EAST ORANGE COUNTY WATER DISTRICT

ADOPTED BUDGET FISCAL YEAR 2027

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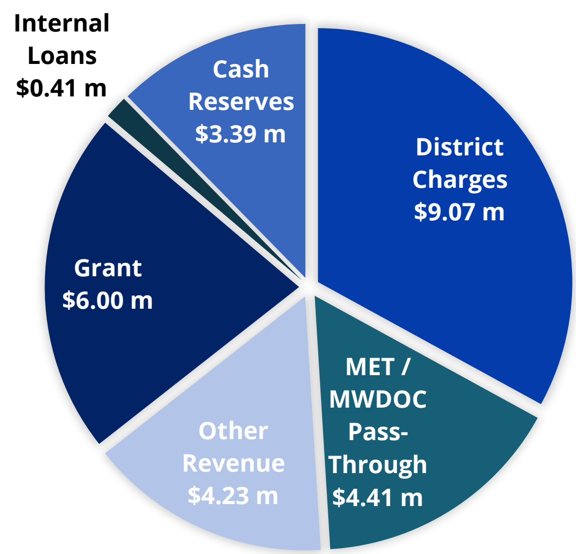
EXECUTIVE SUMMARY

The East Orange County Water District budget is comprised of the Operating and Capital Improvement Program budgets. The District presents a balanced budget for the District and across all funds on an annual basis. Highlights of the fiscal year 2027 budgeted funding sources, uses, cash reserve balances and reserve policy targets are summarized in this section.

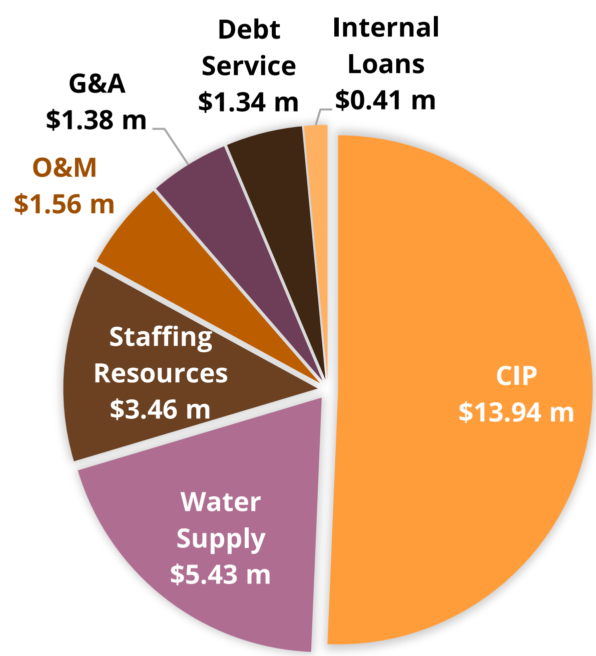
Funding Sources $ $27,513,465

Funding sources are comprised of charges to District customers, MET/MWDOC pass-through charges, other revenues, grants, internal loan receipts, and cash reserves. The largest source is derived from District charges, which include rate revenues received from District customers. MET / MWDOC Pass-Through is derived from recovering the cost of water imports from the Metropolitan Water District of Southern California (MET) directly from Wholesale customers who purchase Wholesale water. Other revenues include County property tax receipts, interest earnings and other miscellaneous sources. Internal loans include the Sewer receiving payments from the Retail fund for the $4 million interfund loan executed during fiscal year 2025. The budget is balanced by $3.39 million in cash reserve funding.



Funding Uses $ $27,513,465

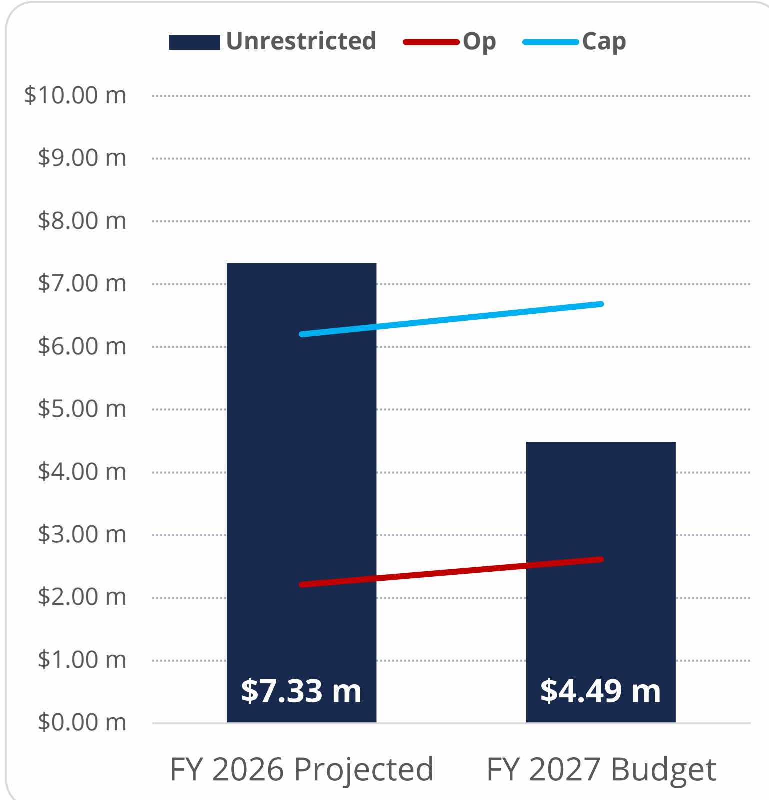
Funding uses are comprised of the Capital Improvement Program (CIP), water supply, staffing resources, operations and maintenance (O&M), general and administrative (G&A), debt service payments, and internal loan payments. The largest use of funding is CIP as the District continues to invest in reliable and critical capital infrastructure. Water Supply includes Wholesale MET / MWDOC pass-through supply and Retail supply for District customers. Staffing resources, O&M, and G&A include employee salaries and benefits, and annual costs required to maintain operations and administrative activities. Debt service includes payments on the 2020 installment loan previously executed to finance sewer and retail capital projects, and pass-through debt service payments related to the Community Facilities District formed in 2018. Internal loans include the Retail fund repayment of the $4 million interfund loan from the Sewer fund executed during fiscal year 2025.



Wholesale Reserves v. Targets

Wholesale cash reserves are projected to meet policy reserve targets at the end of fiscal year 2026. The fiscal year 2027 budget plans for the drawdown of capital reserves to advance CIP projects, most notably for the Wholesale Reservoir Management Systems Project (Project ID WZ-05) and the Paygo portion of the Peters Canyon Seismic Retrofit project (WZ-06).

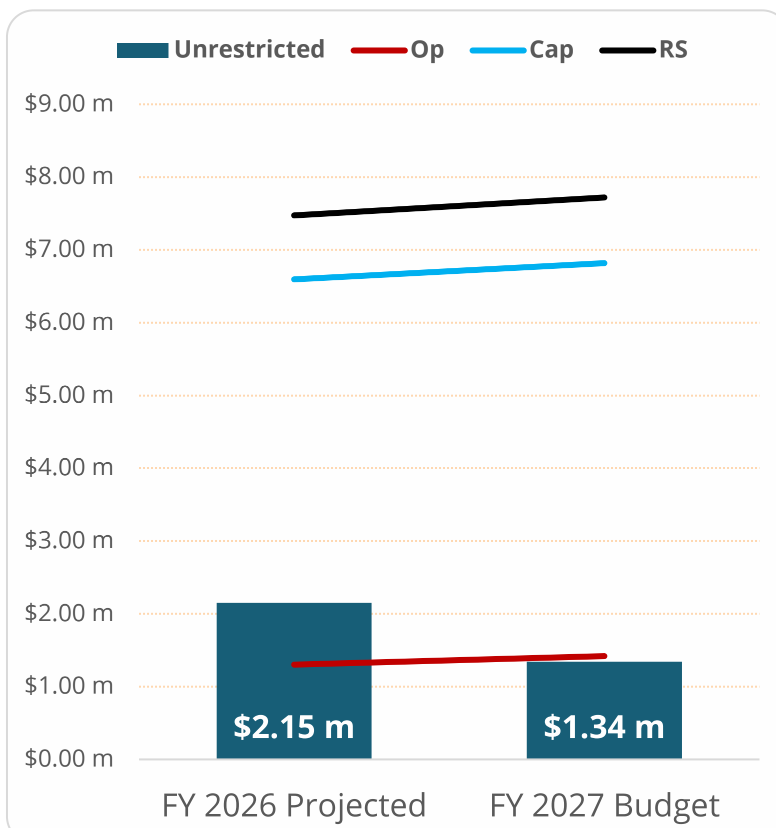
Wholesale reserve policy targets include an operating reserve (Op) and capital reserve (Cap). The operating reserve is equal to 10 months of budgeted operating expenses, excluding source of supply expenses. The capital target is equal to 20% of the cost of Wholesale fixed assets. No rate stabilization reserve target is specified in the Wholesale fund reserve policy.



