Dear Helix Customers and Employees,

I am pleased to report that fiscal year 2018-19 was outstanding for Helix Water District. The most important takeaway is that the district has more than enough water to meet the needs of the communities we serve. This is the result of 25 years of collaborative planning and investment in a diversified and drought-resistant, regional water supply, and of the winter storms that dropped more rain on our local watersheds last year than in 2017.

The district spent less for water last year than in the prior year, held operating cost increases to under 1 percent and approved an advance funding plan that will reduce Helix’s unfunded employee pension liabilities by $20.3 million, providing a net cost savings of $12.3 million for Helix and its customers. The result was that we delivered safe and reliable water to customer homes for less than one cent per gallon. The board of directors takes our fiscal oversight responsibility very seriously, and I am pleased to say that Helix employees do, as well.

It has been my honor to serve as the president of the board. I want to thank my fellow board members and every one of the district’s employees for the year-end results presented in this report. They exemplify our shared commitment to public service.

Daniel H. McMillan
Board President

Dear Helix Customers and Employees,

It is my great pleasure to present the district’s annual report for the fiscal year ending June 30, 2019. Enclosed you will find our accomplishments for the year, from 100 percent compliance with federal and state drinking water standards to the successful completion of phase two of a multi-year replacement of our enterprise software systems.

I would like to thank each and every one of our employees for the vital role they play in serving our customers – for their skills, expertise and commitment to making Helix a dynamic workplace that is continuously learning and improving.

Our annual report serves as a historical record for the district, and as an accounting to customers. This report shows how we invested water rates last year, the benefits customers received and how we controlled costs. I encourage you to take a look.

Carlos V. Lugo
General Manager

Contents

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Quality</td>
<td>4</td>
</tr>
<tr>
<td>Financial Statements</td>
<td>8</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>16</td>
</tr>
<tr>
<td>Sustainability</td>
<td>22</td>
</tr>
<tr>
<td>Community</td>
<td>34</td>
</tr>
<tr>
<td>About Us</td>
<td>40</td>
</tr>
</tbody>
</table>
**Water Quality**

100% **Compliance with state and federal drinking water regulations**

9.3 billion gallons of drinking water treated

73,000 samples collected and analyzed

Evaluated feasibility of East County Advanced Water Purification Program

Participated on State Water Resources Control Board’s Environmental Laboratory Accreditation (ELAP) Program Advisory Committee to represent concerns of small labs in proposed regulatory changes

Participated in founding of California Coalition of Accredited Laboratories to coordinate ELAP implementation

---

**Water Supply**

- **Colorado River**
  - 55% Of Our Water Supply
  - 124% Upper Basin Snowpack (% of April 1 Median)
  - 39% Lake Mead (% of Capacity on June 30)

- **State Water Project**
  - 33% Of Our Water Supply
  - 135% Northern Sierra Snowpack (% of April 1 Average)
  - 98% Lake Oroville (% of Capacity on June 30)

- **Lake Cuyamaca, El Capitan Reservoir and Local Creeks**
  - 12% Of Our Water Supply
  - 112% Precipitation (% of April 1 Average)
  - 9,994 Acre Feet of Runoff
2009-2019
Water Supply

<table>
<thead>
<tr>
<th>Year</th>
<th>Imported Water</th>
<th>Local Water</th>
<th>Dry Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>1,261</td>
<td>37,657</td>
<td>1,261</td>
</tr>
<tr>
<td>2010</td>
<td>3,211</td>
<td>33,211</td>
<td>3,211</td>
</tr>
<tr>
<td>2011</td>
<td>31,812</td>
<td>34,358</td>
<td>31,812</td>
</tr>
<tr>
<td>2012</td>
<td>32,794</td>
<td>35,068</td>
<td>32,794</td>
</tr>
<tr>
<td>2013</td>
<td>34,308</td>
<td>31,145</td>
<td>34,308</td>
</tr>
<tr>
<td>2014</td>
<td>27,117</td>
<td>28,764</td>
<td>27,117</td>
</tr>
<tr>
<td>2015</td>
<td>28,764</td>
<td>27,898</td>
<td>28,764</td>
</tr>
<tr>
<td>2016</td>
<td>27,117</td>
<td>25,713</td>
<td>27,117</td>
</tr>
<tr>
<td>2017</td>
<td>30,257</td>
<td>24,800</td>
<td>30,257</td>
</tr>
<tr>
<td>2018</td>
<td>27,898</td>
<td>25,173</td>
<td>27,898</td>
</tr>
<tr>
<td>2019</td>
<td>25,713</td>
<td>25,005</td>
<td>25,713</td>
</tr>
</tbody>
</table>

Precipitation
Lake Cuyamaca

35.67”
Avg. Annual Precipitation
Since 1888

25.70”
Avg. Annual Precipitation
Since 1999

2009-2019
Customer Water Use

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Customer Water Use in Gallons per Person per Day</th>
<th>Dry Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>127</td>
<td>127</td>
</tr>
<tr>
<td>2010</td>
<td>111</td>
<td>111</td>
</tr>
<tr>
<td>2011</td>
<td>106</td>
<td>106</td>
</tr>
<tr>
<td>2012</td>
<td>109</td>
<td>109</td>
</tr>
<tr>
<td>2013</td>
<td>114</td>
<td>114</td>
</tr>
<tr>
<td>2014</td>
<td>117</td>
<td>117</td>
</tr>
<tr>
<td>2015</td>
<td>103</td>
<td>103</td>
</tr>
<tr>
<td>2016</td>
<td>89</td>
<td>89</td>
</tr>
<tr>
<td>2017</td>
<td>94</td>
<td>94</td>
</tr>
<tr>
<td>2018</td>
<td>98</td>
<td>98</td>
</tr>
<tr>
<td>2019</td>
<td>90</td>
<td>90</td>
</tr>
</tbody>
</table>

