MesaWater
DISTRICT©

OPERATING BUDGET

FISCAL YEAR 2027

Mesa Water District | Costa Mesa, California

MesaWater.org

Dedicated to Satisfying Our Community's Water Needs

Adopted Budget
Fiscal Year 2027

Dedicated to Satisfying our Community's Water Needs

1965 Placentia Avenue, Costa Mesa, CA 92627
MesaWater.org 949.631.1200

Mesa Water's Vision:

To be a top performing public water agency

Mesa Water's Mission:

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

Mesa Water's Eight Strategic Goals:

Provide an abundant, local, reliable and safe water supply.	*Perpetually renew and improve our infrastructure.*	*Be financially responsible and transparent.*	*Increase public awareness of Mesa Water.*
Attract, develop and retain skilled employees.	*Provide excellent customer service.*	*Actively participate in regional and statewide water issues.*	*Practice continual business improvement.*

Mesa Water DISTRICT©

June 10, 2026

On behalf of the Mesa Water District (Mesa Water®) Board of Directors, I am pleased to present the approved budget for Fiscal Year (FY) 2027.

Mesa Water operates with a perpetual agency philosophy that requires a scheduled, systematic review of its long-range financial plan and goals. As such, Mesa Water's Strategic Plan includes the goal of being financially responsible and transparent, while providing its customers with an abundant, local, reliable and safe water supply. The District also continually invests in and maintains its infrastructure, which pumps, treats and delivers nearly five billion gallons of drinking water each year to residential and business customers.

In FY 2027, Mesa Water anticipates operating revenues of $66.9MM, with $42.7MM in operating expenses. Planned capital expenditures total $10.5MM and financial obligations for the payment of principal and interest on debt are $4.7MM.

Mesa Water is currently undertaking $70MM in essential water system upgrades, including improvements to its wells, reservoirs and pipelines - as part of its Capital Improvement Program Renewal (CIPR), funded through Certificates of Participation. FY 2027 marks the seventh year of this program, which supports the District's key objective of providing an abundant, local, reliable and safe water supply to ratepayers at an affordable price.

Local groundwater is Mesa Water's most valuable source of water, due to its high quality and lower cost compared to water imported from the Colorado River and Northern California. The Mesa Water Reliability Facility (MWRF) fulfills the District's long-standing goal of serving 100 percent local, reliable supplies to its customers. In FY 2027, the MWRF is expected to supply 2,365 acre-feet of water, or 15 percent of the District's potable water service. Local groundwater supplies, when compared with imported water, have lower energy costs and a reduced carbon footprint.

In FY 2027, the District will incur some fixed costs for imported water, which serves as Mesa Water's emergency backup supply. Furthermore, Orange County Water District (OCWD), the agency that manages the Orange County groundwater basin, is increasing the basin replenishment cost by $17 per acre foot, or 2.4 percent. It is anticipated that OCWD's rates will continue to increase annually over the next several years.

In FY 2027, Mesa Water will continue its focus on essential services and capital and technology improvements that will provide efficiency and productivity gains. The capital improvements will focus on reservoir and pump station upgrades.

In December 2023, Mesa Water conducted a public hearing and notification process to adopt a five-year rate adjustment. The third and fourth calendar years of that rate and fee structure are scheduled to take effect in FY 2027, ensuring that Mesa Water continues to provide high-quality water for its customers, carries out orderly capital infrastructure replacement, and continually improves its technological and operational efficiency.

Budget decisions are based on detailed analysis of the District's management, technology and operational practices. Mesa Water periodically benchmarks its performance compared to other agencies to ensure that customers receive full value for the rates charged, and Mesa Water remains one of the most efficient water agencies in Orange County. More information about Mesa Water and its finances, strategic objectives and goals can be found at MesaWater.org.

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

Sincerely,

Marice H. DePasquale
Mesa Water District
President, Board of Directors

Date: June 10, 2026

To: Mesa Water District Board of Directors

FISCAL YEAR 2027 BUDGET MESSAGE

I am pleased to present the Fiscal Year (FY) 2027 budget for Mesa Water District (Mesa Water®), beginning July 1, 2026 and ending June 30, 2027.

I would like to express my appreciation to the members of the Board of Directors (Board) for your confidence in Mesa Water's management team as well as your review, advice, suggestions and policy direction during the budgeting process. This document reflects the time you spent considering and analyzing the District's financial well-being and role in this community. I would also like to thank staff for their contributions and participation in the development of the FY 2027 budget.

Our mission statement is "Mesa Water District, a local independent special district, manages its finances and water infrastructure, and advocates water policy, while reliably providing an abundance of clean, safe water to benefit the public's quality of life." Mesa Water's strategic plan fulfills the District's mission through eight equal and important strategic goals. Mesa Water provides safe, high-quality water that meets or surpasses all Federal and State drinking water standards. The enhanced Mesa Water Reliability Facility (MWRF) allows the District to provide a 100 percent local and reliable, high-quality and cost-effective water supply for our service area for decades to come.

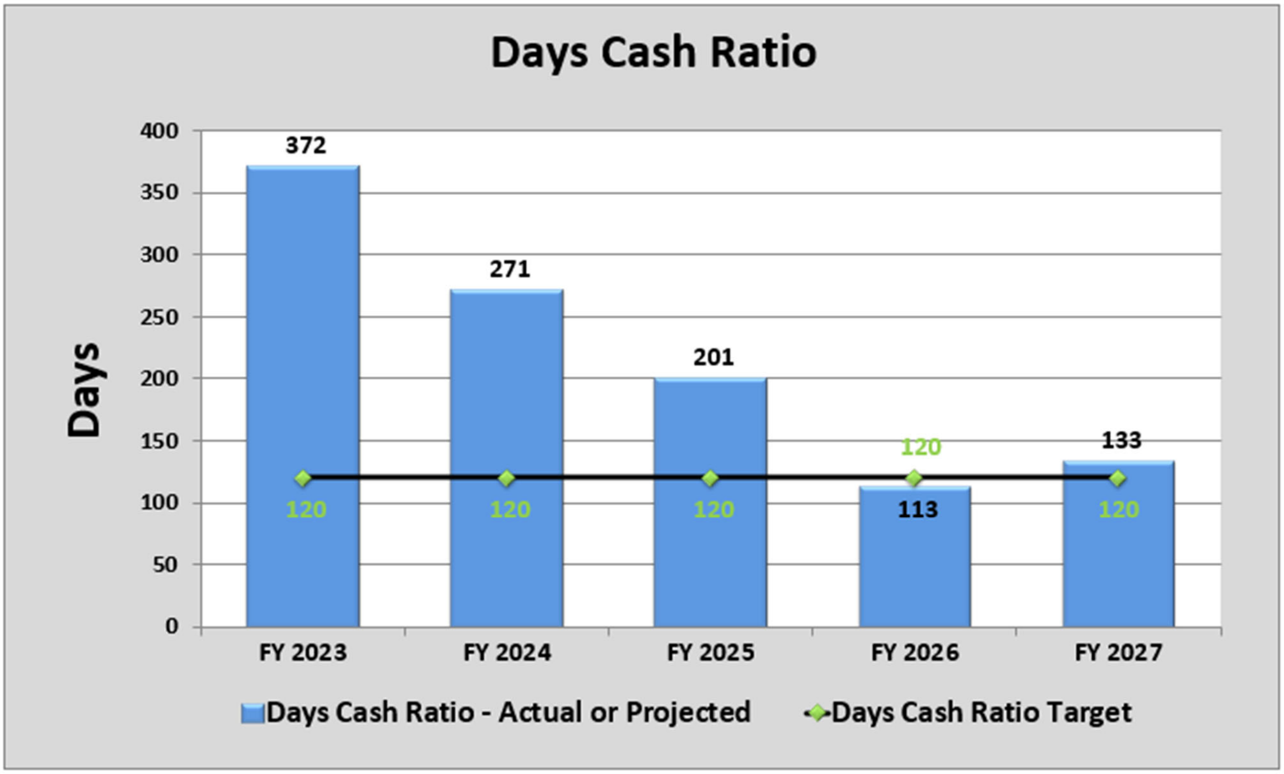
Organizational Priorities

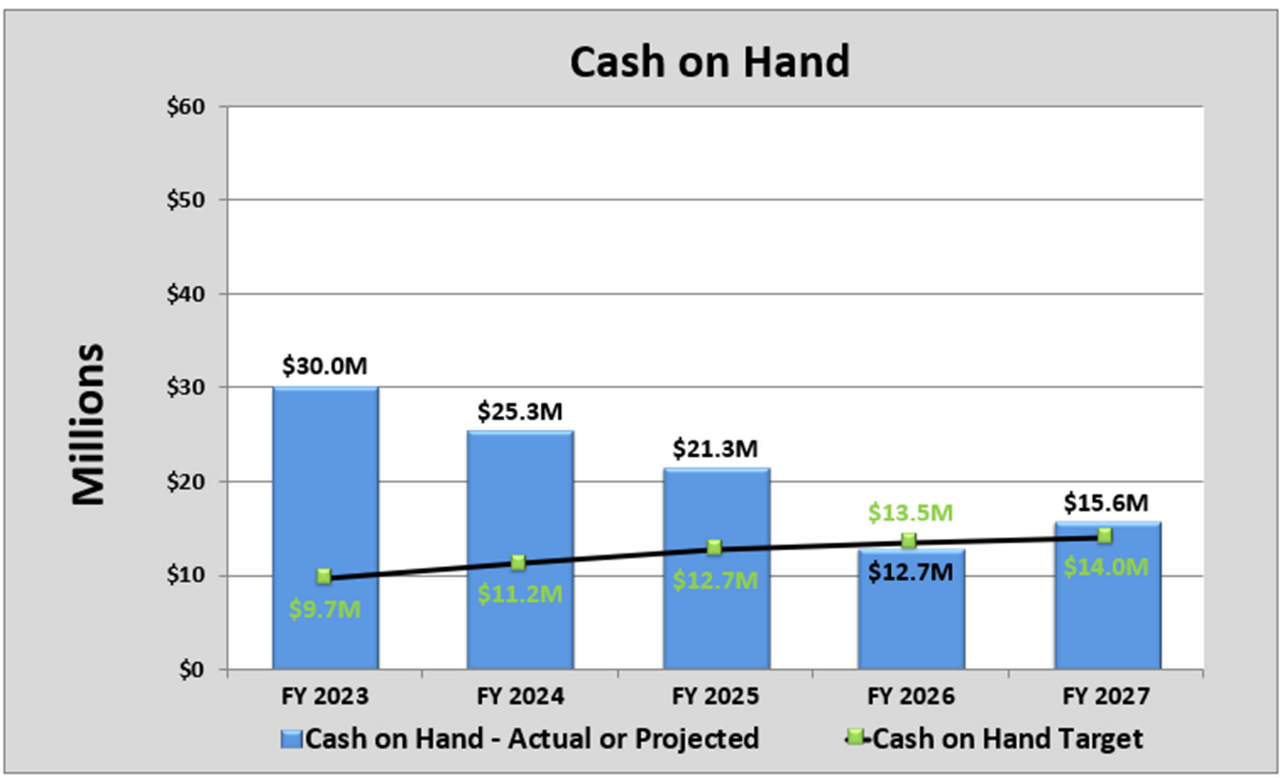
In 2023, Mesa Water's Board reaffirmed the long-range financial plan and adopted multi-year rate increases from Calendar Year 2024 through 2028. In addition, the Board continued its credit worthiness goal as defined by Fitch, Standard & Poor's and other credible rating agencies. The goal is to continue to maintain Mesa Water's strong AAA credit rating. The Board continues to further measure the District's credit-worthiness at the end of each fiscal year by using the Days Cash Ratio, Cash on Hand, and debt coverage metrics. The Days Cash Ratio is defined as total cash available divided by Operating Expenses per days and is a measurement of an agency's ability to meet known and unanticipated expenses. The Days Cash Ratio goal for FY 2027 is 120 days and the Cash on Hand goal is $14.0 MM.

With Mesa Water's last debt issuance in June 2020, the Fitch agency issued a AAA credit rating. For this same debt issuance, Standard & Poor's also issued a AAA rating. Subsequently, in the winter of 2025, Fitch reaffirmed AAA the rating for the 2017 and 2020 debt issuance. Mesa Water is continuing to work on maintaining a strong AAA credit rating from all rating agencies.

The FY 2027 budget meets both the Days Cash Ratio goal of 120 days and Cash on Hand goal of $14.0 MM, with a budgeted Days Cash Ratio of 133 days and a budgeted Cash on Hand amount of $15.6 MM.

Fitch reviews many factors to qualify for their highest rating, one of which is debt service coverage. Fitch awards its highest score for a coverage of 2.0 or greater, while S&P awards its highest score at 1.6 or above. Mesa Water's calculated debt service coverage per the FY 2027 budget is 5.3.