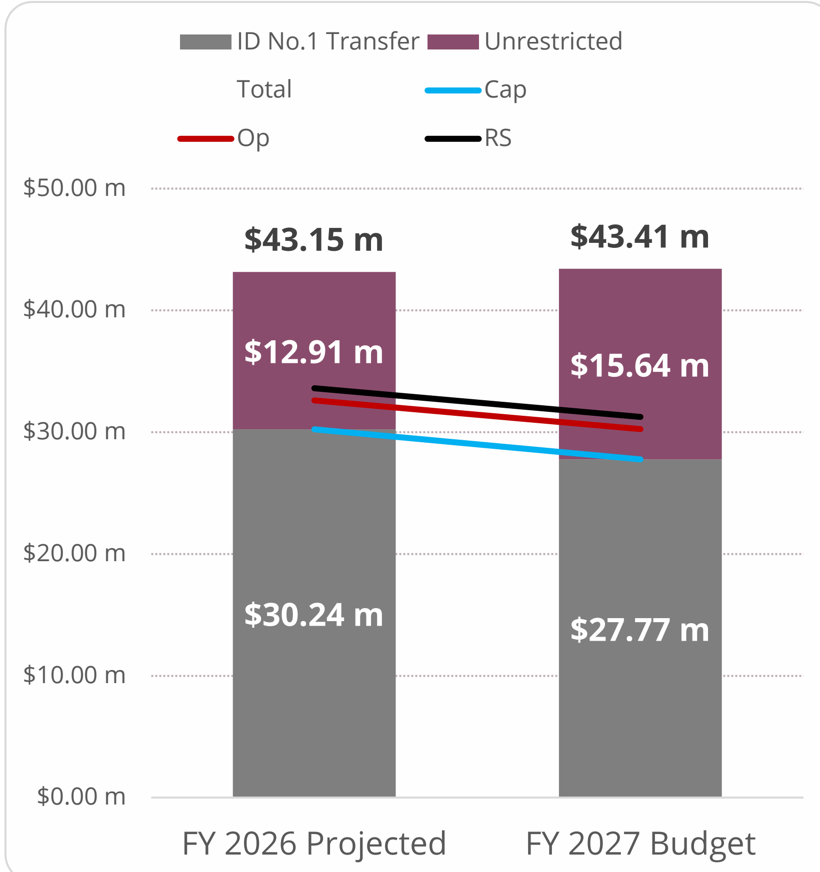
Retail Reserves v. Targets

Retail cash reserves are projected to remain below the capital and the rate stabilization targets at the end of fiscal year 2026. The fiscal year 2027 budget plans for additional drawdown of capital reserves to advance CIP projects, most notably for the Brae Glen Pipeline Replacement (RZ-04), Orange Knoll PRV Station (RZ-05) and Vista Panorama Pump Station (RZ-16). The District has invested heavily into Retail water system infrastructure in recent fiscal years and is planning future spending conservatively to build reserves back up towards policy targets.

Retail reserve policy targets include an operating reserve (Op), capital reserve (Cap) and rate stabilization reserve (RS). The operating reserve is equal to 6 months of budgeted operating expenses. The capital target is equal to 20% of the cost of Retail fixed assets. The rate stabilization reserve (RS) target is equal to 25% of budgeted Retail operating revenues.



Sewer Reserves v. Targets



Sewer cash reserves are projected to remain above all reserve targets at the end of fiscal year 2026. The fiscal year 2027 budget plans to utilize capital reserves to advance CIP projects, most notably for ongoing Sewer capital programs and for heavy vehicle and equipment purchases (Project ID SS-10). In 2016, the District received nearly $45 million in capital reserve funds from the transfer of the Improvement District No.1 Sewer system from Orange County Sanitation District (OC San). Since the transfer, the District has invested these funds into CIP within the Sewer system. These transfer funds are legally restricted and shown in gray on the reserves v. target chart to the right.

Sewer reserve policy targets include a capital reserve (Cap), operating reserve (Op), and rate stabilization reserve (RS). The capital target is equal to the remaining amount of the ID No.1 Sewer transfer funds balance. These transferred funds were received in a lump sum in 2016 and are legally restricted to being used on Sewer capital infrastructure. This reserve will continue to be drawn over time and the reserve target will be adjusted on an annual basis. The operating reserve (Op) is equal to 10 months of Sewer budgeted operating expenses. The rate stabilization (RS) reserve target is equal to $1,000,000 for Sewer spill remediation purposes.

Budgeted Change in District Reserves

The fiscal year 2027 budget forecasts a total ending reserve balance of $49.32 million. Column A represents the projected balance of reserves at the end of the current fiscal year. **Column B** through **column E** displays the major activities of reserve inflows and outflows. The ending District-wide reserve balance budgeted for fiscal year 2027 is shown in **column F**.

	A	B	C	D	E	F
	Projected 6/30/2026 Balance	**Net Income / (Loss) From Operations**	**Grant Funding Proceeds**	**Capital Improvement Program**	**Debt Service Payments**	**Budgeted 6/30/2027 Balance**
Cash Balances						
Unrestricted	22,395,951	5,881,958		(5,470,000)	(1,335,082)	21,472,827
Restricted - CFD (Parcel Assessment)	73,320	2,492				75,813
Restricted - Grant Funding	-		6,000,000	(6,000,000)		-
Restricted - Capacity Fees	-			-		-
Restricted - ID1 Transfer Funds	30,236,420		-	(2,470,000)		27,766,420
Total Cash Balances	**$ 52,705,691**	**$ 5,884,450**	**$ 6,000,000**	**$ (13,940,000)**	**$ (1,335,082)**	**$ 49,315,060**

ANNUAL BUDGET SUMMARY

		A	B	C	D	F = E / B
		FY 2025 Actual Results	FY 2026 Adopted Budget	FY 2026 (P) Projected Results	FY 2027 Adopted Budget	% Budget Change PY
1	Sewer Service Fees	$ 3,832,682	$ 4,292,600	$ 4,320,962	$ 4,839,400	13%
2	Wholesale Water Fixed Charges	588,941	630,200	634,925	679,500	8%
3	Retail Water Variable Charges	1,505,136	1,794,900	1,527,597	1,709,100	-5%
4	Retail Water Fixed Charges	1,596,475	1,667,200	1,717,973	1,846,800	11%
5	MET / MWDOC Pass-Through Charges	6,736,285	3,988,700	6,730,600	4,413,000	11%
6	Property Tax Receipts	2,315,023	2,326,700	2,363,652	2,406,800	3%
7	Interest Revenue	1,523,411	1,774,000	1,327,219	1,356,500	-24%
8	Other Revenue	2,146,916	440,800	571,590	466,400	6%
9	**Total Revenue**	**20,244,870**	**16,915,100**	**19,194,517**	**17,717,500**	**5%**
10	Retail Water Supply	2,541,249	965,100	988,456	1,012,210	5%
11	Wholesale Pass-Through Supply	6,736,249	3,988,700	6,730,600	4,413,000	11%
12	Staffing Resources	2,979,871	3,342,700	3,167,215	3,458,760	3%
13	Operations & Maintenance	1,188,553	1,404,500	1,277,830	1,564,760	11%
14	General & Administrative	1,281,552	1,311,600	1,314,584	1,384,320	6%
15	**Total Expense**	**14,727,474**	**11,012,600**	**13,478,685**	**11,833,050**	**7%**
16	**Net Income / (Loss) from Operations**	**5,517,396**	**5,902,500**	**5,715,832**	**5,884,450**	**0%**
17	Grant Funding Receipts	925,124	1,000,000	1,000,000	6,000,000	500%
18	Capital Improvement Program	(6,761,343)	(8,350,000)	(5,125,000)	(13,940,000)	67%
19	Internal Loan Borrowing	4,000,000	-	-	-	NA
20	Internal Loan Lending	(4,000,000)	-	-	-	NA
21	Internal Loan Receipts	-	334,815	424,792	405,333	21%
22	Internal Loan Payments	-	(334,815)	(424,792)	(405,333)	21%
23	Debt Service	(1,334,981)	(1,403,430)	(1,335,265)	(1,335,082)	-5%
24	**Net Change in Cash**	**(1,653,803)**	**(2,850,930)**	**255,568**	**(3,390,632)**	**19%**
	Ending Cash Balances					
25	Unrestricted			22,395,951	21,472,827	
26	Restricted - CFD (Parcel Assessment)			73,320	75,813	
27	Restricted - ID1 Transfer Funds			30,236,420	27,766,420	
28	**Total Ending Cash Balances**			**52,705,691**	**49,315,060**	
	District Policy Reserve Targets					
29	Operating			5,885,467	6,521,020	
30	Capital			39,519,664	37,235,329	
31	Rate Stabilization			1,878,650	1,902,150	
32	**Over / (Under) Policy Reserve Targets**			$ 5,421,910	$ 3,656,561	

Operating Reserve Target *- Set at 10 months of budgeted operating expenses for the wholesale and sewer systems, excluding wholesale pass-through supply expenses, and 6 months of budgeted operating expenses for the retail system.*
Capital Reserve Target *- Set at 20% of the original cost of fixed assets for the retail and wholesale systems. The capital reserve for the sewer system is a specific amount based on legally restricted funds remaining from the sewer system transfer in 2016.*
Rate Stabilization Reserve Target *- Set at $1M for the sewer system for potential sewer spill remediations and 25% of budgeted operating revenues for the retail system. The District does not maintain a wholesale rate stabilization reserve within policy.*

OPERATING BUDGET (SCHEDULE B)