2009-2019
Service Area Population

<table>
<thead>
<tr>
<th>Year</th>
<th>Service Area Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>275,010</td>
</tr>
<tr>
<td>2019</td>
<td>263,642</td>
</tr>
</tbody>
</table>

FY 2018-19
Treated Water Sales

<table>
<thead>
<tr>
<th>District</th>
<th>Acre Foot</th>
<th>Gallons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Otay Water District</td>
<td>7,145 AF</td>
<td>2,282,775 Gallons</td>
</tr>
<tr>
<td>Padre Dam Muni. Water District</td>
<td>3,749 AF</td>
<td>1,221,491 Gallons</td>
</tr>
<tr>
<td>Lakeside Water District</td>
<td>2,649 AF</td>
<td>860,651 Gallons</td>
</tr>
</tbody>
</table>

AF = Acre Foot = 325,851 Gallons
Helix operates under California Irrigation District Law as a utility enterprise. Accordingly, the district presents its financial statements using the economic resources measurement focus and the full accrual basis of accounting, similar to methods used by private sector companies.

These financial statements are designed to provide readers with a broad overview of the finances, changes in cash balances and information about both short-term and long-term activities of the district. As an enterprise fund, the district’s financial statements include the following:

Statement of Net Position
Presents information on the district’s assets, deferred outflows, liabilities and deferred inflows with the difference reported as net position. The statement of net position provides the basis for evaluating the capital structure of the district and assessing its liquidity and financial flexibility. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

Statement of Revenues, Expenses and Changes in Net Position
Presents information which shows how the district’s net position changed during the year. All of the current year’s revenues and expenses are recorded on an accrual basis, meaning when the underlying transaction occurs, regardless of the timing of the related cash flows. This statement measures whether the district has recovered its costs through water sales, user fees and other charges over the past year.

Statement of Cash Flows
Provides information regarding the district’s cash receipts and cash disbursements during the year. This statement reports cash activity in three categories: operating; capital and related financing; and investing. The statement differs from the statement of revenues, expenses, and changes in net position in that it accounts only for transactions that result from cash receipts and cash disbursements. The statement of cash flows shows why cash from operating activities differs from operating income.

Income
Fiscal Year 2017-18
$2.6 M
Fiscal Year 2018-19
$13.3 M
The district generated income before contributions of $13.3 million -- $10.7 million more than the prior year. The primary reason was a $15.4 million decrease in the cost of water. While fiscal year 2017-18 was extremely dry, fiscal year 2018-19 brought significant local rainfall.

Local Water Runoff
Fiscal Year 2017-18
471 Acre Feet
Fiscal Year 2018-19
9,994 Acre Feet
Local rainfall in fiscal year 2018-19 produced 9,994 acre feet of runoff into Lake Cuyamaca, Boulder Creek and El Capitan Reservoir. This local water runoff reduces the amount of imported water the district needs to purchase.

Operating Costs
Fiscal Year 2017-18
8.7% Increase
Fiscal Year 2018-19
<1% Increase
The district kept its other operating costs steady, increasing only $330,000 or less than 1 percent, excluding the cost of water and depreciation. Staff works hard at controlling costs with safety, efficiency and technology.

Capital Assets
Fiscal Year 2017-18
$247.8 M
Fiscal Year 2018-19
$252.5 M
The district’s water rates fund the continuous replacement of assets that have reached the end of their useful life — pipes, pumps, tanks, meters and other components of our water treatment and distribution systems — to ensure high quality water and reliable service.
### Assets 2019 2018

<table>
<thead>
<tr>
<th>Current Assets</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$29,799,172</td>
<td>$29,953,243</td>
</tr>
<tr>
<td>Water receivables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Billed</td>
<td>3,615,540</td>
<td>3,957,464</td>
</tr>
<tr>
<td>Unbilled</td>
<td>8,415,204</td>
<td>7,044,373</td>
</tr>
<tr>
<td>Other receivables</td>
<td>212,349</td>
<td>462,819</td>
</tr>
<tr>
<td>Water inventory</td>
<td>25,462,142</td>
<td>16,581,306</td>
</tr>
<tr>
<td>Supplies inventory and prepaid expenses</td>
<td>706,956</td>
<td>768,658</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>68,211,363</strong></td>
<td><strong>58,767,863</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-Current Assets</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restricted - debt service</td>
<td>1,906,776</td>
<td>1,913,356</td>
</tr>
<tr>
<td>Investments</td>
<td>12,462,140</td>
<td>10,302,670</td>
</tr>
<tr>
<td>Capital assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
<td>5,067,807</td>
<td>5,067,807</td>
</tr>
<tr>
<td>Reservoirs and pipelines</td>
<td>364,048,246</td>
<td>347,250,441</td>
</tr>
<tr>
<td>Automobiles and trucks</td>
<td>4,872,090</td>
<td>3,012,300</td>
</tr>
<tr>
<td>Buildings and equipment</td>
<td>53,227,726</td>
<td>54,141,322</td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
<td>(180,944,068)</td>
<td>(171,345,958)</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>6,259,302</td>
<td>9,704,002</td>
</tr>
<tr>
<td><strong>Total Non-Current Assets</strong></td>
<td><strong>266,900,013</strong></td>
<td><strong>260,045,940</strong></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>335,111,382</strong></td>
<td><strong>318,813,803</strong></td>
</tr>
</tbody>
</table>

