490,558
Held By Fiscal Agent:				
Money Market Mutual Funds	10,269	-	-	10,269
Held By Pension Trust:				
Money Market Mutual Funds	55,460	-	-	55,460
Mutual Funds	-	-	16,560,096	16,560,096
Total	<u>\$ 1,546,116</u>	<u>\$ 15,295,918</u>	<u>\$ 27,158,334</u>	<u>\$ 44,000,368</u>

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Disclosures Relating to Credit Risk (Continued)**

Investment Type	June 30, 2020			
	AAA	AA	Not Rated	Total
Local Agency Investment Pool	\$ -	\$ -	\$ 1,073	\$ 1,073
Orange County Investment Pool	2,798,964	-	-	2,798,964
Federal Agency Securities:				
Federal Farm Credit Bank (FFCB)	-	1,276,858	-	1,276,858
Federal National Mortgage Association (FNMA)	-	1,027,175	-	1,027,175
Federal Home Loan Bank (FHLB)	-	2,584,165	-	2,584,165
Federal Home Loan Mortgage Corporation (FHLMC)	-	1,749,427	-	1,749,427
Federal Agricultural Mortgage Corporation (FAMC)	-	1,077,865	-	1,077,865
Negotiable Certificates of Deposit	-	-	10,457,347	10,457,347
Medium Term Notes	-	-	-	-
Held By Fiscal Agent:				
Money Market Mutual Funds	577	-	-	577
Held By Pension Trust:				
Money Market Mutual Funds	461,632	-	-	461,632
Mutual Funds	-	-	12,727,168	12,727,168
Total	<u>\$ 3,261,173</u>	<u>\$ 7,715,490</u>	<u>\$ 23,185,588</u>	<u>\$ 34,162,251</u>

Investments in any one issuer (other than external investment pools, such as LAIF, OCIP, and the pension trust) that represent 5% or more of total District investments (excluding investments held by fiscal agent and held by pension trust) are as follows for the fiscal years ended June 30, 2021 and 2020:

June 30, 2021		
Issuer	Investment Type	Amount
FFCB	Federal Agency Securities	\$ 4,039,993
FHLB	Federal Agency Securities	3,532,933
FHLMC	Federal Agency Securities	3,361,366
FNMA	Federal Agency Securities	2,816,693
Total		<u>\$ 13,750,985</u>

June 30, 2020		
Issuer	Investment Type	Amount
FFCB	Federal Agency Securities	\$ 1,276,858
FHLB	Federal Agency Securities	2,584,165
FHLMC	Federal Agency Securities	1,749,427
FAMC	Federal Agency Securities	1,077,865
Total		<u>\$ 6,688,315</u>

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Fair Value Measurements**

The District categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets (significant other observable inputs), and Level 3 inputs are significant unobservable inputs.

Federal agency securities, negotiable certificates of deposit, U.S. treasury obligations, and mutual funds classified in level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

The District had the following recurring fair value measurements as of June 30, 2021:

Investment Type	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Federal Agency Securities:				
Federal Farm Credit Bank (FFCB)	\$ -	\$ 4,039,993	\$ -	\$ 4,039,993
Federal National Mortgage Association (FNMA)	-	2,816,693	-	2,816,693
Federal Home Loan Bank (FHLB)	-	3,532,933	-	3,532,933
Federal Home Loan Mortgage Corporation (FHLMC)	-	3,361,366	-	3,361,366
Federal Agricultural Mortgage Corporation (FAMC)	-	1,054,375	-	1,054,375
Negotiable Certificates of Deposit	-	10,597,155	-	10,597,155
U.S. Treasury Obligation	-	490,558	-	490,558
Held By Pension Trust:				
Mutual Funds	-	16,560,096	-	16,560,096
Total	<u>\$ -</u>	<u>\$ 42,453,169</u>	<u>\$ -</u>	<u>42,453,169</u>
Local Agency Investment Pool*				1,083
Orange County Investment Pool*				825,545
Money Market Mutual Funds*				654,842
Held By Fiscal Agent:				
Money Market Mutual Funds*				10,269
Held By Pension Trust:				
Money Market Mutual Funds*				55,460
Total investment Portfolio				<u>\$ 44,000,368</u>

\* Not subject to fair value measurement hierarchy.

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)**

**Fair Value Measurements (Continued)**

The District had the following recurring fair value measurements as of June 30, 2020:

Investment Type	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Federal Agency Securities:				
Federal Farm Credit Bank (FFCB)	\$ -	\$ 1,276,858	\$ -	\$ 1,276,858
Federal National Mortgage Association (FNMA)	-	1,027,175	-	1,027,175
Federal Home Loan Bank (FHLB)	-	2,584,165	-	2,584,165
Federal Home Loan Mortgage Corporation (FHLMC)	-	1,749,427	-	1,749,427
Federal Agricultural Mortgage Corporation (FAMC)	-	1,077,865	-	1,077,865
Negotiable Certificates of Deposit Held By Pension Trust:	-	10,457,347	-	10,457,347
Mutual Funds	-	12,727,168	-	12,727,168
Total	<u>\$ -</u>	<u>\$ 30,900,005</u>	<u>\$ -</u>	30,900,005
Local Agency Investment Pool*				1,073
Orange County Investment Pool*				2,798,964
Held By Fiscal Agent:				
Money Market Mutual Funds*				577
Held By Pension Trust:				
Money Market Mutual Funds*				461,632
Total Investment Portfolio				<u>\$ 34,162,251</u>

\* Not subject to fair value measurement hierarchy.

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 3 CAPITAL ASSETS**

Changes in capital assets during the fiscal year ended June 30, 2021 were as follows:

	Balance June 30, 2020	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2021
<b>Nondepreciable Assets:</b>				
Land	\$ 11,225,090	\$ -	\$ -	\$ 11,225,090
Construction-In-Progress	13,921,840	12,629,790	(13,805,473)	12,746,157
Total Nondepreciable Assets	<u>25,146,930</u>	<u>12,629,790</u>	<u>(13,805,473)</u>	<u>23,971,247</u>
<b>Depreciable Assets:</b>				
Land Improvements	984,412	1,039,338	-	2,023,750
Buildings And Improvements	5,121,698	4,525,673	-	9,647,371
Machinery And Equipment	4,778,138	750,580	-	5,528,718
Transmission And Distribution System	99,320,216	5,589,815	-	104,910,031
Reservoirs	28,999,946	-	-	28,999,946
Wells And Pumping Plant	22,021,182	517,348	-	22,538,530
Metering Stations	1,225,758	-	-	1,225,758
Intangible Assets	2,388,615	1,106,666	-	3,495,281
Control Systems	5,074,242	-	-	5,074,242
Mesa Water Reliability Facility	31,045,684	276,072	-	31,321,756
Total Depreciable Assets	<u>200,959,891</u>	<u>13,805,492</u>	<u>-</u>	<u>214,765,383</u>
<b>Accumulated Depreciation:</b>				
Land Improvements	(747,523)	(33,713)	-	(781,236)
Buildings And Improvements	(2,507,410)	(152,705)	-	(2,660,115)
Machinery And Equipment	(3,394,074)	(386,684)	-	(3,780,758)
Transmission And Distribution System	(45,957,509)	(1,711,597)	-	(47,669,106)
Reservoirs	(12,077,867)	(486,172)	-	(12,564,039)
Wells And Pumping Plant	(4,042,946)	(456,990)	-	(4,499,936)
Metering Stations	(380,485)	(24,515)	-	(405,000)
Intangible Assets	(2,259,766)	(39,120)	-	(2,298,886)
Control Systems	(3,171,980)	(366,425)	-	(3,538,405)
Mesa Water Reliability Facility	(16,635,803)	(1,834,063)	-	(18,469,866)
Total Accumulated Depreciation	<u>(91,175,363)</u>	<u>(5,491,984)</u>	<u>-</u>	<u>(96,667,347)</u>
Total Depreciable Assets, Net	<u>109,784,528</u>	<u>8,313,508</u>	<u>-</u>	<u>118,098,036</u>
Total Capital Assets, Net	<u>\$ 134,931,458</u>	<u>\$ 20,943,298</u>	<u>\$ (13,805,473)</u>	<u>\$ 142,069,283</u>

Depreciation and amortization expense during the fiscal year ended June 30, 2021 is as follows:

Capital Assets - Depreciation Expense	\$ 5,452,864
Intangible Assets - Amortization Expense	39,120
Total	<u>\$ 5,491,984</u>

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 3 CAPITAL ASSETS (CONTINUED)**

Changes in capital assets during the fiscal year ended June 30, 2020 were as follows:

	Balance June 30, 2019	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2020
<b>Nondepreciable Assets:</b>				
Land	\$ 11,225,090	\$ -	\$ -	\$ 11,225,090
Construction-In-Progress	7,833,081	7,772,390	(1,683,631)	13,921,840
Total Nondepreciable Assets	<u>19,058,171</u>	<u>7,772,390</u>	<u>(1,683,631)</u>	<u>25,146,930</u>
<b>Depreciable Assets:</b>				
Land Improvements	984,412	-	-	984,412
Buildings And Improvements	5,121,698	-	-	5,121,698
Machinery And Equipment	4,811,605	-	(33,467)	4,778,138
Transmission And Distribution System	97,636,585	1,683,631	-	99,320,216
Reservoirs	28,999,946	-	-	28,999,946
Wells And Pumping Plant	22,021,182	-	-	22,021,182
Metering Stations	1,225,758	-	-	1,225,758
Intangible Assets	2,388,615	-	-	2,388,615
Control Systems	5,074,242	-	-	5,074,242
Mesa Water Reliability Facility	31,045,684	-	-	31,045,684
Total Depreciable Assets	<u>199,309,727</u>	<u>1,683,631</u>	<u>(33,467)</u>	<u>200,959,891</u>
<b>Accumulated Depreciation:</b>				
Land Improvements	(719,094)	(28,429)	-	(747,523)
Buildings And Improvements	(2,373,933)	(133,477)	-	(2,507,410)
Machinery And Equipment	(3,012,381)	(415,160)	33,467	(3,394,074)
Transmission And Distribution System	(44,291,962)	(1,665,547)	-	(45,957,509)
Reservoirs	(11,591,142)	(486,725)	-	(12,077,867)
Wells And Pumping Plant	(3,576,500)	(466,446)	-	(4,042,946)
Metering Stations	(355,970)	(24,515)	-	(380,485)
Intangible Assets	(2,184,679)	(75,087)	-	(2,259,766)
Control Systems	(2,805,555)	(366,425)	-	(3,171,980)
Mesa Water Reliability Facility	(14,780,288)	(1,855,515)	-	(16,635,803)
Total Accumulated Depreciation	<u>(85,691,504)</u>	<u>(5,517,326)</u>	<u>33,467</u>	<u>(91,175,363)</u>
Total Depreciable Assets, Net	<u>113,618,223</u>	<u>(3,833,695)</u>	<u>-</u>	<u>109,784,528</u>
Total Capital Assets, Net	<u>\$ 132,676,394</u>	<u>\$ 3,938,695</u>	<u>\$ (1,683,631)</u>	<u>\$ 134,931,458</u>

Depreciation and amortization expense during the fiscal year ended June 30, 2020 is as follows:

Capital Assets - Depreciation Expense	\$ 5,442,239
Intangible Assets - Amortization Expense	75,087
Total	<u>\$ 5,517,326</u>

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 4 COMPENSATED ABSENCES**

Compensated absences comprise of unpaid vacation which is accrued as earned. The changes in compensated absences balances during the fiscal years ended June 30, 2021 and 2020, were as follows:

2021					
Beginning of Year	Earned	Taken	End of Year	Current Portion	Long-Term Portion
\$ 541,761	\$ 351,917	\$ (236,214)	\$ 657,464	\$ 525,971	\$ 131,493
2020					
Beginning of Year	Earned	Taken	End of Year	Current Portion	Long-Term Portion
\$ 452,333	\$ 375,843	\$ (286,415)	\$ 541,761	\$ 433,409	\$ 108,352

**NOTE 5 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN**

**Plan Description**

The District has an agent multiple-employer defined benefit plan that provides postemployment health care benefits, including medical, dental, and vision benefits, to eligible employees and their dependents at retirement through the California Public Employees Medical and Hospital Care Act (PEMHCA).

The District elected to join PARS (OPEB Trust) as a means to fund the Annual Determined Contribution (ADC). The OPEB Trust issues a publicly available financial report for the fiduciary net position that is available upon request. The plan itself does not issue a separate financial report.

The District is required to pay the PEMCHA minimum (\$139/month in 2020 and \$143/month in 2021) for each CalPERS retiree who is enrolled in CalPERS medical insurance for whom the District was their employer.

The following requirements must be satisfied in order to be eligible for postemployment medical, dental, and vision benefits: (1) attainment of age 55, and (2) 11 years of full-time service, and (3) retirement from the District (the District must be the last employer prior to retirement). For qualifying participants enrolled in a CalPERS medical plan, their District benefit includes the PEMHCA minimum.

Spouses at the time of the employee's retirement and surviving spouses are also eligible to receive benefits. Retirees may enroll in any plan available through the District's medical and dental programs. The ability to participate in the vision program is linked to participation in the medical program.

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 5 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**

**Employees Covered**

As of the measurement dates June 30, 2021 and 2020, the following current and former employees were covered by the benefit terms under the plan:

	Measurement Date	
	June 30,	
	2021	2020
Inactive Employees or Beneficiaries Currently Receiving Benefits	26	31
Inactive Employees or Beneficiaries Entitled to But Not Yet Receiving Benefits	-	1
Active Employees	57	57
Total	83	89

**Contributions**

Benefit provisions and contribution requirements are established and may be amended by the Board of Directors through agreements and memorandums of understanding between the District and its employees. The plan does not require employee contributions. Administrative costs of the OPEB plan are financed through investment earnings or paid directly by the District.