		A	B	C	D	E = D - B	F = E / B
		FY 2025 Actual Results	FY 2026 Adopted Budget	FY 2026 (P) Projected Results	FY 2027 Adopted Budget	$ Budget Change PY	% Budget Change PY
1	**District Charges**						
2	Sewer Service Fees	3,832,682	4,292,600	4,320,962	4,839,400	546,800	12.7%
3	Wholesale Water Fixed Charges	588,941	630,200	634,925	679,500	49,300	7.8%
4	Retail Water Variable Charges	1,505,136	1,794,900	1,527,597	1,709,100	(85,800)	-4.8%
5	Retail Water Fixed Charges	1,596,475	1,667,200	1,717,973	1,846,800	179,600	10.8%
6	**Total District Charges**	**7,523,235**	**8,384,900**	**8,201,457**	**9,074,800**	**689,900**	**8.2%**
7	**Wholesale Pass-Through Charges**						
8	MET / MWDOC Water Sales	5,821,434	2,923,200	5,664,420	2,948,010	24,810	0.8%
9	MET / MWDOC Fixed Costs Recovery	914,852	1,065,500	1,066,180	1,464,990	399,490	37.5%
10	**Total Wholesale Pass-Through Charges**	**6,736,285**	**3,988,700**	**6,730,600**	**4,413,000**	**424,300**	**10.6%**
11	**Other Revenue**						
12	Property Tax Receipts	2,315,023	2,326,700	2,363,652	2,406,800	80,100	3.4%
13	Interest Revenue	1,523,411	1,774,000	1,327,219	1,356,500	(417,500)	-23.5%
14	Excess Groundwater Sales	1,108,673	-	-	-	-	NA
15	Developer Fees and Charges	800,178	200,000	313,067	220,000	20,000	10.0%
16	Miscellaneous Revenue	238,065	240,800	258,522	246,400	5,600	2.3%
17	**Total Other Revenue**	**5,985,350**	**4,541,500**	**4,262,461**	**4,229,700**	**(311,800)**	**-6.9%**
18	**Total Revenue**	**20,244,870**	**16,915,100**	**19,194,517**	**17,717,500**	**802,400**	**4.7%**
19	**Retail Water Supply**						
20	Retail Fixed Costs Allocation	119,718	142,100	167,556	236,490	94,390	66.4%
21	Retail Water Purchases from Wholesale	-	204,700	319,850	168,640	(36,060)	-17.6%
22	OCWD Replenishment Assessments	2,145,607	469,300	371,150	471,980	2,680	0.6%
23	Groundwater Energy	275,924	149,000	129,900	135,100	(13,900)	-9.3%
24	**Total Retail Water Supply**	**2,541,249**	**965,100**	**988,456**	**1,012,210**	**47,110**	**4.9%**
25	**Wholesale Pass-Through Supply**						
26	MET / MWDOC Water Purchases	5,821,398	2,923,200	5,664,420	2,948,010	24,810	0.8%
27	MET / MWDOC Fixed Costs	914,852	1,065,500	1,066,180	1,464,990	399,490	37.5%
28	**Total Wholesale Pass-Through Supply**	**6,736,249**	**3,988,700**	**6,730,600**	**4,413,000**	**424,300**	**10.6%**
29	**Staffing Resources**						
30	Employee Compensation	2,259,629	2,470,700	2,320,204	2,481,250	10,550	0.4%
31	Health and Retirement Benefits	704,584	837,100	796,257	925,230	88,130	10.5%
32	CalPERS Unfunded Minimum Payments	15,658	34,900	50,754	52,280	17,380	49.8%
33	**Total Staffing Resources**	**2,979,871**	**3,342,700**	**3,167,215**	**3,458,760**	**116,060**	**3.5%**
34	**Operations & Maintenance**						
35	Water System Maintenance	592,595	682,100	748,711	834,780	152,680	22.4%
36	Water Quality	170,515	165,800	140,068	145,100	(20,700)	-12.5%
37	Sewer System Maintenance	142,875	175,000	83,539	266,080	91,080	52.0%
38	System Fees and Permits	68,730	64,800	70,821	73,100	8,300	12.8%
39	Vehicle and Equipment	213,840	316,800	234,692	245,700	(71,100)	-22.4%
40	**Total Operations & Maintenance**	**1,188,553**	**1,404,500**	**1,277,830**	**1,564,760**	**160,260**	**11.4%**
41	**General & Administrative**						
42	Professional Services	555,938	528,200	436,351	441,930	(86,270)	-16.3%
43	District Office Expenses	214,713	239,900	280,691	307,710	67,810	28.3%
44	District Insurance	112,149	123,400	127,348	140,300	16,900	13.7%
45	Dues and Memberships	59,748	64,100	64,100	62,790	(1,310)	-2.0%
46	Community Outreach and Public Noticing	137,315	151,400	191,641	162,520	11,120	7.3%
47	Board of Directors	83,790	65,300	75,047	112,900	47,600	72.9%
48	Education, Training and Travel	19,175	21,000	20,493	30,070	9,070	43.2%
49	Miscellaneous Expense	98,723	118,300	118,913	126,100	7,800	6.6%
50	**Total General & Administrative**	**1,281,552**	**1,311,600**	**1,314,584**	**1,384,320**	**72,720**	**5.5%**
51	**Total Expense**	**14,727,474**	**11,012,600**	**13,478,685**	**11,833,050**	**820,450**	**7.5%**
52	**Net Income / (Loss) from Operations**	**5,517,396**	**5,902,500**	**5,715,832**	**5,884,450**	**(18,050)**	**-0.3%**

OPERATING BUDGET (SCHEDULE B) NARRATIVE

Line items included in the District operating budget schedule are outlined and described in this section. Each numbered section corresponds to the line item as it is displayed in the District operating budget.

1. **District Charges** begins the section of District revenues for customer service charges.

2. **Sewer Service Fees** include Sewer service fees charged to customers within the District Sewer service area. Orange County collects these fees through the tax roll and remits them to the District. The Fiscal Year (FY) 2027 budget considers a 12.0% rate adjustment effective July 1, 2026, as outlined in the most recent cost-of-service study.

3. **Wholesale Water Fixed Charges** include the Wholesale reserve fund charge and readiness-to-serve charge for Wholesale customers. Wholesale customers pay these charges monthly in proportion to the number of active Retail meters. The FY 2027 budget considers a 7.0% rate adjustment effective July 1, 2026, as outlined in the most recent cost-of-service study.

4. **Retail Water Variable Charges** include charges for volumetric water usage billed to Retail customers for water service. The FY 2027 budget assumes a total of 709 Acre-Feet (AF) of water sales to Retail customers based on average demand over the last two years. A 7.5% rate adjustment is budgeted to be implemented on July 1, 2026.

5. **Retail Water Fixed Charges** include meter service and capital charges to Retail customers for water service. The FY 2027 budget includes a 7.5% rate adjustment effective July 1, 2026.

6. **Total District Charges** provides a total of District charges, before considering Metropolitan Water District of Southern California (MET)/Municipal Water District of Orange County (MWDOC) charges passed through to Wholesale customers.

7. **Wholesale Pass-Through Charges** begins the section of District charges to Wholesale customers which represent dollar for dollar payments to the District for Wholesale water imported through MET and MWDOC.

8. **MET / MWDOC Water Sales** includes variable charges collected from Wholesale customers for their import water purchases through District-owned and managed connections to MET. Volumetric charges are set at the MET fully treated water rates. Currently, the treated rate stands at $1,528 / AF and will decrease to $1,420 / AF on January 1, 2027. The rate reduction is due to rate structure changes implemented by MET, beginning January 1, 2027. The FY 2027 budget plans to deliver 2,000 AF of water to Wholesale customers; however, Wholesale customer demands have major fluctuations from year to year and depend on external agency supply needs. Charges collected in this category directly reimburse the District for MET volumetric treated water purchases and are billed by MWDOC.

9. **MET / MWDOC Fixed Costs Recovery** includes fixed monthly charges to Wholesale customers for their share of fixed wholesale water costs. All MET and MWDOC fixed charges are pro-rated based on historical customer demands and passed through to Wholesale customers accordingly. MET has restructured rates, and the FY 2027 budget plans for three new fixed charges associated with MET treatment costs. The MET and MWDOC rates are shown in the following table:

Wholesale Fixed Pass-Through Rate	Frequency	1-Jan-26	1-Jan-27
MET Readiness to Service	Monthly	$ 45,907.17	$ 63,464.68
MET Capacity	Monthly	$ 16,129.00	$ 18,490.00
MWDOC Retail Connection (per meter)	Annual	$ 15.25	$ 15.70
MET Treated Used Standby	Monthly	$ -	$ 4,116.24
MET Treated Remaining Standby Capacity	Monthly	$ -	$ 19,757.94
MET Treated Peaking Capacity	Monthly	$ -	$ 21,692.00

10. **Total Wholesale Pass-Through Charges** provides a total of revenues from Wholesale customer payments to the District for Wholesale water imported through MET and MWDOC.

11. **Other Revenue** begins the section of revenues received from other sources outside of rate revenues and Wholesale pass-through charges.

12. **Property Tax Receipts** include the ad valorem property tax receipts received from the County of Orange. The FY 2027 budget is based on projected 2026 results with a 2% increase.

13. **Interest Revenue** include earnings on District cash and investments. The FY 2027 budget is based on 3.0% interest earnings on projected cash holdings throughout the year.

14. **Excess Groundwater Sales** include groundwater sales to external agencies from well production. During fiscal year 2025 the District was able to utilize well production beyond District demands to supply the City of Tustin and Golden State Water Company with excess groundwater. The FY 2027 budget does not consider that these circumstances will be repeated.

15. **Developer Fees and Charges** include Sewer capacity charges, water system connection fees and other capital contributions from development. These revenues experience major fluctuations from year to year based on development activity. The FY 2027 budget conservatively estimates revenues of $200K in Sewer capacity charges and $20K in Wholesale system connection fees, with no activity budgeted in the Retail water system service area.

16. **Miscellaneous Revenue** includes cell tower lease contract revenue, Orange County Sanitation District permit processing fees, late charges to customers, and other miscellaneous refunds and reimbursements. The FY 2027 budget is based on cell tower lease contract revenues and historical trends for other revenue sources.

17. **Total Other Revenue** provides a total of received from other sources outside of rate revenues and Wholesale pass-through charges.

18. **Total Revenue** provides a total of all District revenues from operations.

19. **Retail Water Supply** begins the section of expenses for Retail water supply.

20. **Retail Fixed Costs Allocation** includes the Retail share of fixed MET / MWDOC import water costs (discussed in line 9) and the EOCWD Wholesale reserve fund and readiness to serve charges, allocated to the Retail system based on a rolling average of Wholesale customer demands and meter counts. The FY 2027 budget is increasing due to MET and MWDOC rate structure changes and a 7% adjustment in EOCWD Wholesale rates effective July 1, 2026.

21. **Retail Water Purchases from Wholesale** includes import water purchases from MET through the Wholesale water system. The Retail system pays for treated water purchases at the MET treated water rate, which stands at $1,528 / AF and will decrease to $1,420 / AF on January 1, 2027. The FY 2027 budget estimates 114 AF of wholesale water supply, representing 15% of budgeted Retail supply needs.