Days Cash Ratio
Days
400
350
300
250
200
150
100
50
0
372
271
201
120
133
120
120
120
113
120
FY 2023
FY 2024
FY 2025
FY 2026
FY 2027
Days Cash Ratio - Actual or Projected
Days Cash Ratio Target


Cash on Hand
Millions
$60
$50
$40
$30
$20
$10
$0
$30.0M
$25.3M
$21.3M
$13.5M
$15.6M
$9.7M
$11.2M
$12.7M
$12.7M
$14.0M
FY 2023
FY 2024
FY 2025
FY 2026
FY 2027
Cash on Hand - Actual or Projected
Cash on Hand Target

Mesa Water's Strategic Plan

The following eight goals are reflected in the FY 2027 budget:

1. Provide an abundant, local, reliable and safe water supply.
2. Perpetually renew and improve our infrastructure.
3. Be financially responsible and transparent.
4. Increase public awareness of Mesa Water.
5. Attract, develop and retain skilled employees.
6. Provide excellent customer service.
7. Actively participate in regional and statewide water issues.
8. Practice continual business improvement.

Revenues

Mesa Water has budgeted 15,726 acre feet of potable water production and 872 acre feet of recycled water (total of 16,598 acre feet) for FY 2027, compared to 15,678 acre feet of potable water production and 870 acre feet of recycled water (total of 16,548 acre feet) budgeted for FY 2026.

Changes by major category of Operating Revenues are summarized below:

	FY 2026 Budget	FY 2027 Budget
Operating Revenues:		
Water Consumption Sales	$39,650,317	$42,419,811
Water Sales - Interagency	-	$816,530
Monthly Meter Service Charge	9,179,511	9,726,911
Capital Charge	9,484,778	11,810,919
Recycled Water Sales	1,585,822	1,598,738
Concessions from Gov. Agencies	-	-
Other Charges and Services	400,000	475,000
TOTAL OPERATING REVENUES	**$60,300,428**	**$66,883,909**

Mesa Water's FY 2027 Operating Revenues are budgeted at $66.9 MM compared to $60.3 MM in the FY 2026 budget. Additionally, the FY 2027 budget includes revenues based upon the third and fourth calendar year of rate increases in potable water consumption rates, monthly meter service charges and annual capital meter charge from the multi-year rate schedule adopted in 2023 as detailed below:

ADOPTED SCHEDULE OF RATE CHANGES

	1/1/2026	1/1/2027	1/1/2028
Per Unit* (CCF):	**Usage Charge Rate**		
Potable	$6.38	$6.83	$7.30
Meter Size:	**Bi-monthly Meter Basic Charge Rate**		
5/8"	$38.75	$41.47	$44.37
Potable Water Meter Size:	**Annual Capital Meter Charge Rate**		
5/8"	$231.00	$284.00	$340.00

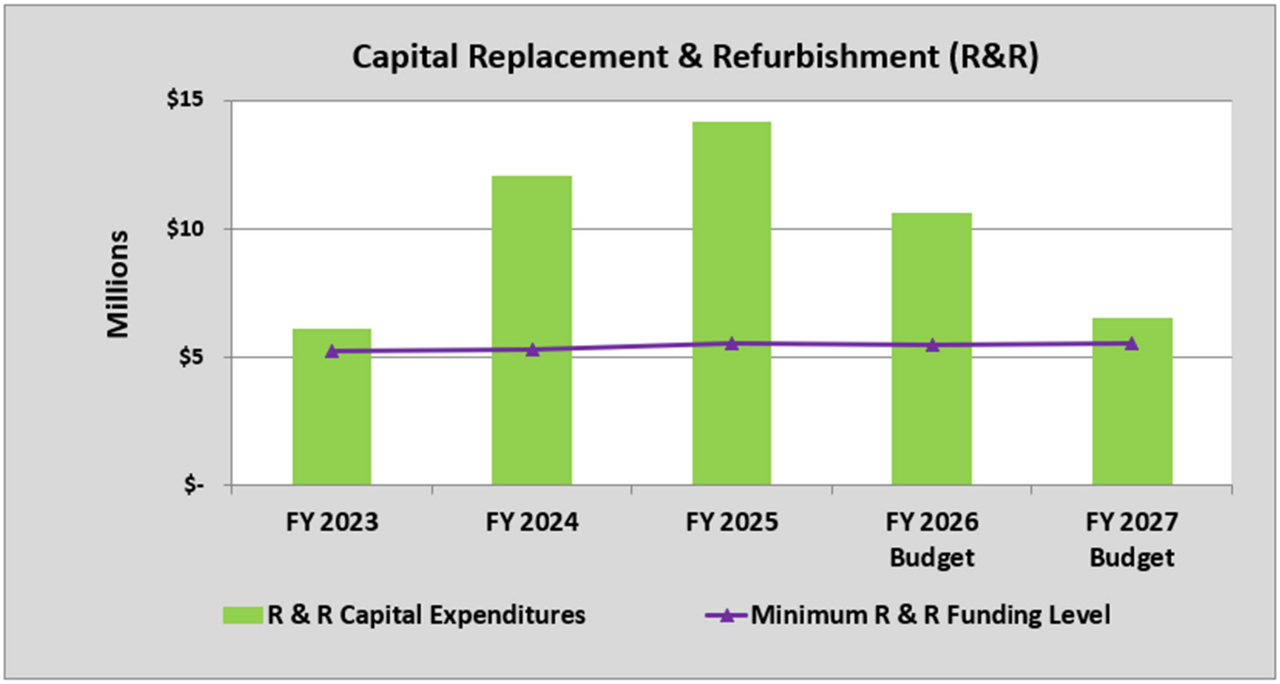
*One unit equals 100 cubic feet or 748 gallons.

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

Capital Projects

The FY 2027 capital budget includes expenditures of $10.4 MM representing a 21.7 percent decrease from the FY 2026 budget of $13.4 MM. This is part of a multi-year, $70 MM, Capital Improvement Program Renewal (CIPR) that has been approved by the Board. The CIPR was funded by a Certificates of Participation issuance in June of 2020. Mesa Water's Strategic Plan Goal #2 is "Perpetually renew and improve our infrastructure." The District has a "perpetual agency" philosophy and has adopted a long-range plan to manage, maintain and develop its infrastructure.

To further ensure the District's ability to rely solely upon locally sourced groundwater, construction of two new wells was completed in FY 2024. Funds from the Certificates of Participation will also be used for finalizing an upgrade for our reservoirs. Additional Capital Construction will include new pipelines and replacement of end-of-life pipelines, CIS and ERP system upgrades, a SCADA asset management program, a local supply improvement project, interagency water transfer projects, and scheduled annual replacements of hydrants, valves and meters.



Expenses

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

1. In FY 2027, Mesa Water will continue maintaining and updating Mesa Water's Computerized Maintenance Management System (CMMS) and streamlining core business processes facilitated through the business improvement process. These projects contribute to Strategic Plan Goal #8 "Practice continual business improvement."
2. During FY 2027, Mesa Water will continue conducting outreach to its key audiences, consisting of customers (ratepayers); community members (residents, organizations, and businesses); Federal, State, County and City elected officials; industry colleagues at OC municipalities, water districts and special districts; media; and current and former Mesa Water staff and Board members. This outreach includes facilitating clear, concise and constant communications; producing publications about Mesa Water and water; and managing Mesa Water's social media program. Mesa Water plans to conduct ongoing constituent relations activities, including community sponsorships, participating in community events, and giving tours of the MWRF to provide water education and information about programs and services, capital improvements projects and the related benefits. These items contribute to the District's Strategic Plan Goals #4 "Increase public awareness of Mesa Water," and #6 "Provide excellent customer service."
3. Lastly, the District will continue its government relations work including legislative affairs and advocacy activities for issues that may impact Mesa Water and its constituents. These items contribute primarily to the District's Strategic Plan Goals #4 "Increase public awareness of Mesa Water" and #7 "Actively participate in regional and statewide water issues," and secondarily to Goals #3 "Be financially responsible and transparent," #5 "Attract, develop and retain skilled employees," and #6 "Provide excellent customer service."

Mesa Water's FY 2027 Operating Expenses are budgeted at $42.7 MM compared to $41.1 MM in the FY 2026 budget, an increase of 3.8 percent in Operating Expenses. Changes by major category of Operating Expenses are summarized below:

	FY 2026 Budget	FY 2027 Budget	% Change
Operating Expense:			
Imported Sources of Supply	$569,500	$611,200	7.3%
Basin Managed Water	-	-	0.0%
Clear Water	11,795,981	12,166,350	3.1%
Amber Water	3,078,873	3,366,720	9.4%
Recycled Water	886,530	915,600	3.3%
Transmission and Distribution	10,056,011	9,999,856	-0.6%
General and Administrative	14,757,255	15,663,710	6.1%
TOTAL OPERATING EXPENSES	**$41,144,150**	**$42,723,436**	**3.8%**

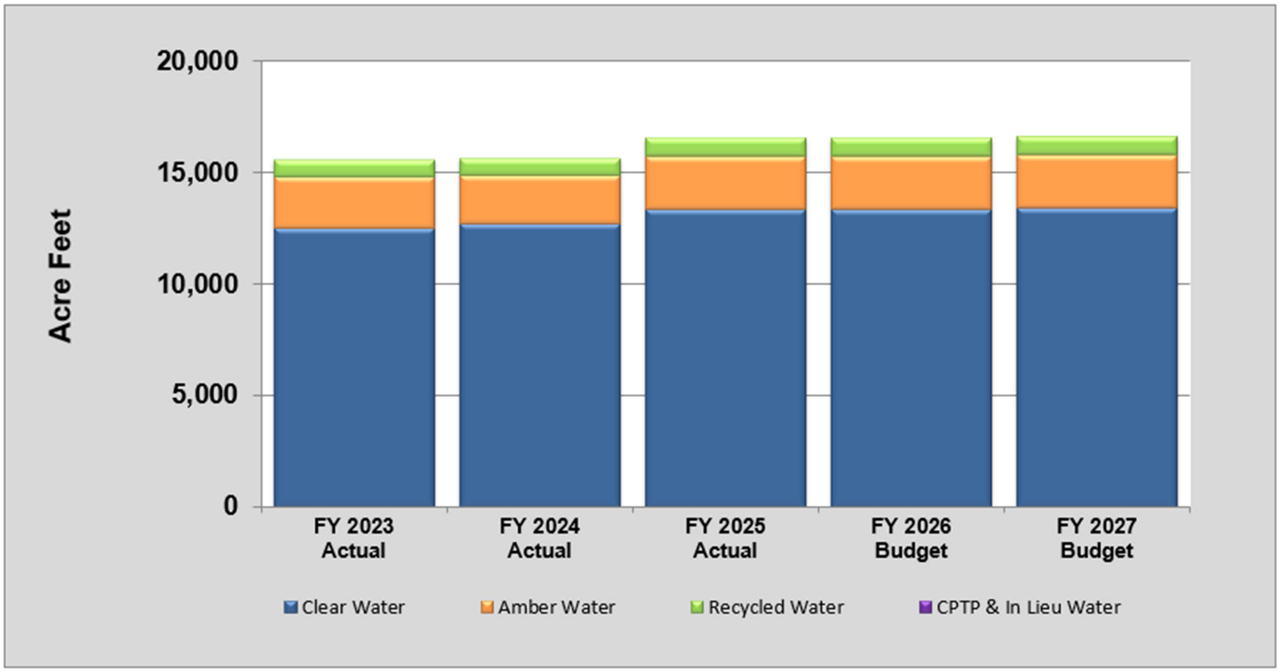
Economic and Policy Issues

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

Water Source	FY 2027 Budgeted Average Cost per Acre Foot
Clear Water	$911
Amber Water (MWRF)	$1,424
Imported Water	$1,528/$1,420
Recycled Water	$1,050

During FY 2027, Mesa Water expects Orange County Water District (OCWD) to maintain the Basin Pumping Percentage (BPP) at 85 percent of total potable supply. The Replenishment Assessment (RA) acre foot charge by OCWD is expected to increase from $711 to $728 due to increased O&M costs and increased import water purchases.

The MWRF Improvements Project was completed in FY 2013, and the MWRF was fully operational in FY 2014. In FY 2027, the MWRF is budgeted to run at an approximate capacity of 2,365 acre feet, complementing clear water production to achieve 100 percent locally-sourced water supplies. With the MWRF, Mesa Water has eliminated the need to purchase imported water in almost all circumstances. The following is a summary of budgeted sources of water for FY 2027:



Staffing Levels

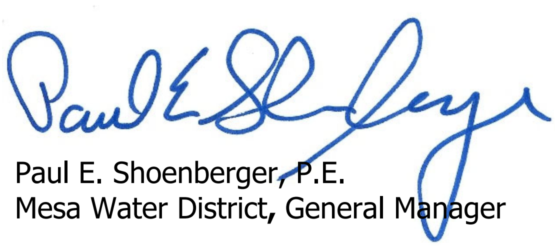
Staffing levels are projected to increase by 2 Full-Time Employees (FTEs), from 61 to 63 FTEs, in addition to four Limited-Term positions. A new Business Administrator/Information Technology Coordinator position will be added to provide direct supervision of the Information Technology Consultants. Additionally, a Facilities Maintenance position will be created to focus exclusively on the operational and maintenance needs of the Mesa Water Education Center.

The four Limited-Term positions include a Financial Control Specialist and an Accounting Specialist to support Enterprise Resource Planning upgrade efforts, a Senior Human Resources Specialist to assist with expanded recruitment activities, and a Water Quality Technician to support increased backflow program demands resulting from the Customer Information System upgrade.