The annual contribution for the fiscal years ended June 30, 2021 and 2020, were based on the actuarially determined contribution and pay-as-you-go basis (i.e. as medical insurance premiums become due), respectively. For the fiscal year ended June 30, 2021, the District paid \$71,693 for current premiums, the implied subsidy was \$35,562, payments to the OPEB trust totaled \$110,000, and administrative expenses were \$514 for total contributions of \$217,769. For the fiscal year ended June 30, 2020, the District paid \$69,457 for current premiums, \$110,000 to the OPEB trust, \$6,444 for administrative expenses, and the estimated implied subsidy was \$24,755, resulting in total payments of \$210,656.

**Accounting for the Plan**

The OPEB trust with PARS is prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of each plan.

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 5 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**

**Method Used to Value Investments**

Investments with PARS are reported at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Securities for which market quotations are not readily available are valued at their fair value as determined by the custodian with the assistance of a valuation service.

**Fiduciary Net Position with PARS Trust**

The PARS OPEB Trust (Trust) contains assets of 167 member agencies as of June 30, 2020. The Trust invests in various investment securities including U.S. Treasury Obligations, U.S. Government Agency Issues, Corporate Debt Issues, Foreign Debt Issues, Municipal Debt Issues, Money Market Mutual Funds, Equity Mutual Funds, Fixed Income Mutual Funds, Domestic Common Stocks, and Foreign Stocks.

Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Trust manages exposure to interest rate risk by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing over time as necessary to provide the cash flows and liquidity needed for operations. Investments in the Trust mature as of June 30, 2020, as follows: 1% in one year or less, 5% in two to five years, 8% in five to ten years, 9% in more than 10 years.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The Trust investments are rated by Standard and Poor's or Moody's as of June 30, 2020, as follows: 3% are rated AAA; 1% are AA+, AA, or AA-; 4% are A+, A, A-; 5% are BBB+, BBB, or BBB-; 5% are exempt from ratings, and 82% are not rated.

Concentration of credit risk is the heightened risk of potential loss when investments are concentrated in one issuer. At June 30, 2020, the Trust had no investments concentrated in one issuer (other than mutual funds, U.S. treasury obligations, and corporate debt securities) that exceeded 5% of the Trust's investments.

All of the Trust's cash deposits as of June 30, 2020 of \$55,301,635, which includes the balances of all 167 member agencies, are federally insured for up to \$250,000 by the Federal Deposit Insurance Corporation. Deposits in excess of the federally insured amount are subject to custodial credit risk, which is the risk that, in the event of the failure of a depository financial institution, the Trust will not be able to recover its deposits.

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 5 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**

**Net OPEB Liability**

For the fiscal year ended June 30, 2021, the District's net OPEB liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. For the fiscal year ended June 30, 2020, the District's net OPEB liability was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2019. A summary of the principal assumptions and methods used to determine the total OPEB liability are shown below.

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020 and 2019
Actuarial Cost Method	Entry age normal, level percentage of payroll
Asset Valuation Method	Fair value
Actuarial Assumptions:	
Discount Rate	6.75%
Long-Term Expected Rate of Return on Investments	6.75%
General Inflation	2.75%
Medical Trend	Non-Medicare: 7.5% for 2020 (7.25% for 2021, 7.0% for 2022), decreasing to an ultimate rate of 4.0% in 2076 and later years. Medicare: 6.5% for 2020 (6.3% for 2021, 6.1% for 2022), decreasing to an ultimate rate of 4.0% in 2076 and later years.
Mortality	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019

The long-term expected rates of return are Bartel Associates estimates and are presented as geometric means developed over a 20-year period. The long-term expected real rates of return for each major asset class included in the OPEB plan's target asset allocation as of the fiscal years ended June 30, 2021 and 2020, are as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
PARS OPEB Trust:		
Global Equity	73.00%	4.82%
Fixed Income	20.00%	1.47%
Real Estate Investment Trusts	2.00%	3.76%
Cash	5.00%	0.06%
Total	100.00%	

Assumed Long-Term Rate of Inflation	2.75%
Expected Long-Term Net Rate of Return, Rounded	6.75%

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 5 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**

**Net OPEB Liability (Continued)**

**Discount Rate**

For the fiscal years ended June 30, 2021 and 2020, the discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed District contributions would result in sufficient plan assets to pay all benefits from the trust. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on the OPEB trust was applied to all periods of the projected benefits payments to determine the total OPEB liability.

**Changes in the Net OPEB Liability**

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance - June 30, 2019 (Measurement Date)	\$ 1,723,161	\$ 1,312,312	\$ 410,849
Changes in the Year:			
Service Cost	72,849	-	72,849
Interest on the Total OPEB Liability	118,050	-	118,050
Changes in Assumptions	(29,495)	-	(29,495)
Contributions - Employer	-	210,656	(210,656)
Net Investment Income	-	23,764	(23,764)
Benefit Payments	(94,212)	(94,212)	-
Administrative Expenses	-	(9,697)	9,697
Net Changes	<u>67,192</u>	<u>130,511</u>	<u>(63,319)</u>
Balance - June 30, 2020 (Measurement Date)	<u>\$ 1,790,353</u>	<u>\$ 1,442,823</u>	<u>\$ 347,530</u>

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 5 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**

**Changes in the Net OPEB Liability (Continued)**

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance - June 30, 2018 (Measurement Date)	\$ 1,923,848	\$ 1,237,589	\$ 686,259
Changes in the Year:			
Service Cost	79,816	-	79,816
Interest on the Total OPEB Liability	131,954	-	131,954
Differences Between Actual and Expected Experience	(363,133)	-	(363,133)
Changes in Assumptions	48,279	-	48,279
Contributions - Employer	-	103,882	(103,882)
Net Investment Income	-	77,659	(77,659)
Benefit Payments	(97,603)	(97,603)	-
Administrative Expenses	-	(9,215)	9,215
Net Changes	<u>(200,687)</u>	<u>74,723</u>	<u>(275,410)</u>
Balance - June 30, 2019 (Measurement Date)	<u>\$ 1,723,161</u>	<u>\$ 1,312,312</u>	<u>\$ 410,849</u>

**Change of Assumptions**

The mortality improvement scale was updated to Scale MP-2019 from Scale MP-2017 in the fiscal year ended June 30, 2020. The ACA Excise Tax was removed in the fiscal year ended June 30, 2021.

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Plan's Net OPEB Liability as of the Fiscal Year ended June 30, 2021	\$ 569,786	\$ 347,530	\$ 163,316
Plan's Net OPEB Liability as of the Fiscal Year ended June 30, 2020	\$ 624,673	\$ 410,849	\$ 233,620

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 5 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**

**Changes in the Net OPEB Liability (Continued)**

**Sensitivity of the Net OPEB Liability to Changes in Medical Trend Rates**

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using medical trend rates that are 1-percentage point lower:

	6.25% (Non-Medicare) and 5.3% (Medicare) Decreasing to 3.0% in 2076	7.25% (Non-Medicare) and 5.3% (Medicare) Decreasing to 4.0% in 2076	8.25% (Non-Medicare) and 5.3% (Medicare) Decreasing to 5.0% in 2076
Plan's Net OPEB Liability as of the Fiscal Year ended June 30, 2021	\$ 132,173	\$ 347,530	\$ 614,380
Plan's Net OPEB Liability as of the Fiscal Year ended June 30, 2020	\$ 218,282	\$ 410,849	\$ 648,423

**OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB**

For the years ended June 30, 2021 and 2020, the District recognized OPEB expense of \$51,300 and \$72,376, respectively.

As of June 30, 2021 and 2020, which are the measurement periods ending June 30, 2020 and 2019, respectively, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to Measurement Date	\$ 217,769	\$ -
Differences Between Actual and Expected Experience	-	(260,843)
Changes in Assumptions	34,679	(25,533)
Net Differences Between Projected and Actual Earnings on Plan Investments	31,260	-
Total	<u>\$ 283,708</u>	<u>\$ (286,376)</u>

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 5 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN (CONTINUED)**

**OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB**

**(Continued)**

\$217,769 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>	
2022	\$	(55,033)
2023		(39,675)
2024		(33,052)
2025		(34,208)
2026		(48,307)
Thereafter		(10,162)
Total	\$	<u>(220,437)</u>

	<u>June 30, 2020</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB Contributions Subsequent to Measurement Date	\$ 210,656	\$ -
Differences Between Actual and Expected Experience	-	(311,988)
Changes in Assumptions	41,479	-
Net Differences Between Projected and Actual Earnings on Plan Investments	-	(45,965)
Total	<u>\$ 252,135</u>	<u>\$ (357,953)</u>

\$210,656 reported as deferred outflows of resources related to contributions subsequent to the measurement date was recognized as a reduction of the total OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>	
2021	\$	(65,171)
2022		(65,171)
2023		(49,813)
2024		(43,190)
2025		(44,345)
Thereafter		(48,784)
Total	\$	<u>(316,474)</u>

**Payable to the OPEB Plan**

At June 30, 2021 and 2020, the District had no outstanding amount of contributions to the OPEB plan required for the years ended June 30, 2021 and 2020.

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 6 LONG-TERM DEBT**

The following amounts of debt were outstanding June 30, 2021 and 2020:

	Balance June 30, 2020	Additions	Repayments	End June 30, 2021	Amount Due in One Year
Other Debt:					
2017 Series COPs	\$ 23,080,000	\$ -	\$ (2,975,000)	\$ 20,105,000	\$ 3,175,000
Plus: Unamortized Premium	3,843,384	-	(569,391)	3,273,993	-
Subtotal 2017 COPs	26,923,384	-	(3,544,391)	23,378,993	3,175,000
2020 Series COPs	55,985,000	-	-	55,985,000	-
Plus: Unamortized premium	14,306,853	-	(481,577)	13,825,276	-
Subtotal 2020 COPs	70,291,853	-	(481,577)	69,810,276	-
Total COPs	<u>\$ 97,215,237</u>	<u>\$ -</u>	<u>\$ (4,025,968)</u>	<u>\$ 93,189,269</u>	<u>\$ 3,175,000</u>
	Beginning June 30, 2019	Additions	Repayments	End June 30, 2020	Amount Due in One Year
Other Debt:					
2017 Series COPs	\$ 25,865,000	\$ -	\$ (2,785,000)	\$ 23,080,000	\$ 2,975,000
Plus: Unamortized Premium	4,412,774	-	(569,390)	3,843,384	-
Subtotal 2017 COPs	30,277,774	-	(3,354,390)	26,923,384	2,975,000
2020 Series COPs	-	55,985,000	-	55,985,000	-
Plus: Unamortized premium	-	14,346,984	(40,131)	14,306,853	-
Subtotal 2020 COPs	-	70,331,984	(40,131)	70,291,853	-
Total COPs	<u>\$ 30,277,774</u>	<u>\$ 70,331,984</u>	<u>\$ (3,394,521)</u>	<u>\$ 97,215,237</u>	<u>\$ 2,975,000</u>

**2017 Revenue Certificates of Participation**

On June 19, 2017, the District issued \$29,295,000 of 2017 Revenue Certificates of Participation (COPs). The issuance proceeds were used to refund the 2010 COPs and to finance the purchase of two wells in order to increase the pumping capacity of the District. The COPs were issued at a premium of \$5,551,554 which will be amortized by \$42,263 per month over the life of the debt service, which is 10 years. Principal is payable on March 15th of each year and interest payments are payable on March 15th and September 15th each year, commencing September 15, 2017 with an interest rate of 5.0%. The COPs are scheduled to mature on March 15, 2027.

As a result of the refunding, the 2010 COPs are considered to be in substance defeased, and the related liabilities have been removed from the District's financial statements.

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 6 LONG-TERM DEBT (CONTINUED)**

**2017 Revenue Certificates of Participation (Continued)**

Future annual debt service requirements on the 2017 COPs are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 3,175,000	\$ 1,005,250	\$ 4,180,250
2023	3,385,000	846,500	4,231,500
2024	3,605,000	677,250	4,282,250
2025	3,835,000	497,000	4,332,000
2026	4,050,000	305,250	4,355,250
2027	2,055,000	102,750	2,157,750
Total Payments	<u>\$ 20,105,000</u>	<u>\$ 3,434,000</u>	<u>\$ 23,539,000</u>

**2020 Revenue Certificates of Participation**

On June 2, 2020, the District issued \$55,985,000 of 2020 Revenue Certificates of Participation (COPs). The issuance proceeds were used to finance improvements to the District Water System, including but not limited to: (i) the construction of two new groundwater production wells to increase groundwater production capacity, (ii) the rehabilitation of two reservoirs currently in operation, (iii) the development and construction of an outreach center at the Mesa Water Reliability Facility (MWRF), (iv) the rehabilitation and/or abandonment of nine large vaults, and (v) the scheduled annual replacements of hydrants, valves and meters. The COPs were issued at a premium of \$14,346,984 which will be amortized over the life of the debt service, which is approximately 30 years. Principal is payable on March 15th of each year and interest payments are payable on March 15th and September 15th each year, commencing September 15, 2020 with interest rates ranging from of 3.0% to 5.0%. The COPs are scheduled to mature on March 15, 2050.