22. **OCWD Replenishment Assessments** include replenishment assessments (RA) paid to Orange County Water District (OCWD) for groundwater production at District well sites. The fiscal year 2026 budget estimates 648 AF of groundwater production to supply 85% of the 763 AF of budgeted Retail supply needs. The RA rate stands at $711 per AF and is increasing to $728 per AF on July 1, 2026. During FY 2025, the Retail system produced and sold excess groundwater to external agencies which resulted in higher than anticipated replenishment assessments. The FY 2027 budget does not consider these repeated conditions.

23. **Groundwater Energy** includes energy costs to support the pumping of groundwater at Retail well sites. With new facilities in place and excess groundwater sales during fiscal year 2025, it is hard to predict what energy costs in this category will be under normal operating circumstances. The fiscal year 2026 budget is based on a best estimate of energy costs under normal operating conditions.

24. **Total Retail Water Supply** provides a total of expenses for Retail water supply.

25. **Wholesale Pass-Through Supply** begins the section of Wholesale system pass-through water supply expenses from MET and MWDOC.

26. **MET / MWDOC Water Purchases** includes variable water purchase costs for import water purchases through District-owned and managed connections to MET. Volumetric charges are set at the MET fully treated water rates. Currently, the treated rate stands at $1,528 / AF and will decrease to $1,420 / AF on January 1, 2027. The rate reduction is due to rate structure changes implemented by MET, beginning January 1, 2027. The FY 2027 budget plans to deliver 2,000 AF of water to Wholesale customers; however, Wholesale customer demands have major fluctuations from year to year and depend on external agency supply needs. These costs are directly reimbursed to the District as discussed in line 8.

27. **MET / MWDOC Fixed Costs** includes fixed monthly charges to Wholesale customers for their share of fixed wholesale water costs. All MET and MWDOC fixed charges are pro-rated based on historical customer demands and passed through to Wholesale customers accordingly. MET has restructured rates, and the FY 2027 budget plans for three new fixed charges associated with MET treatment costs. The MET and MWDOC rates are shown in the following table:

Wholesale Fixed Pass-Through Rate	Frequency	1-Jan-26	1-Jan-27
MET Readiness to Service	Monthly	$ 45,907.17	$ 63,464.68
MET Capacity	Monthly	$ 16,129.00	$ 18,490.00
MWDOC Retail Connection (per meter)	Annual	$ 15.25	$ 15.70
MET Treated Used Standby	Monthly	$ -	$ 4,116.24
MET Treated Remaining Standby Capacity	Monthly	$ -	$ 19,757.94
MET Treated Peaking Capacity	Monthly	$ -	$ 21,692.00

28. **Total Wholesale Pass-Through Supply** provides a total for Wholesale system pass-through water supply expenses from MET and MWDOC.

29. **Staffing Resources** begins the section of expenses for District staffing.

30. **Employee Compensation** includes salaries, wages and other pay compensated to District staff. The FY 2027 budget considers operating at full staffing, with an additional temporary intern position. It assumes a 2.5% merit pool and 3.2% cost of living adjustment to salary ranges, based on the 12-month average year over year change in the consumer price index for LA-Long Beach-Anaheim from March 2025 to March 2026.

31. **Employee Benefits** include health, dental and vision benefits for District personnel. The FY 2027 budget anticipates benefit plan rates to increase by 5%.

32. **CalPERS Retirement Unfunded Liability** includes the minimum payment to the California Public Employees Retirement System (CalPERS) to fund future CalPERS retirement benefits. The FY 2027 budget is based on actuarial valuation reports released by CalPERS and fluctuates each year with updated actuarial assumptions. The District pension plans are 92.1% funded per the CalPERS actuarial valuation report dated June 30, 2024.

33. **Total Staffing Resources** provides a total of expenses for District staffing.

34. **Operations & Maintenance** begins the section of expenses related to District operations.

35. **Water System Maintenance** includes the budget for repairs and maintenance of pipeline leaks, service lines, reservoir sites, meters, valves, hydrants, vaults, well sites, pumps and motors, and SCADA systems necessary to provide Retail and Wholesale water service to District customers. The FY 2027 budget has increased due to the PFAS treatment plant maintenance budget, which has increased from $66K in FY 2026 to $217K in FY 2027. This increase is attributed to $200K in projected media changeouts for the two lead vessels. Per agreement, OCWD will reimburse half of the operating costs attributed directly to the PFAS plant, and $108.5K of reimbursements offset budgeted costs in this category. The net PFAS treatment plant maintenance budget has increased by $75.5K.

36. **Water Quality** includes water quality testing, chemicals, and the chlorine generator salt purchases and dosing equipment maintenance. The FY 2027 budget is based on projected chemical and testing needs under normal operating conditions with a 6% increase to chemical costs.

37. **Sewer System Maintenance** includes the budget for repairs and maintenance of Sewer lines, root control, insecticide, odor control, lift stations, smart covers subscriptions, and supplies necessary to provide Sewer service to District customers. The FY 2027 budget considers a projected $55K increase in insecticide services for sewer lines during the fiscal year.

38. **System Fees and Permits** include system permitting through the State Water Resources Control Board. The FY 2027 budget is based on FY 2026 projected results with an increase for inflation.

39. **Vehicle and Equipment** includes repairs to vehicles and equipment, equipment rentals, fuel, small tools, and safety equipment. The FY 2027 budget has reduced from the prior year budget due to the removal of a contingency for unexpected Sewer Vactor truck repairs (the FY 2026 budget was $150K).

40. **Total Operations & Maintenance** provides a total of expenses for District operations.

41. **General & Administrative** begins the section of expenses for general and administrative activities.

42. **Professional Services** includes contract services for legal, accounting, annual audit, information technology (IT), engineering, and FOG inspection. The FY 2027 budget has been reduced due to a reclassification of software and subscription expenses from Information Technology (Professional Services) into a new software licenses account, included in District Office expenses. The FY 2027 budget includes allocations for the following services:

    a. $100K Legal Services

    b. $115.2K CPA Advisory and Accounting Services

    c. $29.7K Annual Audit Services

    d. $100K in on-call Engineering Services (not related to projects)

    e. $57K in Information Technology Services

    f. $40K in Fats, Oils & Greases (FOG) Inspection Services

43. **District Office Expenses** include costs for District headquarters maintenance, headquarters utilities, supplies, software and licensing, records management, computer software, payroll processing and customer billing. The FY 2027 budget is increasing due to additional supplies, rising utility costs and reclassification of software licenses into this group, previously accounted for in IT (Professional Services).

44. **District Insurance** includes the cost of general liability and auto insurance. The FY 2027 budget is based on a 10% increase to the most recent insurance policies received by the District.

45. **Dues and Memberships** include the cost of various association dues, industry memberships and the Orange County Local Agency Formation Commission (OC LAFCO) apportionment. The FY 2027 budget is based on known costs for recent memberships with an increase for inflation on most memberships. The OC LAFCO apportionment to the District is budgeted to reduce by $3.7K compared to the prior year budget.

46. **Community Outreach and Noticing** include public noticing and conservation outreach around the community. The FY 2027 budget is based on FY 2026 projections with an increase for inflation.

47. **Board of Directors** includes director stipends, director meetings, director travel, and Board election costs during applicable years. The FY 2027 budget includes $24K in biennial election costs.

48. **Education, Training and Travel** includes conference attendance, trainings, and travel for District staff. The FY 2027 budget includes $30K for managers attendance at conferences, associated travel costs, and required safety trainings for staff.

49. **Miscellaneous Expense** includes collection fees paid to the County for property taxes and parcel assessments, US Bank custodial fees, banking service charges, bad-debt expense (uncollectable customer accounts) and other miscellaneous expenses. The FY 2027 budget includes collection fees, custodial fees and banking services is based on FY 2026 projections with an increase for inflation. The fiscal year 2026 budget includes a $30K provision for unanticipated expenses and includes bad-debt expense budgets of $5K for Retail customers and $10K for Sewer customers. The District does not budget for uncollectable accounts for Wholesale customers.

50. **Total General & Administrative** provides a total of expenses for general and administrative activities.

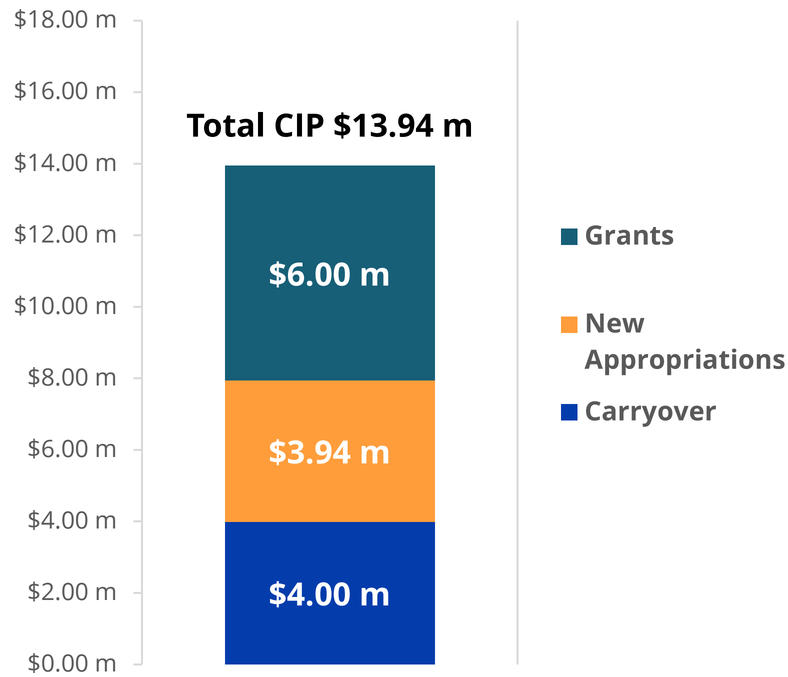
51. **Total Expense** provides a total of all District expenses from operations.

52. **Net Income / (Loss) from Operations** highlights total District revenue less total District expenses from operating activities.