### Liabilities 2019 2018

<table>
<thead>
<tr>
<th>Current Liabilities</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>$8,601,823</td>
<td>$4,505,362</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>550,792</td>
<td>3,661</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>551,655</td>
<td>318,613</td>
</tr>
<tr>
<td>Deposits</td>
<td>3,950,138</td>
<td>2,826,778</td>
</tr>
<tr>
<td>Current portion of bonds payable</td>
<td>1,530,000</td>
<td>1,480,000</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td><strong>15,114,460</strong></td>
<td><strong>9,419,118</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-Current Liabilities</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensated absences</td>
<td>2,456,216</td>
<td>2,699,306</td>
</tr>
<tr>
<td>Bonds payable after one year</td>
<td>6,700,000</td>
<td>8,230,000</td>
</tr>
<tr>
<td>Net pension liability</td>
<td>42,745,263</td>
<td>43,517,747</td>
</tr>
<tr>
<td>Net other post-employment benefits liability</td>
<td>28,315,434</td>
<td>28,598,306</td>
</tr>
<tr>
<td><strong>Total Non-Current Liabilities</strong></td>
<td><strong>49,216,152</strong></td>
<td><strong>49,945,059</strong></td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>95,401,321</strong></td>
<td><strong>92,179,773</strong></td>
</tr>
</tbody>
</table>

### Deferred Outflows of Resources

<table>
<thead>
<tr>
<th>Deferred Outflows of Resources</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred amount on refunding of debt</td>
<td>183,943</td>
<td>220,732</td>
</tr>
<tr>
<td>Deferred amount related to pensions</td>
<td>1,217,882</td>
<td>879,121</td>
</tr>
<tr>
<td>Deferred amount related to other post-employment benefits</td>
<td>257,488</td>
<td>264,022</td>
</tr>
<tr>
<td><strong>Total Deferred Inflows of Resources</strong></td>
<td><strong>1,659,313</strong></td>
<td><strong>1,363,875</strong></td>
</tr>
</tbody>
</table>

### Net Position

<table>
<thead>
<tr>
<th>Net Position</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment in capital assets</td>
<td>244,117,160</td>
<td>237,899,182</td>
</tr>
<tr>
<td>Restricted debt service</td>
<td>1,906,776</td>
<td>1,913,356</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>7,353,780</td>
<td>(2,033,454)</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td><strong>253,377,716</strong></td>
<td><strong>237,779,084</strong></td>
</tr>
<tr>
<td><strong>Total Liabilities, Deferred Inflows of Resources and Net Position</strong></td>
<td><strong>$350,438,350</strong></td>
<td><strong>$331,322,732</strong></td>
</tr>
</tbody>
</table>
Statement of Revenues, Expenses and Changes in Net Position

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Water sales</td>
<td>$ 84,470,826</td>
<td>$ 85,212,560</td>
</tr>
<tr>
<td>Other charges</td>
<td>590,103</td>
<td>604,167</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td><strong>85,060,929</strong></td>
<td><strong>85,816,727</strong></td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of water</td>
<td>28,524,683</td>
<td>43,956,171</td>
</tr>
<tr>
<td>Depreciation</td>
<td>10,076,023</td>
<td>8,983,961</td>
</tr>
<tr>
<td>Administrative and general</td>
<td>9,522,242</td>
<td>22,617,634</td>
</tr>
<tr>
<td>Transmission and distribution</td>
<td>6,612,711</td>
<td>3,024,696</td>
</tr>
<tr>
<td>Water treatment</td>
<td>5,672,667</td>
<td>3,416,564</td>
</tr>
<tr>
<td>Operations</td>
<td>4,554,827</td>
<td>2,161,604</td>
</tr>
<tr>
<td>Pumping</td>
<td>3,190,219</td>
<td>2,348,009</td>
</tr>
<tr>
<td>Engineering and inspection</td>
<td>2,514,837</td>
<td></td>
</tr>
<tr>
<td>Customer services</td>
<td>2,582,366</td>
<td>1,162,085</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td><strong>73,661,576</strong></td>
<td><strong>87,670,724</strong></td>
</tr>
<tr>
<td><strong>Operating Income (Loss)</strong></td>
<td><strong>11,399,353</strong></td>
<td><strong>(1,853,997)</strong></td>
</tr>
<tr>
<td><strong>Non-Operating Revenues (Expenses)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other income</td>
<td>2,319,176</td>
<td>5,044,918</td>
</tr>
<tr>
<td>Interest income</td>
<td>1,168,415</td>
<td>577,149</td>
</tr>
<tr>
<td>Other expense</td>
<td>(1,052,470)</td>
<td>(766,953)</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(515,973)</td>
<td>(415,258)</td>
</tr>
<tr>
<td>Total Non-Operating Revenues (Expenses)</td>
<td><strong>1,919,148</strong></td>
<td><strong>4,439,856</strong></td>
</tr>
<tr>
<td>Income (Loss) Before Contributions</td>
<td><strong>13,318,501</strong></td>
<td><strong>2,585,859</strong></td>
</tr>
<tr>
<td><strong>Contributions by Customers, Developers and Agencies</strong></td>
<td>2,280,131</td>
<td>2,565,650</td>
</tr>
<tr>
<td>Increase in net position</td>
<td>15,598,632</td>
<td>5,151,509</td>
</tr>
<tr>
<td>Net position, beginning of year</td>
<td>237,779,084</td>
<td>232,627,575</td>
</tr>
<tr>
<td>Net position, end of year</td>
<td><strong>$ 253,377,716</strong></td>
<td><strong>$ 237,779,084</strong></td>
</tr>
</tbody>
</table>
# June 30, 2019  
## Statement of Cash Flows