Future annual debt service requirements on the 2020 COPs are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 2,566,200	\$ 2,566,200
2023	-	2,566,200	2,566,200
2024	-	2,566,200	2,566,200
2025	-	2,566,200	2,566,200
2026	-	2,566,200	2,566,200
2027-2031	6,085,000	12,393,250	18,478,250
2032-2036	9,480,000	10,408,000	19,888,000
2037-2041	11,885,000	8,006,550	19,891,550
2042-2046	14,425,000	5,459,250	19,884,250
2047-2050	14,110,000	1,806,750	15,916,750
Total Payments	<u>\$ 55,985,000</u>	<u>\$ 50,904,800</u>	<u>\$ 106,889,800</u>

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 6 LONG-TERM DEBT (CONTINUED)**

**Pledged Revenues**

The 2017 and 2020 Certificates of Participation are secured by a pledge of net revenues from the operation of the enterprise. The District has covenanted that it will set charges which will be sufficient to provide net revenues equal to at least 125% of the aggregate amount of annual debt service of the District. For the year ended June 30, 2020, the District reported net revenues of \$9,891,067 and debt service of \$4,078,250, which is 243%. For the year ended June 30, 2021, the District reported net revenues of \$16,164,622 and debt service of \$6,139,190, which is 263%.

**NOTE 7 DEFERRED COMPENSATION PROGRAM**

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for public employees that elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. The District is not required to make any contributions to this Program. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors.

Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 8 401(A) DEFINED CONTRIBUTION PLAN AND TERMINATED RETIREE HEALTH SAVINGS PLAN**

**Plan Prior to January 1, 2017**

For the benefit of its employees, the District participated in a Retiree Health Savings Plan (RHSP). The purpose of the RHSP was to provide supplementary health care benefits to the District's executive management. Prior to January 1, 2017, the District contributed \$15,000 per year for each member of the RHSP, which was automatically vested. No contributions were required of the participants. Members could withdraw funds at the normal retirement age of 55. Benefit terms, including contribution requirements, were established and could be amended by the District's Board of Directors.

The District is no longer making contributions to this plan since it was terminated on January 1, 2017 and replaced with a 401(a) plan as noted below. After the termination date, the only additions consist of investment earnings.

These assets are held in trust for the exclusive benefit of the participants. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors.

Since the District has little administrative involvement and does not perform the investing function for the RHSP, the assets and related liabilities are not shown on the statement of net position.

**Plan After January 1, 2017**

On January 1, 2017, the District terminated the RHSP plan noted above and replaced this plan with a 401(a) single employer defined contribution pension plan for employees within the Management Group. The District contributes 2.5% of each participant's base salary each year subject to limitations by the federal code, which is automatically vested. No contributions are required of the plan participants. Members can withdraw funds at the normal retirement age of 55. Benefit terms, including contribution requirements, are established and may be amended by the District's Board of Directors.

For the years ended June 30, 2021 and 2020, the District contributed \$34,689 and \$26,753, respectively to the 401(a) plan.

These assets are held in trust for the exclusive benefit of the participants. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors.

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 9 DEFINED BENEFIT PENSION PLAN**

**Plan Description**

All qualified permanent and probationary employees are eligible to participate in the Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect as of the fiscal years ended June 30, 2021 and 2020, are summarized as follows:

	Miscellaneous	
	Hire Date Prior to January 1, 2013	Hire Date on or After January 1, 2013
Benefit Formula	2% at Age 55	2% at Age 62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50 to 63	52 to 67
Monthly Benefits, as a Percent of Eligible Compensation	1.426% to 2.418%	1.0% to 2.5%
Required Employee Contribution Rates:	6.908%	7.250%
June 30, 2020:		
Required Employer Contribution Rates:		
Normal Cost Rate	10.868%	7.072%
Payment of Unfunded Liability	\$686,538	\$3,212
June 30, 2021:		
Required Employer Contribution Rates:		
Normal Cost Rate	11.746%	7.874%
Payment of Unfunded Liability	790014	5919

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. District contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

For the fiscal years ended June 30, 2021 and 2020, the District made contributions of \$1,376,783 and \$1,189,823, respectively.

**Actuarial Methods and Assumptions used to determine Total Pension Liability**

The total pension liability for the June 30, 2020 measurement period was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. The total pension liability for the June 30, 2019, measurement period was determined by an actuarial valuation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019. The total pension liability was based on the following assumptions:

	<u>Miscellaneous</u>	
	June 30, 2018	June 30, 2019
Valuation Date	June 30, 2018	June 30, 2019
Measurement Date	June 30, 2019	June 30, 2020
Actuarial Cost Method	Entry Age Normal Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Salary Increases	(1)	(1)
Mortality Rate Table	(2)	(2)
Post Retirement Benefit Increase	(3)	(3)

(1) Varies by entry age and service

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates includes 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

(3) The less of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% thereafter.

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Long-term Expected Rate of Return**

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

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

The expected real rates of return by asset class for the fiscal years ended June 30, 2021 and 2020 are as follows:

<u>Asset Class (a)</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10(b)</u>	<u>Real Return Years 11+ (c)</u>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	<u>100.00%</u>		

(a) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities

(b) An expected inflation of 2.0% used for this period

(c) An expected inflation of 2.92% used for this period

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15% for the fiscal years ended June 30, 2021 and 2020. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

At June 30, 2021 and 2020, the District reported a net pension liability for its proportionate share of the net pension liability as follows:

	<u>2021</u>	<u>2020</u>
Miscellaneous - Proportionate Share of the Net Pension Liability	<u>\$ 12,575,902</u>	<u>\$ 11,526,367</u>

The District's net pension liability for the Plan is measured as the proportionate share of the collective net pension liability. For the fiscal year ended June 30, 2021, the net pension liability of the Plan is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, using standard update procedures. For the fiscal year ended June 30, 2020, the net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, using standard update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability for the Plan as of the measurement dates ended June 30, 2018, 2019, and 2020 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2018	0.27773%
Proportion - June 30, 2019	0.28784%
Change - Increase (Decrease)	0.01011%
Proportion - June 30, 2019	0.28784%
Proportion - June 30, 2020	0.29814%
Change - Increase (Decrease)	0.01030%

For the years ended June 30, 2021 and 2020, the District recognized a pension expense of \$2,047,460 and \$2,281,880, respectively for the Plan.

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

As of June 30, 2021 and 2020, which are the measurement periods ending June 30, 2020 and 2019, respectively, the District reports other amounts for the Plan as deferred outflow and deferred inflow of resources related to pensions as follows:

	June 30, 2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 1,376,783	\$ -
Differences Between Actual and Expected Experience	648,074	-
Changes in Assumptions	-	(89,696)
Change in Employer's Proportion and Differences Between the Employer's Contributions and the Employer's Proportionate Share of Contributions	-	(208,981)
Net Differences Between Projected and Actual Earnings on Plan Investments	373,587	-
Total	\$ 2,398,444	\$ (298,677)

\$1,376,783 is reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending December 31,	Amount
2022	\$ 19,674
2023	274,421
2024	249,707
2025	179,182
2026	-
Thereafter	-
Total	\$ 722,984

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources  
Related to Pensions (Continued)**

	June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 1,189,823	\$ -
Differences Between Actual and Expected Experience	800,554	(62,027)
Changes in Assumptions	549,631	(194,840)
Change in Employer's Proportion and Differences Between the Employer's Contributions and the Employer's Proportionate Share of Contributions	-	(360,713)
Net Differences Between Projected and Actual Earnings on Plan Investments	-	(201,517)
Total	\$ 2,540,008	\$ (819,097)

\$1,189,823 is reported as deferred outflows of resources related to contributions subsequent to the measurement date was recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 625,620
2022	(191,637)
2023	56,383
2024	40,722
2025	-
Thereafter	-
Total	\$ 531,088

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)**

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

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

	1% Decrease (6.15%)	Discount Rate (7.15%)	1% Increase (8.15%)
Plan's Net Pension Liability as of the Fiscal Year Ended June 30, 2021	\$ 19,220,000	\$ 12,575,902	\$ 7,086,091
Plan's Net Pension Liability as of the Fiscal Year Ended June 30, 2020	\$ 17,929,028	\$ 11,526,367	\$ 6,241,422

**Pension Plan Fiduciary Net Position**

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**Payable to the Pension Plan**

At June 30, 2021 and 2020, the District had no outstanding amount of contributions to the pension plan required for the years ended June 30, 2021 and 2020.

**Additional Funding of the Pension Plan**

In June 2017, the District approved the creation of a CalPERS defined benefit pension plan trust with PARS (Pension Trust). The PARS trust is legally restricted to providing benefits for members of the defined benefit pension plan. However, in accordance with GASB 68, the asset balance is not included in calculation of the net pension liability above.

The District made no contributions to the Pension Trust in the fiscal years ended June 30, 2021 and 2020, respectively. Investment earnings of \$4,293,719, administrative expenses of \$71,031, and distributions of \$795,933 resulted in an asset balance of \$16,615,556 as of June 30, 2021. Investment earnings of \$244,221, administrative expenses of \$66,170, and distributions of \$517,312 resulted in an asset balance of \$13,188,800 as of June 30, 2020.

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 10 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. On June 30, 2021 and 2020 the District participated in the liability and property programs of the ACWA/JPIA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of \$5 million. ACWA/JPIA purchases additional excess coverage layers: \$55 million for general, auto, and public official's liability which increases the limits on the insurance coverage noted above.
- Public employee dishonesty coverage up to \$3.0 million per loss and includes public employee dishonesty, forgery or alteration, computer fraud, and ERISA.
- Cyber liability coverage up to \$5,000,000 per occurrence and \$5,000,000 in aggregate.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis. ACWA/JPIA is self-insured for the first \$100,000 and purchases excess coverage up to \$500 million limited to insurable value of \$75,677,193.
- Boiler and machinery coverage for the replacement cost up to \$500 million per occurrence limited to insurable value, subject to various deductibles depending on the type of equipment.
- Workers' Compensation Insurance up to California statutory limits for all work related injuries/illnesses covered by California law. ACWA/JPIA is self-insured to \$2 million has purchased excess insurance to the statutory limit.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ended June 30, 2021 and 2020. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no claims payable as of June 30, 2021 and 2020, and 2019.

**MESA WATER DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020**

**NOTE 11 COMMITMENTS AND CONTINGENCIES**

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

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of an outbreak of a new strain of coronavirus (the "COVID-19 outbreak") and the risks that is posed to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the global situation on the District's financial condition, liquidity, operations and workforce. The District cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time.

**REQUIRED SUPPLEMENTARY INFORMATION**

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**MESA WATER DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
LAST TEN FISCAL YEARS\***

Fiscal Year Ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Period	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's Proportion of the Net Pension Liability	0.29814%	0.28784%	0.27773%	0.26976%	0.26051%	0.24319%	0.25558%
Plan's Proportionate Share of the Net Pension Liability	\$ 12,575,902	\$ 11,526,367	\$ 10,466,745	\$ 10,633,962	\$ 9,049,658	\$ 6,671,898	\$ 6,316,538
Plan's Covered Payroll	\$ 5,167,801	\$ 4,731,286	\$ 4,788,239	\$ 4,880,332	\$ 4,641,846	\$ 4,124,923	\$ 5,360,103
Plan's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	243.35%	243.62%	218.59%	217.89%	194.96%	161.75%	117.84%
Plan's Proportionate Share of Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	74.81%	75.26%	75.26%	73.31%	74.06%	82.72%	83.03%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2021:

There were no significant changes in assumptions.

\* Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

**MESA WATER DISTRICT  
SCHEDULE OF PLAN CONTRIBUTIONS – PENSION  
LAST TEN FISCAL YEARS\***

Fiscal Year Ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually Required Contribution (Actuarially Determined)	\$ 1,376,783	\$ 1,189,823	\$ 974,972	\$ 838,463	\$ 766,997	\$ 693,154	\$ 510,456
Contributions in Relation to the Actuarially Determined Contributions	(1,376,783)	(1,189,823)	(974,972)	(838,463)	(766,997)	(693,154)	(510,456)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 5,786,754	\$ 5,167,801	\$ 4,731,286	\$ 4,788,239	\$ 4,880,332	\$ 4,641,846	\$ 4,124,923
Contributions as a Percentage of Covered Payroll	23.79%	23.02%	20.61%	17.51%	15.72%	14.93%	12.37%

Notes to Schedule:

Valuation Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
<b>Methods and Assumptions Used to Determine Contribution Rates:</b>							
Actuarial Cost Method	Entry age						
Amortization Method	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	Fair Value	15 Year Smoothed Market Method					
Inflation	2.500%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary Increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	7.00% (3)	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement Age	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)

(1) Level percentage of payroll, closed

(2) Depending on age, service, and type of employment

(3) Net of pension plan investment expense, including inflation

(4) 50 years (2%@55) and 52 years (2%@62)

(5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

\* Fiscal year 2015 was the 1st year of implementation, therefore only seven years are shown.

**MESA WATER DISTRICT  
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS  
LAST TEN FISCAL YEARS\***

Fiscal Year Ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Period	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<b>Total OPEB Liability:</b>				
Service Cost	\$ 72,849	\$ 79,816	\$ 77,491	\$ 75,234
Interest on Total OPEB Liability	118,050	131,954	124,626	117,658
Actual vs. Expected Experience	-	(363,133)	-	-
Assumption Changes	(29,495)	48,279	-	-
Benefit Payments, Including Refunds and the Implied Subsidy Benefit Payments	(94,212)	(97,603)	(94,147)	(89,724)
Net Change in Total OPEB Liability	67,192	(200,687)	107,970	103,168
Total OPEB Liability - Beginning of Year	1,723,161	1,923,848	1,815,878	1,712,710
Total OPEB Liability - End of Year (A)	1,790,353	1,723,161	1,923,848	1,815,878
<b>Plan Fiduciary Net Position:</b>				
Contributions - Employer	210,656	103,882	100,236	339,724
Net Investment Income	23,764	77,659	109,377	135,762
Benefit Payments, Including Refunds and the Implied Subsidy Benefit Payments	(94,212)	(97,603)	(94,147)	(89,724)
Administrative Expenses	(9,697)	(9,215)	(9,121)	(6,367)
Net Change in Plan Fiduciary Net Position	130,511	74,723	106,345	379,395
Plan Fiduciary Net Position - Beginning of Year	1,312,312	1,237,589	1,131,244	751,849
Plan Fiduciary Net Position - End of Year (B)	1,442,823	1,312,312	1,237,589	1,131,244
Net OPEB Liability - Ending (A)-(B)	\$ 347,530	\$ 410,849	\$ 686,259	\$ 684,634
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	80.59%	76.16%	64.33%	62.30%
Covered-Employee Payroll	\$ 5,167,801	\$ 4,737,491	\$ 4,788,239	\$ 4,798,000
Net OPEB Liability as Percentage of Covered Payroll	6.72%	8.67%	14.33%	14.27%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

The mortality improvement scale was updated to Scale MP-2019 from Scale MP-2017 in the fiscal year ended June 30, 2020.