Conclusion

Mesa Water continues to thrive as an organization. The budget demonstrates Mesa Water's commitment to meeting its financial and strategic goals. The District's Board and staff continue a tradition of innovation with ideas and methods for accomplishing the District's mission: Mesa Water District, a local independent special district, manages its finances and water infrastructure, and advocates water policy, while reliably providing an abundance of clean, safe water to benefit the public's quality of life.

Sincerely,



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

Fiscal Year 2027 Budget

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Fiscal Year 2027 Budget
Comparative Statement of Revenues, Expenses, and Changes in Net Position

	FY 2024 ACTUAL	FY 2025 ACTUAL	FY 2026 BUDGET	FY 2027 BUDGET
OPERATING REVENUES:				
Water consumption sales (incl. Interagency)	$ 31,008,095	$ 36,652,026	$ 39,650,317	$ 43,236,341
Monthly meter service charge	7,513,123	8,395,253	9,179,511	9,762,911
Capital charge	5,890,411	7,701,345	9,484,778	11,810,919
Recycled water sales	1,228,365	1,446,842	1,585,822	1,598,738
Concessions from gov. agencies (incl. CPTP)	-	-	-	-
Other charges and services	554,479	680,332	400,000	475,000
TOTAL OPERATING REVENUES	**46,194,473**	**54,875,798**	**60,300,428**	**66,883,909**
OPERATING EXPENSES:				
Imported Water Fixed Costs	370,528	363,510	569,500	611,200
Basin Managed Water	-	-	-	-
Clear water cost	10,134,301	11,502,945	11,795,981	12,166,350
Amber water cost	2,637,395	2,997,912	3,078,873	3,366,720
Recycled water	754,579	824,967	886,530	915,600
Transmission and distribution	9,532,836	9,797,921	10,056,011	9,999,856
General and administrative	10,656,440	12,791,844	14,757,255	15,663,710
TOTAL OPERATING EXPENSES	**34,086,080**	**38,279,099**	**41,144,150**	**42,723,436**
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	**12,108,393**	**16,596,699**	**19,156,278**	**24,160,473**
Depreciation and amortization	(6,545,617)	(7,602,048)	(7,000,000)	(7,850,000)
OPERATING INCOME	**5,562,777**	**8,994,652**	**12,156,278**	**16,310,473**
NONOPERATING REVENUES / (EXPENSES):				
Investment earnings (incl. unrealized)	3,185,572	2,524,351	100,000	100,000
Interest expense - long-term debt	(2,279,086)	(2,062,779)	(1,958,375)	(1,958,375)
Gain (Loss) on sale/disposition of capital assets, net	-	-	(25,000)	(25,000)
Impairment of capital assets & termination of lease	-	-	-	-
Other non-operating, net	1,733	21,679	(10,000)	(10,000)
NONOPERATING REVENUES / (EXPENSES):	**908,220**	**483,252**	**(1,893,375)**	**(1,893,375)**
INCOME BEFORE CAPITAL CONTRIBUTIONS	**6,470,996**	**9,477,903**	**10,262,903**	**14,417,098**
CAPITAL CONTRIBUTIONS:				
Capacity and installation charges	448,150	626,213	965,000	860,000
Capital Grants (includes LRP)	356,568	385,509	15,000	15,000
Developers and others	1,502,735	858,382	850,000	860,000
TOTAL CAPITAL CONTRIBUTIONS	**2,307,453**	**1,870,104**	**1,830,000**	**1,735,000**
CHANGE IN NET POSITION	**$ 8,778,449**	**$ 11,348,007**	**$ 12,092,903**	**$ 16,152,098**

Fiscal Year 2027 Budget

FY 2027 (Budget) Departmental Statement of Revenues, Expenses, and Changes in Net Position

	Consolidated (All Depts)	General (000), (020)	Board (100)	Office of the GM (200)	Business Process & Information Technology (250)	Water Ops (3XX)	Engineering (400)	Customer Services (500)	Financial Services (600)	Public Affairs & Water Education (700)	Administrative Services (800)	Human Resources (850)	External Affairs (900)
OPERATING REVENUES:													
Water consumption sales	$ 43,236,341	$ 43,236,341	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Monthly meter service charge	9,762,911	9,762,911	-	-	-	-	-	-	-	-	-	-	-
Monthly meter service charge	11,810,919	11,810,919	-	-	-	-	-	-	-	-	-	-	-
Recycled water sales	1,598,738	1,598,738	-	-	-	-	-	-	-	-	-	-	-
Concessions from gov. agencies (incl. CPTP)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other charges and services	475,000	475,000	-	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING REVENUES	**66,883,909**	**66,883,909**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
OPERATING EXPENSES:													
Imported and Basin Managed water costs	611,200	-	-	-	-	611,200	-	-	-	-	-	-	-
Clear water cost	12,166,350	-	-	-	-	12,166,350	-	-	-	-	-	-	-
Amber water cost	3,366,720	-	-	-	-	3,366,720	-	-	-	-	-	-	-
Recycled water	915,600	915,600	-	-	-	-	-	-	-	-	-	-	-
Transmission and distribution	9,999,856	-	-	-	-	8,252,901	1,746,955	-	-	-	-	-	-
General and administrative	15,663,710	-	656,953	1,905,075	3,913,037	-	-	824,960	3,084,731	1,887,037	1,295,042	1,337,935	758,940
TOTAL OPERATING EXPENSES	**42,723,436**	**915,600**	**656,953**	**1,905,075**	**3,913,037**	**24,397,171**	**1,746,955**	**824,960**	**3,084,731**	**1,887,037**	**1,295,042**	**1,337,935**	**758,940**
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	**24,160,473**	**65,968,309**	**(656,953)**	**(1,905,075)**	**(3,913,037)**	**(24,397,171)**	**(1,746,955)**	**(824,960)**	**(3,084,731)**	**(1,887,037)**	**(1,295,042)**	**(1,337,935)**	**(758,940)**
Depreciation and amortization	(7,850,000)	(7,850,000)	-	-	-	-	-	-	-	-	-	-	-
OPERATING INCOME / (LOSS)	**16,310,473**	**58,118,309**	**(656,953)**	**(1,905,075)**	**(3,913,037)**	**(24,397,171)**	**(1,746,955)**	**(824,960)**	**(3,084,731)**	**(1,887,037)**	**(1,295,042)**	**(1,337,935)**	**(758,940)**
NONOPERATING REVENUES / (EXPENSES):													
Investment earnings	100,000	100,000	-	-	-	-	-	-	-	-	-	-	-
Interest expense - long-term debt	(1,958,375)	(1,958,375)	-	-	-	-	-	-	-	-	-	-	-
Loss on sale/disposition of capital assets, net	(25,000)	(25,000)	-	-	-	-	-	-	-	-	-	-	-
Loss on abandonment	-	-	-	-	-	-	-	-	-	-	-	-	-
Other non-operating, net	(10,000)	(10,000)	-	-	-	-	-	-	-	-	-	-	-
NONOPERATING REVENUES / (EXPENSES):	**(1,893,375)**	**(1,893,375)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
INCOME BEFORE CAPITAL CONTRIBUTIONS	**14,417,098**	**56,224,934**	**(656,953)**	**(1,905,075)**	**(3,913,037)**	**(24,397,171)**	**(1,746,955)**	**(824,960)**	**(3,084,731)**	**(1,887,037)**	**(1,295,042)**	**(1,337,935)**	**(758,940)**
CAPITAL CONTRIBUTIONS:													
Capacity and installation charges	860,000	860,000	-	-	-	-	-	-	-	-	-	-	-
Capital grants (includes LRP)	15,000	15,000	-	-	-	-	-	-	-	-	-	-	-
Developers and others	860,000	860,000	-	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL CONTRIBUTIONS	**1,735,000**	**1,735,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
CHANGE IN NET POSITION (2027 Budget)	**$ 16,152,098**	**$ 57,959,934**	**$ (656,953)**	**$ (1,905,075)**	**$ (3,913,037)**	**$ (24,397,171)**	**$ (1,746,955)**	**$ (824,960)**	**$ (3,084,731)**	**$ (1,887,037)**	**$ (1,295,042)**	**$ (1,337,935)**	**$ (758,940)**
CHANGE IN NET POSITION (2026 Budget)	$ 12,092,903	$ 52,350,523	$ (609,288)	$ (2,139,730)	$ (3,020,000)	$ (24,024,290)	$ (1,476,075)	$ (815,636)	$ (2,880,242)	$ (2,138,262)	$ (1,234,178)	$ (1,095,908)	$ (824,011)

Mesa Water DISTRICT®

Fiscal Year 2027 Budget

FY 2026 (Budget) Departmental Statement of Revenues, Expenses, and Changes in Net Position

	Consolidated (All Depts)	General (000), (020)	Board (100)	Office of the GM (200)	Business Process & Information Technology (250)	Water Ops (3XX)	Engineering (400)	Customer Services (500)	Financial Services (600)	Public Affairs & Water Education (700)	Administrative Services (800)	Human Resources (850)	External Affairs (900)
OPERATING REVENUES:													
Water consumption sales	$ 39,650,317	$ 39,650,317	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Monthly meter service charge	9,179,511	9,179,511	-	-	-	-	-	-	-	-	-	-	-
Monthly meter service charge	9,484,778	9,484,778	-	-	-	-	-	-	-	-	-	-	-
Recycled water sales	1,585,822	1,585,822	-	-	-	-	-	-	-	-	-	-	-
Concessions from gov. agencies (incl. CPTP)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other charges and services	400,000	400,000	-	-	-	-	-	-	-	-	-	-	-
TOTAL OPERATING REVENUES	**60,300,428**	**60,300,428**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
OPERATING EXPENSES:													
Imported and Basin Managed water costs	569,500	-	-	-	-	569,500	-	-	-	-	-	-	-
Clear water cost	11,795,981	-	-	-	-	11,795,981	-	-	-	-	-	-	-
Amber water cost	3,078,873	-	-	-	-	3,078,873	-	-	-	-	-	-	-
Recycled water	886,530	886,530	-	-	-	-	-	-	-	-	-	-	-
Transmission and distribution	10,056,011	-	-	-	-	8,579,936	1,476,075	-	-	-	-	-	-
General and administrative	14,757,255	-	609,288	2,139,730	3,020,000	-	-	815,636	2,880,242	2,138,262	1,234,178	1,095,908	824,011
TOTAL OPERATING EXPENSES	**41,144,150**	**886,530**	**609,288**	**2,139,730**	**3,020,000**	**24,024,290**	**1,476,075**	**815,636**	**2,880,242**	**2,138,262**	**1,234,178**	**1,095,908**	**824,011**
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	**19,156,278**	**59,413,898**	**(609,288)**	**(2,139,730)**	**(3,020,000)**	**(24,024,290)**	**(1,476,075)**	**(815,636)**	**(2,880,242)**	**(2,138,262)**	**(1,234,178)**	**(1,095,908)**	**(824,011)**
Depreciation and amortization	(7,000,000)	(7,000,000)	-	-	-	-	-	-	-	-	-	-	-
OPERATING INCOME / (LOSS)	**12,156,278**	**52,413,898**	**(609,288)**	**(2,139,730)**	**(3,020,000)**	**(24,024,290)**	**(1,476,075)**	**(815,636)**	**(2,880,242)**	**(2,138,262)**	**(1,234,178)**	**(1,095,908)**	**(824,011)**
NONOPERATING REVENUES / (EXPENSES):													
Investment earnings	100,000	100,000	-	-	-	-	-	-	-	-	-	-	-
Interest expense - long-term debt	(1,958,375)	(1,958,375)	-	-	-	-	-	-	-	-	-	-	-
Loss on sale/disposition of capital assets, net	(25,000)	(25,000)	-	-	-	-	-	-	-	-	-	-	-
Loss on abandonment	-	-	-	-	-	-	-	-	-	-	-	-	-
Other non-operating, net	(10,000)	(10,000)	-	-	-	-	-	-	-	-	-	-	-
NONOPERATING REVENUES / (EXPENSES):	**(1,893,375)**	**(1,893,375)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
INCOME BEFORE CAPITAL CONTRIBUTIONS	**10,262,903**	**50,520,523**	**(609,288)**	**(2,139,730)**	**(3,020,000)**	**(24,024,290)**	**(1,476,075)**	**(815,636)**	**(2,880,242)**	**(2,138,262)**	**(1,234,178)**	**(1,095,908)**	**(824,011)**
CAPITAL CONTRIBUTIONS:													
Capacity and installation charges	965,000	965,000	-	-	-	-	-	-	-	-	-	-	-
Capital grants (includes LRP)	15,000	15,000	-	-	-	-	-	-	-	-	-	-	-
Developers and others	850,000	850,000	-	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL CONTRIBUTIONS	**1,830,000**	**1,830,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
CHANGE IN NET POSITION (2026 Budget)	**$ 12,092,903**	**$ 52,350,523**	**$ (609,288)**	**$ (2,139,730)**	**$ (3,020,000)**	**$ (24,024,290)**	**$ (1,476,075)**	**$ (815,636)**	**$ (2,880,242)**	**$ (2,138,262)**	**$ (1,234,178)**	**$ (1,095,908)**	**$ (824,011)**
CHANGE IN NET POSITION (2025 Budget)	$ 5,295,983	$ 41,064,368	$ (522,196)	$ (1,911,288)	$ -	$ (23,042,126)	$ (939,085)	$ (997,933)	$ (2,023,786)	$ (1,483,663)	$ (3,269,892)	$ (752,796)	$ (825,620)