<table>
<thead>
<tr>
<th>Cash Flow From Operating Activities</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Receipts from customers</td>
<td>$84,282,492</td>
<td>$84,698,695</td>
</tr>
<tr>
<td>Payments to customers and vendors</td>
<td>(57,644,839)</td>
<td>(62,985,463)</td>
</tr>
<tr>
<td>Payments to employees</td>
<td>(12,417,086)</td>
<td>(11,932,810)</td>
</tr>
<tr>
<td>Other income</td>
<td>2,319,176</td>
<td>5,044,918</td>
</tr>
<tr>
<td>Other expenses</td>
<td>(1,052,470)</td>
<td>(766,953)</td>
</tr>
<tr>
<td><strong>Net Cash Provided by Operating Activities</strong></td>
<td><strong>15,487,273</strong></td>
<td><strong>14,058,387</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Flows From Capital and Related Financing Activities</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase and construction of capital assets</td>
<td>(14,203,358)</td>
<td>(12,246,889)</td>
</tr>
<tr>
<td>Principal payments on bonds</td>
<td>(1,480,000)</td>
<td>(1,435,000)</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(679,788)</td>
<td>(452,043)</td>
</tr>
<tr>
<td>Cash contributions by customers and developers</td>
<td>1,656,132</td>
<td>670,499</td>
</tr>
<tr>
<td>Cash contributions by public agencies</td>
<td>50,145</td>
<td>56,768</td>
</tr>
<tr>
<td><strong>Net Cash (Used) for Capital and Related Financing Activities</strong></td>
<td><strong>(14,656,869)</strong></td>
<td><strong>(13,406,665)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash Flows From Investing Activities</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of investments</td>
<td>(2,976,000)</td>
<td>(5,523,133)</td>
</tr>
<tr>
<td>Sales/maturities of investments</td>
<td>991,945</td>
<td>3,360,673</td>
</tr>
<tr>
<td>Interest on investments</td>
<td>991,945</td>
<td>577,149</td>
</tr>
<tr>
<td><strong>Net Cash Provided by (Used for) Investing Activities</strong></td>
<td><strong>(991,055)</strong></td>
<td><strong>(3,585,311)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Increase (Decrease) in Cash and Cash Equivalents</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>(160,651)</td>
<td>(2,933,589)</td>
<td>(2,933,589)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash and Cash Equivalents at Beginning of Year</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>31,866,599</td>
<td>34,800,188</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash and Cash Equivalents at End of Year</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>31,705,948</td>
<td>31,866,599</td>
<td></td>
</tr>
</tbody>
</table>

## Reconciliation of Operating Loss to Net Cash Provided by Operating Activities

<table>
<thead>
<tr>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>$11,399,353</td>
<td>$(1,853,997)</td>
</tr>
</tbody>
</table>

## Adjustments:

- **Depreciation**: $10,076,023 | 8,983,961
- **Other income and expense**: 1,266,706 | 4,277,965

## Change in operating assets and liabilities:

- **Increase** in water receivables: 1,028,907 | (796,037)
- **Increase** in other receivables: 250,470 | (321,995)
- **Increase** in inventory: (8,880,836) | 5,673,288
- **Increase** in supplies inventory and prepaid expenses: 61,702 | 7,028
- **Increase** in deferred outflows related to pensions: (2,694,705) | (1,713,364)
- **Increase** in deferred outflows related to other postemployment benefits (OPEB): (123,334) | (371,411)
- **Increase** in accounts payable: 4,096,461 | (3,383,446)
- **Increase** in accrued expenses: 674,157 | (1,328,348)
- **Increase** in compensated absences: (10,048) | 167,860
- **Increase** in deposits: 1,123,360 |
- **Increase** in deferred inflows related to pensions: 338,761 | (228,381)
- **Increase** in deferred inflows related to OPEB: (6,534) | 264,022
- **Increase** in net pension liability: (772,484) | 4,880,220
- **Increase** in net OPEB liability: (282,872) | (198,996)

## Net Cash Provided by Operating Activities

<table>
<thead>
<tr>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>$15,487,273</td>
<td>$14,058,387</td>
</tr>
</tbody>
</table>

## Supplemental Disclosures of Noncash Investing and Financing Activities

- **Contribution of water system assets by customers and developers**: $573,854 | $1,838,383
- **Amortization of deferred amount on refunding debt**: $36,789 | $36,786

## Net Increase (Decrease) in Cash and Cash Equivalents

<table>
<thead>
<tr>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>$29,799,172</td>
<td>$29,953,243</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,906,776</td>
<td>1,913,356</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Total Cash and Cash Equivalents</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>$31,705,948</td>
<td>$31,866,599</td>
<td></td>
</tr>
</tbody>
</table>