The ACA Excise Tax was removed in the fiscal year ended June 30, 2021.

\* Fiscal year 2018 was the first year of implementation; therefore, only four years are shown.

**MESA WATER DISTRICT  
SCHEDULE OF PLAN CONTRIBUTIONS – OPEB  
LAST TEN FISCAL YEARS\***

Fiscal Year Ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Actuarially Determined Contribution	\$ 119,039	\$ 115,302	\$ 147,000	\$ 143,000
Contributions in Relation To the Actuarially Determined Contributions	<u>(217,769)</u>	<u>(210,656)</u>	<u>(103,882)</u>	<u>(98,000)</u>
Contribution Deficiency (Excess)	<u>\$ (98,730)</u>	<u>\$ (95,354)</u>	<u>\$ 43,118</u>	<u>\$ 45,000</u>
Covered-Employee Payroll	\$ 5,786,754	\$ 5,167,801	\$ 4,737,491	\$ 4,788,239
Contributions as a Percentage of Covered-Employee Payroll	3.76%	4.08%	2.19%	2.05%

Notes To Schedule:

Valuation Date	6/30/2019	6/30/2019	6/30/2017	6/30/2017
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Methods And Assumptions Used to

Determine Contribution Rates:

Actuarial Cost Method	Entry age normal, level percentage of payroll
Amortization Method	Level percent of pay
Amortization Period	17-year fixed period as of 2017/18
Asset Valuation Method	Fair value
Discount Rate	6.75%
General Inflation	2.75%
Medical Trend	Non-Medicare: 7.5% for 2020 (7.25% for 2021 and 7.0% for 2022), decreasing to an ultimate rate of 4.0% in 2076 and later Medicare: 6.5% for 2020 (6.3% in 2021 and 6.1% for 2022), decreasing to an ultimate rate of 4.0% in 2076 and later years
Mortality	CalPERS 1997-2015 experience study
Mortality Improvement	<i>Fiscal year June 30, 2020:</i> Mortality projected fully generational with Scale MP-2019 <i>Fiscal years June 30, 2018 and 2019:</i> Mortality projected fully generational with Scale MP-2017

\* Fiscal year 2018 was the 1st year of implementation, therefore only four years are shown.

**SUPPLEMENTARY INFORMATION**

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**MESA WATER DISTRICT  
 CERTIFICATES OF PARTICIPATION  
 REVENUE COVERAGE  
 YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
Total Operating and Nonoperating Revenues and Capacity Installation Charges	\$ 44,831,482	\$ 39,277,873
Total Maintenance and Operating Expenses and Nonoperating Expenses	28,666,860	29,386,806
Net Revenues	\$ 16,164,622	\$ 9,891,067
 Certificates of Participation Annual Debt Service and all Other Parity Debt Constituting Obligations Payable from Net Revenues	 \$ 6,139,190	 \$ 4,078,250
 Ratio of Net Revenues to Annual Debt Service and all Other Parity Debt Payable from Net Revenues	 2.63	 2.43

**MESA WATER DISTRICT  
CERTIFICATES OF PARTICIPATION  
RECONCILIATION OF TOTAL REVENUES AND TOTAL EXPENSES  
YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Revenues:		
Operating Revenues	\$ 39,990,535	\$ 36,724,890
Nonoperating Revenues - Investment Earnings	4,367,631	1,255,743
Capacity and Installation Charges	473,316	1,297,240
Total Revenues	<u>\$ 44,831,482</u>	<u>\$ 39,277,873</u>
Maintenance and Operating Expenses:		
Operating Expenses Before Depreciation and Amortization	\$ 28,489,209	\$ 27,238,151
Nonoperating Expenses - Other Nonoperating, Net	11,182	1,990,429
Plus: Other Postemployment Benefits Noncash Activity	166,469	158,226
Total Maintenance and Operating Expenses	<u>28,666,860</u>	<u>29,386,806</u>
Nonoperating Expenses:		
Interest Expense - Long-Term Debt	2,754,815	964,979
Less: Certificates of Participation Interest Paid and Noncash Amortization of Bond Defeasance and Premiums	<u>(2,754,815)</u>	<u>(964,979)</u>
Total Nonoperating Expenses	<u>-</u>	<u>-</u>
Total Expenses	<u>\$ 28,666,860</u>	<u>\$ 29,386,806</u>

## **STATISTICAL INFORMATION SECTION**

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**STATISTICAL SECTION  
DESCRIPTION OF SCHEDULES  
JUNE 30, 2021**

This part of the District's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

**Financial Trends**

These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.

**Revenue Capacity**

These schedules contain information to help the reader assess the District's most significant own-source revenue, water sales, and related expenses.

**Debt Capacity**

These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.

**Demographic and Economic Information**

This schedule offers demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

**Operating Information**

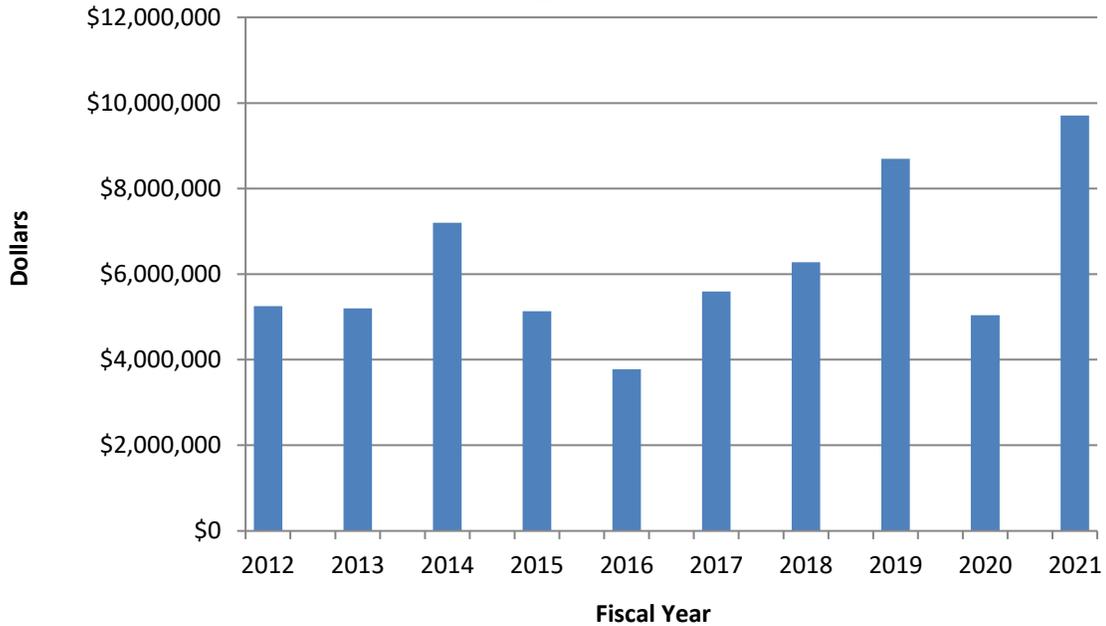
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides.

**MESA WATER DISTRICT  
CHANGES IN NET POSITION AND NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
SCHEDULE 1**

	Fiscal Year			
	2012	2013	2014	2015
Changes in net position:				
Operating revenues (see schedule 2)	\$ 29,296,353	34,080,443	37,675,090	32,913,142
Operating expenses (see schedule 3)	(23,953,040)	(29,095,185)	(31,103,589)	(28,025,981)
<b>Operating income(loss)</b>	5,343,313	4,985,258	6,571,501	4,887,161
Net non-operating revenue(expense) (see schedule 4)	(321,690)	(1,196,646)	(1,142,788)	(889,936)
<b>Net income(loss) before capital contributions</b>	5,021,623	3,788,612	5,428,713	3,997,225
Capital contributions	228,413	1,409,655	1,771,171	2,552,466
Prior Period Adjustment	-	-	-	(1,418,737)
<b>Changes in net position</b>	<u>\$ 5,250,036</u>	<u>5,198,267</u>	<u>7,199,884</u>	<u>5,130,954</u>
Net position:				
Net Investment in capital assets	\$ 84,080,083	84,054,617	85,117,787	84,181,875 *
Restricted	-	-	-	-
Unrestricted	19,452,573	24,676,306	30,813,020	28,797,704
<b>Total net position</b>	<u>\$ 103,532,656</u>	<u>108,730,923</u>	<u>115,930,807</u>	<u>112,979,579</u>

\* as restated.

### Changes in Net Position

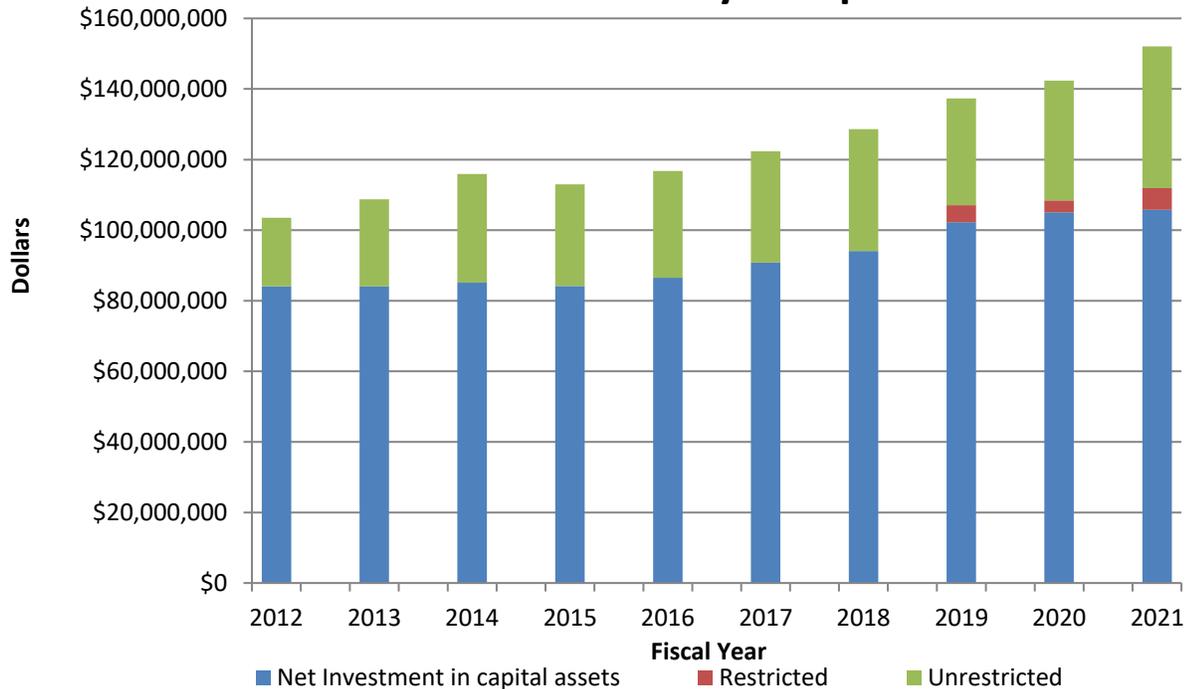


Source: Mesa Water District Audited Financial Statements.

**MESA WATER DISTRICT  
CHANGES IN NET POSITION AND NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
SCHEDULE 1 (CONTINUED)**

Fiscal Year					
2016	2017	2018	2019	2020	2021
28,997,983	31,124,804	35,705,309	36,167,875	36,724,890	39,990,535
(26,227,594)	(28,489,995)	(31,234,095)	(30,403,085)	(32,755,477)	(33,981,193)
2,770,389	2,634,809	4,471,214	5,764,790	3,969,413	6,009,342
(2,009,000)	(1,382,150)	(549,097)	1,014,748	(2,014,015)	1,607,134
761,389	1,252,659	3,922,117	6,779,538	1,955,398	7,616,476
3,016,356	4,340,361	3,283,326	1,917,078	3,084,408	2,091,685
-	-	(927,250)	-	-	-
3,777,745	5,593,020	6,278,193	8,696,616	5,039,806	9,708,161
86,535,551 *	90,777,661	94,096,310	102,275,574	105,042,348	105,770,707
-	-	-	4,814,662	3,383,344	6,139,421
30,221,773	31,572,683	34,532,227	30,234,917	33,939,267	40,162,992
116,757,324	122,350,344	128,628,537	137,325,153	142,364,959	152,073,120

**Net Position by Component**



Source: Mesa Water District Audited Financial Statements.