CAPITAL IMPROVEMENT PROGRAM (CIP) BUDGET

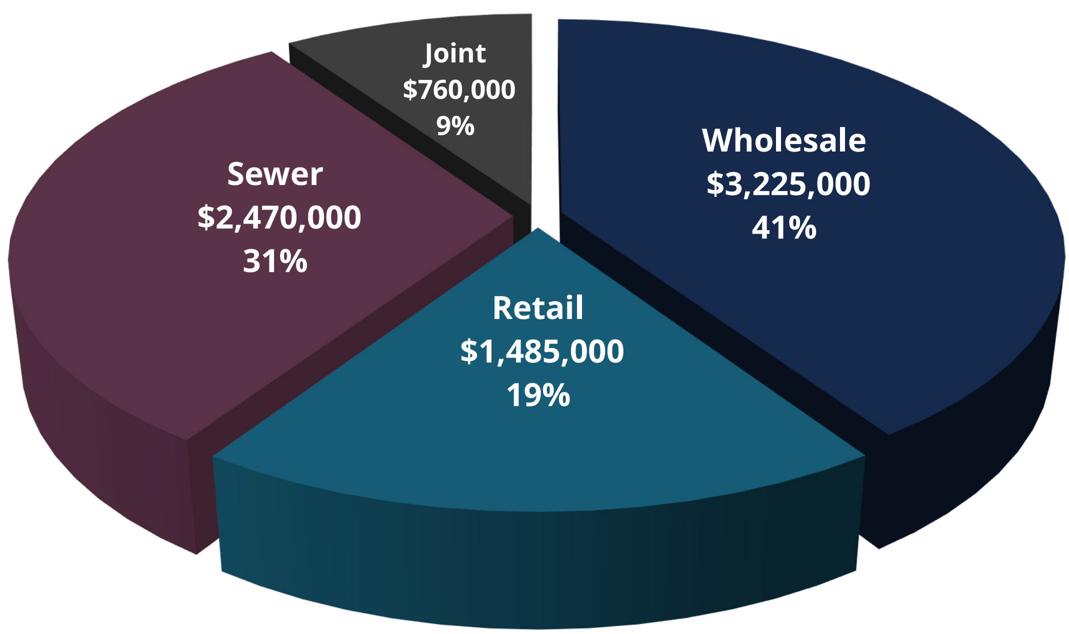
CIP Funding Sources

The Capital Improvement Program budget totals $13.94 million for fiscal year 2027. The total budget is comprised of carryover funds authorized in previous budgeting cycles, available grant funding and new appropriations that are authorized in the current year budget cycle. Newly appropriated funds in the CIP budget for fiscal year 2027 total $3.94 million. The $6.00 million funding from grants is anticipated to fund most of the Peters Canyon Reservoir Seismic Reconstruction project in the Wholesale water zone (Project WZ-06). No debt-funded projects are budgeted for fiscal year.



CIP Budget by Utility

The District Capital Improvement Program budget is planned across four categories of projects focused among three independent utility systems. The Wholesale water system, Retail water system, and Sewer system maintain capital infrastructure that is improved, rehabilitated or constructed on an annual basis. Costs for projects that benefit multiple District utilities are classified as Joint Projects and allocated accordingly in the District budget. The allocation of CIP projects budgeted in fiscal year 2027 budget are shown in the chart below:



CIP Budget by Project

Capital projects and capital grant funds are assigned a project ID, project description, and system allocation. The approved budget for the current fiscal year is shown in **column A**. The projected spend for the current fiscal year is shown in **column B**. Unexpended funds projected at the end of the current fiscal year are evaluated for carryover into the fiscal year 2027 budget in **column C**. These funds are either carried into the fiscal year 2027 budget, removed or deferred to a future budget year in **column D**. New appropriations for the fiscal year 2027 are shown in **column E**. The total project budgets for fiscal year 2027 are displayed in **Column F**.

			A	B	C = B - A	D	E	F = C + D + E
ID	**Project**	**System**	**FY 2026 Budget**	**FY 2026 Projection**	**Carryover Budget**	**Completions, Savings, Deferrals**	**New Appropriations**	**FY 2027 Budget**
JP-03	Local Hazard Mitigation Plan, AWIA RRA & ERP	**Joint Project**	250,000	250,000	-	-	-	-
JP-09	Vehicles and Equipment - Shared	**Joint Project**	-	-	-	-	10,000	10,000
JP-10	Main Office Warehouse Replacement	**Joint Project**	250,000	50,000	200,000	-	350,000	550,000
JP-11	SCADA Vulnerability Improvements	**Joint Project**	-	-	-	-	200,000	200,000
RZ-04	Brae Glen Pipeline Replacement	**Retail**	500,000	-	500,000	-	-	500,000
RZ-05	Orange Knoll PRV Station	**Retail**	250,000	-	250,000	-	-	250,000
RZ-08	Barrett and Hinton Service Relocations	**Retail**	225,000	225,000	-	-	-	-
RZ-10	Master Plan Update	**Retail**	112,000	150,000	(38,000)	-	38,000	-
RZ-12	St. Jude/Panorama View Pipeline	**Retail**	225,000	30,000	195,000	-	-	195,000
RZ-15	Advanced Metering Infrastructure	**Retail**	1,200,000	1,100,000	100,000	-	-	100,000
RZ-15F	**Advanced Metering Infrastructure - Grant Funding**	**Retail**	(1,000,000)	(1,000,000)	-	-	-	-
RZ-16	Vista Panorama Pump Station Replacement	**Retail**	350,000	60,000	290,000	-	-	290,000
RZ-17	Valve Replacements Program	**Retail**	25,000	25,000	-	-	75,000	75,000
RZ-18	Hydrant Replacements Program	**Retail**	25,000	25,000	-	-	75,000	75,000
SS-06	Cured in Place Pipe (CIPP) inc. top-hats, MHs, and lines	**Sewer**	400,000	400,000	-	-	400,000	400,000
SS-07	Manhole Adjustments, Raising, Frames & Covers	**Sewer**	200,000	200,000	-	-	200,000	200,000
SS-08	Manhole Rehabilitation and Replacements	**Sewer**	400,000	400,000	-	-	400,000	400,000
SS-10	Vehicles and Equipment - Sewer	**Sewer**	1,000,000	100,000	900,000	-	70,000	970,000
SS-11	SSMP Update and Spill Response	**Sewer**	175,000	175,000	-	-	-	-
SS-12	Sewer Mainline Dig and Replace (from Master Plan)	**Sewer**	-	-	-	-	500,000	500,000
WZ-02	Wholesale Reservoir Backup Generators	**Wholesale**	245,000	245,000	-	-	-	-
WZ-03	Cathodic Protection Improvements	**Wholesale**	100,000	100,000	-	-	100,000	100,000
WZ-04	6MG Reservoir Pipeline and Vault Improvements	**Wholesale**	200,000	200,000	-	-	-	-
WZ-05	Wholesale Reservoir Management Systems	**Wholesale**	1,500,000	50,000	1,450,000	-	-	1,450,000
WZ-06	Peters Canyon Reservoir Seismic Reconstruction	**Wholesale**	500,000	350,000	150,000	-	7,350,000	7,500,000
WZ-06F	**Peters Canyon Reservoir Seismic Reconstruction - Grant Fundi**	**Wholesale**	-	-	-	-	(6,000,000)	(6,000,000)
WZ-10	Master Plan Update	**Wholesale**	118,000	118,000	-	-	-	-
WZ-17	Valve Replacements Program	**Wholesale**	50,000	50,000	-	-	100,000	100,000
WZ-18	Hydrant Replacements	**Wholesale**	50,000	50,000	-	-	75,000	75,000
	Capital Budget, Net (PAYGO)		**$ 7,350,000**	**$ 3,353,000**	**$ 3,997,000**	**$ -**	**$ 3,943,000**	**$ 7,940,000**
	Grant Funding Total		**$ 1,000,000**	**$ 1,000,000**	**$ -**	**$ -**	**$ 6,000,000**	**$ 6,000,000**
	Capital Budget Total		**$ 8,350,000**	**$ 4,353,000**	**$ 3,997,000**	**$ -**	**$ 9,943,000**	**$ 13,940,000**

FUND DETAIL BUDGETS

Wholesale Fund Budget Summary

		A	B	C	D	F = E / B
		FY 2025 Actual Results	FY 2026 Adopted Budget	FY 2026 (P) Projected Results	FY 2027 Adopted Budget	% Budget Change PY
1	Sewer Service Fees	$ -	$ -	$ -	$ -	NA
2	Wholesale Water Fixed Charges	588,941	630,200	634,925	679,500	8%
3	Retail Water Variable Charges	-	-	-	-	NA
4	Retail Water Fixed Charges	-	-	-	-	NA
5	MET / MWDOC Pass-Through Charges	6,736,285	3,988,700	6,730,600	4,413,000	11%
6	Property Tax Receipts	1,171,572	1,175,700	1,195,004	1,219,000	4%
7	Interest Revenue	182,522	237,000	197,789	188,000	-21%
8	Other Revenue	290,487	263,000	199,588	205,100	-22%
9	**Total Revenue**	**8,969,807**	**6,294,600**	**8,957,905**	**6,704,600**	**7%**
10	Retail Water Supply	-	-	-	-	NA
11	Wholesale Pass-Through Supply	6,736,249	3,988,700	6,730,600	4,413,000	11%
12	Staffing Resources	511,582	683,100	640,007	682,770	0%
13	Operations & Maintenance	368,757	540,800	525,116	565,690	5%
14	General & Administrative	394,516	367,600	394,791	432,600	18%
15	**Total Expense**	**8,011,105**	**5,580,200**	**8,290,513**	**6,094,060**	**9%**
16	**Net Income / (Loss) from Operations**	**958,702**	**714,400**	**667,391**	**610,540**	**-15%**
17	Grant Funding Receipts	-	-	-	6,000,000	NA
18	Capital Improvement Program	(447,415)	(2,888,800)	(1,366,830)	(9,455,160)	227%
19	Internal Loan Borrowing	-	-	-	-	NA
20	Internal Loan Lending	-	-	-	-	NA
21	Internal Loan Receipts	-	-	-	-	NA
22	Internal Loan Payments	-	-	-	-	NA
23	Debt Service	-	-	-	-	NA
24	**Net Change in Cash**	**511,287**	**(2,174,400)**	**(699,439)**	**(2,844,620)**	**31%**
	Ending Cash Balances					
25	Unrestricted			7,334,347	4,489,727	
26	Restricted - CFD (Parcel Assessment)			-	-	
27	Restricted - ID1 Transfer Funds			-	-	
28	**Total Ending Cash Balances**			**7,334,347**	**4,489,727**	
	District Policy Reserve Targets					
29	Operating			2,210,000	2,613,383	
30	Capital			3,990,060	4,069,861	
31	Rate Stabilization			-	-	
32	**Over / (Under) Policy Reserve Targets**			$ 1,134,287	$ (2,193,517)	