Fiscal Year 2027 Budget
Capital Expenditures Summary

Description	FY 2026 Budget	FY 2027 Budget
WELLS:		
Croddy/Chandler Pipeline Construction	649,425	-
Croddy/Chandler Pavement		1,073,155
RESERVOIRS:		
Reservoirs 1 and 2 Pump Station Upgrades Project	9,250,000	3,332,267
DISTRIBUTION:		
Pipeline Integrity Testing Program	237,500	333,560
Local Ground Water Supply Improvement Plan	229,000	678,000
Cathodic Protection Rehabilitation		54,125
Interagency Water Transfer Project	103,125	1,029,212
ROUTINE OPERATIONS:		
Operations Routine Capital (Hyd., Valves, Meters, etc.)	1,118,000	1,456,800
NON-ROUTINE OPERATIONS:		
Operations Non-Routine Capital (Vehicles, Other)	53,400	76,700
Neptune Meter Project	250,000	431,250
Well 12 and 14 Power Supply Reliability		709,000
SCADA Asset Replacement Project	137,500	96,000
DISTRICT FACILITIES:		
MWRF	250,400	132,900
MWEC	154,250	-
Landscaping		54,250
INFORMATION TECHNOLOGY:		
IT Upgrades	15,000	102,000
MISC:		
CIS	615,800	242,250
ERP	328,200	675,000
Total Capital	**$ 13,391,600**	**$ 10,476,469**

MesaWater DISTRICT©

Fiscal Year 2027 Budget
Pro Forma Statement of Cash Flows

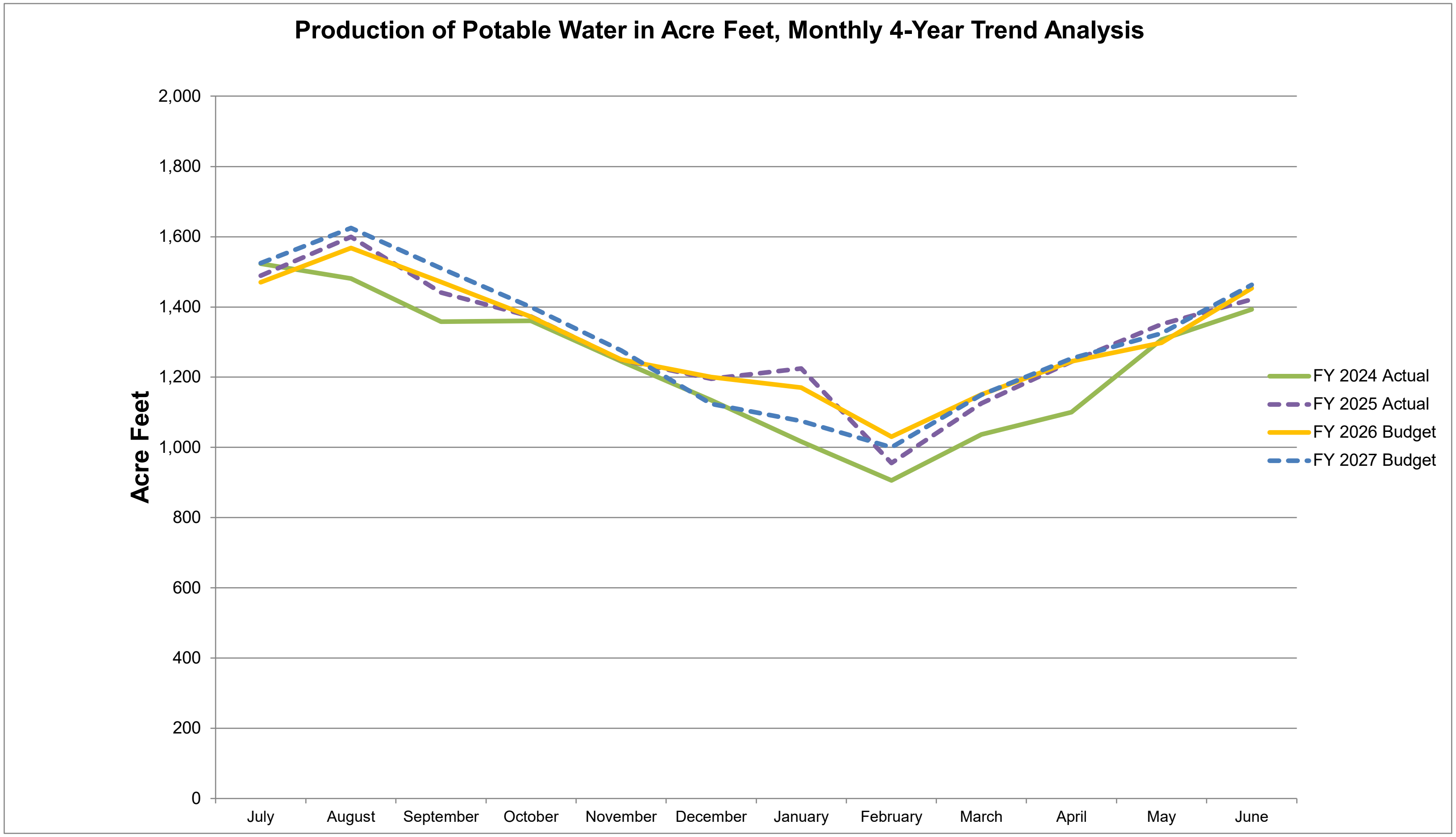
	FY 2024 ACTUAL	FY 2025 ACTUAL	FY 2026 BUDGET	FY 2027 BUDGET
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating Income	$ 5,562,777	$ 8,994,652	$ 12,156,278	$ 16,310,473
Adjustments				
Depreciation	6,545,617	7,602,048	7,000,000	7,850,000
Changes in assets & liabilities	(886,967)	1,110,572	1,415,000	1,535,000
OPEB Trust Contribution	(110,000)	-	-	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	**11,111,426**	**17,707,271**	**20,571,278**	**25,695,473**
CASH FLOWS FROM CAPITAL & FINANCING ACTIVITIES:				
Acquisition and construction of capital assets	(12,604,244)	(14,649,195)	(13,391,600)	(10,476,469)
Proceeds from 2020 COPS	11,327,187	8,511,504	4,248,752	-
Principal Paid on long-term debt	(3,605,000)	(3,835,000)	(4,050,000)	(2,055,000)
Interest Paid on long-term debt	(3,243,450)	(3,063,200)	(2,871,450)	(2,668,950)
Proceeds from capacity and installation charges	448,150	626,213	965,000	860,000
Proceeds from capital grant	356,568	385,509	15,000	15,000
NET CASH PROVIDED BY CAPITAL & FINANCING ACTIVITIES	**(7,320,789)**	**(12,024,169)**	**(15,084,298)**	**(14,325,419)**
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment earnings	3,187,305	2,546,030	65,000	65,000
Investments	(11,987,500)	(12,220,000)	(13,260,000)	(13,847,550)
NET CASH PROVIDED BY INVESTING ACTIVITIES	**(8,800,195)**	**(9,673,970)**	**(13,195,000)**	**(13,782,550)**
NET INCREASE IN CASH & CASH EQUIVALENTS	**(5,009,558)**	**(3,990,868)**	**(7,708,020)**	**(2,412,496)**
CASH & INVESTMENTS - beginning of year	**30,270,754**	**25,261,196**	**20,408,732**	**18,000,711**
CASH & INVESTMENTS - end of year	**$ 25,261,196**	**$ 21,270,329**	**$ 12,700,712**	**$ 15,588,215**

Fiscal Year 2027 Budget
Water Data

	FY 2024 ACTUAL	FY 2025 ACTUAL	FY 2026 BUDGET	FY 2027 BUDGET
Water Revenue Data				
Revenue				
All Potable Water Revenue	$ 31,008,095	$ 36,652,026	$ 39,650,317	$ 43,236,341
Recycled Water Revenue	1,228,365	1,446,842	1,585,822	1,598,738
Total Water Revenue	$ 32,236,460	$ 38,098,868	$ 41,236,139	$ 44,835,079
Acre Feet Sold				
Potable	13,982	14,636	14,737	14,782
Recycled	785	847	870	872
Total Acre Feet	14,767	15,483	15,607	15,654
Revenue Per Acre Foot				
Potable	$ 2,218	$ 2,504	$ 2,691	$ 2,925
Recycled	$ 1,565	$ 1,708	$ 1,823	$ 1,833
Total Revenue Per Acre Foot	$ 2,183	$ 2,461	$ 2,642	$ 2,864
Water Cost Data				
Cost				
Imported and Basin Managed Water	$ 370,528	$ 363,510	$ 569,500	$ 611,200
Clear Water	10,134,301	11,502,945	11,795,981	12,166,350
Amber Water	2,637,395	2,997,912	3,078,873	3,366,720
Total Potable Water	13,142,225	14,864,367	15,444,354	16,144,270
Recycled Water	754,579	824,967	886,530	915,600
Total Water Cost	$ 13,896,804	$ 15,689,334	$ 16,330,884	$ 17,059,870
Acre Feet Produced				
Imported and Basin Managed Water	-	-	-	-
Clear Water	12,647	13,319	13,326	13,361
Clear & Imported and Basin Managed Water	12,647	13,319	13,326	13,361
Amber Water	2,213	2,349	2,352	2,365
Total Potable Water	14,860	15,668	15,678	15,726
Recycled	785	847	870	872
Total Acre Feet	15,645	16,515	16,548	16,598
Cost Per Acre Foot				
Imported Water (Variable Costs)	$ 1,233	$ 1,326	$ 1,462	$ 1,474
Clear Water	$ 801	$ 864	$ 885	$ 911
Amber Water	$ 1,192	$ 1,276	$ 1,309	$ 1,424
Recycled	$ 961	$ 974	$ 1,019	$ 1,050
Total Cost Per Acre Foot	$ 888	$ 950	$ 987	$ 1,028
Imported Water Variable Costs per Acre Foot	$1,209/1,256	$1,256/1,395	$1,395/1,528	$1,528/1,420

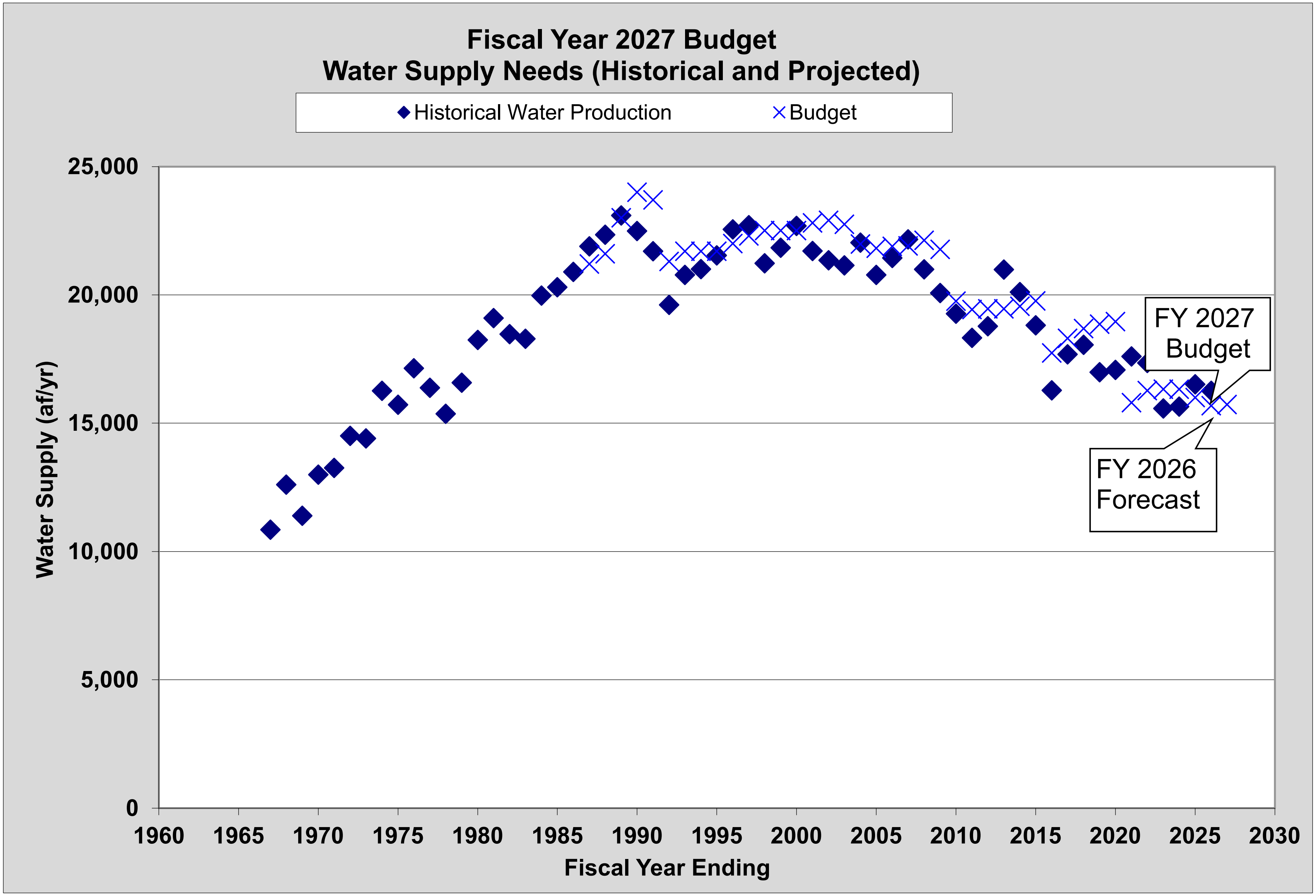
Fiscal Year 2027 Budget
Water Supply Components