June 30, 2019

## Reconciliation to the Statements Net Position

<table>
<thead>
<tr>
<th>Net Increase (Decrease) in Cash and Cash Equivalents</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>(160,651)</td>
<td>(2,933,589)</td>
<td>(2,933,589)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash and Cash Equivalents at Beginning of Year</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>31,866,599</td>
<td>34,800,188</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash and Cash Equivalents at End of Year</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>31,705,948</td>
<td>31,866,599</td>
<td></td>
</tr>
</tbody>
</table>
Infrastructure

Israel Perez, Operations

FY 2018-19 District Facilities

<table>
<thead>
<tr>
<th>Category</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>275,910</td>
</tr>
<tr>
<td>Miles of Pipe</td>
<td>733</td>
</tr>
<tr>
<td>Pressure Zones</td>
<td>35</td>
</tr>
<tr>
<td>Dams and Reservoirs</td>
<td>2</td>
</tr>
<tr>
<td>Water Meters</td>
<td>56,184</td>
</tr>
<tr>
<td>Valves</td>
<td>16,901</td>
</tr>
<tr>
<td>Pump Stations</td>
<td>25</td>
</tr>
<tr>
<td>Treatment Plant</td>
<td>1</td>
</tr>
<tr>
<td>Fire Hydrants</td>
<td>6,498</td>
</tr>
<tr>
<td>Reservoir Tanks</td>
<td>25</td>
</tr>
</tbody>
</table>
## Operations

### Maintenance

<table>
<thead>
<tr>
<th>Task</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plastic services replaced</td>
<td>61</td>
</tr>
<tr>
<td>Water services installed</td>
<td>50</td>
</tr>
<tr>
<td>Fire services installed</td>
<td>12</td>
</tr>
<tr>
<td>Water meters maintained and replaced</td>
<td>3,635</td>
</tr>
<tr>
<td>Fire hydrants installed and maintained</td>
<td>3,239</td>
</tr>
<tr>
<td>Pressure system interconnect upgrades</td>
<td>2</td>
</tr>
<tr>
<td>Distribution valves repaired, maintained and replaced</td>
<td>8,904</td>
</tr>
<tr>
<td>Blow-offs upgraded and maintained</td>
<td>709</td>
</tr>
<tr>
<td>Facilities maintenance tasks performed</td>
<td>2,000</td>
</tr>
<tr>
<td>Fleet preventive maintenance tasks performed</td>
<td>700</td>
</tr>
<tr>
<td>Square feet of paving completed</td>
<td>75,000</td>
</tr>
<tr>
<td>Water quality samples tested during pipe repairs</td>
<td>1,309</td>
</tr>
</tbody>
</table>

### Customer Service

<table>
<thead>
<tr>
<th>Task</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Field dispatches</td>
<td>849</td>
</tr>
<tr>
<td>After-hours service dispatches</td>
<td>1,056</td>
</tr>
<tr>
<td>Planned shutdowns</td>
<td>155</td>
</tr>
<tr>
<td>Emergency repairs</td>
<td>47</td>
</tr>
<tr>
<td>Emergency operations exercises</td>
<td>1</td>
</tr>
</tbody>
</table>
FY 2018-19
Engineering

22,800
Feet of infrastructure under construction

8
Construction projects completed:

El Cajon
• South Rim Tank rehabilitation
• New pipeline on Jamacha, Vista Del Valle and Flume
• New pipeline on Dennsted, Murray and Main

Lake Jennings and Lake Cuyamaca
• Dam pavement resurfacing

La Mesa
• New pipeline on Rogers, Tropico and Helix Canyon
• New pipeline in easement between Showplace and Rogers
• Grossmont Reservoir valve vault

Spring Valley
• New pipeline on Bancroft and Valencia
• New pipeline on Tangor and Glen

5
Reservoir tanks inspected, washed down and cleaned

17,500
Feet of topographic surveying completed

18,400
Feet of construction staking completed

8,300
Utility locations completed (DigAlert)

270
Private development projects reviewed
In April, San Diego Gas and Electric honored Helix at the energy utility’s 14th Annual Energy Showcase, for leadership in advancing energy efficiency and sustainability in the San Diego region.

“This is a nice award to receive,” said Helix Board President Dan McMillan, “Because it recognizes the commitment the board made years ago to increase energy efficiency, and it reflects our results.”

Energy – primarily to pump water throughout Helix’s distribution system, which serves over 275,000 people in El Cajon, La Mesa, Lemon Grove, Spring Valley and other unincorporated areas of the county – cost the district $2.1 million in fiscal year 2018-19. Controlling energy costs, and their impact on water rates, is a priority for the district.

In 2012, Helix retained DHK Engineers of Escondido to perform an energy audit of the district’s facilities, and the firm worked closely with Helix staff to prepare a list of 150 energy conservation opportunities. On April 24, 2019, DHK reported to the Helix board that staff had successfully implemented 148 of the conservation strategies. Combined, the district’s initiatives have reduced Helix’s annual energy use by 25 percent over the last 12 years.

2018 Energy Consumption

“We are reducing operating costs for our customers,” said Helix board member Mark Gracyk. “But Helix is also becoming part of the solution. We are reducing greenhouse gas emissions and contributing to the sustainability of the communities we serve.”

Becoming part of the solution was the key message at SDG&E’s Energy Showcase event. “It’s electric in here,” Helix board member Kathleen Coates Hedberg half-joked during the event. “Everyone and every company that’s here is pulling in the same direction – towards a sustainable California – and you can feel the momentum.”
How We Cut Energy Use (and Costs) By 25%

- **Purchasing Energy**: Through the State of California's Direct Access Program saves the district 18% on commodity costs.