Operating Reserve Target - *Set at 10 months of budgeted operating expenses for the wholesale and sewer systems, excluding wholesale pass-through supply expenses, and 6 months of budgeted operating expenses for the retail system.*

Capital Reserve Target - *Set at 20% of the original cost of fixed assets for the retail and wholesale systems. The capital reserve for the sewer system is a specific amount based on legally restricted funds remaining from the sewer system transfer in 2016.*

Rate Stabilization Reserve Target - *Set at $1M for the sewer system for potential sewer spill remediations and 25% of budgeted operating revenues for the retail system. The District does not maintain a wholesale rate stabilization reserve within policy.*

Wholesale Fund Operating Budget

		A	B	C	D	E = D - B	F = E / B
		FY 2025 Actual Results	FY 2026 Adopted Budget	FY 2026 (P) Projected Results	FY 2027 Adopted Budget	$ Budget Change PY	% Budget Change PY
1	**District Charges**						
2	Sewer Service Fees	-	-	-	-	-	NA
3	Wholesale Water Fixed Charges	588,941	630,200	634,925	679,500	49,300	7.8%
4	Retail Water Variable Charges	-	-	-	-	-	NA
5	Retail Water Fixed Charges	-	-	-	-	-	NA
6	**Total District Charges**	**588,941**	**630,200**	**634,925**	**679,500**	**49,300**	**7.8%**
7	**Wholesale Pass-Through Charges**						
8	MET / MWDOC Water Sales	5,821,434	2,923,200	5,664,420	2,948,010	24,810	0.8%
9	MET / MWDOC Fixed Costs Recovery	914,852	1,065,500	1,066,180	1,464,990	399,490	37.5%
10	**Total Wholesale Pass-Through Charges**	**6,736,285**	**3,988,700**	**6,730,600**	**4,413,000**	**424,300**	**10.6%**
11	**Other Revenue**						
12	Property Tax Receipts	1,171,572	1,175,700	1,195,004	1,219,000	43,300	3.7%
13	Interest Revenue	182,522	237,000	197,789	188,000	(49,000)	-20.7%
14	Excess Groundwater Sales	-	-	-	-	-	NA
15	Developer Fees and Charges	128,318	100,000	19,227	20,000	(80,000)	-80.0%
16	Miscellaneous Revenue	162,168	163,000	180,360	185,100	22,100	13.6%
17	**Total Other Revenue**	**1,644,581**	**1,675,700**	**1,592,380**	**1,612,100**	**(63,600)**	**-3.8%**
18	**Total Revenue**	**8,969,807**	**6,294,600**	**8,957,905**	**6,704,600**	**410,000**	**6.5%**
19	**Retail Water Supply**						
20	Retail Fixed Costs Allocation	-	-	-	-	-	NA
21	Retail Water Purchases from Wholesale	-	-	-	-	-	NA
22	OCWD Replenishment Assessments	-	-	-	-	-	NA
23	Groundwater Energy	-	-	-	-	-	NA
24	**Total Retail Water Supply**	**-**	**-**	**-**	**-**	**-**	**NA**
25	**Wholesale Pass-Through Supply**						
26	MET / MWDOC Water Purchases	5,821,398	2,923,200	5,664,420	2,948,010	24,810	0.8%
27	MET / MWDOC Fixed Costs	914,852	1,065,500	1,066,180	1,464,990	399,490	37.5%
28	**Total Wholesale Pass-Through Supply**	**6,736,249**	**3,988,700**	**6,730,600**	**4,413,000**	**424,300**	**10.6%**
29	**Staffing Resources**						
30	Employee Compensation	390,676	510,700	472,293	497,020	(13,680)	-2.7%
31	Health and Retirement Benefits	117,697	165,200	157,244	173,740	8,540	5.2%
32	CalPERS Unfunded Minimum Payments	3,209	7,200	10,470	12,010	4,810	66.8%
33	**Total Staffing Resources**	**511,582**	**683,100**	**640,007**	**682,770**	**(330)**	**0.0%**
34	**Operations & Maintenance**						
35	Water System Maintenance	202,762	388,000	344,930	383,290	(4,710)	-1.2%
36	Water Quality	111,365	94,800	100,714	97,200	2,400	2.5%
37	Sewer System Maintenance	-	-	-	-	-	NA
38	System Fees and Permits	18,458	19,000	19,012	19,600	600	3.2%
39	Vehicle and Equipment	36,172	39,000	60,460	65,600	26,600	68.2%
40	**Total Operations & Maintenance**	**368,757**	**540,800**	**525,116**	**565,690**	**24,890**	**4.6%**
41	**General & Administrative**						
42	Professional Services	194,976	159,200	147,440	163,870	4,670	2.9%
43	District Office Expenses	54,058	60,500	81,851	87,550	27,050	44.7%
44	District Insurance	30,624	33,700	26,463	29,200	(4,500)	-13.4%
45	Dues and Memberships	22,388	23,500	23,500	23,150	(350)	-1.5%
46	Community Outreach and Public Noticing	44,887	49,600	60,333	54,120	4,520	9.1%
47	Board of Directors	35,703	29,300	34,146	45,100	15,800	53.9%
48	Education, Training and Travel	5,077	4,400	7,717	11,020	6,620	150.5%
49	Miscellaneous Expense	6,804	7,400	13,341	18,590	11,190	151.2%
50	**Total General & Administrative**	**394,516**	**367,600**	**394,791**	**432,600**	**65,000**	**17.7%**
51	**Total Expense**	**8,011,105**	**5,580,200**	**8,290,513**	**6,094,060**	**513,860**	**9.2%**
52	**Net Income / (Loss) from Operations**	**958,702**	**714,400**	**667,391**	**610,540**	**(103,860)**	**-14.5%**

Retail Fund Budget Summary

		A	B	C	D	F = E / B
		FY 2025 Actual Results	**FY 2026 Adopted Budget**	**FY 2026 (P) Projected Results**	**FY 2027 Adopted Budget**	**% Budget Change PY**
1	Sewer Service Fees	$ -	$ -	$ -	$ -	NA
2	Wholesale Water Fixed Charges	-	-	-	-	NA
3	Retail Water Variable Charges	1,505,136	1,794,900	1,527,597	1,709,100	-5%
4	Retail Water Fixed Charges	1,596,475	1,667,200	1,717,973	1,846,800	11%
5	MET / MWDOC Pass-Through Charges	-	-	-	-	NA
6	Property Tax Receipts	614,459	615,600	626,748	639,300	4%
7	Interest Revenue	57,973	40,000	64,510	40,000	0%
8	Other Revenue	1,148,230	22,500	21,683	12,700	-44%
9	**Total Revenue**	**4,922,272**	**4,140,200**	**3,958,510**	**4,247,900**	**3%**
10	Retail Water Supply	2,541,249	965,100	988,456	1,012,210	5%
11	Wholesale Pass-Through Supply	-	-	-	-	NA
12	Staffing Resources	796,713	741,800	697,095	730,880	-1%
13	Operations & Maintenance	496,507	418,000	496,676	551,290	32%
14	General & Administrative	422,416	451,200	450,113	444,900	-1%
15	**Total Expense**	**4,256,884**	**2,576,100**	**2,632,340**	**2,739,280**	**6%**
16	**Net Income / (Loss) from Operations**	**665,388**	**1,564,100**	**1,326,170**	**1,508,620**	**-4%**
17	Grant Funding Receipts	925,124	1,000,000	1,000,000	-	-100%
18	Capital Improvement Program	(5,313,682)	(3,040,300)	(2,367,330)	(1,654,000)	-46%
19	Internal Loan Borrowing	4,000,000	-	-	-	NA
20	Internal Loan Lending	-	-	-	-	NA
21	Internal Loan Receipts	-	-	-	-	NA
22	Internal Loan Payments	-	(334,815)	(424,792)	(405,333)	21%
23	Debt Service	(258,991)	(327,200)	(259,052)	(259,015)	-21%
24	**Net Change in Cash**	**17,839**	**(1,138,215)**	**(725,004)**	**(809,728)**	**-29%**
	Ending Cash Balances					
25	Unrestricted			2,150,293	1,340,564	
26	Restricted - CFD (Parcel Assessment)			-	-	
27	Restricted - ID1 Transfer Funds			-	-	
28	**Total Ending Cash Balances**			**2,150,293**	**1,340,564**	
	District Policy Reserve Targets					
29	Operating			1,302,050	1,418,895	
30	Capital			5,293,185	5,399,048	
31	Rate Stabilization			878,650	902,150	
32	**Over / (Under) Policy Reserve Targets**			$ (5,323,592)	$ (6,379,529)	

Operating Reserve Target *- Set at 10 months of budgeted operating expenses for the wholesale and sewer systems, excluding wholesale pass-through supply expenses, and 6 months of budgeted operating expenses for the retail system.*

Capital Reserve Target *- Set at 20% of the original cost of fixed assets for the retail and wholesale systems. The capital reserve for the sewer system is a specific amount based on legally restricted funds remaining from the sewer system transfer in 2016.*

Rate Stabilization Reserve Target *- Set at $1M for the sewer system for potential sewer spill remediations and 25% of budgeted operating revenues for the retail system. The District does not maintain a wholesale rate stabilization reserve within policy.*

