



ADOPTED BUDGET FISCAL YEAR 2026

Adopted June 26, 2025

TABLE OF CONTENTS

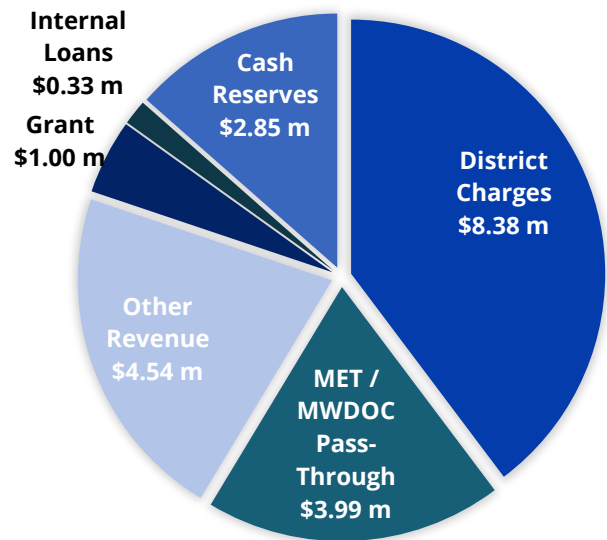
Table of Contents.....	1
Executive Summary	2
Funding Sources \$21,100,845.....	2
Funding Uses \$21,100,845	2
Wholesale Reserves v. Targets	3
Retail Reserves v. Targets.....	3
Sewer Reserves v. Targets.....	4
Budgeted Change in District Reserves	4
Annual Budget Summary.....	5
District Operating Budget.....	6
District Operating Budget Narrative.....	7
Capital Improvement Program (CIP) Budget.....	12
CIP Funding Sources	12
CIP Budget by Utility	12
CIP Budget by Project	13
Fund Detail Budgets	14
Wholesale Fund Budget Summary	14
Wholesale Fund Operating Budget.....	15
Retail Fund Budget Summary.....	16
Retail Fund Operating Budget	17
Sewer Fund Budget Summary.....	18
Sewer Fund Operating Budget	19
Community Facilities District No. 2018-1 Budget Summary	20
Community Facilities District No. 2018-1 Operating Budget.....	21

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 2026 budgeted funding sources, uses, cash reserve balances and reserve policy targets are summarized in this section.

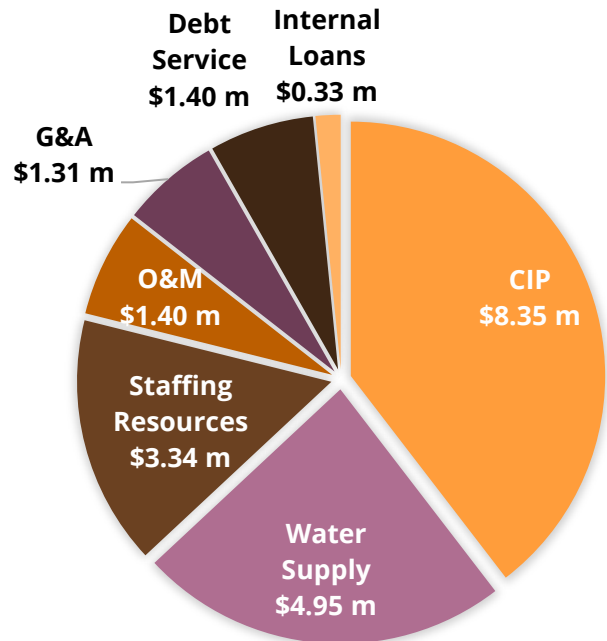
Funding Sources \$21,100,845

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 \$2.85 million in cash reserve funding.



Funding Uses \$21,100,845

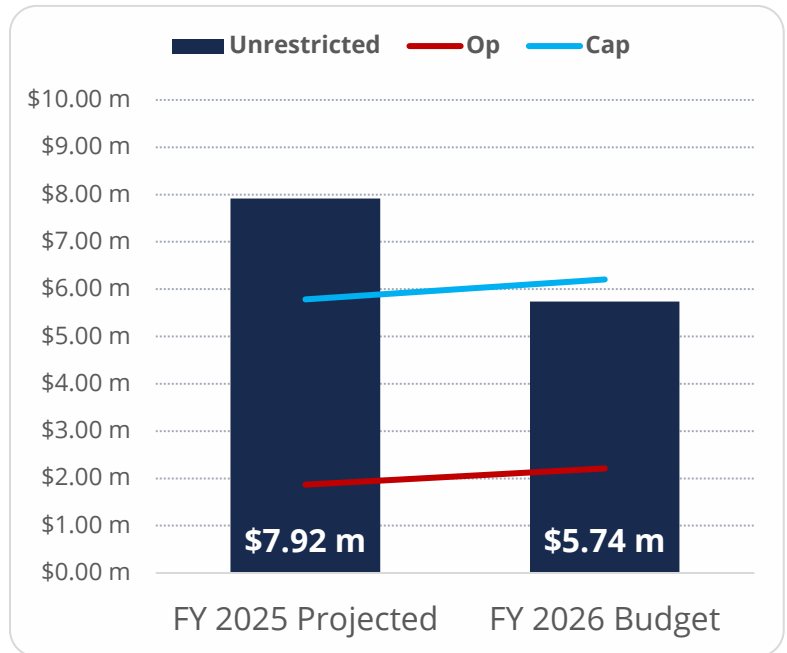
Funding uses are comprised of the Capital Improvement Program (CIP), water supply, staffing resources, operations and maintenance (O&M), general and administrative (G&A), debt service payments, and internal loan payments. The largest use of funding is CIP as the District continues to invest in reliable and safe 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. 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 all policy reserve targets at the end of fiscal year 2025. The fiscal year 2026 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).

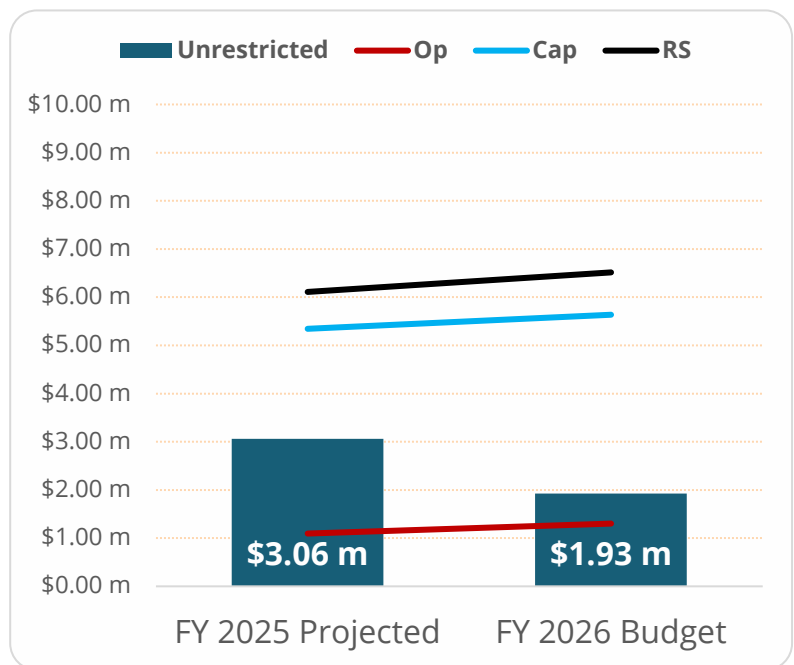
Wholesale reserve policy targets include an operating reserve (Op) and capital reserve (Cap). The operating reserve is equal to 10 months of budgeted operating expenses, excluding source of supply expenses. The capital target is equal to 20% of the cost of Wholesale fixed assets. No rate stabilization 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 2025. The fiscal year 2026 budget plans for additional drawdown of capital reserves to advance CIP projects, most notably for the Brae Glen Pipeline Replacement (Project ID RZ-04) and Orange Knoll PRV Station (Project ID RZ-05). 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.