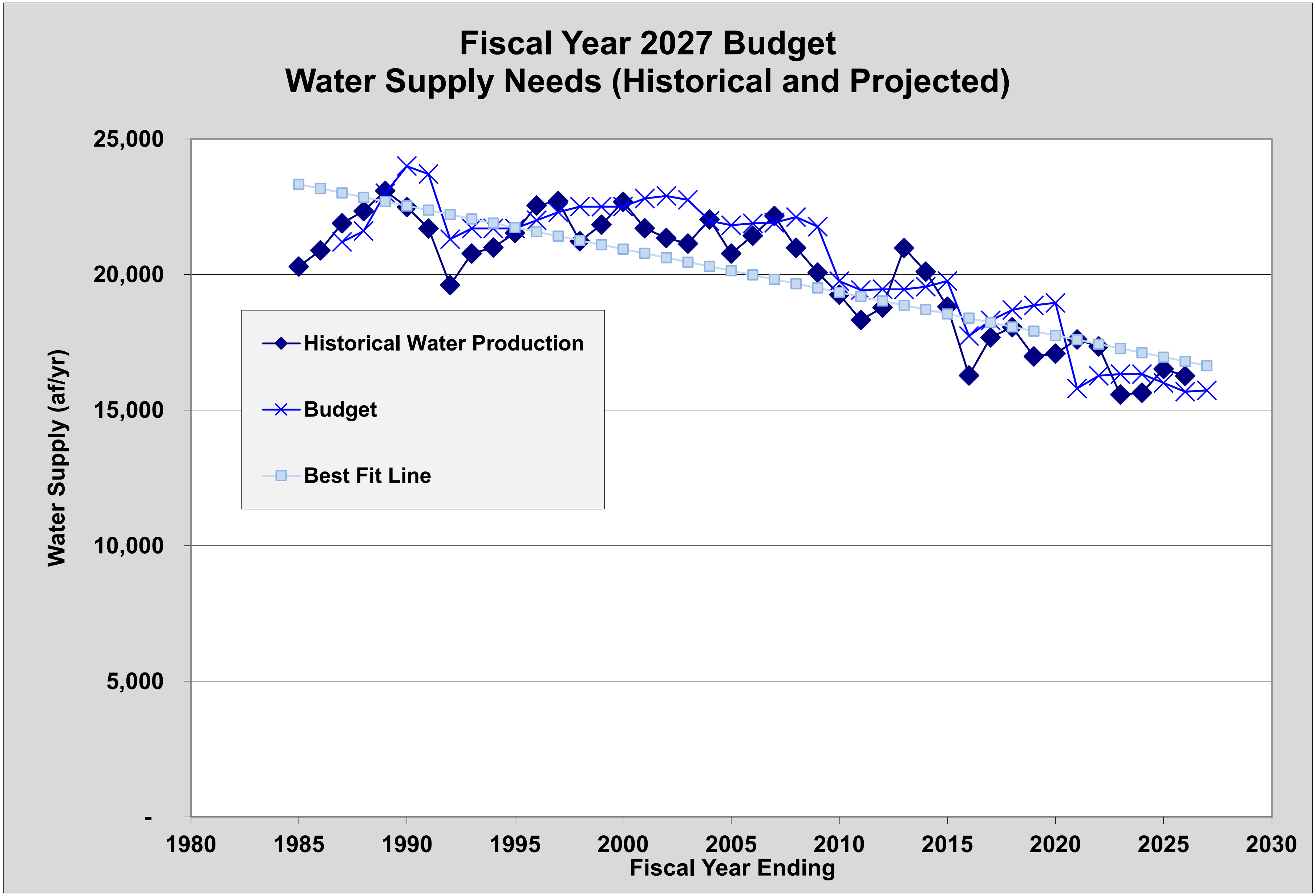
	FY 2024 ACTUAL	FY 2025 ACTUAL	FY 2026 BUDGET	FY 2027 BUDGET
Clear Water Costs				
Basin Replenishment Assessment	$ 7,891,790	$ 9,176,653	$ 9,474,786	$ 9,726,444
Utilities Pumping	1,490,750	1,642,511	1,540,991	1,657,406
Treatment/ Labor and Materials	751,761	683,781	780,204	782,500
Total Clear Water Costs	$ 10,134,301	$ 11,502,945	$ 11,795,981	$ 12,166,350
Amber Water Costs				
Basin Replenishment Assessment	$ 1,380,912	$ 1,602,380	$ 1,672,272	$ 1,721,720
Utilities Pumping	643,507	610,237	575,000	750,000
Treatment/ Labor and Materials	612,976	785,295	831,601	895,000
Total Amber Water Costs	$ 2,637,395	$ 2,997,912	$ 3,078,873	$ 3,366,720
Imported Water Fixed Costs				
Readiness to Serve - Total Charge	$ 1,558	$ 1,875	$ 2,500	$ 2,000
Capacity Charge	-	-	-	-
Choice Charges	40,616	55,077	55,000	64,100
Retail Meter Charge - Total Charge	329,772	360,269	375,000	386,100
Shared Pipeline Maintenance Costs	31,582	29,609	125,000	140,000
	$ 403,528	$ 446,830	$ 557,500	$ 592,200
Retail Meter Charge - Per Meter ($)	14.25	14.75	15.25	15.70
Basin Pumping Percentage	85%	85%	85%	85%



Water Production in Acre Feet

	July	August	September	October	November	December	January	February	March	April	May	June	Total
FY 2024 Actual	1,522.6	1,480.9	1,357.8	1,360.3	1,244.9	1,134.6	1,016.5	906.1	1,036.9	1,100.2	1,306.6	1,393.0	14,860.4
FY 2025 Actual	1,488.8	1,599.6	1,441.1	1,372.9	1,248.9	1,195.1	1,225.0	955.2	1,125.2	1,244.0	1,350.5	1,421.4	15,667.7
FY 2026 Budget	1,470.0	1,568.0	1,471.0	1,372.0	1,250.0	1,200.0	1,170.0	1,030.0	1,151.0	1,245.0	1,298.0	1,453.0	15,678.0
FY 2027 Budget	1,525.0	1,625.0	1,510.0	1,400.0	1,276.0	1,124.0	1,075.0	1,000.0	1,150.0	1,253.0	1,325.0	1,463.0	15,726.0

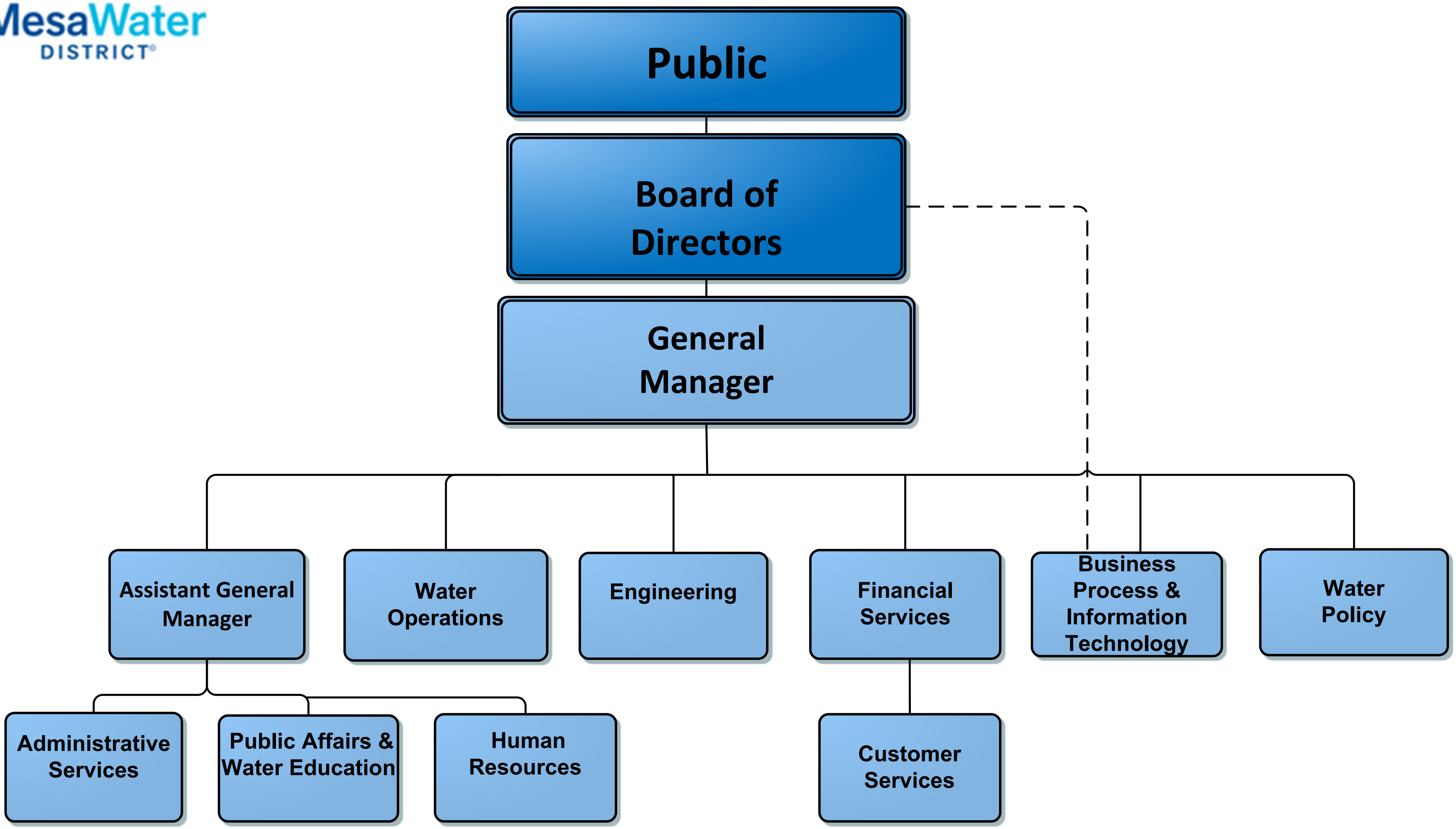

Fiscal Year 2027 Budget
Water Supply Needs (Historical and Projected)
Historical Water Production
Budget
25,000
20,000
15,000
10,000
5,000
0
Water Supply (af/yr)
1960
1965
1970
1975
1980
1985
1990
1995
2000
2005
2010
2015
2020
2025
2030
Fiscal Year Ending
FY 2027 Budget
FY 2026 Forecast



Fiscal Year 2027 Budget
Water Supply Needs (Historical and Projected)
25,000
20,000
15,000
10,000
5,000
-
Water Supply (af/yr)
1980
1985
1990
1995
2000
2005
2010
2015
2020
2025
2030
Fiscal Year Ending
Historical Water Production
Budget
Best Fit Line

MesaWater DISTRICT

Organizational Chart
FY 2027 Budget



Fiscal Year 2027 Budget
Personnel Summary

	FY 2024 Budget	FY 2025 Budget	FY 2026 Budget	FY 2026 Budget
OFFICE OF THE GENERAL MANAGER				
Executive Office	2	2	3	3
Information Technology	0	0	0	1
TOTAL DISTRICT MANAGEMENT	2	2	3	4
ADMINISTRATIVE SERVICES				
Administrative Services	5	5	6	6
TOTAL ADMINISTRATIVE SERVICES/IT	5	5	6	6
HUMAN RESOURCES				
Human Resources	2	2	2	2
TOTAL HUMAN RESOURCES	2	2	2	2
CUSTOMER SERVICES				
Customer Service	4	3	3	3
TOTAL CUSTOMER SERVICE	4	3	3	3
ENGINEERING				
Engineering	4	4	4	4
TOTAL ENGINEERING	4	4	4	4
FINANCIAL SERVICES				
Financial Services	6	6	8	8
TOTAL FINANCIAL SERVICES	6	6	8	8
WATER POLICY				
Water Policy	1	1	1	1
TOTAL WATER POLICY	1	1	1	1
PUBLIC AFFAIRS				
Public Affairs	2	3	4	4
Conservation	1	1	1	1
TOTAL PUBLIC AFFAIRS	3	4	5	5
WATER OPERATIONS				
Supervision/Support	8	8	8	8
Distribution	10	10	10	10
Production	4	4	4	4
Water Quality	2	2	2	2
Field Services	5	5	5	6
TOTAL WATER OPERATIONS	29	29	29	30
TOTAL PERSONNEL	**56**	**56**	**61**	**63**