Retail Fund Operating Budget

		A	B	C	D	E = D - B	F = E / B
		FY 2025 Actual Results	FY 2026 Adopted Budget	FY 2026 (P) Projected Results	FY 2027 Adopted Budget	$ Budget Change PY	% Budget Change PY
1	**District Charges**						
2	Sewer Service Fees	-	-	-	-	-	NA
3	Wholesale Water Fixed Charges	-	-	-	-	-	NA
4	Retail Water Variable Charges	1,505,136	1,794,900	1,527,597	1,709,100	(85,800)	-4.8%
5	Retail Water Fixed Charges	1,596,475	1,667,200	1,717,973	1,846,800	179,600	10.8%
6	**Total District Charges**	**3,101,611**	**3,462,100**	**3,245,570**	**3,555,900**	**93,800**	**2.7%**
7	**Wholesale Pass-Through Charges**						
8	MET / MWDOC Water Sales	-	-	-	-	-	NA
9	MET / MWDOC Fixed Costs Recovery	-	-	-	-	-	NA
10	**Total Wholesale Pass-Through Charges**	-	-	-	-	-	**NA**
11	**Other Revenue**						
12	Property Tax Receipts	614,459	615,600	626,748	639,300	23,700	3.8%
13	Interest Revenue	57,973	40,000	64,510	40,000	-	0.0%
14	Excess Groundwater Sales	1,108,673	-	-	-	-	NA
15	Developer Fees and Charges	23,586	-	2,146	-	-	NA
16	Miscellaneous Revenue	15,971	22,500	19,537	12,700	(9,800)	-43.6%
17	**Total Other Revenue**	**1,820,661**	**678,100**	**712,940**	**692,000**	**13,900**	**2.0%**
18	**Total Revenue**	**4,922,272**	**4,140,200**	**3,958,510**	**4,247,900**	**107,700**	**2.6%**
19	**Retail Water Supply**						
20	Retail Fixed Costs Allocation	119,718	142,100	167,556	236,490	94,390	66.4%
21	Retail Water Purchases from Wholesale	-	204,700	319,850	168,640	(36,060)	-17.6%
22	OCWD Replenishment Assessments	2,145,607	469,300	371,150	471,980	2,680	0.6%
23	Groundwater Energy	275,924	149,000	129,900	135,100	(13,900)	-9.3%
24	**Total Retail Water Supply**	**2,541,249**	**965,100**	**988,456**	**1,012,210**	**47,110**	**4.9%**
25	**Wholesale Pass-Through Supply**						
26	MET / MWDOC Water Purchases	-	-	-	-	-	NA
27	MET / MWDOC Fixed Costs	-	-	-	-	-	NA
28	**Total Wholesale Pass-Through Supply**	-	-	-	-	-	**NA**
29	**Staffing Resources**						
30	Employee Compensation	615,126	552,400	507,486	531,420	(20,980)	-3.8%
31	Health and Retirement Benefits	177,016	181,600	178,267	186,890	5,290	2.9%
32	CalPERS Unfunded Minimum Payments	4,571	7,800	11,342	12,570	4,770	61.2%
33	**Total Staffing Resources**	**796,713**	**741,800**	**697,095**	**730,880**	**(10,920)**	**-1.5%**
34	**Operations & Maintenance**						
35	Water System Maintenance	389,833	294,100	403,780	451,490	157,390	53.5%
36	Water Quality	59,149	71,000	39,354	47,900	(23,100)	-32.5%
37	Sewer System Maintenance	-	-	-	-	-	NA
38	System Fees and Permits	16,706	17,000	17,201	17,800	800	4.7%
39	Vehicle and Equipment	30,819	35,900	36,341	34,100	(1,800)	-5.0%
40	**Total Operations & Maintenance**	**496,507**	**418,000**	**496,676**	**551,290**	**133,290**	**31.9%**
41	**General & Administrative**						
42	Professional Services	158,161	159,200	140,554	118,870	(40,330)	-25.3%
43	District Office Expenses	95,342	105,600	111,347	126,750	21,150	20.0%
44	District Insurance	39,015	42,900	38,513	42,400	(500)	-1.2%
45	Dues and Memberships	20,555	23,500	23,500	23,150	(350)	-1.5%
46	Community Outreach and Public Noticing	49,249	54,100	66,757	54,120	20	0.0%
47	Board of Directors	28,676	29,400	28,381	37,800	8,400	28.6%
48	Education, Training and Travel	5,319	5,400	5,760	11,020	5,620	104.1%
49	Miscellaneous Expense	26,098	31,100	35,301	30,790	(310)	-1.0%
50	**Total General & Administrative**	**422,416**	**451,200**	**450,113**	**444,900**	**(6,300)**	**-1.4%**
51	**Total Expense**	**4,256,884**	**2,576,100**	**2,632,340**	**2,739,280**	**163,180**	**6.3%**
52	**Net Income / (Loss) from Operations**	**665,388**	**1,564,100**	**1,326,170**	**1,508,620**	**(55,480)**	**-3.5%**

STARTING LINE ADVISORY

Sewer Fund Budget Summary

		A	B	C	D	F = E / B
		FY 2025 Actual Results	FY 2026 Adopted Budget	FY 2026 (P) Projected Results	FY 2027 Adopted Budget	% Budget Change PY
1	Sewer Service Fees	$ 3,832,682	$ 4,292,600	$ 4,320,962	$ 4,839,400	13%
2	Wholesale Water Fixed Charges	-	-	-	-	NA
3	Retail Water Variable Charges	-	-	-	-	NA
4	Retail Water Fixed Charges	-	-	-	-	NA
5	MET / MWDOC Pass-Through Charges	-	-	-	-	NA
6	Property Tax Receipts	483,751	487,500	493,426	503,300	3%
7	Interest Revenue	1,282,916	1,497,000	1,064,379	1,128,000	-25%
8	Other Revenue	708,200	155,300	350,319	248,600	60%
9	**Total Revenue**	**6,307,550**	**6,432,400**	**6,229,086**	**6,719,300**	**4%**
10	Retail Water Supply	-	-	-	-	NA
11	Wholesale Pass-Through Supply	-	-	-	-	NA
12	Staffing Resources	1,671,576	1,917,800	1,830,113	2,045,110	7%
13	Operations & Maintenance	323,289	445,700	256,038	447,780	0%
14	General & Administrative	461,476	489,600	466,536	503,620	3%
15	**Total Expense**	**2,456,341**	**2,853,100**	**2,552,688**	**2,996,510**	**5%**
16	**Net Income / (Loss) from Operations**	**3,851,209**	**3,579,300**	**3,676,398**	**3,722,790**	**4%**
17	Grant Funding Receipts	-	-	-	-	NA
18	Capital Improvement Program	(1,000,245)	(2,420,900)	(1,390,840)	(2,830,840)	17%
19	Internal Loan Borrowing	-	-	-	-	NA
20	Internal Loan Lending	(4,000,000)	-	-	-	NA
21	Internal Loan Receipts	-	334,815	424,792	405,333	21%
22	Internal Loan Payments	-	-	-	-	NA
23	Debt Service	(1,035,965)	(1,036,205)	(1,036,205)	(1,036,059)	0%
24	**Net Change in Cash**	**(2,185,001)**	**457,010**	**1,674,145**	**261,224**	**-43%**
	Ending Cash Balances					
25	Unrestricted			12,911,311	15,642,535	
26	Restricted - CFD (Parcel Assessment)			-	-	
27	Restricted - ID1 Transfer Funds			30,236,420	27,766,420	
28	**Total Ending Cash Balances**			**43,147,731**	**43,408,955**	
	District Policy Reserve Targets					
29	Operating			2,373,417	2,488,742	
30	Capital			30,236,420	27,766,420	
31	Rate Stabilization			1,000,000	1,000,000	
32	**Over / (Under) Policy Reserve Targets**			$ 9,537,894	$ 12,153,794	

Operating Reserve Target *- Set at 10 months of budgeted operating expenses for the wholesale and sewer systems, excluding wholesale pass-through supply expenses, and 6 months of budgeted operating expenses for the retail system.*

Capital Reserve Target *- Set at 20% of the original cost of fixed assets for the retail and wholesale systems. The capital reserve for the sewer system is a specific amount based on legally restricted funds remaining from the sewer system transfer in 2016.*

Rate Stabilization Reserve Target *- Set at $1M for the sewer system for potential sewer spill remediations and 25% of budgeted operating revenues for the retail system. The District does not maintain a wholesale rate stabilization reserve within policy.*