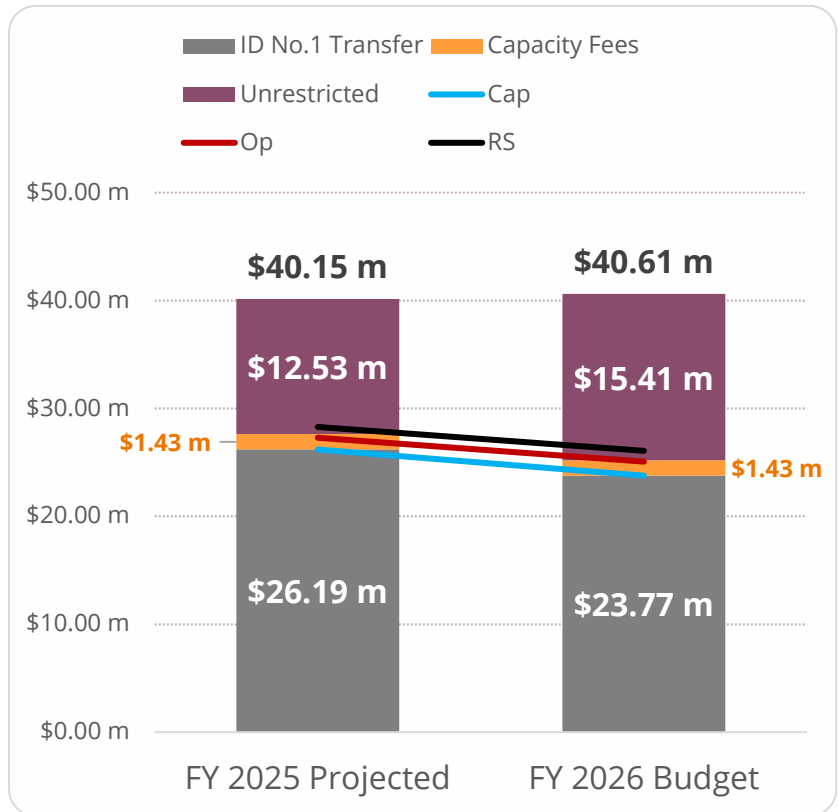


Sewer Reserves v. Targets

Sewer cash reserves are projected to remain above all reserve targets at the end of fiscal year 2025. The fiscal year 2026 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 continued to invest 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 2026 budget forecasts a total ending reserve balance of \$48.34 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 2026 is shown in **column F**.

	A	B	C	D	E	F
	Projected 6/30/2025 Balance	Net Income / (Loss) From Operations	Grant Funding Proceeds	Capital Improvement Program	Debt Service Payments	Budgeted 6/30/2026 Balance
Cash Balances						
Unrestricted	23,509,928	5,897,825		(4,929,100)	(1,403,430)	23,075,223
Restricted - CFD (Parcel Assessment)	59,064	4,675				63,739
Restricted - Grant Funding	-		1,000,000	(1,000,000)		-
Restricted - Capacity Fees	1,427,347			-		1,427,347
Restricted - ID1 Transfer Funds	26,191,577		-	(2,420,900)		23,770,677
Total Cash Balances	\$ 51,187,916	\$ 5,902,500	\$ 1,000,000	\$ (8,350,000)	\$ (1,403,430)	\$ 48,336,986

ANNUAL BUDGET SUMMARY

	A	B	C	D	E = D - B	F = E / B
	FY 2024 Actual Results	FY 2025 Adopted Budget	FY 2025 (P) Projected Results	FY 2026 Adopted Budget	\$ Budget Change PY	% Budget Change PY
1 Sewer Service Fees	\$ 3,420,582	\$ 3,869,100	\$ 3,832,738	\$ 4,292,600	\$ 423,500	11%
2 Wholesale Water Fixed Charges	550,894	588,900	588,901	630,200	41,300	7%
3 Retail Water Variable Charges	1,201,739	1,354,400	1,481,601	1,794,900	440,500	33%
4 Retail Water Fixed Charges	1,495,469	1,607,500	1,550,918	1,667,200	59,700	4%
5 MET / MWDOC Pass-Through Charges	7,349,141	7,590,300	6,385,210	3,988,700	(3,601,600)	-47%
6 Property Tax Receipts	2,257,277	2,240,900	2,281,928	2,326,700	85,800	4%
7 Interest Revenue	1,420,979	1,234,500	1,492,146	1,774,000	539,500	44%
8 Other Revenue	963,474	277,200	1,302,917	440,800	163,600	59%
9 Total Revenue	18,659,554	18,762,800	18,916,359	16,915,100	(1,847,700)	-10%
10 Retail Water Supply	1,037,024	687,300	1,303,727	965,100	277,800	40%
11 Wholesale Pass-Through Supply	7,348,418	7,590,300	6,385,210	3,988,700	(3,601,600)	-47%
12 Staffing Resources	2,782,586	3,172,300	2,974,640	3,342,700	170,400	5%
13 Operations & Maintenance	952,456	942,050	1,132,441	1,404,500	462,450	49%
14 General & Administrative	1,075,532	1,255,300	1,274,627	1,311,600	56,300	4%
15 Total Expense	13,196,015	13,647,250	13,070,646	11,012,600	(2,634,650)	-19%
16 Net Income / (Loss) from Operations	5,463,539	5,115,550	5,845,713	5,902,500	786,950	15%
17 Grant Funding Receipts	-	1,000,000	925,124	1,000,000	-	0%
18 Capital Improvement Program	(15,884,587)	(12,509,000)	(6,145,268)	(8,350,000)	4,159,000	-33%
19 CalPERS Unfunded Additional Payments	-	(34,920)	-	-	34,920	-100%
20 Internal Loan Borrowing	-	2,000,000	4,000,000	-	(2,000,000)	-100%
21 Internal Loan Lending	-	(2,000,000)	(4,000,000)	-	2,000,000	-100%
22 Internal Loan Receipts	-	-	269,709	334,815	334,815	NA
23 Internal Loan Payments	-	-	(269,709)	(334,815)	(334,815)	NA
24 Debt Service	(453,633)	(1,295,000)	(1,334,982)	(1,403,430)	(108,430)	8%
25 Net Change in Cash	(10,874,680)	(7,723,370)	(709,412)	(2,850,930)	4,872,440	-63%
<u>Ending Cash Balances</u>						
26 Unrestricted			23,509,928	23,075,223		
27 Restricted - CFD (Parcel Assessment)			59,064	63,739		
28 Restricted - Capacity Fees			1,427,347	1,427,347		
29 Restricted - ID1 Transfer Funds			26,191,577	23,770,677		
30 Total Ending Cash Balances			51,187,916	48,336,986		
<u>District Policy Reserve Targets</u>						
31 Operating			5,128,665	5,885,467		
32 Capital			34,357,332	32,099,748		
33 Rate Stabilization			1,765,275	1,878,650		
34 Over / (Under) Policy Reserve Targets			\$ 9,936,644	\$ 8,473,121		

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.