- **Solar Panels**: Installed at Helix's operations center in El Cajon provide the majority of the facility's power.

- **Monitoring**: SDG&E rate schedules and schedule alterations on a continual basis.

- **Load Shifting**: To off-peak periods at the treatment plant and pump stations.

- **Equipping Pumps**: With power meters and programmable logic controllers for remote monitoring and operation.

- **Partnering with SDG&E**: For free charging stations and transitioning into a hybrid vehicle fleet. Exploring renewables, too.

- **EnergyStar Baselines**: For each of our major facilities allow staff to monitor and measure energy efficiency.

- **Installing Solar**: Film on administration office windows to reduce interior temperatures.

- **Installing**: Energy efficient light fixtures in all district buildings.

- **Designing**: A sustainable landscape for the Administration Office.

Water Conservation

**Customer Water Use**

Helix customers continue to use less water than they used in 2013, the baseline for measuring statewide water savings during 2012-2017 drought.

-28% 2015

-21% 2016

-19% 2017

-17% 2018

-17% 2019

**Programs**

- **137**: Residential and commercial surveys
- **811**: Residential and commercial rebates
- **3**: Landscape design workshops and four-part landscape makeover series
- **21**: Events and classes at The Water Conservation Garden
- **1**: WaterSmart Landscape Contest
- **5**: New webpages on water conservation programs
- **103**: Water waste reports investigated
The district continues to replace a decades-old financial, purchasing and general ledger system with new, enterprise resource planning software and mobile and paperless solutions. Our goals -- more productive employees, customer convenience and a more sustainable district.
What Employees Say About Our New Software

"I really like Onbase – the ease of having a historical document at your fingertips in a matter of seconds.

Sonya, Customer Service

We recently went through the annual financial audit and the ease with which we can pull supporting documentation from the system made for a smooth process with our auditors. The implementation of our new software was a huge accomplishment and staff was amazing throughout the process.

Amy, Accounting

A big difference I find in Tyler vs. HP is staff can now pull copies of all payments and invoices processed out of Tyler at any time. This saves accounting’s time because we don’t have to pull physical files and email copies to staff.

Robyn, Accounting

With the electronic content management, over 300,000 documents are available to staff with a couple clicks. Automation allows the district to remain in compliance with state mandated retention and destruction schedules. And, the less time we spend handling, filing and retrieving paper files, the more we can do.

Sandy, Administrative Support

My favorite feature of the new MUNIS system is its accessibility – it’s easy to access information, such as viewing invoices or seeing when an invoice was paid, with just a few clicks. That’s information that wasn’t easily available in the previous HP system.

Michelle, Public Affairs

Since we started using the XC2 software, we have added over 650 backflow devices into our database. XC2 has made our data entry and daily customer record updating more efficient and it allows us to print real time, up-to-date compliance reports with the click of a button. Before, we had to self-generate a report from an Excel spreadsheet query once a week.

Darrin, Cross Connection Control

In February, the board approved a one-time, $5 million payment in 2019 and an additional $3 million in payments over the next four years to reduce the district’s unfunded employee pension liabilities.

The advance funding plan will reduce Helix’s unfunded employee pension liabilities by $20.3 million, providing a net cost savings of $12.3 million for Helix and its customers.

The annual cost savings for the district will ramp up steadily from $138,000 this year to almost $2 million in fiscal year 2042-43, when the district will pay off, or fully fund, its employee pensions five years ahead of schedule.

“Helix’s board and staff have been working to find ways to address this challenge, which is impacting cities and government agencies throughout California,” said Board President Dan McMillan. “We have to pay down our unfunded pension liability for the fiscal health of the district. We have a responsibility to our employees and our customers.”

Helix made exploring alternatives to reduce unfunded employee pension liabilities a key objective in the district’s strategic plan developed in fiscal year 2014-15. First steps included paying the California Public Employees Retirement System in full each year, and saving $50,000 each year by making the annual unfunded liability payment in one lump sum at the beginning of the year. Additionally, having district employees pay 100 percent of the optional employee contribution is saving the district and customers $1 million annually.

To reduce the unfunded portion of employee pensions, the Helix board voted to make voluntary prepayments of $500,000 to $750,000 to CalPERS each year. Voluntary payments to CalPERS over the last five years total $2.75 million.

Last year, during the budgeting process for fiscal year 2018-19, Helix’s board directed staff to analyze how an even larger, one-time prepayment would impact the unfunded portion of the district’s employee pensions.

This was not an easy question to answer. Helix’s unfunded pension liability is essentially a debt on which the district pays 7 percent interest. However, unlike
Employee pensions fully funded five years ahead of schedule

other debt, the amount owed changes annually based on the difference between
the expected and actual performance of the pension plan’s assets.

The expected performance is based on the California Public Employees
Retirement System’s actuarial assumptions, including expected earnings from
interest, expected mortality rates and the amount of contributions CalPERS
expects to receive from member agencies. The expected performance is also
based on any changes made to the pension plan or the assumptions, and CalPERS
has made a number of changes over the last five years. On top of that, CalPERS’
annual returns have fluctuated year to year, including a 23 percent loss in 2009
and earnings of under 1 percent in 2012 and 2016.

“Remember those story problems in algebra class about two trains leaving dif-
ferent stations and traveling at different speeds? The district’s unfunded liability
is a story problem with 16 trains,” said Helix’s Director of Administrative Services
Jennifer Bryant, “And we had to figure out where all the trains would meet over
the next 30 years.”