Sewer Fund Operating Budget

		A	B	C	D	E = D - B	F = E / B
		FY 2025 Actual Results	FY 2026 Adopted Budget	FY 2026 (P) Projected Results	FY 2027 Adopted Budget	$ Budget Change PY	% Budget Change PY
1	**District Charges**						
2	Sewer Service Fees	3,832,682	4,292,600	4,320,962	4,839,400	546,800	12.7%
3	Wholesale Water Fixed Charges	-	-	-	-	-	NA
4	Retail Water Variable Charges	-	-	-	-	-	NA
5	Retail Water Fixed Charges	-	-	-	-	-	NA
6	**Total District Charges**	**3,832,682**	**4,292,600**	**4,320,962**	**4,839,400**	**546,800**	**12.7%**
7	**Wholesale Pass-Through Charges**						
8	MET / MWDOC Water Sales	-	-	-	-	-	NA
9	MET / MWDOC Fixed Costs Recovery	-	-	-	-	-	NA
10	**Total Wholesale Pass-Through Charges**	-	-	-	-	-	**NA**
11	**Other Revenue**						
12	Property Tax Receipts	483,751	487,500	493,426	503,300	15,800	3.2%
13	Interest Revenue	1,282,916	1,497,000	1,064,379	1,128,000	(369,000)	-24.6%
14	Excess Groundwater Sales	-	-	-	-	-	NA
15	Developer Fees and Charges	648,274	100,000	291,694	200,000	100,000	100.0%
16	Miscellaneous Revenue	59,926	55,300	58,625	48,600	(6,700)	-12.1%
17	**Total Other Revenue**	**2,474,867**	**2,139,800**	**1,908,124**	**1,879,900**	**(259,900)**	**-12.1%**
18	**Total Revenue**	**6,307,550**	**6,432,400**	**6,229,086**	**6,719,300**	**286,900**	**4.5%**
19	**Retail Water Supply**						
20	Retail Fixed Costs Allocation	-	-	-	-	-	NA
21	Retail Water Purchases from Wholesale	-	-	-	-	-	NA
22	OCWD Replenishment Assessments	-	-	-	-	-	NA
23	Groundwater Energy	-	-	-	-	-	NA
24	**Total Retail Water Supply**	-	-	-	-	-	**NA**
25	**Wholesale Pass-Through Supply**						
26	MET / MWDOC Water Purchases	-	-	-	-	-	NA
27	MET / MWDOC Fixed Costs	-	-	-	-	-	NA
28	**Total Wholesale Pass-Through Supply**	-	-	-	-	-	**NA**
29	**Staffing Resources**						
30	Employee Compensation	1,253,827	1,407,600	1,340,425	1,452,810	45,210	3.2%
31	Health and Retirement Benefits	409,871	490,300	460,745	564,600	74,300	15.2%
32	CalPERS Unfunded Minimum Payments	7,878	19,900	28,942	27,700	7,800	39.2%
33	**Total Staffing Resources**	**1,671,576**	**1,917,800**	**1,830,113**	**2,045,110**	**127,310**	**6.6%**
34	**Operations & Maintenance**						
35	Water System Maintenance	-	-	-	-	-	NA
36	Water Quality	-	-	-	-	-	NA
37	Sewer System Maintenance	142,875	175,000	83,539	266,080	91,080	52.0%
38	System Fees and Permits	33,566	28,800	34,608	35,700	6,900	24.0%
39	Vehicle and Equipment	146,849	241,900	137,891	146,000	(95,900)	-39.6%
40	**Total Operations & Maintenance**	**323,289**	**445,700**	**256,038**	**447,780**	**2,080**	**0.5%**
41	**General & Administrative**						
42	Professional Services	202,801	209,800	148,357	159,190	(50,610)	-24.1%
43	District Office Expenses	65,313	73,800	87,493	93,410	19,610	26.6%
44	District Insurance	42,510	46,800	62,372	68,700	21,900	46.8%
45	Dues and Memberships	16,805	17,100	17,100	16,490	(610)	-3.6%
46	Community Outreach and Public Noticing	43,179	47,700	64,552	54,280	6,580	13.8%
47	Board of Directors	19,411	6,600	12,521	30,000	23,400	354.5%
48	Education, Training and Travel	8,779	11,200	7,016	8,030	(3,170)	-28.3%
49	Miscellaneous Expense	62,678	76,600	67,127	73,520	(3,080)	-4.0%
50	**Total General & Administrative**	**461,476**	**489,600**	**466,536**	**503,620**	**14,020**	**2.9%**
51	**Total Expense**	**2,456,341**	**2,853,100**	**2,552,688**	**2,996,510**	**143,410**	**5.0%**
52	**Net Income / (Loss) from Operations**	**3,851,209**	**3,579,300**	**3,676,398**	**3,722,790**	**143,490**	**4.0%**

Community Facilities District No. 2018-1 Budget Summary

		A	B	C	D	F = E / B
		FY 2025 Actual Results	FY 2026 Adopted Budget	FY 2026 (P) Projected Results	FY 2027 Adopted Budget	% Budget Change PY
1	Sewer Service Fees	$ -	$ -	$ -	$ -	NA
2	Wholesale Water Fixed Charges	-	-	-	-	NA
3	Retail Water Variable Charges	-	-	-	-	NA
4	Retail Water Fixed Charges	-	-	-	-	NA
5	MET / MWDOC Pass-Through Charges	-	-	-	-	NA
6	Property Tax Receipts	45,241	47,900	48,474	45,200	-6%
7	Interest Revenue	-	-	542	500	NA
8	Other Revenue	-	-	-	-	NA
9	**Total Revenue**	**45,241**	**47,900**	**49,016**	**45,700**	**-5%**
10	Retail Water Supply	-	-	-	-	NA
11	Wholesale Pass-Through Supply	-	-	-	-	NA
12	Staffing Resources	-	-	-	-	NA
13	Operations & Maintenance	-	-	-	-	NA
14	General & Administrative	3,144	3,200	3,144	3,200	0%
15	**Total Expense**	**3,144**	**3,200**	**3,144**	**3,200**	**0%**
16	**Net Income / (Loss) from Operations**	**42,097**	**44,700**	**45,873**	**42,500**	-5%
17	Grant Funding Receipts	-	-	-	-	NA
18	Capital Improvement Program	-	-	-	-	NA
19	Internal Loan Borrowing	-	-	-	-	NA
20	Internal Loan Lending	-	-	-	-	NA
21	Internal Loan Receipts	-	-	-	-	NA
22	Internal Loan Payments	-	-	-	-	NA
23	Debt Service	(40,025)	(40,025)	(40,008)	(40,008)	0%
24	**Net Change in Cash**	**2,072**	**4,675**	**5,865**	**2,492**	**-47%**
	Ending Cash Balances					
25	Unrestricted			-	-	
26	Restricted - CFD (Parcel Assessment)			73,320	75,813	
27	Restricted - ID1 Transfer Funds			-	-	
28	**Total Ending Cash Balances**			**73,320**	**75,813**	
	District Policy Reserve Targets					
29	Operating			-	-	
30	Capital			-	-	
31	Rate Stabilization			-	-	
32	**Over / (Under) Policy Reserve Targets**			$ 73,320	$ 75,813	

Operating Reserve Target - *Set at 10 months of budgeted operating expenses for the wholesale and sewer systems, excluding wholesale pass-through supply expenses, and 6 months of budgeted operating expenses for the retail system.*

Capital Reserve Target - *Set at 20% of the original cost of fixed assets for the retail and wholesale systems. The capital reserve for the sewer system is a specific amount based on legally restricted funds remaining from the sewer system transfer in 2016.*

Rate Stabilization Reserve Target - *Set at $1M for the sewer system for potential sewer spill remediations and 25% of budgeted operating revenues for the retail system. The District does not maintain a wholesale rate stabilization reserve within policy.*

Community Facilities District No. 2018-1 Operating Budget

		A FY 2025 Actual Results	B FY 2026 Adopted Budget	C FY 2026 (P) Projected Results	D FY 2027 Adopted Budget	E = D - B $ Budget Change PY	F = E / B % Budget Change PY
1	**District Charges**						
2	Sewer Service Fees	-	-	-	-	-	NA
3	Wholesale Water Fixed Charges	-	-	-	-	-	NA
4	Retail Water Variable Charges	-	-	-	-	-	NA
5	Retail Water Fixed Charges	-	-	-	-	-	NA
6	**Total District Charges**	-	-	-	-	-	**NA**
7	**Wholesale Pass-Through Charges**						
8	MET / MWDOC Water Sales	-	-	-	-	-	NA
9	MET / MWDOC Fixed Costs Recovery	-	-	-	-	-	NA
10	**Total Wholesale Pass-Through Charges**	-	-	-	-	-	**NA**
11	**Other Revenue**						
12	Property Tax Receipts	45,241	47,900	48,474	45,200	(2,700)	-5.6%
13	Interest Revenue	-	-	542	500	500	NA
14	Excess Groundwater Sales	-	-	-	-	-	NA
15	Developer Fees and Charges	-	-	-	-	-	NA
16	Miscellaneous Revenue	-	-	-	-	-	NA
17	**Total Other Revenue**	**45,241**	**47,900**	**49,016**	**45,700**	**(2,200)**	**-4.6%**
18	**Total Revenue**	**45,241**	**47,900**	**49,016**	**45,700**	**(2,200)**	**-4.6%**
19	**Retail Water Supply**						
20	Retail Fixed Costs Allocation	-	-	-	-	-	NA
21	Retail Water Purchases from Wholesale	-	-	-	-	-	NA
22	OCWD Replenishment Assessments	-	-	-	-	-	NA
23	Groundwater Energy	-	-	-	-	-	NA
24	**Total Retail Water Supply**	-	-	-	-	-	**NA**
25	**Wholesale Pass-Through Supply**						
26	MET / MWDOC Water Purchases	-	-	-	-	-	NA
27	MET / MWDOC Fixed Costs	-	-	-	-	-	NA
28	**Total Wholesale Pass-Through Supply**	-	-	-	-	-	**NA**
29	**Staffing Resources**						
30	Employee Compensation	-	-	-	-	-	NA
31	Health and Retirement Benefits	-	-	-	-	-	NA
32	CalPERS Unfunded Minimum Payments	-	-	-	-	-	NA
33	**Total Staffing Resources**	-	-	-	-	-	**NA**
34	**Operations & Maintenance**						
35	Water System Maintenance	-	-	-	-	-	NA
36	Water Quality	-	-	-	-	-	NA
37	Sewer System Maintenance	-	-	-	-	-	NA
38	System Fees and Permits	-	-	-	-	-	NA
39	Vehicle and Equipment	-	-	-	-	-	NA
40	**Total Operations & Maintenance**	-	-	-	-	-	**NA**
41	**General & Administrative**						
42	Professional Services	-	-	-	-	-	NA
43	District Office Expenses	-	-	-	-	-	NA
44	District Insurance	-	-	-	-	-	NA
45	Dues and Memberships	-	-	-	-	-	NA
46	Community Outreach and Public Noticing	-	-	-	-	-	NA
47	Board of Directors	-	-	-	-	-	NA
48	Education, Training and Travel	-	-	-	-	-	NA
49	Miscellaneous Expense	3,144	3,200	3,144	3,200	-	0.0%
50	**Total General & Administrative**	**3,144**	**3,200**	**3,144**	**3,200**	-	**0.0%**
51	**Total Expense**	**3,144**	**3,200**	**3,144**	**3,200**	-	**0.0%**
52	**Net Income / (Loss) from Operations**	**42,097**	**44,700**	**45,873**	**42,500**	**(2,200)**	**-4.9%**