DISTRICT OPERATING BUDGET

	A	B	C	D	E = D - B	F = E / B
	FY 2024 Actual Results	FY 2025 Adopted Budget	FY 2025 (P) Projected Results	FY 2026 Adopted Budget	\$ Budget Change PY	% Budget Change PY
1 District Charges						
2 Sewer Service Fees	3,420,582	3,869,100	3,832,738	4,292,600	423,500	11%
3 Wholesale Water Fixed Charges	550,894	588,900	588,901	630,200	41,300	7%
4 Retail Water Variable Charges	1,201,739	1,354,400	1,481,601	1,794,900	440,500	33%
5 Retail Water Fixed Charges	1,495,469	1,607,500	1,550,918	1,667,200	59,700	4%
6 Total District Charges	6,668,683	7,419,900	7,454,158	8,384,900	965,000	13%
7 Wholesale Pass-Through Charges						
8 MET / MWDOC Water Sales	6,635,584	6,675,200	5,469,220	2,923,200	(3,752,000)	-56%
9 MET / MWDOC Fixed Costs Recovery	713,557	915,100	915,990	1,065,500	150,400	16%
10 Total Wholesale Pass-Through Charges	7,349,141	7,590,300	6,385,210	3,988,700	(3,601,600)	-47%
11 Other Revenue						
12 Property Tax Receipts	2,257,277	2,240,900	2,281,928	2,326,700	85,800	4%
13 Interest Revenue	1,420,979	1,234,500	1,492,146	1,774,000	539,500	44%
14 Excess Groundwater Sales	-	-	466,640	-	-	NA
15 Developer Fees and Charges	738,760	50,000	603,116	200,000	150,000	300%
16 Miscellaneous Revenue	224,714	227,200	233,162	240,800	13,600	6%
17 Total Other Revenue	4,641,730	3,752,600	5,076,991	4,541,500	788,900	21%
18 Total Revenue	18,659,554	18,762,800	18,916,359	16,915,100	(1,847,700)	-10%
19 Retail Water Supply						
20 Retail Fixed Costs Allocation	95,206	120,500	122,281	142,100	21,600	18%
21 Retail Water Purchases from Wholesale	882,316	-	159,060	204,700	204,700	NA
22 OCWD Replenishment Assessments	16,411	518,300	782,260	469,300	(49,000)	-9%
23 Groundwater Energy	43,090	48,500	240,126	149,000	100,500	207%
24 Total Retail Water Supply	1,037,024	687,300	1,303,727	965,100	277,800	40%
25 Wholesale Pass-Through Supply						
26 MET / MWDOC Water Purchases	6,634,861	6,675,200	5,469,220	2,923,200	(3,752,000)	-56%
27 MET / MWDOC Fixed Costs	713,557	915,100	915,990	1,065,500	150,400	16%
28 Total Wholesale Pass-Through Supply	7,348,418	7,590,300	6,385,210	3,988,700	(3,601,600)	-47%
29 Staffing Resources						
30 Employee Compensation	2,144,755	2,395,500	2,246,403	2,470,700	75,200	3%
31 Health and Retirement Benefits	637,831	760,700	707,360	837,100	76,400	10%
32 CalPERS Unfunded Minimum Payments	-	16,100	20,878	34,900	18,800	117%
33 Total Staffing Resources	2,782,586	3,172,300	2,974,640	3,342,700	170,400	5%
34 Operations & Maintenance						
35 Water System Maintenance	350,488	379,750	522,465	682,100	302,350	80%
36 Water Quality	84,282	104,500	171,993	165,800	61,300	59%
37 Sewer System Maintenance	155,141	175,000	141,761	175,000	-	0%
38 System Fees and Permits	58,585	63,200	62,914	64,800	1,600	3%
39 Vehicle and Equipment	303,959	219,600	233,307	316,800	97,200	44%
40 Total Operations & Maintenance	952,456	942,050	1,132,441	1,404,500	462,450	49%
41 General & Administrative						
42 Professional Services	514,527	597,900	565,919	601,700	3,800	1%
43 District Office Expenses	177,505	189,300	219,136	239,900	50,600	27%
44 District Insurance	93,081	118,600	112,149	123,400	4,800	4%
45 Dues and Memberships	52,371	56,900	61,600	64,100	7,200	13%
46 Community Outreach and Noticing	65,563	60,200	75,682	77,900	17,700	29%
47 Board of Directors	47,822	121,200	110,309	65,300	(55,900)	-46%
48 Education, Training and Travel	10,152	19,900	20,448	21,000	1,100	6%
49 Miscellaneous Expense	114,509	91,300	109,385	118,300	27,000	30%
50 Total General & Administrative	1,075,532	1,255,300	1,274,627	1,311,600	56,300	4%
51 Total Expense	13,196,015	13,647,250	13,070,646	11,012,600	(2,634,650)	-19%
52 Net Income / (Loss) from Operations	5,463,539	5,115,550	5,845,713	5,902,500	786,950	15%

DISTRICT OPERATING BUDGET 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 2026 budget considers a 12.0% rate adjustment effective July 1, 2025, 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 fiscal year 2026 budget considers a 7.0% rate adjustment effective July 1, 2025, 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 fiscal year 2026 budget assumes a total of 800 Acre-Feet (AF) of water sales to Retail customers based on average demand over the last 10-years. In addition, a 7.5% rate adjustment will go into effect on July 1, 2025.
5. **Retail Water Fixed Charges** include meter service and capital charges to Retail customers for water service. The fiscal year 2026 budget includes a 7.5% rate adjustment that effective July 1, 2025.
6. **Total District Charges** provides a total of District customer charges, excluding Wholesale pass-through type charges.
7. **Wholesale Pass-Through Charges** begins the section of District revenues received from Wholesale customers which directly reimburse the District for Wholesale import water purchases.
8. **MET / MWDOC Water Sales** includes variable charges collected from Wholesale customers for their share of import water purchases through District-owned and managed connections to the Metropolitan Water District of Southern California (MET). Volumetric charges are set at the MET fully treated water rates. Currently, the treated rate stands at \$1,395 / AF and will increase to \$1,528 / AF on January 1, 2026. The fiscal year 2026 budget estimates 2,000 AF of water delivered to Wholesale customers; however, Wholesale customer demands have experienced major fluctuations in recent years. Charges collected directly reimburse the District for MET water purchases which are billed to the District through the Municipal Water District of Orange County (MWDOC).
9. **MET / MWDOC Fixed Costs Recovery** includes fixed monthly charges to Wholesale customers for their share of import water fixed costs. The MET readiness to serve charge, MET capacity charge, and MWDOC Retail service connection charges are pro-rated and passed through to Wholesale customers each month. The MET readiness to serve charge is increasing to \$43,886 per month on July 1, 2025, and \$45,769 per month on January 1, 2026. The MET capacity charge currently stands at \$18,733 per month and will decrease to \$16,129 per month on January 1, 2026. The MWDOC Retail service connection charge is based on the total count of Wholesale customer Retail meters, budgeted at 20,869 meters. This charge increases to \$15.25 per meter on July 1, 2025, from the current rate of \$14.75 per meter.
10. **Total Wholesale Pass-Through Charges** provides a total of revenues from Wholesale customers that directly reimburse the District for Wholesale import water purchases.