**MESA WATER DISTRICT  
CHANGES IN NET POSITION AND NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
SCHEDULE 1**

	Fiscal Year			
	2012	2013	2014	2015
<b>Revenues</b>				
Water Sales	\$21,446,306	\$23,205,333	\$24,639,988	\$24,034,254
Meter Service Charges	4,597,512	4,865,284	5,454,610	5,803,271
Pass-through Water Sales				
Governmental Agencies	\$1,200,178	\$3,948,733	\$4,035,580	-
Concessions from Governmental Agencies	2,797	-	1,238,000	968,138
Recycled Water Sales	1,158,856	1,549,378	1,698,506	1,397,919
Other Charges and Services	893,501	511,715	608,406	709,560
Capacity and Installation Charges	134,616	434,763	452,679	1,247,867
Investment Earnings	313,494	43,234	238,672	404,763
<b>Total Revenues</b>	<b>\$29,747,260</b>	<b>\$34,558,440</b>	<b>\$38,366,441</b>	<b>\$34,565,772</b>
<b>Operation and Maintenance Costs</b>				
Imported & Basin Managed Source of Supply	\$5,449,257	\$3,073,519	\$2,695,858	\$2,645,852
Transmission and Distribution	4,838,681	5,005,698	5,251,819	5,750,908
General and Administrative	5,577,027	6,217,746	6,320,500	7,380,985
Pass-through Water Purchases to				
Governmental Agencies	1,200,178	3,948,733	4,035,580	-
Total Clear Water Pumping	3,767,638	4,134,259	4,287,888	4,273,537
Total Amber Water Pumping	38,178	2,472,987	3,353,823	2,864,506
Recycled Water	325,349	443,319	470,767	436,560
In-lieu Source of Supply	249,703	-	-	-
<b>Total Operating Expenses</b>	<b>\$21,446,011</b>	<b>\$25,296,261</b>	<b>\$26,416,235</b>	<b>\$23,352,348</b>
<b>Net Revenues</b>	<b>\$8,301,249</b>	<b>\$9,262,179</b>	<b>\$11,950,206</b>	<b>\$11,213,424</b>
<b>Senior Obligations</b>	<b>1,971,850</b>	<b>1,977,750</b>	<b>1,972,150</b>	<b>1,969,750</b>
<b>Senior Obligations Coverage</b>	<b>4.21</b>	<b>4.68</b>	<b>6.06</b>	<b>5.69</b>
<b>Revenues Available for Parity Obligations</b>	<b>\$6,329,399</b>	<b>\$7,284,429</b>	<b>\$9,978,056</b>	<b>\$9,243,674</b>
<b>Parity Obligations</b>				
2010 Installment Payments	-	837,119	1,339,038	1,339,838
2020 Installment Payments	-	-	-	-
1991 OCWD Well Loan	44,645	46,207	97,324	-
1998 OCWD Well I I Loan	88,832	37,598	352,239	-
1998 Wells IB and 10 Loan	24,759	52,149	147,207	-
<b>Total Parity Obligations</b>	<b>158,236</b>	<b>973,073</b>	<b>1,935,808</b>	<b>1,339,838</b>
<b>Parity Obligations Coverage</b>	<b>40.00</b>	<b>7.49</b>	<b>5.15</b>	<b>6.90</b>
<b>Revenues Available for Capital Projects and Other Coverage</b>	<b>6,171,163</b>	<b>6,311,356</b>	<b>8,042,249</b>	<b>7,903,837</b>

**Source:** Mesa Water District Audited Financial Statements.

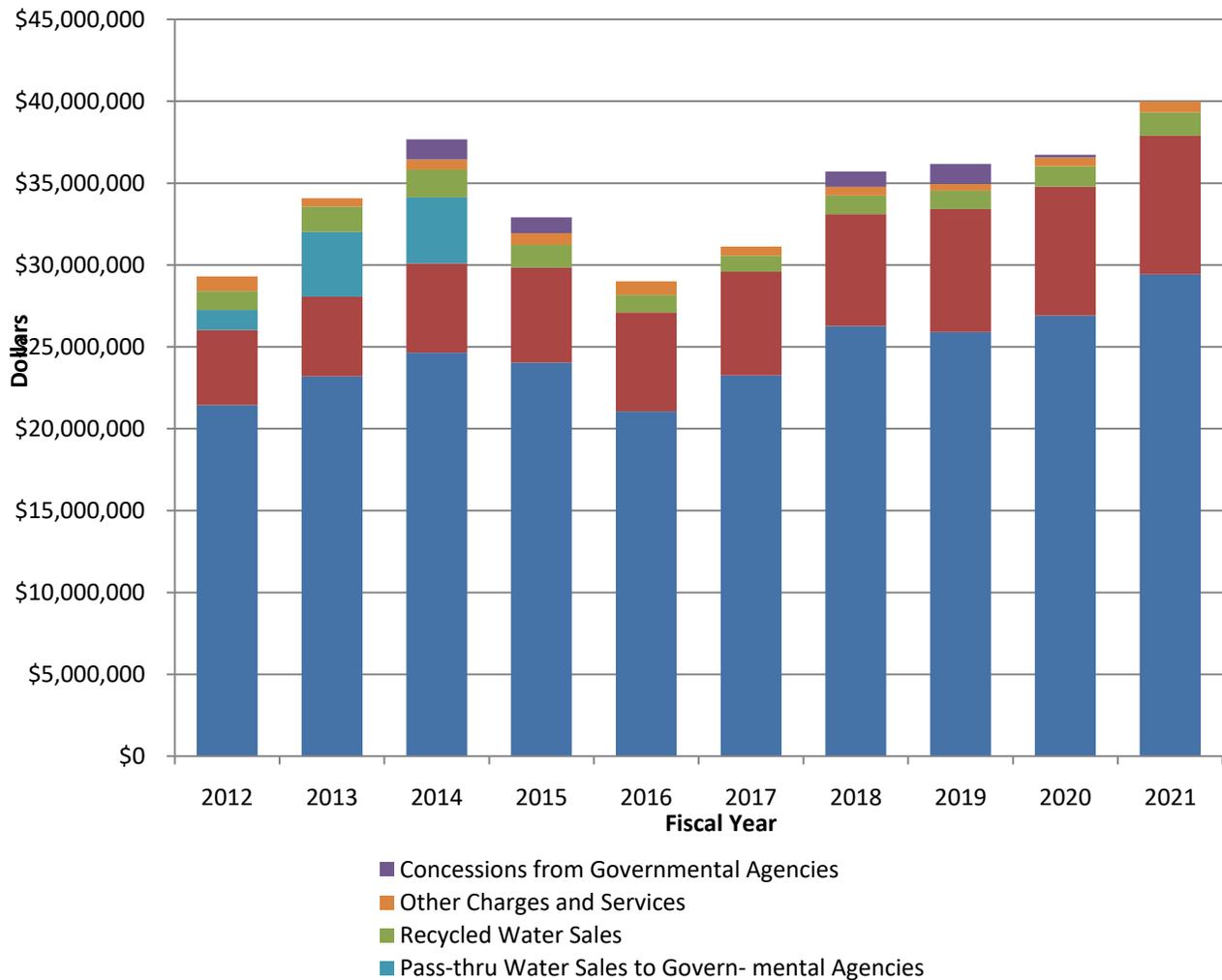
**MESA WATER DISTRICT  
HISTORIC OPERATING RESULTS AND DEBT SERVICE COVERAGE  
LAST TEN FISCAL YEARS  
SCHEDULE 1A (CONTINUED)**

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$21,357,269	\$23,261,150	\$26,272,951	\$25,910,454	\$26,913,077	\$29,431,505
6,050,343	6,331,300	6,838,600	7,511,575	7,870,740	8,464,262
-	-	-	-	-	-
-	-	933,937	1,226,127	163,691	-
1,056,481	971,796	1,137,748	1,119,273	1,250,605	1,428,840
830,432	560,558	522,073	400,446	526,777	665,928
1,945,079	2,498,287	1,912,740	860,855	1,297,240	473,316
681,378	25,518	535,930	1,872,020	1,255,743	4,367,631
<u>\$31,920,982</u>	<u>\$33,648,609</u>	<u>\$38,153,979</u>	<u>\$38,900,750</u>	<u>\$39,277,873</u>	<u>\$44,831,482</u>
\$1,031,539	\$842,353	\$2,405,315	\$2,996,819	896,268	399,269
4,961,178	5,021,716	6,132,007	5,479,178	6,020,490	7,360,850
7,900,124	8,184,895	7,978,006	7,589,724	9,270,384	8,959,171
-	-	-	-	-	-
4,682,120	4,427,407	2,776,268	5,453,136	6,760,158	7,569,448
2,453,295	4,520,866	3,134,554	2,970,494	3,158,924	3,191,073
496,582	572,549	629,455	758,122	861,521	1,009,398
-	-	3,168,477	-	270,406	-
<u>\$21,524,838</u>	<u>\$23,569,786</u>	<u>\$26,224,082</u>	<u>\$25,247,473</u>	<u>\$27,238,151</u>	<u>\$28,489,209</u>
\$10,396,144	\$10,078,823	\$11,929,897	\$13,653,277	\$12,039,722	\$16,342,273
1,973,750	1,974,000	1,899,150	4,028,500	4,078,250	4,129,000
5.27	5.11	6.28	3.39	2.95	3.96
\$8,422,394	\$8,104,823	\$10,030,747	\$9,624,777	\$7,961,472	\$12,213,273
1,340,038	1,339,638	-	-	-	-
-	-	-	-	-	2,010,190
-	-	-	-	-	-
-	-	-	-	-	-
<u>1,340,038</u>	<u>1,339,638</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,010,190.00</u>
6.29	6.05	N/A	N/A	N/A	6.08
7,082,357	6,765,185	10,030,747	9,624,777	7,961,472	10,203,083

Source: Mesa Water District Audited Financial Statements.

**MESA WATER DISTRICT  
OPERATING REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
SCHEDULE 2**

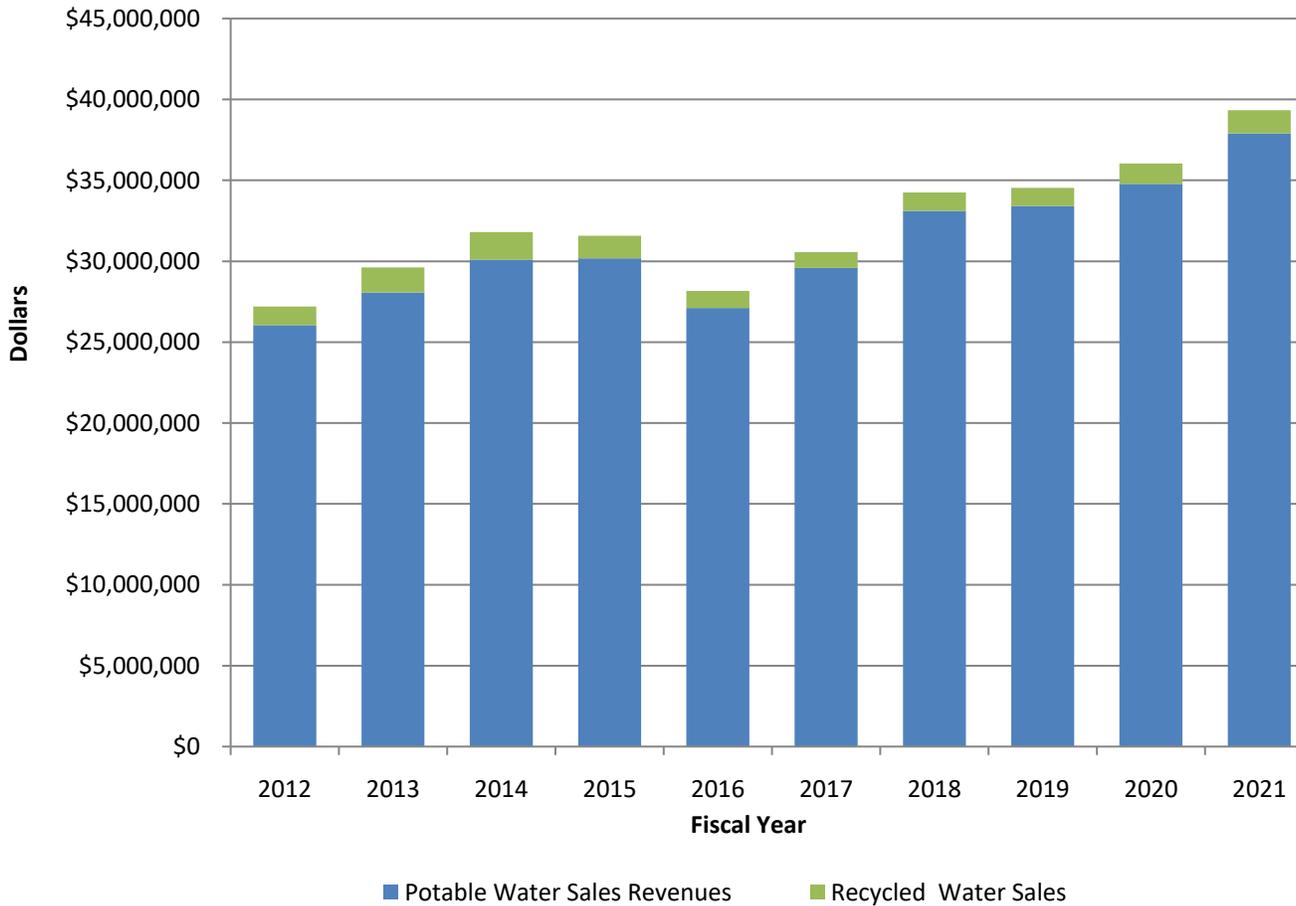
<b>Fiscal Year</b>	<b>Water Consumption Sales</b>	<b>Monthly Meter Service Charge</b>	<b>Pass-thru Water Sales to Governmental Agencies</b>	<b>Recycled Water Sales</b>	<b>Other Charges and Services</b>	<b>Concessions from Governmental Agencies</b>	<b>Total Operating Revenues</b>
2012	21,446,306	4,597,512	1,200,178	1,158,856	893,501	-	29,296,353
2013	23,205,333	4,865,284	3,948,733	1,549,378	511,715	-	34,080,443
2014	24,639,988	5,454,610	4,035,580	1,698,506	608,406	1,238,000	37,675,090
2015	24,034,254	5,803,271	-	1,397,919	709,560	968,138	32,913,142
2016	21,060,727	6,050,343	-	1,056,481	830,432	-	28,997,983
2017	23,261,150	6,331,300	-	971,796	560,558	-	31,124,804
2018	26,272,951	6,838,600	-	1,137,748	522,073	933,937	35,705,309
2019	25,910,454	7,511,575	-	1,119,273	400,446	1,226,127	36,167,875
2020	26,913,077	7,870,740	-	1,250,605	526,777	163,691	36,724,890
2021	29,431,505	8,464,262	-	1,428,840	665,928	-	39,990,535



Source: Mesa Water District Audited Financial Statements.