Notes:

- Five elected officials serve on Mesa Water's Board of Directors.
- Interns and Limited-Term not included in above figures:

Limited-Term	2	1	2	6
Interns	0.5	0.5	0.5	1

Fiscal Year 2027 Budget
Labor and Benefits Summary

Category	FY 2024 ACTUAL	FY 2025 ACTUAL	FY 2026 BUDGET	FY 2027 BUDGET
Labor	$7,110,958	$7,423,763	$8,551,420	$9,098,820
FICA / Medicare	553,714	572,348	621,317	662,639
Workers Comp	197,717	228,400	254,075	266,584
Flex Credits	1,442,714	1,637,824	1,958,400	2,073,600
LTD/Life Insurance/EAP	61,495	69,236	65,324	70,221
Benefits Other	326,884	357,050	509,185	575,066
Retirement	2,498,279	3,089,296	2,270,000	2,340,000
Total	**$12,191,762**	**$13,377,917**	**$14,229,721**	**$15,086,930**

Fiscal Year 2027 Budget
COP Coverage Ratios

	FY 2024 ACTUAL	FY 2025 ACTUAL	FY 2026 BUDGET	FY 2027 BUDGET
Revenues				
Operating Revenue	$ 46,194,473	$ 54,875,798	$ 60,300,428	$ 66,883,909
Capacity and Installation Charges	448,150	626,213	965,000	860,000
Non-Operating Revenue	3,542,140	2,909,860	115,000	115,000
Total Revenues	50,184,763	58,411,871	61,380,428	67,858,909
Expenses (Excluding Depreciation Expense)				
Operating Expenses	34,086,080	38,279,099	41,144,150	42,723,436
Income available for debt service	$ 16,098,683	$ 20,132,773	$ 20,236,278	$ 25,135,473
Annual Debt Service, Senior Debt	$ 4,282,250	$ 4,332,000	$ 4,355,250	$ 2,157,750
Coverage Ratio, Senior Debt	**376%**	**465%**	**465%**	**1165%**
Annual Debt Service, Subordinated Debt	$ 2,566,200	$ 2,566,200	$ 2,566,200	$ 2,566,200
Coverage Ratio, Total Debt	**235%**	**292%**	**292%**	**532%**

MesaWater DISTRICT®

Fiscal Year 2027 Budget
Designated Fund Levels

	FY 2024 ACTUAL	FY 2025 ACTUAL	FY 2026 BUDGET	FY 2027 BUDGET	TARGET DAYS
Customer & Development Deposits	$ 2,850,000	$ 2,000,000	$ 1,570,000	$ 1,365,000	N/A
Capital Replacement Fund	11,204,813	6,685,420	421,961	177,154	N/A
Other Funds					
Administrative & General Fund (Target 10 days)	933,865	1,048,742	1,127,237	1,170,505	10 - 25
Catastrophe Fund (Target 30 days)	2,801,596	3,146,227	563,618	3,511,515	30 - 180
	3,735,461	4,194,970	1,690,855	4,682,020	40 - 205
Liquidity Funds					
Operating Funds (Target 50 days)	4,669,326	5,243,712	5,636,185	5,852,526	50 - 150
Rate Stabilization Funds (Target 30 days)	2,801,596	3,146,227	3,381,711	3,511,515	30 - 75
Total Liquidity Funds (Target 80 days total)	7,470,922	8,389,939	9,017,896	9,364,041	80 - 225
Total Cash - Designated Funds	$ 25,261,196	$ 21,270,329	$ 12,700,712	$ 15,588,215	N/A
Operating Expense	$ 34,086,080	$ 38,279,099	$ 41,144,150	$ 42,723,436	
Cash per Day	$ 93,387	$ 104,874	$ 112,724	$ 117,051	
Days Cash Ratio Actual/Estimate	271	201	113	133	
Days Cash Ratio Target	120	120	120	120	

Fund Descriptions:

Customer & Development Deposits - Monies held on behalf of Mesa Water's customers as required for their utility account or as cash bonds for development projects.

Capital Replacement Fund - Used for the replacement of capitalized assets when they reach the end of their useful lives. The target level of the fund shall be $10 million. The maximum will be based on Mesa Water's Asset Management Plan.

Administrative & General Fund - One of the two capital funds used to fund certain major general, administrative and overhead projects. It is intended to fund (or partially fund) offices, fixtures, furnishings, vehicles and equipment on a pay-as-you-go basis. The target level will equal 10 days of Mesa Water's budgeted total operating expenses and the maximum will be 25 days.

Catastrophe Fund - Used to begin repair of the water system after a catastrophic event, such as a severe earthquake or fire, while long-term financing is being arranged or insurance claims are being processed. The target level will equal 30 days of Mesa Water's budgeted total operating expenses and the maximum will be 180 days. The FY 2026 Budget balance of $563,618 is currently at 5 days.

Operating Fund - Used for unanticipated operating expenses. This fund is designated to maintain working capital for current operations and to meet routine cash flow needs. The target level will equal 50 days of Mesa Water's budgeted total operating expenses and the maximum will be 150 days.

Rate Stabilization Fund - Used to provide flexibility to the Board of Directors when establishing rates such as absorbing temporary rate fluctuations or for one time expenditures. The target level of this fund shall be 30 days of the annual operating budget and the maximum shall be 75 days.

District Overview

Mesa Water District (Mesa Water®) was formed on January 1, 1960, pursuant to Sections 33200 et. seq., of the California Water Code, which was designated as the Costa Mesa District Merger Law. The general provisions of this law called for the consolidation of four predecessor agencies: the Newport Heights Irrigation District; the Fairview County Water District; the Newport Mesa County Water District; and the City of Costa Mesa Water Department.

Mesa Water is located in Orange County, California, and provides water to most of Costa Mesa, parts of Newport Beach, and some unincorporated areas of Orange County, including John Wayne Airport. The District serves 110,000 residents in an 18-square-mile area through approximately 25,000 metered accounts.

Potable water is produced from Mesa Water's groundwater wells. The District purchases non-potable, or recycled water, from the Orange County Water District (OCWD).

Due to the District's improved Mesa Water Reliability Facility (MWRF), Mesa Water meets 100 percent of its community's water needs with locally-sourced supplies. Mesa Water also has a 100 percent reliable back-up supply of imported water, if needed, from the Municipal Water District of Orange County (MWDOC).

The District's revenues result solely from its activities as a water utility and Mesa Water receives no tax revenues of any kind.

A five-person Board of Directors (Board), whose members serve overlapping four-year terms, governs Mesa Water. Each Director is elected by and represents one of five geographic divisions of approximately equal population within the District's service area. The Board elects one of its members to serve as President and another to serve as Vice President. The Board appoints the General Manager, District Secretary, Assistant District Secretary, District Treasurer, and Assistant District Treasurer. The General Manager is responsible for the day-to-day operations and administration of Mesa Water in accordance with the Board's policies.

Fiscal Year 2027 Budget

Major Revenue Descriptions

Water Sales Revenue

Usage Charge (potable and recycled) – This is the rate charged per unit (one hundred cubic feet or ccf) to customers based on actual consumption. Mesa Water has a uniform volumetric rate structure, which means all water use is charged at the same per-unit rate. For the first six months of the FY 2027 budget, the potable rate is $6.38 per ccf, and the recycled rate is $4.09 per ccf; and, for the second six months of the FY 2027 budget, the potable rate is $6.83 per ccf, and the recycled rate is budgeted at $4.38 per ccf. Mesa Water's Board adopts water rates by resolution. In FY 2024, the Board adopted a multi-year rate resolution with rate increases each year through FY 2028. Usage charges are intended to cover the cost of treating and delivering water to Mesa Water's customers. The budget for this revenue source is based on estimated water sales which have remained consistent due to Mesa Water's service area being substantially built-out. The FY 2027 acre feet sales budgeted for both potable and recycled water are listed on page 6.

Construction Water Revenues – This revenue is for the use of temporary hydrant meters used during construction. The revenue includes both the daily rental rate for the meter, and the per-unit charge which is charged at the same rate as the potable water rate based on the Board's resolution. This revenue source is dependent solely on construction activity and is less predictable than other water revenue sources.

Fireline Revenues – This revenue is primarily from the stand-by charge for fireline services. Also, use of water other than for firefighting is charged at the same rate as the potable water rate based on the Board's resolution. As Mesa Water's service area is substantially built-out, this revenue source remains relatively consistent year-to-year.

Basic Charge – This charge is assessed per billing period (bi-monthly) and is a set charge based on meter size. This revenue source is intended to cover fixed charges such as financial obligations, customer service, public outreach, and administrative support, per the Board's resolution. This revenue source is increasing, primarily due to the multi-year rate increase adopted by the Board in FY 2024. As Mesa Water's service area is substantially built-out, there is limited growth in service connections.

Major Revenue Descriptions, Continued

Non-Water Sales Revenue

Other Operating Revenues – These revenues include costs related to Mesa Water's operations as a water utility that are not directly related to water sales. The major revenue sources in this category are: delinquent fees, new service establishment fees, and concessions from government agencies.

Delinquent fees are a result of the delinquent payment activity from customers. This revenue source has historically increased slightly from year-to-year. The Board periodically reviews the delinquent fees to ensure full cost recovery.

The new service establishment fee is charged when a new customer establishes an account with Mesa Water. The fee is intended to recover the costs associated with setting up a new account. This fee amount is reviewed periodically to ensure full cost recovery.

Non-Operating Revenues and Capital Contributions – The revenues under this category include interest earned on Mesa Water's funds as well as development-related revenues such as capacity charges, inspection fees, plan check fees, and installation fees. The budget for interest earnings are based upon forecasted cash balances during the year as well as anticipated interest earnings from the State of California Local Agency Investment Fund (LAIF), and Mesa Water's investment portfolio. Mesa Water elected to budget a low rate of return on its investments in FY 2026 based on current and anticipated market conditions.

Fund Description

Mesa Water reports its activities as a single enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of Mesa Water is that the cost of providing water to its service area on a continuing basis be financed or recovered primarily through user charges (water sales and service charges), capital grants, and similar funding. Monies are set aside in designated funds for specific purposes based on Board policy or in reserve accounts as required by debt agreements. A listing and description of designated funds can be found on page 15.

Fiscal Year 2027 Budget

Basis of Accounting

Accounting basis determines when transactions and economic events are reflected in the financial statements and the budget. Mesa Water prepares its audited financial statements and budgets on the accrual basis of accounting in which revenues are recognized in the accounting period when earned and expenditures are recorded in the accounting period when incurred. Mesa Water's budget and financial statements are consistent with Generally Accepted Accounting Principles (GAAP).

Budget Control and Revisions

Although Mesa Water is not legally required to adopt a budget, the Board annually adopts a fiscal year budget following a series of public meetings. This budget authorizes and provides the basis for reporting, control of financial operations, and accountability.

Mesa Water's budget is prepared on an annual basis using estimates and financial projections for the following fiscal year that meet the priorities and needs of the District.

A quarterly review of the Comparative Statement of Revenue, Expenses and Change in Net Position is conducted and reviewed by the Board's Finance Committee and Mesa Water management and staff. A monthly review of capital expenditures is conducted by the Board of Directors and Mesa Water staff.