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 fiscal year 2026 budget is based on the projected 2025 results with a 2% increase.
13. **Interest Revenue** include earnings on District cash and investments. The fiscal year 2026 budget is based on 4.0% 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 fiscal year 2026 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 are difficult to predict and can experience major fluctuations from year to year based on development activity. The fiscal year 2026 budget conservatively estimates revenues of \$100K in Sewer capacity charges and \$100K in Wholesale system connection fees, with no activity anticipated 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 fiscal year 2026 budget considers the cell tower lease contract and historical activity 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 water purchases fixed costs allocated to the Retail water system for import water purchases through the Wholesale water system. This includes Wholesale pass through costs for the MET readiness to serve, MET capacity, and MWDOC Retail service connection charges as well as the EOCWD Wholesale reserve fund and readiness to serve charges, which are allocated to the Retail system based on a rolling average of Wholesale customer demands and meter counts. The fiscal year 2026 budget is increasing due to MET and MWDOC rate adjustments and a 7% adjustment in EOCWD Wholesale rates effective July 1, 2025.
21. **Retail Water Purchases from Wholesale** includes import water purchases through the Wholesale water system. The Retail system pays for water used at the MET treated water rate, which stands at \$1,395 / AF and will increase to \$1,528 / AF on January 1, 2026. The fiscal year 2026 budget estimates 140 AF of water purchases from the Wholesale system, representing 17.5% of the 800 AF of budgeted Retail demand.
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 660 AF of groundwater production to supply 82.5% of the 800 AF of budgeted Retail demand. The RA rate stands at \$688 per AF and is increasing to \$711 per AF on July 1, 2025. During fiscal year 2025, the Retail system produced and sold excess groundwater to external agencies which resulted in higher than anticipated replenishment assessments. The fiscal year 2026 budget does not consider a repeat of these 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 import water purchases through District-owned and managed connections to MET. The MET fully treated water rate stands at \$1,395 per AF and will increase to \$1,528 per AF on January 1, 2026. The fiscal year 2026 budget estimates 2,000 AF of water purchases to support Wholesale customer demands; however, Wholesale demands have experienced major fluctuations in recent years. These water purchases are subsequently repaid to the District through monthly billing to Wholesale customers.
27. **MET / MWDOC Fixed Costs** includes fixed charges for import water costs. This category includes the MET readiness to serve charge, MET capacity charge, and MWDOC Retail service connection charge. These charges are subsequently pro-rated and passed through to Wholesale customers each month. The MET readiness to serve charge is increasing to \$43,886 per month on July 1, 2025, and \$45,769 per month on January 1, 2026. The MET capacity charge currently stands at \$18,733 per month and will decrease to \$16,129 per month on January 1, 2026. The MWDOC Retail service connection charge is based on the total count of Wholesale customer Retail meters, budgeted at 20,869 meters. This charge increases to \$15.25 per meter on July 1, 2025, from the current rate of \$14.75 per meter. These fixed costs are subsequently repaid to the District through monthly billing to Wholesale customers.
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 fiscal year 2026 budget considers filling vacant positions and operating at full staffing, with no additional new positions. It also assumes a 2.5% merit pool and 3.8% 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 2024 to March 2025.
31. **Employee Benefits** include health, dental and vision benefits for District personnel. The fiscal year 2026 budget expects rates for benefit plans to increase by 5% and that the two vacant positions will elect family coverage.
32. **CalPERS Retirement Unfunded Liability** includes the minimum payment to the California Public Employees Retirement System (CalPERS) to fund future CalPERS retirement benefits. The fiscal year 2026 budget is based on the District actuarial valuation reports released by CalPERS and fluctuates each year with plan investment returns and changing actuarial assumptions. As of June 30, 2024, the District pension plan is 94.5% funded.
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 fiscal year 2026 budget has increased due to the following budget items:
- The Retail system has experienced new pump station energy costs at Alexander Lane. The fiscal year 2025 projection is higher than the adopted budget due to an 8-month period billing from Southern California Edison. The District has included a \$120K budget for Alexander Lane pump station energy in fiscal year 2026. The prior year budget did not include this pump station energy.
 - The Newport reservoir requires v-ditch repairs, tree removal and site maintenance. The fiscal year 2026 Wholesale reservoir maintenance budget has increased to \$155K from \$60K in the prior year.
 - The PFAS treatment plant maintenance budget has increased to \$66K based on an estimated \$100 per AF in maintenance costs (average figure estimated and provided by OCWD). OCWD will reimburse half of the plant maintenance costs, and the \$33K of reimbursements are also in this category. From the prior year, the net PFAS treatment plant maintenance budget has increased by \$31.6K. This facility is new, and the District will be gathering actual cost data for future maintenance budgeting. This budget includes funding for any unexpected needs at the plant, although this facility is still new and not expected to experience major repairs or failures.
 - The Wholesale vaults maintenance fiscal year 2026 budget has increased by \$35K from the fiscal year 2025 budget due to plans for vault top replacements within the Wholesale system.
36. **Water Quality** includes water quality testing, chemicals, and the chlorine generator salt purchases and dosing equipment maintenance. The fiscal year 2026 budget is based on an estimate of chemical and testing needs under normal operating conditions (no excess groundwater sales resulting in reduced activity during fiscal year 2026 compared to fiscal year 2025) 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 fiscal year 2026 budget has increased due to a \$20K provision for unexpected Sewer lift station pump repairs not included in the prior year budget.
38. **System Fees and Permits** include system permitting through the State Water Resources Control Board. The fiscal year 2026 budget is based on the fiscal year 2025 projected results with an increase for inflation.
39. **Vehicles and Equipment** includes repairs to vehicles and equipment, equipment rentals, fuel, small tools, and safety equipment. The fiscal year 2026 budget has increased due to a provisional increase to \$150K for unexpected Sewer Vactor truck repairs (the fiscal year 2025 budget was \$50K).
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 finance and accounting, legal, annual audit, information technology (IT), public relations, engineering, and FOG inspection. The fiscal year 2026 budget considers increases for inflation on all professional services but will realize \$28.8K in savings compared to the prior year budget for finance and accounting advisory services currently provided by Starting Line Advisory.

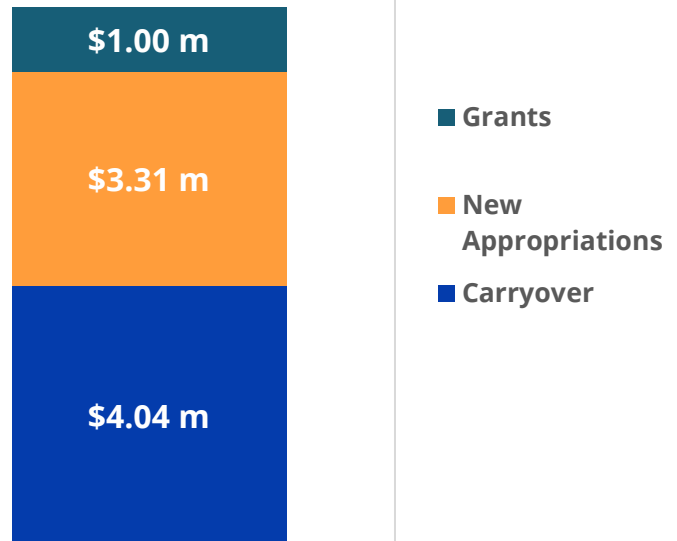
43. **District Office Expenses** include costs for District headquarters maintenance, headquarters utilities, supplies, software and licensing, records management, computer software, payroll processing and customer billing. The fiscal year 2026 budget is increasing due to new headquarters maintenance costs for landscaping (\$5.4K), HVAC maintenance (\$4.2K), and window cleaning (\$1.9K).
44. **District Insurance** includes the cost of general liability and auto insurance. The fiscal year 2026 budget is based on a 10% increase to the most recent insurance policy due to recent insurance industry trends.
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 fiscal year 2026 budget is based on the known costs for recent memberships with an increase for inflation. The OC LAFCO apportionment to the District for fiscal year 2026 is set at \$25,719.
46. **Community Outreach and Noticing** include public noticing and conservation outreach around the community. The fiscal year 2026 budget is based on fiscal year 2025 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 fiscal year 2026 budget does not include election costs.
48. **Education, Training and Travel** includes conference attendance, trainings, and travel for District staff. The fiscal year 2026 budget is based on fiscal year 2025 projections with an increase for inflation.
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 fiscal year 2026 budget for collection fees, custodial fees and banking services is based on fiscal year 2025 projections with an increase for inflation. The fiscal year 2026 budget includes a \$15K provision for unknown miscellaneous 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