**MESA WATER DISTRICT  
HISTORIC WATER SALES REVENUES<sup>1</sup>  
LAST TEN FISCAL YEARS  
SCHEDULE 2A**

Fiscal Year	Potable Water Sales Revenues <sup>2</sup>	Recycled Water Sales	Total	Increase (Decrease)
2012	26,043,818	1,158,856	27,202,674	8.9%
2013	28,070,617	1,549,378	29,619,995	8.9%
2014	30,094,598	1,698,506	31,793,104	7.3%
2015	30,174,271	1,397,919	31,572,190	-0.7%
2016	27,111,070	1,056,481	28,167,551	-10.8%
2017	29,592,450	971,796	30,564,246	8.5%
2018	33,111,551	1,137,748	34,249,299	12.1%
2019	33,422,029	1,119,273	34,541,302	0.9%
2020	34,783,817	1,250,605	36,034,422	4.3%
2021	37,895,767	1,428,840	39,324,607	9.1%



**Notes:**

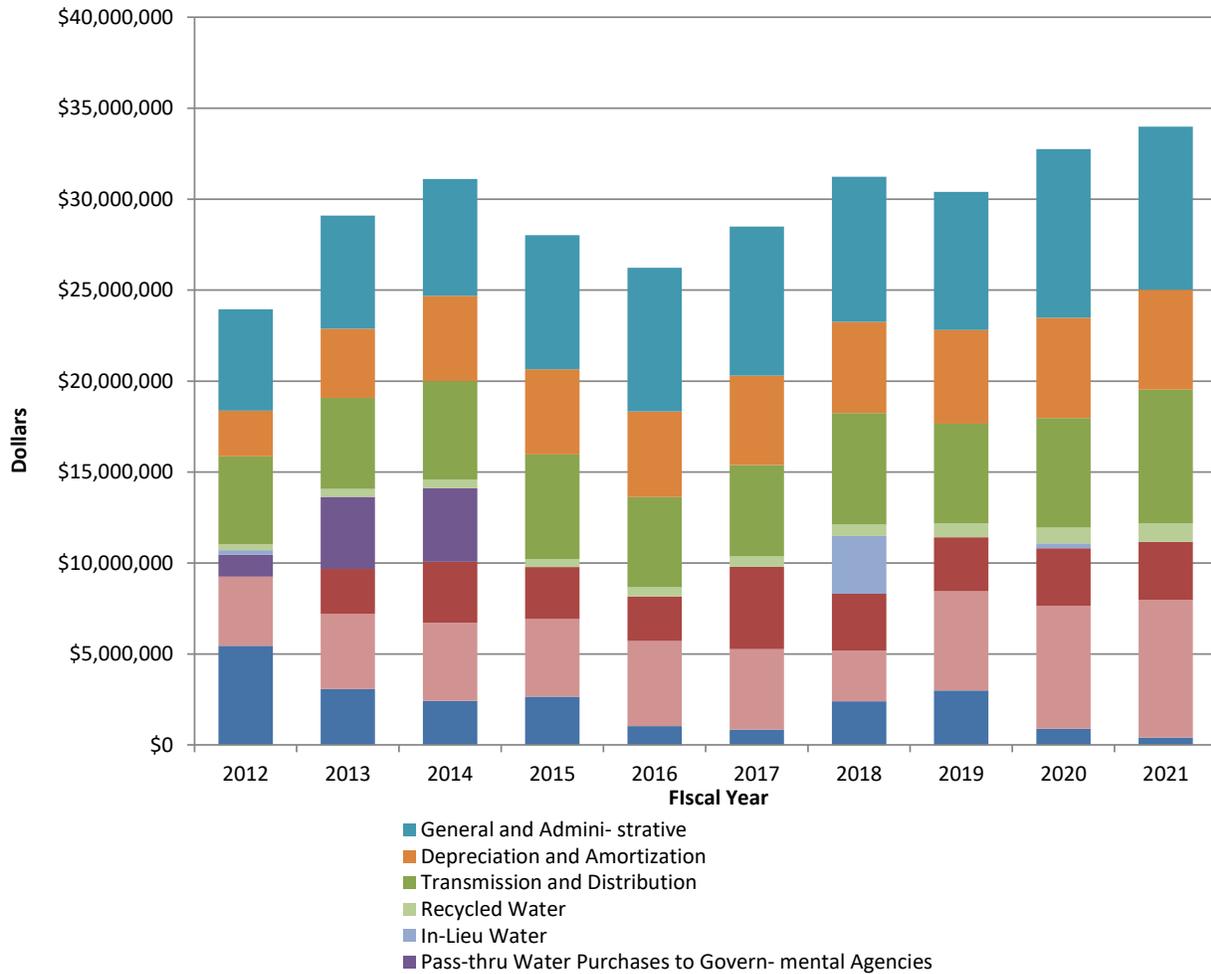
<sup>(1)</sup> Excludes revenues from sales at cost to the City of Huntington Beach.

<sup>(2)</sup> Includes bimonthly meter charges.

**Source:** Mesa Water District Audited Financial Statements.

**MESA WATER DISTRICT  
OPERATING EXPENSES BY ACTIVITY  
LAST TEN FISCAL YEARS  
SCHEDULE 3**

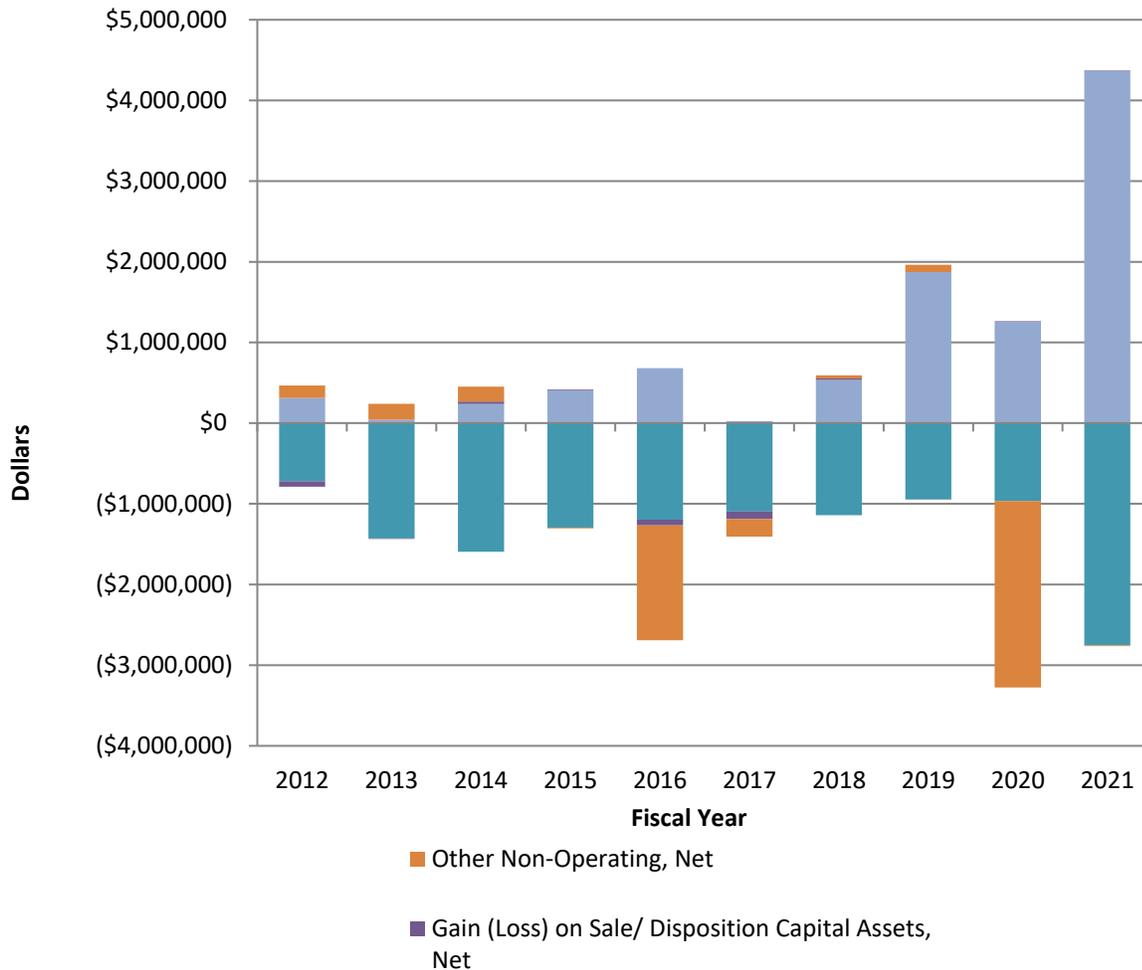
Fiscal Year	Imported Source of Supply and Basin Managed	Clear Water	Amber Water	Pass-thru Water Purchases to Governmental Agencies	In-Lieu Water	Recycled Water	Transmission and Distribution	Depreciation and Amortization	General and Administrative	Total Operating Expenses
2012	5,449,257	3,767,638	38,178	1,200,178	249,703	325,349	4,838,681	2,507,029	5,577,027	23,953,040
2013	3,073,519	4,134,259	2,472,987	3,948,733	-	443,319	5,005,698	3,798,924	6,217,746	29,095,185
2014	2,427,936	4,287,888	3,353,823	4,035,580	-	470,767	5,425,385	4,687,354	6,414,856	31,103,589
2015	2,645,852	4,273,537	2,864,506	-	-	436,560	5,750,908	4,673,633	7,380,985	28,025,981
2016	1,031,539	4,682,120	2,453,295	-	-	496,582	4,961,178	4,702,756	7,900,124	26,227,594
2017	842,353	4,427,407	4,520,866	-	-	572,549	5,021,716	4,920,209	8,184,895	28,489,995
2018	2,405,315	2,776,268	3,134,554	-	3,168,477	629,455	6,132,007	5,010,013	7,978,006	31,234,095
2019	2,996,819	5,453,136	2,967,369	-	-	758,122	5,482,303	5,155,612	7,589,724	30,403,085
2020	896,268	6,760,158	3,158,924	-	270,406	861,521	6,020,490	5,517,326	9,270,384	32,755,477
2021	399,269	7,569,448	3,191,073	-	-	1,009,398	7,360,850	5,491,984	8,959,171	33,981,193



Source: Mesa Water District Audited Financial Statements.

**MESA WATER DISTRICT  
NONOPERATING REVENUES AND EXPENSES  
LAST TEN FISCAL YEARS  
SCHEDULE 4**

<b>Fiscal Year</b>	<b>Investment Earnings <sup>(1)</sup></b>	<b>Interest Expense-Long-Term Debt</b>	<b>Gain (Loss) on Sale/Disposition Capital Assets, Net</b>	<b>Other Non-Operating, Net</b>	<b>Nonoperating Revenues/(Expenses)</b>
2012	313,494	(720,536)	(68,158)	153,510	(321,690)
2013	43,234	(1,429,154)	(6,288)	195,562	(1,196,646)
2014	238,672	(1,595,546)	28,155	185,931	(1,142,788)
2015	404,763	(1,293,727)	9,639	(10,611)	(889,936)
2016	681,378	(1,196,589)	(69,130)	(1,424,659)	(2,009,000)
2017	25,518	(1,094,610)	(94,086)	(218,972)	(1,382,150)
2018	535,930	(1,140,774)	17,397	38,350	(549,097)
2019	1,872,020	(945,513)	(2,904)	91,145	1,014,748
2020	1,255,743	(964,979)	8,123	(2,312,902)	(2,014,015)
2021	4,367,631	(2,754,815)	5,500	(11,182)	1,607,134



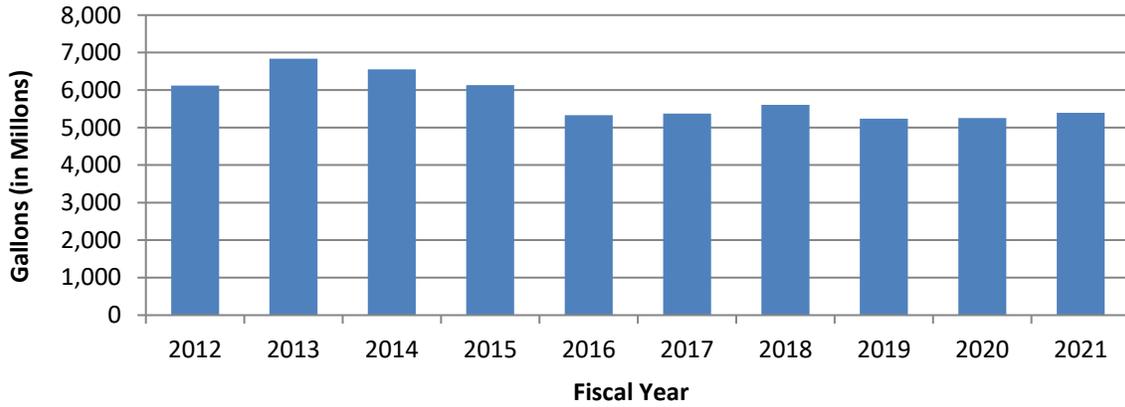
**Note:**

<sup>(1)</sup> Includes Interest Income Realized and Unrealized Gains and Losses On Investments.