Bryant and Helix board members reached out to and consulted with CalPERS
Senior Actuary Nancy Campbell, attended workshops and seminars offered by
CalPERS and the Association of California Water Agencies, and worked with a
prepayment modeling tool provided by CalPERS.

Helix then retained Fieldman, Rolapp and Associates to review the district’s
options. The district could continue making voluntary prepayments or request a
new, shortened payment schedule from CalPERS, and it could continue making
discretionary payments, put the funds for CalPERS payments in a restricted
trust, or issue obligation bonds and pay the unfunded portion of its employee
pensions in full.
Helix staff recommended and the board approved continued discretionary payments — a $5 million advanced payment to the California Public Employees Retirement System this year and $750,000 advanced payments in each of the next four years.

Funding for the $5 million payment came from the $8 million Helix received from the sale of district property in the El Monte Valley in Lakeside, not from water rates or rate increases, and funding for the four $750,000 voluntary payments is already included in the district’s five-year cost projection.

In June 2018, 68 percent of Helix pensions were funded. CalPERS expected the $5 million payment to increase the district’s funded status in June 2019 to 72 percent.

If the board had not approved the voluntary payments, the district’s employee pensions would remain 68 percent funded, annual payments to CalPERS would increase from $3.5 million this year to as high as $4.9 million in fiscal year 2030-31, and the district would not pay off its employee pensions until 2048.

“Making voluntary payments is a good strategy,” said General Manager Carlos Lugo. “We struck the best balance we could between the district’s employees and current and future customers.”

California’s legislature decides how we invest and develop water resources to sustain the state’s population, economy and environment. Every Californian is a stakeholder, and Helix actively lobbies our representatives in Sacramento on behalf of the communities we serve.

Fiscal Year 2018-19 Legislative Advocacy

<table>
<thead>
<tr>
<th>Legislative bills monitored</th>
<th>Letters sent to legislators</th>
<th>Coalition letters signed</th>
</tr>
</thead>
<tbody>
<tr>
<td>17</td>
<td>35</td>
<td>6</td>
</tr>
</tbody>
</table>

**Water Tax**
- AB 217
- SB 200
- SB 623
- SB 844
- SB 845
- SB 669

Helix opposed a tax on urban water bills to fund the clean-up of wells in central valley communities contaminated by agriculture. In June, Governor Newsom signed SB 200 and established ongoing funding from the state’s general fund.

**Low-Income Water Rate Assistance**
- AB 401
- SB 998

SB 998 became law and Helix is revamping its billing policies and software to accommodate compliance.

**Long-Term Water Conservation Regulations**
- AB 1668
- SB 606

Helix is actively lobbying the State Water Resources Control Board as it develops the regulations.

**Colorado River Drought Contingency Plans**

Helix is a signatory on coalition letters supporting the planning process.

**Other Bills**
- AB 533
- AB 1588
- SB 414
- AB 2064

Income tax exemption for water efficiency rebates / support
Operator certification program for military veterans / support
Mandatory assistance for small water systems not providing safe water / support
Facilitates funding for integrated regional water projects / support
Community

Administrative Services

Customer Service

- **70-130** New customer accounts per week
- **350 / 67,200** Meters read per day and per year by one meter reader
- **2,340** Miles walked by meter readers
- **227 / 59,000** Customer calls answered per day and per year
- **100** Customers pay in person each day

Public Affairs

- **252,000** Water bill envelope and newsletter impressions
- **256,844** Website page views
- **247,800** Twitter impressions
- **17,436** Facebook impressions
- **2,900** Nextdoor impressions per post
- **31%** Open-rate for 95 blog posts
- **30%** Open-rate for eBills newsletter
- **4** New videos produced
- **869,973** News/media impressions
- **6** San Diego Union Tribune stories
- **9** Community events
- **7,634** Students participated in school programs
- **34** Projects supported for other departments
Community Events

**Water Talks**

*May / Treatment Plant Tour*
*Feb / Historical Photography Tour*
*Oct / Operations Center Tour*

**Helix Helps**

- 56 employees volunteered
  - La Mesa Park Appreciation Day
  - Casa de Oro Beautification Project
  - El Cajon Arbor Day
  - Lemon Grove Community Garden

**School Programs**

- **2,536** 5th-grade students toured our treatment plant
- **4,859** K-6 students attended a Ms. Smarty Plants assembly
- **137** Water is Life Poster Contest entries
- **74** High School Photo Contest entries
- **28** College scholarship entries
- **3** Teacher mini-grants awarded

**community events**

- **May / Butterfly Festival**
- **May / Customer Appreciation Day**
- **Nov / Fall Plant Sale**
- **Oct / Ms. Smarty Plants Goes Batty**
- **All Year / Classes**

---

**School Programs**

- **2019**
  - **May / Catfish Opener**
  - **Apr / Spring Break and Spring Carnival**
  - **Mar / Kids Day**
  - **Mar / Spring Photo Contest**
  - **Jan / Winter Break**
  - **2018**
  - **Oct / Trout Opener**
  - **Nov / Veterans Day at the Lake**
  - **Oct / Spooky Camp-o-Ween**
  - **Sep / Labor Day at the Lake**
  - **Jul / Catfish REopener**
  - **All Year / Free Boat Launch Days**