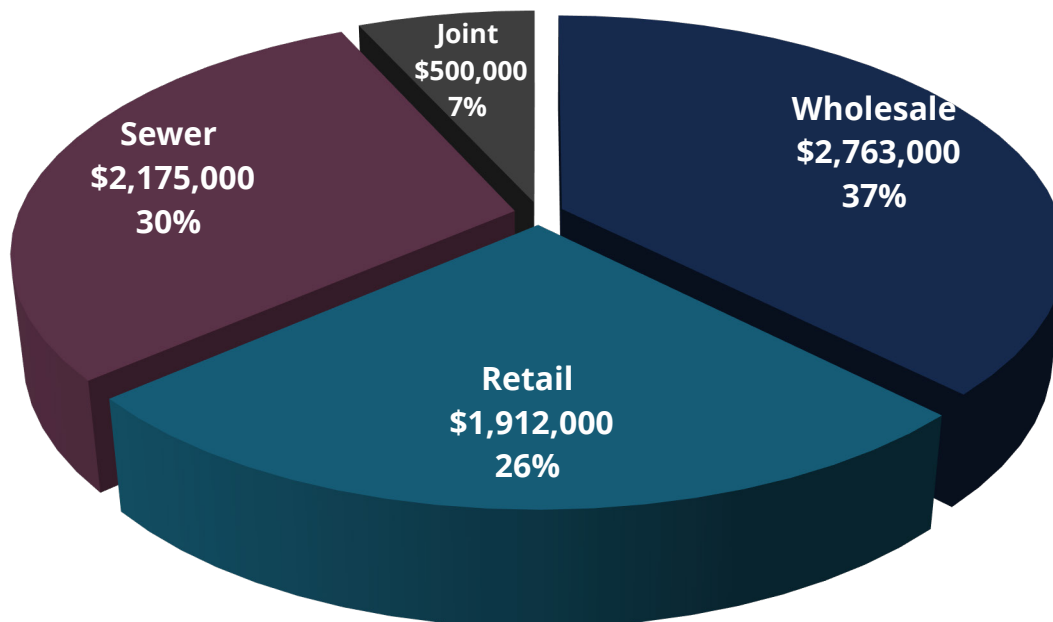
The Capital Improvement Program budget totals \$8.35 million for fiscal year 2026. The total budget is comprised of carryover funds authorized in previous budgeting cycles, available grant funding and new appropriations that are authorized in the current year budget cycle. Newly appropriated funds in the CIP budget for fiscal year 2026 total \$3.31 million. The \$1.00 million funding from grants is anticipated to fund most of the Advanced Metering Infrastructure project in the Retail water utility (Project RZ-15). No debt-funded projects are planned for the budgeted fiscal year.

Total CIP \$8.35 m



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 2026 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 2026 budget in **column C**. These funds are either carried into the fiscal year 2026 budget, removed or deferred to a future budget year in **column D**. New appropriations for the fiscal year 2026 are shown in **column E**. The total project budgets for fiscal year 2026 are displayed in **Column F**.

			A	B	C = B - A	D	E	F = C + D + E
ID	Project	System	FY 2025 Budget	FY 2025 Projection	Carryover Budget	Completions, Savings, Deferrals	New Appropriations	FY 2026
JP-01	SCADA System Improvements	Joint Project	300,000	300,000				
JP-02	Financial Software and Implementation	Joint Project	60,000	60,000				
JP-03	Local Hazard Mitigation Plan, AWIA RRA & ERP	Joint Project	300,000	50,000	250,000			250,000
JP-04	6MG Equipment Canopy	Joint Project	75,000					
JP-05	6MG Site Additional Storage	Joint Project	20,000					
JP-06	11.5MG Spare Mixer	Joint Project	15,000	12,919	2,081	(2,081)		
JP-07	District HQ Backup Generator	Joint Project	130,000	130,000				
JP-08	Field Truck	Joint Project	75,000	71,005	3,995	(3,995)		
JP-10	Main Office Warehouse Replacement	Joint Project					250,000	250,000
RZ-03	Springwood Drive Pipeline Improvement	Retail	100,000		100,000	(100,000)		
RZ-04	Brae Glen Pipeline Replacement	Retail	500,000		500,000			500,000
RZ-05	Orange Knoll PRV Station	Retail	75,000		75,000		175,000	250,000
RZ-07	East Well Electrical	Retail	150,000	150,000				
RZ-08	Barrett and Hinton Service Relocations	Retail	225,000		225,000			225,000
RZ-09	Circula Panorama Pipeline Replacement / Conversion	Retail	4,700,000	4,082,344	617,656	(617,656)		
RZ-10	Master Plan Update	Retail	150,000	38,000	112,000			112,000
RZ-11	Daniger Pump Station Upgrades	Retail	230,000		230,000	(230,000)		
RZ-12	St. Jude/Panorama View Pipeline	Retail	225,000		225,000			225,000
RZ-13	Barrett to Cresthaven Pipeline Replacement	Retail	75,000		75,000	(75,000)		
RZ-14	4" Main Replace/Abandon on Hewes	Retail	100,000		100,000	(100,000)		
RZ-15	Advanced Metering Infrastructure	Retail	1,200,000		1,200,000			1,200,000
RZ-15F	Advanced Metering Infrastructure - Grant Funding	Retail	(1,000,000)		(1,000,000)			(1,000,000)
RZ-16	Vista Panorama Pump Station Replacement	Retail	250,000		250,000		100,000	350,000
RZ-17	Valve Replacements Program	Retail	75,000	75,000			25,000	25,000
RZ-18	Hydrant Replacements Program	Retail	32,000	32,000			25,000	25,000
SS-03	Lemon Heights Dr. Lift Station Rehabilitation	Sewer	60,000	60,000				
SS-05	Robotic Sewer Inspection Camera	Sewer	44,000	44,000				
SS-06	Cured in Place Pipe (CIPP)	Sewer	300,000	300,000			400,000	400,000
SS-07	Manhole Additions, Raising, Frames & Covers	Sewer	100,000	100,000			200,000	200,000
SS-08	Manhole Rehabilitation and Replacements	Sewer	500,000	500,000			400,000	400,000
SS-09	Fallen Leaf Sewer Rehab	Sewer	100,000		100,000	(100,000)		
SS-10	Vehicles and Equipment - Sewer	Sewer					1,000,000	1,000,000
SS-11	SSMP Update and Spill Response	Sewer	200,000	60,000	140,000		35,000	175,000
WZ-02	Wholesale Reservoir Backup Generators	Wholesale	245,000		245,000			245,000
WZ-03	Cathodic Protection Improvements	Wholesale					100,000	100,000
WZ-04	6MG Reservoir - Pipeline and Vault Improvements	Wholesale	200,000		200,000			200,000
WZ-05	Wholesale Reservoir Management Systems	Wholesale	1,500,000		1,500,000			1,500,000
WZ-06	Peters Canyon Reservoir Seismic Recon. Phase 1	Wholesale					500,000	500,000
WZ-10	Master Plan Update	Wholesale	150,000	32,000	118,000			118,000
WZ-17	Valve Replacements Program	Wholesale	40,000	40,000			50,000	50,000
WZ-18	Hydrant Replacements	Wholesale	8,000	8,000			50,000	50,000
Capital Budget, Net			11,509,000	6,145,268	5,268,732	(1,228,732)	3,310,000	7,350,000
Add Back: Project Grant Funding			1,000,000	-	1,000,000	-	-	1,000,000
Capital Budget Total			12,509,000	6,145,268	6,268,732	(1,228,732)	3,310,000	8,350,000