**Source:** Mesa Water District Audited Financial Statements.

**MESA WATER DISTRICT  
OPERATING REVENUE BASE  
LAST TEN FISCAL YEARS  
SCHEDULE 5**

<b>Fiscal Year</b>	<b>Production (Gallons)</b>	<b>AF</b>	<b>Sales AF</b>	<b>Production AF</b>
2012	6,119,286,269	17,874	17,874	18,779
2013	6,836,777,586	18,701	18,701	20,981
2014	6,551,560,206	19,011	19,011	20,106
2015	6,130,560,714	18,110	18,110	18,814
2016	5,330,922,360	15,057	15,057	16,360
2017	5,371,002,033	15,898	15,898	16,483
2018	5,605,288,902	17,059	17,059	17,202
2019	5,234,796,315	16,110	16,110	16,065
2020	5,252,066,418	15,905	15,905	16,118
2021	5,392,834,050	16,453	16,453	16,550



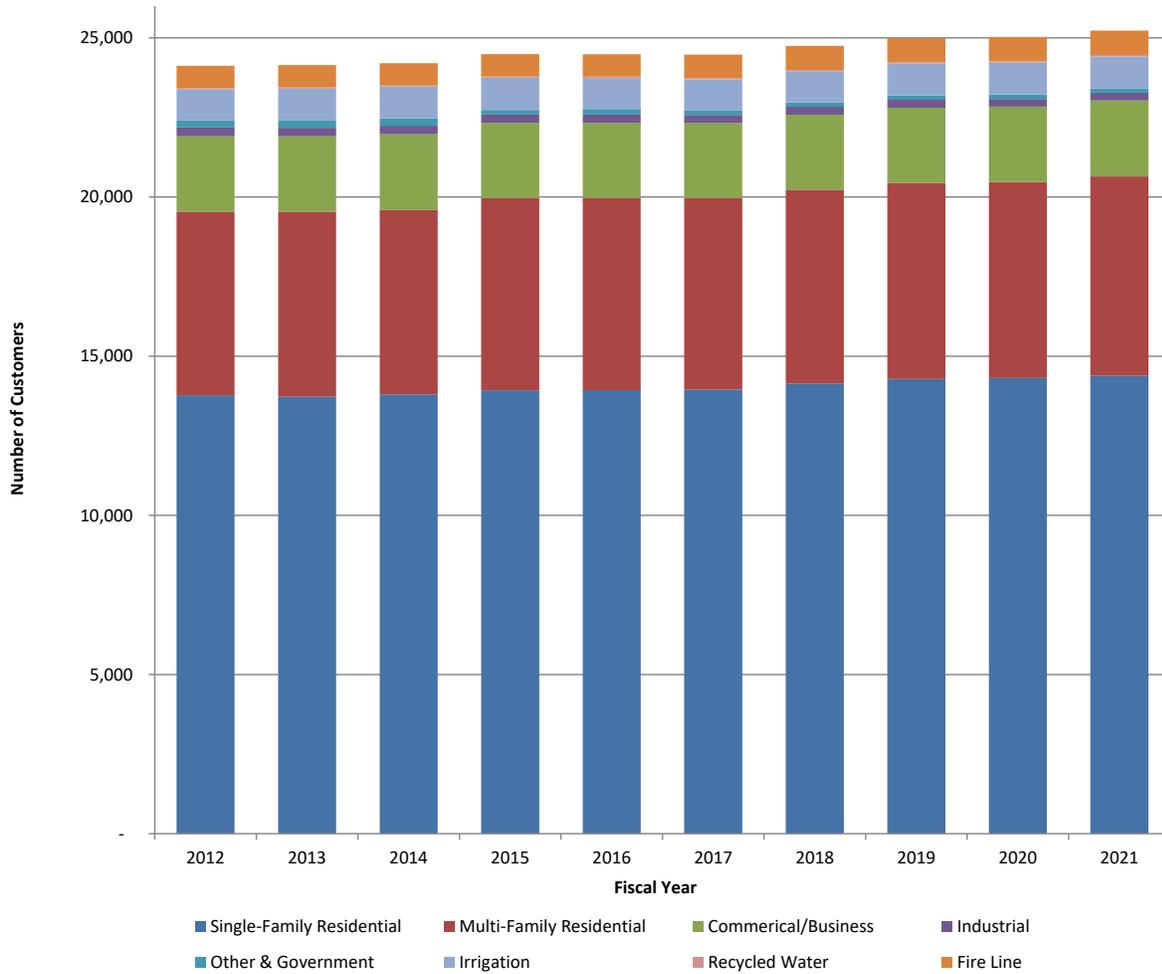
**Note:**

For Information Regarding Water Sales See Schedule 2 'Operating Revenue by Source'.

**Source:** Mesa Water District Billing System.

# MESA WATER DISTRICT CUSTOMER CONNECTIONS LAST TEN FISCAL YEARS SCHEDULE 6

Fiscal Year	Customer Type								Total Connections
	Single-Family Residential	Multi-Family Residential	Commerical/Business	Industrial	Other & Government	Irrigation	Recycled Water	Fire Line	
2012	13,778	5,763	2,370	274	223	977	42	698	24,125
2013	13,732	5,808	2,371	269	240	984	42	699	24,145
2014	13,798	5,806	2,374	267	228	996	32	704	24,205
2015	13,931	6,041	2,359	264	142	1013	36	705	24,491
2016	13,933	6,044	2,357	255	175	973	43	708	24,488
2017	13,955	6,021	2,351	253	139	973	42	743	24,477
2018	14,138	6,092	2,356	249	142	976	43	752	24,748
2019	14,286	6,162	2,361	247	141	995	43	758	24,993
2020	14,314	6,164	2,367	240	137	999	43	768	25,032
2021	14,384	6,263	2,391	238	140	1001	43	770	25,230



Source: Mesa Water District Billing System.

**MESA WATER DISTRICT  
REVENUE RATES  
LAST TEN FISCAL YEARS  
SCHEDULE 7**

**Minimum Bimonthly Service Charge - Potable Water Service**

Meter Size	6/30/12	6/30/13	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21
5/8"	\$ 18.00	19.00	20.00	21.50	22.50	23.00	24.69	25.93	27.23	28.60
3/4"	27.00	28.50	30.00	32.50	33.50	34.50	37.31	39.18	41.14	43.20
1"	45.00	47.50	50.00	54.00	55.50	57.50	62.00	65.10	68.36	71.78
1 1/2"	90.00	95.00	100.00	108.00	111.50	115.00	124.51	130.74	137.28	144.15
2"	144.00	152.00	160.00	172.50	178.50	184.00	199.11	209.07	219.53	230.51
3"	315.00	332.50	350.00	378.00	390.00	402.00	435.51	457.29	480.16	504.17
4"	567.00	598.50	630.00	680.00	702.00	724.00	784.32	823.54	864.72	907.96
6"	1,260.00	1,330.00	1,400.00	1,510.00	1,560.00	1,610.00	1,744.08	1,831.29	1,922.86	2,019.01
8"	2,160.00	2,280.00	2,400.00	2,590.00	2,670.00	2,670.00	2,983.82	3,133.02	3,289.68	3,454.17
10"	3,420.00	3,610.00	3,800.00	4,100.00	4,230.00	4,370.00	4,727.89	4,964.29	5,212.51	5,473.14

**Minimum Bimonthly Service Charge - Fireline Water Service - Class I**

Meter Size	6/30/11	6/30/12	6/30/13	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21
2"	\$ 17.00	18.00	19.00	20.50	21.00	22.00	6.81	7.16	7.52	7.90
3"	25.50	27.00	28.50	31.00	32.00	33.00	19.79	20.79	21.83	22.93
4"	34.00	36.00	38.00	41.00	42.50	43.50	42.18	44.29	46.51	48.84
6"	51.00	54.00	57.00	61.50	63.50	65.50	122.53	128.66	135.10	141.86
8"	68.00	72.00	76.00	82.00	84.50	87.50	261.11	274.17	287.88	302.28
10"	102.00	108.00	114.00	123.00	127.00	131.00	469.56	493.04	517.70	543.59
12"	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Minimum Bimonthly Service Charge - Fireline Water Service - Class II**

Meter Size	6/30/11	6/30/12	6/30/13	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21
2"	\$ 34.00	36.00	38.00	41.00	42.50	43.50	6.81	7.16	7.52	7.90
3"	51.00	54.00	57.00	61.50	63.50	65.50	19.79	20.79	21.83	22.93
4"	68.00	72.00	76.00	82.00	84.50	87.50	42.18	44.29	46.51	48.84
6"	102.00	108.00	114.00	123.00	127.00	131.00	122.53	128.66	135.10	141.86
8"	136.00	144.00	152.00	164.00	169.50	174.50	261.11	274.17	287.88	302.28
10"	204.00	216.00	228.00	246.00	254.00	262.00	469.56	493.04	517.70	543.59
12"	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

**Water Use Rate (per 100 cubic feet = 748 gallons)**

User Type	6/30/11	6/30/12	6/30/13	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21
<u>Residential</u>										
Potable Commodity Rate	\$ 2.85	3.00	3.15	3.40	3.51	3.62	3.86	4.06	4.27	4.49
<u>Non-Residential</u>										
Construction Commodity Rate	\$ 4.28	4.50	4.73	5.10	5.26	5.43	4.27	4.49	4.72	4.96
Fireline Commodity Rate	\$ 5.70	6.00	6.30	6.80	7.02	7.24	4.27	4.49	4.72	4.96
Recycled Commodity Rate	\$ 2.57	2.70	2.84	2.51	2.32	1.82	2.52	2.65	2.79	2.93

Source: Mesa Water District Records.

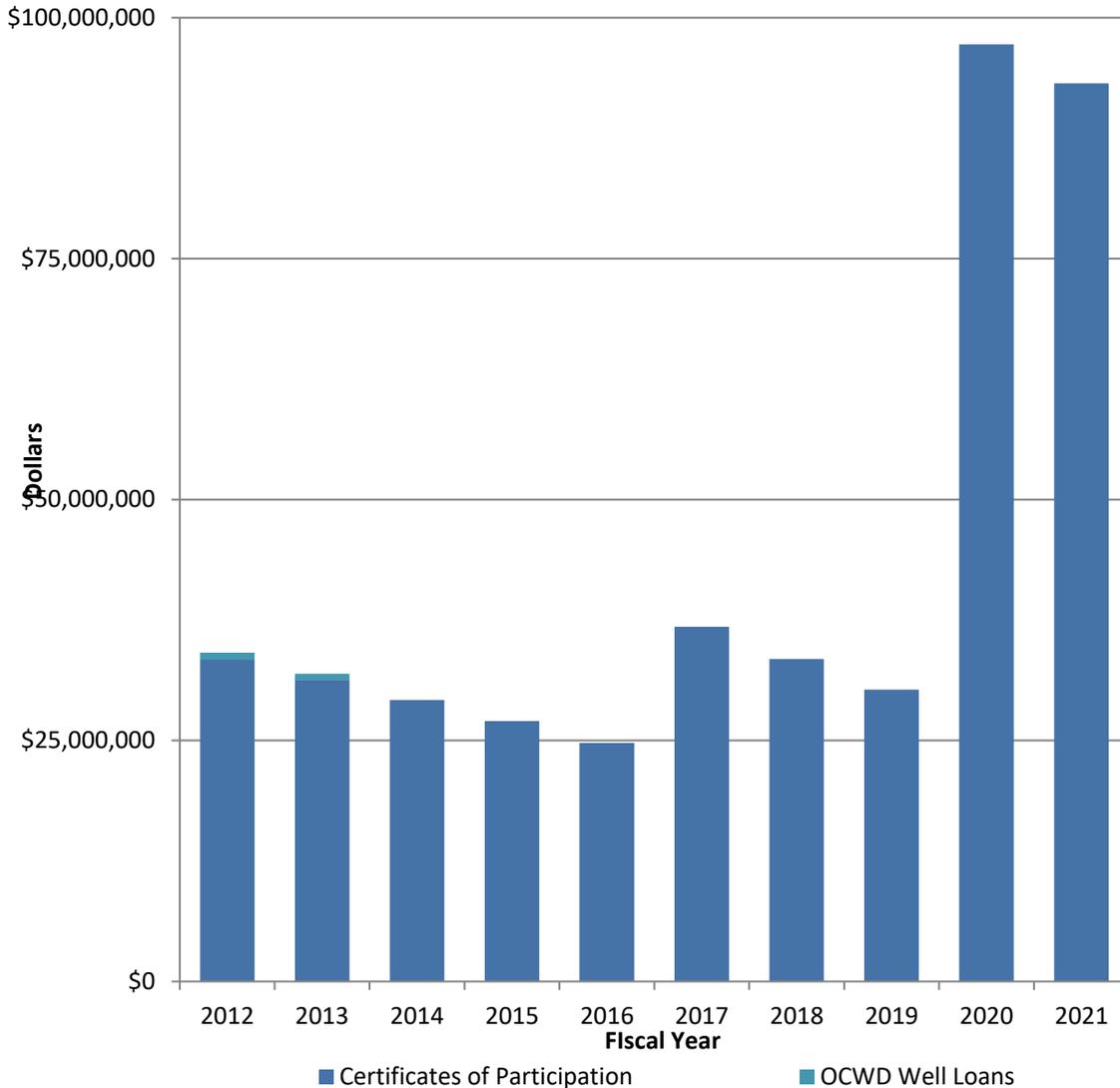
**MESA WATER DISTRICT  
TEN LARGEST WATER USERS BY REVENUE  
CURRENT FISCAL YEAR AND FIVE YEARS AGO  
SCHEDULE 8**