Fiscal Year 2027 Budget
Departmental Budgets

	Dept. 000 - General, Page 1 of 2	FY 2024 ACTUAL	FY 2025 ACTUAL	FY 2026 BUDGET	FY 2027 BUDGET
	REVENUE:				
40100	Usage Charge - Potable Water	$ 30,396,707	$ 36,329,374	$ 39,500,317	$ 42,334,811
40105	Interagency Water Sales	-	-	-	816,530
40149	Accrued Water Sales	579,372	255,656	-	-
40170	Construction Water Revenues	32,016	66,996	150,000	85,000
	TOTAL POTABLE CONSUMPTION REVENUES	**31,008,095**	**36,652,026**	**39,650,317**	**43,236,341**
40600	Basic Charge - Domestic	6,688,109	7,546,131	8,304,934	8,816,653
40650	Basic Charge - Fire Line	825,014	849,122	874,577	946,258
	TOTAL BASIC CHARGE REVENUES	**7,513,123**	**8,395,253**	**9,179,511**	**9,762,911**
40700	Capital Charge - Domestic	5,890,411	7,701,345	9,484,778	11,810,919
	TOTAL CAPITAL CHARGE REVENUES	**5,890,411**	**7,701,345**	**9,484,778**	**11,810,919**
40260	Usage Charge - Recycled Water	1,228,365	1,446,842	1,585,822	1,598,738
	TOTAL RECYCLED CONSUMPTION REVENUES	**1,228,365**	**1,446,842**	**1,585,822**	**1,598,738**
45700	Coastal Pumping Trns Pgm (CPTP)	-	-	-	-
45710	Intergovernmental - State	-	-	-	-
45720	Intergovernmental - Federal	-	-	-	-
	TOTAL CONCESSIONS FROM GOV'T AGENCIES	**-**	**-**	**-**	**-**
45100	New Service Establishment Fee	41,320	40,140	45,000	40,000
45105	LAFCO Surcharge	-	-	-	-
45110	Delinquent Fees	257,377	272,939	200,000	225,000
45115	Loss Recovery	51,846	10,556	10,000	10,000
45120	Cross Connection Testing Fee	-	-	5,000	5,000
45130	Plan Check Fees	208,806	331,423	115,000	165,000
45300	Insurance reimbursement	-	-	-	-
45305	OC-44 HB contract revenue	82,305	(388)	5,000	5,000
45505	Sale of brass and scrap	13,776	16,014	5,000	5,000
45515	Other operating revenue	49,865	25,771	15,000	20,000
62190	Write-Off Bad Debt Exp	(150,816)	(16,123)	-	-
	TOTAL OTHER CHARGES AND SERVICES	**554,479**	**680,332**	**400,000**	**475,000**
	TOTAL OPERATING REVENUES	**46,194,473**	**54,875,798**	**60,300,428**	**66,883,909**

Fiscal Year 2027 Budget
Departmental Budgets

	Dept. 000 - General, Page 2 of 2	FY 2024 ACTUAL	FY 2025 ACTUAL	FY 2026 BUDGET	FY 2027 BUDGET
	TOTAL OPERATING REVENUES (previous page)	**46,194,473**	**54,875,798**	**60,300,428**	**66,883,909**
	Recycled Water Costs				
50200	Recycled Water Costs	754,579	824,967	886,530	915,600
	TOTAL RECYCLED WATER COSTS	**754,579**	**824,967**	**886,530**	**915,600**
	DEPRECIATION AND AMORTIZATION				
70100	Amortization & Depreciation	6,545,617	7,602,048	7,000,000	7,850,000
	TOTAL AMORTIZATION AND DEPRECIATION	**6,545,617**	**7,602,048**	**7,000,000**	**7,850,000**
	INVESTMENT EARNINGS				
46105	Interest earned OC Investment Pool	687	479	-	-
46110	Change fair value	926,876	619,784	(150,000)	(150,000)
46120	Interest Earned - Funds Under District Control	257,687	200,406	150,000	150,000
46125	Realized Gain/Loss on Investments	2,000,322	1,703,683	100,000	100,000
	TOTAL INVESTMENT EARNINGS	**3,185,572**	**2,524,351**	**100,000**	**100,000**
	INTEREST EXPENSE				
76115	2009 / 2020 COPs Interest Expense	2,566,200	2,566,200	2,566,200	2,566,200
76120	2010 / 2017 COPs Interest Expense	624,677	441,073	305,250	305,250
76150	Interest Expense	9,783	9,428	8,500	8,500
76130	2009 / 2017 COPs Deferred Amount	129,393	97,045	129,395	129,395
76815	2009 / 2020 Premium Amort Expense	(481,577)	(481,577)	(481,580)	(481,580)
76820	2010 / 2017 COPs Premium Amortization	(569,390)	(569,390)	(569,390)	(569,390)
	TOTAL INTEREST EXPENSE	**2,279,086**	**2,062,779**	**1,958,375**	**1,958,375**
	OTHER NON-OPERATING				
46805	Loss on Disposal of Equipment	-	-	(25,000)	(25,000)
46810	Non Operating Revenue	6,133	31,369	25,000	25,000
76800	Non Operating Expense	(4,400)	(7,150)	(25,000)	(25,000)
76805	COPS Trustee Expense	-	(2,540)	(10,000)	(10,000)
	TOTAL OTHER NON-OPERATING	**1,733**	**21,679**	**(35,000)**	**(35,000)**
	TOTAL NON-OPERATING REVENUES/EXPENSE	**908,220**	**483,252**	**(1,893,375)**	**(1,893,375)**
	CAPITAL CONTRIBUTIONS				
48115	Capacity Charge Completed Projects	307,516	459,255	750,000	650,000
48125	Installation Fees Completed Projects	36,721	(7,352)	115,000	85,000
48135	Inspection Fees Completed Projects	103,913	174,311	100,000	125,000
48200	MWD Local Resource Prog - MWRF	356,568	385,509	-	-
48205	Utility Rebate - Water Operations	-	-	15,000	15,000
48300	Contributions from Developers	1,502,735	858,382	850,000	860,000
	TOTAL CAPITAL CONTRIBUTIONS	**2,307,453**	**1,870,104**	**1,830,000**	**1,735,000**
	Department Total	**$ 42,109,950**	**$ 48,802,139**	**$ 52,350,523**	**$ 57,959,934**

Fiscal Year 2027 Budget
Departmental Budgets

	Dept. 100 - Governance	FY 2024 ACTUAL	FY 2025 ACTUAL	FY 2026 BUDGET	FY 2027 BUDGET
	PAYROLL EXPENSES:				
60115	Labor Taxes	$ 15,525	$ 15,786	$ 16,937	$ 18,635
60120	Labor Workers Comp	39,810	2,165	2,419	2,661
60130	Labor Directors Fee	202,928	206,354	221,400	243,600
60205	Benefits LTD/Life/EAP	385	447	532	557
60215	Benefits Other	90,622	115,621	164,000	167,500
60220	Benefits Flex Credits	35,198	122,530	144,000	144,000
	Total Payroll	**384,467**	**462,904**	**549,288**	**576,953**
	EXPENSES (NON-PAYROLL)				
61100	Election Fees	-	-	-	25,000
62115	Staff Development & Conferences	25,753	35,600	30,000	35,000
62125	Department Admin	13,072	11,508	30,000	20,000
	Total	**38,824**	**47,108**	**60,000**	**80,000**
	Department Total	**$ 423,292**	**$ 510,012**	**$ 609,288**	**$ 656,953**

	Dept. 200 - Office of the General Manager	FY 2024 ACTUAL	FY 2025 ACTUAL	FY 2026 BUDGET	FY 2027 BUDGET
	PAYROLL EXPENSES:				
60100	Labor Regular	$ 487,611	$ 510,798	$ 877,369	$ 917,892
60105	Labor Non-Regular	31,271	77,757	-	-
60110	Labor Vacation	56,003	41,363	-	-
	Labor Subtotal	**574,885**	**629,917**	**877,369**	**917,892**
60115	Labor Taxes	28,931	33,559	46,537	49,724
60120	Labor Workers Comp	5,296	7,268	11,206	11,767
60205	Benefits LTD/Life/EAP	3,065	3,522	5,130	5,246
60210	Benefits CalPERS	295,766	342,057	275,000	285,000
60215	Benefits Other	20,261	21,383	33,588	46,046
60220	Benefits Flex Credits	52,256	69,334	86,400	86,400
	Total Payroll	**980,460**	**1,107,042**	**1,335,230**	**1,402,075**
	EXPENSES (NON-PAYROLL)				
61110	Regulatory Compliance/Permits	2,922	421	3,000	3,000
62115	Staff Development & Conferences	6,250	19,699	20,000	15,000
62125	Department Admin	10,677	7,062	12,000	10,000
62130	Dues and Subscriptions	85,346	109,167	130,000	131,165
63100	Support Services	603,248	642,825	426,500	50,000
63105	Legal Services	382,477	409,880	213,000	300,000
	Total	**1,090,920**	**1,189,054**	**804,500**	**509,165**
	Department Total	**$ 2,071,380**	**$ 2,296,095**	**$ 2,139,730**	**$ 1,911,240**

	Dept. 250 - Business Process & Information Technology	FY 2024 ACTUAL	FY 2025 ACTUAL	FY 2026 BUDGET	FY 2027 BUDGET
	PAYROLL EXPENSES:				
60100	Labor Regular	$ -	$ -	$ -	$ 78,530
60105	Labor Non-Regular	-	-	-	-
60110	Labor Vacation	-	-	-	-
	Labor Subtotal	**-**	**-**	**-**	**78,530**
60115	Labor Taxes	-	-	-	6,008
60120	Labor Workers Comp	-	-	-	1,048
60205	Benefits LTD/Life/EAP	-	-	-	822
60210	Benefits CalPERS	-	-	-	15,000
60215	Benefits Other	-	-	-	3,229
60220	Benefits Flex Credits	-	-	-	14,400
	Total Payroll	**-**	**-**	**-**	**119,037**
	EXPENSES (NON-PAYROLL)				
62105	Computer Maint/Licensing	269,716	523,736	800,000	700,000
62145	General Supplies	11,585	15,528	15,000	15,000
62175	Telecom/Network	257,853	323,136	425,000	400,000
62180	Tools & Equipment	1,887	8,660	15,000	5,000
63100	Support Services - IT	923,760	1,311,622	1,765,000	1,561,000
63110	Support Services - BP	-	-	-	1,113,000
	Total	**1,464,801**	**2,182,682**	**3,020,000**	**3,794,000**
	Department Total	**$ 1,464,801**	**$ 2,182,682**	**$ 3,020,000**	**$ 3,913,037**

Fiscal Year 2027 Budget
Departmental Budgets

	Dept. 3XX - Water Costs	FY 2024 ACTUAL	FY 2025 ACTUAL	FY 2026 BUDGET	FY 2027 BUDGET
	IMPORTED/BASIN MANAGED WATER EXPENSES				
50100-320	Imported Water Fixed Costs	$ 367,693	$ 362,507	$ 557,500	$ 602,200
50105-320	Imported Water Variable Costs	-	-	-	-
50115-320	Basin Managed Water	-	-	-	-
50130-320	Chemicals and Treatment	-	-	-	-
50180-320	Utilities - Imported	2,577	1,003	2,000	2,000
60100-320	Labor Import	-	-	-	-
62165-320	Parts and Materials - Import	258	-	5,000	2,000
63100-320	Support Services - Import	-	-	5,000	5,000
	Total Imported / Basin Managed Water Costs	**370,528**	**363,510**	**569,500**	**611,200**
50110-320	In-Lieu Water	-	-	-	-
	Total In-Lieu Water Costs	**-**	**-**	**-**	**-**
	CLEAR WATER EXPENSES				
50130-310	Chemicals - Clear	333,785	382,302	456,704	465,000
50150-310	Basin Replenishment Assessment - Clear	7,891,790	9,176,653	9,474,786	9,726,444
50180-310	Utilities - Clear	1,490,750	1,642,511	1,540,991	1,657,406
60100-310	Labor Clear	-	-	-	-
62165-310	Parts and Materials - Clear	155,913	144,304	100,000	150,000
63100-310	Support Services - Clear	262,063	157,175	223,500	167,500
	Total Clear Water Costs	**10,134,301**	**11,502,945**	**11,795,981**	**12,166,350**
	AMBER WATER EXPENSES				
50130-330	Chemicals - Amber	443,676	576,951	553,101	620,000
50150-330	Basin Replenishment Assessment - Amber	1,380,912	1,602,380	1,672,272	1,721,720
50180-330	Utilities - Amber	643,507	610,237	575,000	750,000
60100-330	Labor Amber	-	-	-	-
62165-330	Parts and Materials - Amber	49,598	69,190	70,000	50,000
63100-330	Support Services - Amber	119,702	139,154	208,500	225,000
	Total Amber Water Costs	**2,637,395**	**2,997,912**	**3,078,873**	**3,366,720**

MesaWater
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Fiscal Year 2027 Budget
Departmental Budgets

	Dept. 300 - Water Operations	FY 2024 ACTUAL	FY 2025 ACTUAL	FY 2026 BUDGET	FY 2027 BUDGET
	PAYROLL EXPENSES:				
60100	Labor Regular	$ 2,776,350	$ 2,852,873	$ 3,501,974	$ 3,618,254
60105	Labor Non-Reg	273,149	407,552	-	-
60110	Labor Vacation	230,976	234,506	-	-
	Labor Subtotal	**3,280,475**	**3,494,931**	**3,501,974**	**3,618,254**
60115	Labor Taxes	274,612	289,725	266,708	276,292
60120	Labor Workers Comp	123,319	180,449	193,688	200,737
60125	Labor Temporary	-	-	25,000	15,000
60205	Benefits LTD/Life/EAP	31,278	35,932	28,672	29,512
60210	Benefits CalPERS	1,118,052	1,407,480	850,000	865,000
60215	Benefits Other	103,407	110,212	145,069	153,401
60220	Benefits Flex Credits	771,283	831,916	864,000	892,800
60990	Payroll jobs WIP	(411,054)	(587,598)	(175,675)	(596,095)
	Total Payroll	**5,291,373**	**5,763,046**	**5,699,436**	**5,454,901**
	EXPENSES (NON-PAYROLL)				
50130	Chemicals T&D	35,834	45,504	35,000	35,000
61110	Regulatory Compliance/Permits	254,900	204,113	295,000	250,000
62115	Staff Development & Conferences	23,078	33,308	35,000	30,000
62125	Department Administration	16,972	13,846	10,000	10,000
62135	Facilities improvements	9,591	13,154	25,000	15,000
62140	Fuel	120,132	101,091	125,000	175,000
62145	General Supplies	6,050	7,072	10,000	10,000
62155	Leasing/ Equipment Rental	-	2,385	25,000	5,000
62160	Other Agency Cost Reimbursement	2,468	2,845	-	5,000
62165	Parts & Materials	721,233	707,773	750,000	700,000
62180	Tools & Equipment	5,586	52	-	-
62185	Utilities	287,675	133,330	220,000	245,000
63100	Support Services	1,435,263	1,397,116	1,400,500	1,343,000
63990	Capitalized G&A Contra - T&D	(22,127)	(24,724)	(50,000)	(25,000)
	Total	**2,922,689**	**2,636,865**	**2,880,500**	**2,798,000**
	Department Total	**$ 8,214,062**	**$ 8,399,912**	**$ 8,579,936**	**$ 8,252,901**