FUND DETAIL BUDGETS

Wholesale Fund Budget Summary

	A	B	C	D	E = D - B	F = E / B
	FY 2024	FY 2025	FY 2025 (P)	FY 2026	\$ Budget	% Budget
	Actual	Adopted	Projected	Adopted	Change	Change
	Results	Budget	Results	Budget	PY	PY
1 Sewer Service Fees	\$ -	\$ -	\$ -	\$ -	\$ -	NA
2 Wholesale Water Fixed Charges	550,894	588,900	588,901	630,200	41,300	7%
3 Retail Water Variable Charges	-	-	-	-	-	NA
4 Retail Water Fixed Charges	-	-	-	-	-	NA
5 MET / MWDOC Pass-Through Charges	7,349,141	7,590,300	6,385,210	3,988,700	(3,601,600)	-47%
6 Property Tax Receipts	1,129,978	1,157,100	1,152,578	1,175,700	18,600	2%
7 Interest Revenue	200,158	194,200	144,357	237,000	42,800	22%
8 Other Revenue	566,371	158,300	274,751	263,000	104,700	66%
9 Total Revenue	9,796,541	9,688,800	8,545,796	6,294,600	(3,394,200)	-35%
10 Retail Water Supply	-	-	-	-	-	NA
11 Wholesale Pass-Through Supply	7,348,418	7,590,300	6,385,210	3,988,700	(3,601,600)	-47%
12 Staffing Resources	474,560	578,700	505,295	683,100	104,400	18%
13 Operations & Maintenance	356,002	383,150	334,804	540,800	157,650	41%
14 General & Administrative	286,039	356,600	367,161	367,600	11,000	3%
15 Total Expense	8,465,019	8,908,750	7,592,469	5,580,200	(3,328,550)	-37%
16 Net Income / (Loss) from Operations	1,331,522	780,050	953,327	714,400	(65,650)	-8%
17 Grant Funding Receipts	-	-	-	-	-	NA
18 Capital Improvement Program	(2,127,048)	(2,539,300)	(373,668)	(2,888,800)	(349,500)	14%
19 CalPERS Unfunded Additional Payments	-	(7,079)	-	-	7,079	-100%
20 Internal Loan Borrowing	-	-	-	-	-	NA
21 Internal Loan Lending	-	-	-	-	-	NA
22 Internal Loan Receipts	-	-	-	-	-	NA
23 Internal Loan Payments	-	-	-	-	-	NA
24 Debt Service	-	-	-	-	-	NA
25 Net Change in Cash	(795,525)	(1,766,329)	579,658	(2,174,400)	(408,071)	23%
<u>Ending Cash Balances</u>						
26 Unrestricted			7,915,518	5,741,118		
27 Restricted - CFD (Parcel Assessment)			-	-		
28 Restricted - Capacity Fees			-	-		
29 Restricted - ID1 Transfer Funds			-	-		
30 Total Ending Cash Balances			7,915,518	5,741,118		
<u>District Policy Reserve Targets</u>						
31 Operating			1,867,191	2,210,000		
32 Capital			3,916,612	3,994,944		
33 Rate Stabilization			-	-		
34 Over / (Under) Policy Reserve Targets			\$ 2,131,715	\$ (463,826)		

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 2024 Actual Results	FY 2025 Adopted Budget	FY 2025 (P) Projected Results	FY 2026 Adopted Budget	\$ Budget Change PY	% Budget Change PY
1 District Charges						
2 Sewer Service Fees	-	-	-	-	-	NA
3 Wholesale Water Fixed Charges	550,894	588,900	588,901	630,200	41,300	7%
4 Retail Water Variable Charges	-	-	-	-	-	NA
5 Retail Water Fixed Charges	-	-	-	-	-	NA
6 Total District Charges	550,894	588,900	588,901	630,200	41,300	7%
7 Wholesale Pass-Through Charges						
8 MET / MWDOC Water Sales	6,635,584	6,675,200	5,469,220	2,923,200	(3,752,000)	-56%
9 MET / MWDOC Fixed Costs Recovery	713,557	915,100	915,990	1,065,500	150,400	16%
10 Total Wholesale Pass-Through Charges	7,349,141	7,590,300	6,385,210	3,988,700	(3,601,600)	-47%
11 Other Revenue						
12 Property Tax Receipts	1,129,978	1,157,100	1,152,578	1,175,700	18,600	2%
13 Interest Revenue	200,158	194,200	144,357	237,000	42,800	22%
14 Excess Groundwater Sales	-	-	-	-	-	NA
15 Developer Fees and Charges	421,639	-	113,712	100,000	100,000	NA
16 Miscellaneous Revenue	144,732	158,300	161,039	163,000	4,700	3%
17 Total Other Revenue	1,896,507	1,509,600	1,571,686	1,675,700	166,100	11%
18 Total Revenue	9,796,541	9,688,800	8,545,796	6,294,600	(3,394,200)	-35%
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	6,634,861	6,675,200	5,469,220	2,923,200	(3,752,000)	-56%
27 MET / MWDOC Fixed Costs	713,557	915,100	915,990	1,065,500	150,400	16%
28 Total Wholesale Pass-Through Supply	7,348,418	7,590,300	6,385,210	3,988,700	(3,601,600)	-47%
29 Staffing Resources						
30 Employee Compensation	371,040	438,700	384,718	510,700	72,000	16%
31 Health and Retirement Benefits	103,520	136,700	116,297	165,200	28,500	21%
32 CalPERS Unfunded Minimum Payments	-	3,300	4,279	7,200	3,900	118%
33 Total Staffing Resources	474,560	578,700	505,295	683,100	104,400	18%
34 Operations & Maintenance						
35 Water System Maintenance	217,066	248,050	171,048	388,000	139,950	56%
36 Water Quality	68,375	74,900	107,442	94,800	19,900	27%
37 Sewer System Maintenance	-	-	-	-	-	NA
38 System Fees and Permits	14,614	16,100	18,416	19,000	2,900	18%
39 Vehicle and Equipment	55,948	44,100	37,898	39,000	(5,100)	-12%
40 Total Operations & Maintenance	356,002	383,150	334,804	540,800	157,650	41%
41 General & Administrative						
42 Professional Services	159,385	183,900	180,291	183,700	(200)	0%
43 District Office Expenses	32,789	44,000	54,328	60,500	16,500	38%
44 District Insurance	21,215	29,100	30,624	33,700	4,600	16%
45 Dues and Memberships	19,602	20,600	22,600	23,500	2,900	14%
46 Community Outreach and Noticing	21,292	19,200	24,395	25,100	5,900	31%
47 Board of Directors	21,094	50,200	47,243	29,300	(20,900)	-42%
48 Education, Training and Travel	2,469	4,500	4,291	4,400	(100)	-2%
49 Miscellaneous Expense	8,193	5,100	3,390	7,400	2,300	45%
50 Total General & Administrative	286,039	356,600	367,161	367,600	11,000	3%
51 Total Expense	8,465,019	8,908,750	7,592,469	5,580,200	(3,328,550)	-37%
52 Net Income / (Loss) from Operations	1,331,522	780,050	953,327	714,400	(65,650)	-8%