<b>FY 2020/21</b>				<b>FY 2015/16</b>				
	<b>Consumption</b>	<b>Acre Feet</b>	<b>% of Total</b>		<b>Consumption</b>	<b>Acre Feet</b>	<b>% of Total</b>	
1	Mesa Verde Partners	220,769	507	2.9%	Mesa Verde Partners	232,783	534	3.3%
2	City Of Costa Mesa	116,185	267	1.5%	City of Costa Mesa	150,496	345	2.1%
3	Newport-Mesa Unified School District	113,963	262	1.5%	County of Orange	114,334	262	1.6%
4	The Irvine Company, Llc	82,858	190	1.1%	Newport-Mesa Unified School District	113,698	261	1.6%
5	Casden Lakes, Lp	65,285	150	0.9%	The Irvine Company, Inc.	73,589	169	1.0%
6	County Of Orange	58,468	134	0.8%	South Coast Plaza	69,198	159	1.0%
7	Camden Property Trust	49,181	113	0.6%	Fairview State Hospital	67,858	156	1.0%
8	CJ Segerstrom & Sons	47,255	108	0.6%	CalTrans	57,823	133	0.8%
9	Arnel Residential Properties	46,586	107	0.6%	Casden Lakes	57,734	133	0.8%
10	South Coast Plaza	38,430	88	0.5%	Coast Community College	55,357	127	0.8%
			<u>1,926</u>	<u>11.0%</u>		<u>2,279</u>	<u>14.0%</u>	
<u>Sales in Acre Feet</u>				<u>Sales in Acre Feet</u>				
	Potable		16,453		Potable		15,057	
	Recycled		<u>1,049</u>		Recycled		<u>1,217</u>	
	Total Sales Acre Feet		<u>17,502</u>		Total Sales Acre Feet		<u>16,274</u>	

Source: Mesa Water District Billing System.

**MESA WATER DISTRICT  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS  
SCHEDULE 9**

Fiscal Year	Certificates of Participation	OCWD Well Loans	Total		
			Debt	Per Capita	As a Share of Personal Income
2012	33,380,023	732,724	34,112,747	305.00	0.56%
2013	31,319,523	596,770	31,916,293	285.39	0.50%
2014	29,204,027	-	29,204,027	254.83	0.43%
2015	27,013,531	-	27,013,531	235.71	0.39%
2016	24,723,036	-	24,723,036	214.98	0.35%
2017	36,805,648	-	36,805,648	320.05	0.52%
2018	33,452,164	-	33,452,164	292.07	0.44%
2019	30,277,774	-	30,277,774	264.13	0.37%
2020	97,215,237	-	97,215,237	846.98	1.19%
2021	93,189,269	-	93,189,269	811.91	1.14%

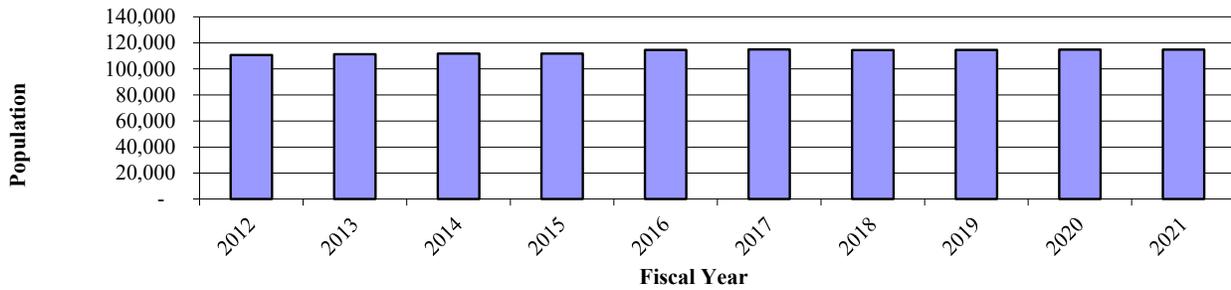


Source: Mesa Water District Audited Financial Statements.

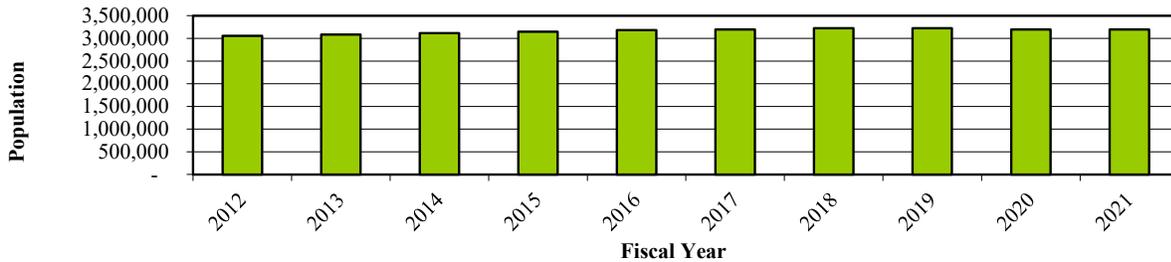
**MESA WATER DISTRICT  
SCHEDULE OF DEMOGRAPHICS AND ECONOMIC STATISTICS  
LAST TEN CALENDAR YEARS  
SCHEDULE 10**

Fiscal Year	Costa Mesa		County of Orange		
	Population <sup>1</sup>	Unemployment Rate	Population <sup>1</sup>	Personal Income Thousands of Dollars) <sup>1</sup>	Personal Income per Capita <sup>1</sup>
2012	110,757	7.1%	3,055,792	166,345,500	54,436
2013	111,358	5.0%	3,081,804	168,966,400	54,827
2014	111,846	4.6%	3,113,991	177,412,900	56,973
2015	111,835	4.1%	3,147,655	185,500,000	58,933
2016	114,603	3.6%	3,183,011	190,978,000	59,999
2017	115,012	3.3%	3,194,024	199,492,000	62,458
2018	114,536	2.9%	3,221,103	215,479,000	66,896
2019	114,634	2.6%	3,222,498	230,180,000	71,429
2020	114,778	12.4%	3,194,332	226,531,000	70,917
2021	114,778	5.7%	3,194,332	226,531,000	70,917

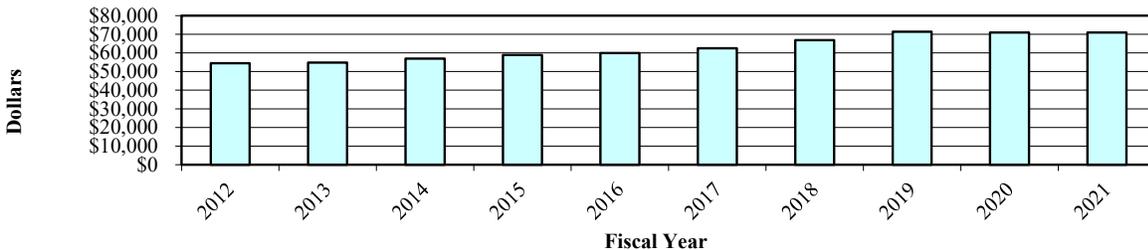
**Population - Costa Mesa**



**Population - Orange County**



**Personal Income per Capita - Orange County**



**Note:**

<sup>(1)</sup> Data is not yet available for fiscal year 2020-2021

**Source:**

California Department of Finance, Demographic Research Unit, <http://www.dof.ca.gov>  
 State of California, Employment Development Department, <http://www.edd.ca.gov>  
 County of Orange, Comprehensive Annual Financial Reports, <http://egov.ocgov.com/ocgov/Auditor-Controller>

**MESA WATER DISTRICT  
CITY OF COSTA MESA PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO  
SCHEDULE 11**

2019-2020 <sup>1</sup>			2011-2012		
Name of Company	Number of Employees	% of Total	Name of Company	Number of Employees	% of Total
Winfield Locks, Inc.	5,009	7.46%	Experian Information Solution	3,700	5.71%
Epl Intermediate, Inc.	3,998	5.96%	Coast Community College District Foundation	2,900	4.48%
Experian Information Solution	3,700	5.51%	Orange Coast Community College	1,900	2.93%
Coast Community College District Foundation	1,313	1.96%	Fairview Developmental Center	1,500	2.32%
Contech Engineered Solutions Inc.	1,288	1.92%	A Clark/McCarthy Joint Venture	1,250	1.93%
Automobile Club of Southern California	1,200	1.79%	Interinsurance Exchange	1,200	1.85%
International Business Machines Corporation	1,131	1.69%	Pacific Building Care Inc.	850	1.31%
Deloitte & Touche LLP	700	1.04%	International Business Machines Corporation	750	1.16%
Dynamic Cooking Systems, Inc.	700	1.04%	FileNet Corporation	600	0.93%
Sure Haven, Inc.	550	0.82%	TTM Technologies, Inc	500	0.77%

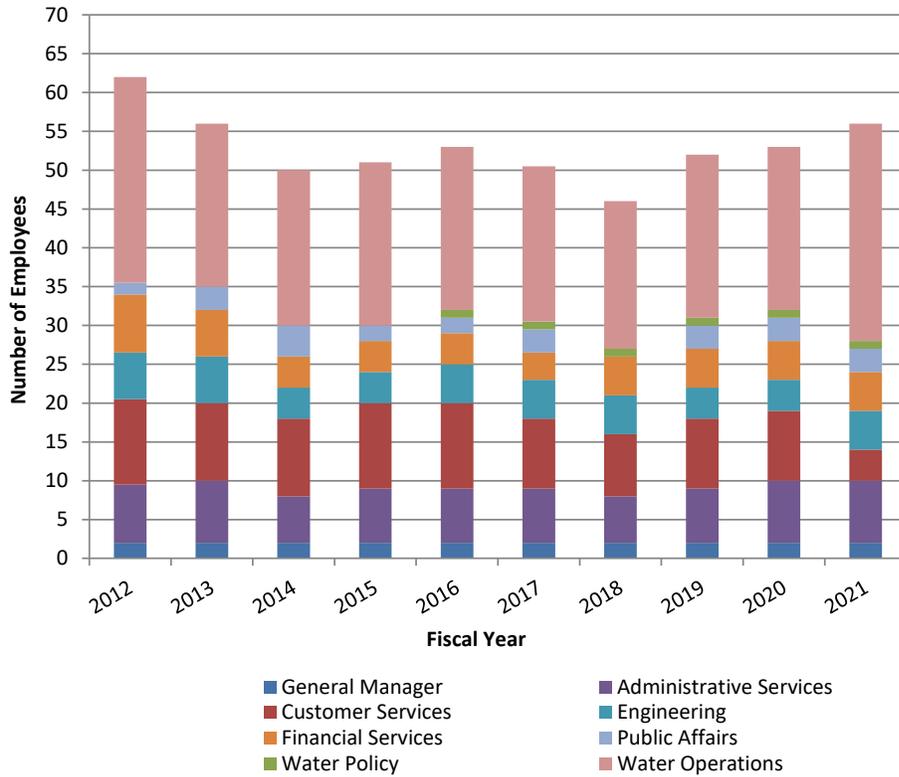
**Note:**

<sup>(1)</sup> Data is not yet available for fiscal year 2020-2021

**Source:** City of Costa Mesa CAFR.

**MESA WATER DISTRICT  
DISTRICT EMPLOYEES BY DEPARTMENT  
LAST TEN FISCAL YEARS  
SCHEDULE 12**

Department	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Manager	2	2	2	2	2	2	2	2	2	2
Administrative Services	7.5	8	6	7	7	7	6	7	8	8
Customer Services	11	10	10	11	11	9	8	9	9	4
Engineering	6	6	4	4	5	5	5	4	4	5
Financial Services	7.5	6	4	4	4	3.5	5	5	5	5
Public Affairs	1.5	3	4	2	2	3	0	3	3	3
Water Policy	0.0	0	0	0	1	1	1	1	1	1
Water Operations	26.5	21	20	21	21	20	19	21	21	28
	62	56	50	51	53	51	46	52	53	56



Source: Mesa Water District Records.

**MESA WATER DISTRICT  
 HISTORIC WATER SUPPLY IN ACRE FEET PER YEAR  
 LAST FIVE FISCAL YEARS  
 SCHEDULE 13**

<b>Fiscal Year</b>	<b>Supplemental Water</b>				<b>Total</b>
	<b>Groundwater</b>	<b>CPTP</b>	<b>Recycled Water</b>	<b>In-Lieu Water</b>	
2017	16,185	298	1,197	-	17,680
2018	9,284	1,987	853	5,931	18,055
2019	13,573	2,492	916	-	16,981
2020	15,249	329	959	540	17,077
2021	16,550	-	1,049	-	17,599

**Source:** Mesa Water District Records.

**MESA WATER DISTRICT  
 HISTORIC WATER DELIVERIES IN ACRE FEET PER YEAR  
 LAST FIVE FISCAL YEARS  
 SCHEDULE 14**

<b>Fiscal Year</b>	<b>Potable Water Deliveries</b>	<b>Recycled Water Deliveries</b>	<b>Total</b>	<b>% Increase (Decrease)</b>
2017	15,898	1,197	17,095	6.58%
2018	17,059	853	17,912	4.78%
2019	16,110	916	17,026	-4.95%
2020	15,905	959	16,864	-0.95%
2021	16,453	1,049	17,502	3.78%

**Source:** Mesa Water District Records.

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