**School Programs**

- **5th grade students**
  - **toured our treatment plant**

- **K-6 students**
  - **attended a Ms. Smarty Plants assembly**

- **Water is Life Poster Contest entries**
  - **137**

- **High School Photo Contest entries**
  - **74**

- **College scholarship entries**
  - **28**

- **Teacher mini-grants**
  - **awarded**
  - **3**
Human Resources

- Design and implementation of Tyler Munis HR and Payroll systems
- Developed four-year Memorandum of Understanding with the Board of Directors, Employees’ Association and Middle Management Employees’ Association
- Completed Compensation and Benefits Study with Reward Strategy Group
- Participated in East Region Adult Education Center’s Military Spouse Hiring Event and Business Roundtable
- Helix Bucks employee recognition program

Information Systems

- Deployed final phase of Tyler Munis ERP system, including HR and payroll software modules
- Developed web-based GIS application to manage planned and unplanned water system shutdowns, and identify and notify affected customers within minutes
- Developed web-based GIS application to track daily progress of outsourced fire hydrant painting program
- Developed web-based job safety analysis form in OnBase that employees can complete while in the field
- Enhanced performance and scalability of storage infrastructure at operations center and administration office
- Upgrading utility billing system and customer self-service website
- Upgraded district’s backup software
- Upgraded district’s domain controllers to Windows Server 2016

Finance

- Successful launch of Tyler Munis financial and payroll software
- Processed over 11,000 invoices
- Updated budget document based on Tyler Munis cost centers and Government Finance Officers Association budgeting standards
- Received Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for 15th straight year

Administrative Services

**Administrative Support**

- **87** Public board and committee meetings
- **9,035** Customer notices mailed
- **61** Public records requests
- **1,443** Support requests from departments
- **210** Meetings supported
- **817** Daily construction reports proofed
- **5,960** Documents scanned to OnBase
- **182** Contracts entered into Tyler Munis software
- **300** Contracts administered and maintained

Received Transparency Certificate of Excellence from Special District Leadership Foundation

**Finance**

- Updated budget document based on Tyler Munis cost centers and Government Finance Officers Association budgeting standards
- Received Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association for 15th straight year

**Information Systems**

- Deployed final phase of Tyler Munis ERP system, including HR and payroll software modules
- Developed web-based GIS application to manage planned and unplanned water system shutdowns, and identify and notify affected customers within minutes
- Developed web-based GIS application to track daily progress of outsourced fire hydrant painting program
- Developed web-based job safety analysis form in OnBase that employees can complete while in the field
- Enhanced performance and scalability of storage infrastructure at operations center and administration office
- Upgrading utility billing system and customer self-service website
- Upgraded district’s backup software
- Upgraded district’s domain controllers to Windows Server 2016

**FY 2018-19**

- **38** Helix Water District
- **39** FY 2018-19 Annual Report
About Us

Helix Staff / FY 2018-19

35 Year Service Award
Dave Moore

10 Year Service Award
Cliff Hall
Mary Lamm
Earl Voogd

5 Year Service Award
Michelle Berens
Morgan Blake
Eddie Brisendine
Cheree Burton
Sam Dillman
Ty Horan
Sandy Janzen
Byron Richardson
John Romero

Listed Alphabetically
Hifzeen Ali
Luis Andrade
Sonya Andrews
Lorri Annett
Aniel Anub
Marquetta Aytes

25 Year Service Award
Henry Palechek
Israel Perez

20 Year Service Award
Eric Fockler
Sandy Gutkowski
Jeff Rauch

15 Year Service Award
Dan Baker
Slade Livermore
Gary Martinez
Louie Salas
Mike Schuff
Cristina Soto
Darrin Teisher

10 Year Service Award
Ashley Bond, Operations
Nadir Baig
Daniel Baker
Manuel Barron
Jesse Bartlett-May
Christopher Beaucamp
Ashley Bond
Jeremy Boone
Jeffrey Brown
Rustin Brown
Jennifer Bryant
Devon Bullock
Casey Cable
Joseph Campbell
Aydin Candas
Robyn Chambers
John Cid

25 Year Service Award
Lonny Dill
Sam Dillman
Susen Doubra
Rasheda Eatmon
Doug Emery
Alfred Endozo
Joseph Fenick
Eric Fockler
Nancy Garcia
Joseph Garuba
William Gaston
Richard Gilroy
Donald Gingerich
Eduardo Gonzalez
Jesus Gonzalez
Mark Gracyk
Timothy Gray
Damiin Grimaldi
Scott Grogg
Kolton Gustafson
Michael Gutierrez
Sandra Gutkowski
Kira Haley
Clifford Hall
Michelle Harrison
Kathleen Hedberg
Michael Herrera
Taidgh Horan
Eric Hughes
Garrett Hurst

Dave Moore, Engineering

Ashley Bond, Operations

Nadir Baig, Operations

James Conder
Deborah Copher
Cynthia Covarrubias
Carlos Cruz
Michelle Curtis
Vincent Dambrose
Angela Deegan
Our Mission Statement
Helix Water District is a progressive industry leader, providing high quality water, through an efficient and reliable system. Our innovative and dedicated employees and board members maximize human and technological resources, while providing superior service to our customers and supporting the environment for a sustainable future.

Administration Office
7811 University Avenue
La Mesa, CA 91942
619-466-0585

Nat L. Eggert Operations Center
1233 Vernon Way
El Cajon, CA 92020
619-596-3860

R.M. Levy Water Treatment Plant
9550 Lake Jennings Park Road
Lakeside, CA 92040
619-443-1031

hwd.com