Retail Fund Budget Summary

	A	B	C	D	E = D - B	F = E / B
	FY 2024 Actual Results	FY 2025 Adopted Budget	FY 2025 (P) Projected Results	FY 2026 Adopted Budget	\$ Budget Change PY	% Budget Change PY
1 Sewer Service Fees	\$ -	\$ -	\$ -	\$ -	\$ -	NA
2 Wholesale Water Fixed Charges	-	-	-	-	-	NA
3 Retail Water Variable Charges	1,201,739	1,354,400	1,481,601	1,794,900	440,500	33%
4 Retail Water Fixed Charges	1,495,469	1,607,500	1,550,918	1,667,200	59,700	4%
5 MET / MWDOC Pass-Through Charges	-	-	-	-	-	NA
6 Property Tax Receipts	591,649	605,600	603,482	615,600	10,000	2%
7 Interest Revenue	104,181	88,600	39,730	40,000	(48,600)	-55%
8 Other Revenue	81,521	20,600	505,088	22,500	1,900	9%
9 Total Revenue	3,474,558	3,676,700	4,180,819	4,140,200	463,500	13%
10 Retail Water Supply	1,037,024	687,300	1,303,727	965,100	277,800	40%
11 Wholesale Pass-Through Supply	-	-	-	-	-	NA
12 Staffing Resources	705,659	837,500	785,639	741,800	(95,700)	-11%
13 Operations & Maintenance	205,774	211,200	467,358	418,000	206,800	98%
14 General & Administrative	340,131	420,800	433,878	451,200	30,400	7%
15 Total Expense	2,288,587	2,156,800	2,990,601	2,576,100	419,300	19%
16 Net Income / (Loss) from Operations	1,185,971	1,519,900	1,190,217	1,564,100	44,200	3%
17 Grant Funding Receipts	-	1,000,000	925,124	1,000,000	-	0%
18 Capital Improvement Program	(5,758,308)	(8,374,450)	(4,562,752)	(3,040,300)	5,334,150	-64%
19 CalPERS Unfunded Additional Payments	-	(10,031)	-	-	10,031	-100%
20 Internal Loan Borrowing	-	2,000,000	4,000,000	-	(2,000,000)	-100%
21 Internal Loan Lending	-	-	-	-	-	NA
22 Internal Loan Receipts	-	-	-	-	-	NA
23 Internal Loan Payments	-	-	(269,709)	(334,815)	(334,815)	NA
24 Debt Service	(82,718)	(259,000)	(258,992)	(327,200)	(68,200)	26%
25 Net Change in Cash	(4,655,055)	(4,123,581)	1,023,888	(1,138,215)	2,985,366	-72%
Ending Cash Balances						
26 Unrestricted			3,063,983	1,925,768		
27 Restricted - CFD (Parcel Assessment)			-	-		
28 Restricted - Capacity Fees			-	-		
29 Restricted - ID1 Transfer Funds			-	-		
30 Total Ending Cash Balances			3,063,983	1,925,768		
District Policy Reserve Targets						
31 Operating			1,095,216	1,302,050		
32 Capital			4,249,144	4,334,126		
33 Rate Stabilization			765,275	878,650		
34 Over / (Under) Policy Reserve Targets			\$ (3,045,651)	\$ (4,589,058)		

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 2024 Actual Results	FY 2025 Adopted Budget	FY 2025 (P) Projected Results	FY 2026 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	1,201,739	1,354,400	1,481,601	1,794,900	440,500	33%
5 Retail Water Fixed Charges	1,495,469	1,607,500	1,550,918	1,667,200	59,700	4%
6 Total District Charges	2,697,208	2,961,900	3,032,519	3,462,100	500,200	17%
7 Wholesale Pass-Through Charges						
8 MET / MWD OC Water Sales	-	-	-	-	-	NA
9 MET / MWD OC Fixed Costs Recovery	-	-	-	-	-	NA
10 Total Wholesale Pass-Through Charges	-	-	-	-	-	NA
11 Other Revenue						
12 Property Tax Receipts	591,649	605,600	603,482	615,600	10,000	2%
13 Interest Revenue	104,181	88,600	39,730	40,000	(48,600)	-55%
14 Excess Groundwater Sales	-	-	466,640	-	-	NA
15 Developer Fees and Charges	58,682	-	23,586	-	-	NA
16 Miscellaneous Revenue	22,839	20,600	14,862	22,500	1,900	9%
17 Total Other Revenue	777,351	714,800	1,148,299	678,100	(36,700)	-5%
18 Total Revenue	3,474,558	3,676,700	4,180,819	4,140,200	463,500	13%
19 Retail Water Supply						
20 Retail Fixed Costs Allocation	95,206	120,500	122,281	142,100	21,600	18%
21 Retail Water Purchases from Wholesale	882,316	-	159,060	204,700	204,700	NA
22 OCWD Replenishment Assessments	16,411	518,300	782,260	469,300	(49,000)	-9%
23 Groundwater Energy	43,090	48,500	240,126	149,000	100,500	207%
24 Total Retail Water Supply	1,037,024	687,300	1,303,727	965,100	277,800	40%
25 Wholesale Pass-Through Supply						
26 MET / MWD OC Water Purchases	-	-	-	-	-	NA
27 MET / MWD OC Fixed Costs	-	-	-	-	-	NA
28 Total Wholesale Pass-Through Supply	-	-	-	-	-	NA
29 Staffing Resources						
30 Employee Compensation	551,357	638,900	603,967	552,400	(86,500)	-14%
31 Health and Retirement Benefits	154,301	193,900	175,581	181,600	(12,300)	-6%
32 CalPERS Unfunded Minimum Payments	-	4,700	6,091	7,800	3,100	66%
33 Total Staffing Resources	705,659	837,500	785,639	741,800	(95,700)	-11%
34 Operations & Maintenance						
35 Water System Maintenance	133,422	131,700	351,418	294,100	162,400	123%
36 Water Quality	15,908	29,600	64,551	71,000	41,400	140%
37 Sewer System Maintenance	-	-	-	-	-	NA
38 System Fees and Permits	16,374	17,800	16,492	17,000	(800)	-4%
39 Vehicle and Equipment	40,070	32,100	34,898	35,900	3,800	12%
40 Total Operations & Maintenance	205,774	211,200	467,358	418,000	206,800	98%
41 General & Administrative						
42 Professional Services	157,539	183,900	179,561	183,700	(200)	0%
43 District Office Expenses	63,276	83,900	97,561	105,600	21,700	26%
44 District Insurance	29,357	41,300	39,015	42,900	1,600	4%
45 Dues and Memberships	19,602	20,600	22,600	23,500	2,900	14%
46 Community Outreach and Noticing	25,684	23,700	28,761	29,600	5,900	25%
47 Board of Directors	20,868	32,200	33,223	29,400	(2,800)	-9%
48 Education, Training and Travel	2,526	4,800	5,242	5,400	600	13%
49 Miscellaneous Expense	21,279	30,400	27,915	31,100	700	2%
50 Total General & Administrative	340,131	420,800	433,878	451,200	30,400	7%
51 Total Expense	2,288,587	2,156,800	2,990,601	2,576,100	419,300	19%
52 Net Income / (Loss) from Operations	1,185,971	1,519,900	1,190,217	1,564,100	44,200	3%

Sewer Fund Budget Summary

	A	B	C	D	E = D - B	F = E / B
	FY 2024 Actual Results	FY 2025 Adopted Budget	FY 2025 (P) Projected Results	FY 2026 Adopted Budget	\$ Budget Change PY	% Budget Change PY
1 Sewer Service Fees	\$ 3,420,582	\$ 3,869,100	\$ 3,832,738	\$ 4,292,600	\$ 423,500	11%
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	468,594	478,200	477,965	487,500	9,300	2%
7 Interest Revenue	1,116,641	951,700	1,308,060	1,497,000	545,300	57%
8 Other Revenue	315,582	98,300	523,078	155,300	57,000	58%
9 Total Revenue	5,321,398	5,397,300	6,141,841	6,432,400	1,035,100	19%
10 Retail Water Supply	-	-	-	-	-	NA
11 Wholesale Pass-Through Supply	-	-	-	-	-	NA
12 Staffing Resources	1,602,367	1,756,100	1,683,707	1,917,800	161,700	9%
13 Operations & Maintenance	390,680	347,700	330,279	445,700	98,000	28%
14 General & Administrative	446,218	477,900	467,445	489,600	11,700	2%
15 Total Expense	2,439,265	2,581,700	2,481,431	2,853,100	271,400	11%
16 Net Income / (Loss) from Operations	2,882,133	2,815,600	3,660,410	3,579,300	763,700	27%
17 Grant Funding Receipts	-	-	-	-	-	NA
18 Capital Improvement Program	(7,999,232)	(1,595,250)	(1,208,847)	(2,420,900)	(825,650)	52%
19 CalPERS Unfunded Additional Payments	-	(17,810)	-	-	17,810	-100%
20 Internal Loan Borrowing	-	-	-	-	-	NA
21 Internal Loan Lending	-	(2,000,000)	(4,000,000)	-	2,000,000	-100%
22 Internal Loan Receipts	-	-	269,709	334,815	334,815	NA
23 Internal Loan Payments	-	-	-	-	-	NA
24 Debt Service	(330,874)	(1,036,000)	(1,035,965)	(1,036,205)	(205)	0%
25 Net Change in Cash	(5,447,972)	(1,833,460)	(2,314,693)	457,010	2,290,470	-125%
Ending Cash Balances						
26 Unrestricted			12,530,427	15,408,336		
27 Restricted - CFD (Parcel Assessment)			-	-		
28 Restricted - Capacity Fees			1,427,347	1,427,347		
29 Restricted - ID1 Transfer Funds			26,191,577	23,770,677		
30 Total Ending Cash Balances			40,149,350	40,606,360		
District Policy Reserve Targets						
31 Operating			2,166,258	2,373,417		
32 Capital			26,191,577	23,770,677		
33 Rate Stabilization			1,000,000	1,000,000		
34 Over / (Under) Policy Reserve Targets			\$ 10,791,515	\$ 13,462,267		

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 2024 Actual Results	FY 2025 Adopted Budget	FY 2025 (P) Projected Results	FY 2026 Adopted Budget	\$ Budget Change PY	% Budget Change PY
1 District Charges						
2 Sewer Service Fees	3,420,582	3,869,100	3,832,738	4,292,600	423,500	11%
3 Wholesale Water Fixed Charges	-	-	-	-	-	NA
4 Retail Water Variable Charges	-	-	-	-	-	NA
5 Retail Water Fixed Charges	-	-	-	-	-	NA
6 Total District Charges	3,420,582	3,869,100	3,832,738	4,292,600	423,500	11%
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	468,594	478,200	477,965	487,500	9,300	2%
13 Interest Revenue	1,116,641	951,700	1,308,060	1,497,000	545,300	57%
14 Excess Groundwater Sales	-	-	-	-	-	NA
15 Developer Fees and Charges	258,439	50,000	465,818	100,000	50,000	100%
16 Miscellaneous Revenue	57,143	48,300	57,261	55,300	7,000	14%
17 Total Other Revenue	1,900,816	1,528,200	2,309,104	2,139,800	611,600	40%
18 Total Revenue	5,321,398	5,397,300	6,141,841	6,432,400	1,035,100	19%
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	1,222,358	1,317,900	1,257,718	1,407,600	89,700	7%
31 Health and Retirement Benefits	380,010	430,100	415,482	490,300	60,200	14%
32 CalPERS Unfunded Minimum Payments	-	8,100	10,508	19,900	11,800	146%
33 Total Staffing Resources	1,602,367	1,756,100	1,683,707	1,917,800	161,700	9%
34 Operations & Maintenance						
35 Water System Maintenance	-	-	-	-	-	NA
36 Water Quality	-	-	-	-	-	NA
37 Sewer System Maintenance	155,141	175,000	141,761	175,000	-	0%
38 System Fees and Permits	27,597	29,300	28,006	28,800	(500)	-2%
39 Vehicle and Equipment	207,941	143,400	160,512	241,900	98,500	69%
40 Total Operations & Maintenance	390,680	347,700	330,279	445,700	98,000	28%
41 General & Administrative						
42 Professional Services	197,604	230,100	206,067	234,300	4,200	2%
43 District Office Expenses	81,439	61,400	67,247	73,800	12,400	20%
44 District Insurance	42,510	48,200	42,510	46,800	(1,400)	-3%
45 Dues and Memberships	13,167	15,700	16,400	17,100	1,400	9%
46 Community Outreach and Noticing	18,587	17,300	22,526	23,200	5,900	34%
47 Board of Directors	5,860	38,800	29,843	6,600	(32,200)	-83%
48 Education, Training and Travel	5,157	10,600	10,916	11,200	600	6%
49 Miscellaneous Expense	81,893	55,800	71,936	76,600	20,800	37%
50 Total General & Administrative	446,218	477,900	467,445	489,600	11,700	2%
51 Total Expense	2,439,265	2,581,700	2,481,431	2,853,100	271,400	11%
52 Net Income / (Loss) from Operations	2,882,133	2,815,600	3,660,410	3,579,300	763,700	27%

Community Facilities District No. 2018-1 Budget Summary

	A	B	C	D	E = D - B	F = E / B
	FY 2024 Actual Results	FY 2025 Adopted Budget	FY 2025 (P) Projected Results	FY 2026 Adopted Budget	\$ Budget Change PY	% 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	67,057	-	47,903	47,900	47,900	NA
7 Interest Revenue	-	-	-	-	-	NA
8 Other Revenue	-	-	-	-	-	NA
9 Total Revenue	67,057	-	47,903	47,900	47,900	NA
10 Retail Water Supply	-	-	-	-	-	NA
11 Wholesale Pass-Through Supply	-	-	-	-	-	NA
12 Staffing Resources	-	-	-	-	-	NA
13 Operations & Maintenance	-	-	-	-	-	NA
14 General & Administrative	3,144	-	6,144	3,200	3,200	NA
15 Total Expense	3,144	-	6,144	3,200	3,200	NA
16 Net Income / (Loss) from Operations	63,913	-	41,759	44,700	44,700	NA
17 Grant Funding Receipts	-	-	-	-	-	NA
18 Capital Improvement Program	-	-	-	-	-	NA
19 CalPERS Unfunded Additional Payments	-	-	-	-	-	NA
20 Internal Loan Borrowing	-	-	-	-	-	NA
21 Internal Loan Lending	-	-	-	-	-	NA
22 Internal Loan Receipts	-	-	-	-	-	NA
23 Internal Loan Payments	-	-	-	-	-	NA
24 Debt Service	(40,041)	-	(40,025)	(40,025)	(40,025)	NA
25 Net Change in Cash	23,872	-	1,734	4,675	4,675	NA
<u>Ending Cash Balances</u>						
26 Unrestricted			-	-		
27 Restricted - CFD (Parcel Assessment)			59,064	63,739		
28 Restricted - Capacity Fees			-	-		
29 Restricted - ID1 Transfer Funds			-	-		
30 Total Ending Cash Balances			59,064	63,739		
<u>District Policy Reserve Targets</u>						
31 Operating			-	-		
32 Capital			-	-		
33 Rate Stabilization			-	-		
34 Over / (Under) Policy Reserve Targets			\$ 59,064	\$ 63,739		

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	B	C	D	E = D - B	F = E / B
	FY 2024 Actual Results	FY 2025 Adopted Budget	FY 2025 (P) Projected Results	FY 2026 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	-	-	-	-	-	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	67,057	-	47,903	47,900	47,900	NA
13 Interest Revenue	-	-	-	-	-	NA
14 Excess Groundwater Sales	-	-	-	-	-	NA
15 Developer Fees and Charges	-	-	-	-	-	NA
16 Miscellaneous Revenue	-	-	-	-	-	NA
17 Total Other Revenue	67,057	-	47,903	47,900	47,900	NA
18 Total Revenue	67,057	-	47,903	47,900	47,900	NA
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 Noticing	-	-	-	-	-	NA
47 Board of Directors	-	-	-	-	-	NA
48 Education, Training and Travel	-	-	-	-	-	NA
49 Miscellaneous Expense	3,144	-	6,144	3,200	3,200	NA
50 Total General & Administrative	3,144	-	6,144	3,200	3,200	NA
51 Total Expense	3,144	-	6,144	3,200	3,200	NA
52 Net Income / (Loss) from Operations	63,913	-	41,759	44,700	44,700	NA