	Dept. 400 - Engineering	FY 2024 ACTUAL	FY 2025 ACTUAL	FY 2026 BUDGET	FY 2027 BUDGET
	PAYROLL EXPENSES:				
60100	Labor Regular	$ 579,749	$ 535,627	$ 788,120	$ 786,263
60105	Labor Non-Reg	48,241	57,942	-	-
60110	Labor Vacation	57,427	54,334	-	-
	Labor Subtotal	**685,416**	**647,902**	**788,120**	**786,263**
60115	Labor Taxes	47,468	43,078	55,371	54,866
60120	Labor Workers Comp	6,807	8,610	10,278	10,232
60125	Labor Temporary	1,081	46,170	-	-
60205	Benefits LTD/Life/EAP	5,483	5,726	5,752	5,744
60210	Benefits CalPERS	200,033	220,017	225,000	205,000
60215	Benefits Other	18,560	16,926	32,384	35,319
60220	Benefits Flex Credits	105,232	108,298	144,000	144,000
60990	Capital Labor/Benefit Contra	(190,543)	(193,330)	(232,830)	(177,469)
	Total Payroll	**879,537**	**903,398**	**1,028,075**	**1,063,955**
	EXPENSES (NON-PAYROLL)				
62115	Staff Development & Conferences	3,260	10,187	10,000	10,000
62125	Department Admin	1,895	518	6,000	6,000
62145	General Supplies	480	265	2,000	2,000
63100	Support Services	496,564	518,341	495,000	710,000
63990	Captialized G&A Contra	(62,962)	(34,700)	(65,000)	(45,000)
	Total	**439,237**	**494,611**	**448,000**	**683,000**
	Department Total	**$ 1,318,774**	**$ 1,398,009**	**$ 1,476,075**	**$ 1,746,955**

	Transmission and Distribution	FY 2024 ACTUAL	FY 2025 ACTUAL	FY 2026 BUDGET	FY 2027 BUDGET
	Transmission and Distribution Grand Total	**$ 9,532,836**	**$ 9,797,921**	**$ 10,056,011**	**$ 9,999,856**

Fiscal Year 2027 Budget
Departmental Budgets

	Dept. 500 - Customer Services	FY 2024 ACTUAL	FY 2025 ACTUAL	FY 2026 BUDGET	FY 2027 BUDGET
	PAYROLL EXPENSES:				
60100	Labor Regular	$ 226,304	$ 196,965	$ 288,589	$ 303,719
60105	Labor Non-Reg	22,767	23,051	-	-
60110	Labor Vacation	19,223	22,947	-	-
	Labor Subtotal	**268,293**	**242,963**	**288,589**	**303,719**
60115	Labor Taxes	25,214	20,719	22,078	23,251
60120	Labor Workers Comp	2,388	2,521	3,098	3,269
60125	Labor Temporary	-	27,443	15,000	15,000
60205	Benefits LTD/Life/EAP	3,093	3,405	2,665	3,108
60210	Benefits CalPERS	130,512	133,221	115,000	120,000
60215	Benefits Other	11,675	8,711	12,806	14,313
60220	Benefits Flex Credits	81,790	76,315	86,400	100,800
	Total Payroll	**522,965**	**515,298**	**545,636**	**583,460**
	EXPENSES (NON-PAYROLL)				
62115	Staff Development & Conferences	-	-	2,500	5,000
62125	Department Admin	2,959	100	5,000	2,500
62145	General Supplies	-	118	1,000	3,000
63100	Support Services	148,806	191,712	261,500	231,000
	Total	**151,765**	**191,930**	**270,000**	**241,500**
	Department Total	**$ 674,730**	**$ 707,228**	**$ 815,636**	**$ 824,960**

MesaWater DISTRICT©

Fiscal Year 2027 Budget
Departmental Budgets

	Dept. 600 - Financial Services	FY 2024 ACTUAL	FY 2025 ACTUAL	FY 2026 BUDGET	FY 2027 BUDGET
	PAYROLL EXPENSES:				
60100	Labor Regular	$ 692,683	$ 596,894	$ 1,057,197	$ 1,195,803
60105	Labor Non-Reg	54,607	51,038	-	-
60110	Labor Vacation	53,728	56,584	-	-
	Labor Subtotal	**801,019**	**704,517**	**1,057,197**	**1,195,803**
60115	Labor Taxes	59,844	51,634	77,330	85,454
60120	Labor Workers Comp	**7,567**	**7,258**	**11,963**	**13,564**
60125	Labor Temporary	33,967	534,257	50,000	25,000
60205	Benefits LTD/Life/EAP	6,621	5,905	8,295	9,677
60210	Benefits CalPERS	234,688	246,776	300,000	325,000
60215	Benefits Other	31,094	25,924	44,157	54,033
60220	Benefits Flex Credits	147,536	126,007	230,400	259,200
	Total Payroll	**1,322,335**	**1,702,278**	**1,779,342**	**1,967,731**
	EXPENSES (NON-PAYROLL)				
61105	LAFCO charge	32,238	30,467	25,000	30,000
62115	Staff development & conference expense	22,738	6,327	15,000	15,000
62125	Department administration expense	11,842	2,415	10,000	10,000
62145	General Supplies - Finance	42,921	45,325	50,000	50,000
62150	Liability insurance	319,386	413,662	325,000	460,000
63100	Support Services	507,618	636,034	825,900	652,000
63990	Capitalized G&A Contra - Finance	(316,817)	(9,378)	(150,000)	(100,000)
	Total	**619,926**	**1,124,851**	**1,100,900**	**1,117,000**
	Department Total	**$ 1,942,261**	**$ 2,827,129**	**$ 2,880,242**	**$ 3,084,731**

Fiscal Year 2027 Budget
Departmental Budgets

	Dept. 700 - Public Affairs & Water Education	FY 2024 ACTUAL	FY 2025 ACTUAL	FY 2026 BUDGET	FY 2027 BUDGET
	PAYROLL EXPENSES:				
60100	Labor Regular	$ 209,169	$ 293,565	$ 562,002	$ 579,989
60105	Labor Non-Reg	12,839	27,485	-	-
60110	Labor Vacation	10,285	21,916	-	-
	Labor Subtotal	**232,293**	**342,967**	**562,002**	**579,989**
60115	Labor Taxes	20,790	30,294	42,993	44,370
60120	Labor Workers Comp	2,811	6,577	7,161	7,738
60125	Labor Temporary	27,336	30,890	-	-
60205	Benefits LTD/Life/EAP	2,041	3,011	4,709	5,280
60210	Benefits CalPERS	69,245	128,072	150,000	155,000
60215	Benefits Other	7,748	10,649	24,547	26,060
60220	Benefits Flex Credits	50,704	73,411	144,000	158,400
	Total Payroll	**412,969**	**625,871**	**935,412**	**976,837**
	EXPENSES (NON-PAYROLL)				
62115	Staff development & conference expense	3,816	6,603	9,000	9,000
62125	Department administration expense	6,599	7,745	5,000	5,000
62130	District memberships and subscriptions	11,731	10,971	9,000	9,000
62145	General Office Supplies/Minor Equipment	60,435	21,286	40,000	20,000
63100	Support Services	714,005	657,978	1,139,850	861,035
	Total	**796,584**	**704,582**	**1,202,850**	**904,035**
	Department Total	**$ 1,209,553**	**$ 1,330,453**	**$ 2,138,262**	**$ 1,880,872**

	Dept. 900 - Water Policy	FY 2024 ACTUAL	FY 2025 ACTUAL	FY 2026 BUDGET	FY 2027 BUDGET
	PAYROLL EXPENSES:				
60100	Labor Regular	$ 172,029	$ 141,147	$ 214,607	$ 202,230
60105	Labor Non-Reg	20,781	49,511	-	-
60110	Labor Vacation	14,518	14,407	-	-
	Labor Subtotal	**207,328**	**205,064**	**214,607**	**202,230**
60115	Labor Taxes	13,503	13,065	14,383	14,339
60120	Labor Workers Comp	2,006	2,908	2,863	2,698
60205	Benefits LTD/Life/EAP	1,540	1,826	1,387	1,335
60210	Benefits CalPERS	97,501	109,285	80,000	80,000
60215	Benefits Other	12,655	12,412	8,471	11,038
60220	Benefits Flex Credits	26,249	30,281	28,800	28,800
	Total Payroll	**360,783**	**374,841**	**350,511**	**340,440**
	EXPENSES (NON-PAYROLL)				
62115	Staff Development & Conferences	24,998	18,504	15,000	15,000
62125	Department Admin	7,363	3,937	5,000	5,000
62130	Dues and Subscriptions	1,942	6,838	2,000	1,500
62145	General Supplies	2,669	391	1,500	500
63100	Support Services	508,957	426,157	450,000	396,500
63105	Legal Services	-	-	-	-
	Total	**545,930**	**455,827**	**473,500**	**418,500**
	Department Total	**$ 906,713**	**$ 830,668**	**$ 824,011**	**$ 758,940**

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Departmental Budgets

	Dept. 800 - Administrative Services	FY 2024 ACTUAL	FY 2025 ACTUAL	FY 2026 BUDGET	FY 2027 BUDGET
	PAYROLL EXPENSES:				
60100	Labor Regular	$ 486,246	$ 555,873	$ 734,901	$ 759,455
60105	Labor Non-Reg	56,716	60,612	-	-
60110	Labor Vacation	56,462	58,585	-	-
	Labor Subtotal	**599,424**	**675,069**	**734,901**	**759,455**
60115	Labor Taxes	46,124	51,229	55,628	58,099
60120	Labor Workers Comp	5,499	7,469	8,340	8,610
60125	Labor Temporary	24,397	22,005	-	-
60205	Benefits LTD/Life/EAP	5,666	6,658	6,027	6,055
60210	Benefits CalPERS	254,752	330,796	175,000	180,000
60215	Benefits Other	20,168	23,853	31,482	33,023
60220	Benefits Flex Credits	119,777	142,285	172,800	172,800
	Total Payroll	**1,075,806**	**1,259,365**	**1,184,178**	**1,218,042**
	EXPENSES (NON-PAYROLL)				
62105	Computer Maint/Licensing	(29,186)	6,045	-	-
62115	Staff Development & Conferences	14,900	5,527	10,000	12,000
62125	Department Admin	2,765	1,935	8,000	10,000
62145	General Supplies - IT	3,946	13	-	-
62170	Postage/Shipping/Freight	15,848	7,181	10,000	10,000
62175	Telecom/Network	(11,896)	515	-	-
63100	Support Services	239,453	6,644	22,000	45,000
63110	Human Resources Services - Admin	(990)	(2,259)	-	-
	Total	**234,839**	**25,601**	**50,000**	**77,000**
	Department Total	**$ 1,310,645**	**$ 1,284,966**	**$ 1,234,178**	**$ 1,295,042**

	Dept. 850 - Human Resources	FY 2024 ACTUAL	FY 2025 ACTUAL	FY 2026 BUDGET	FY 2027 BUDGET
	PAYROLL EXPENSES:				
60100	Labor Regular	$ 218,622	$ 239,543	$ 305,261	$ 413,085
60105	Labor Non-Reg	19,610	16,791	-	-
60110	Labor Vacation	20,663	17,744	-	-
	Labor Subtotal	**258,895**	**274,078**	**305,261**	**413,085**
60115	Labor Taxes	21,703	23,259	23,352	31,601
60120	Labor Workers Comp	2,215	3,176	3,059	4,260
60125	Labor Temporary	-	-	-	50,000
60205	Benefits LTD/Life/EAP	2,323	2,804	2,155	2,885
60210	Benefits CalPERS	97,730	171,591	100,000	110,000
60215	Benefits Other	10,695	11,358	12,681	31,104
60220	Benefits Flex Credits	52,690	57,446	57,600	72,000
	Total Payroll	**446,251**	**543,711**	**504,108**	**714,935**
	EXPENSES (NON-PAYROLL)				
60225	Benefits OPEB	(29,693)	(57,279)	75,000	80,000
60230	Benefit Retiree Expenses	(34,949)	(3,754)	20,000	20,000
60235	Benefit Unemployment Insurance	-	11,129	25,000	25,000
62115	Staff Development & Conferences	6,223	4,730	10,000	10,000
62125	Department Admin	789	2,237	10,000	5,000
63110	Human Resources Services - Admin	264,446	321,837	451,800	483,000
	Total	**206,815**	**278,901**	**591,800**	**623,000**
	Department Total	**$ 653,066**	**$ 822,612**	**$ 1,095,908**	**$ 1,337,935**

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Glossary of Terms

Accrual	The recognition of a revenue or expense as it is earned or incurred regardless of when actual cash is received or paid.
Acre Foot (AF)	Covers one acre of land in area by one foot in depth and is equal to 325,851 gallons. Supplies a family of four for approximately one year.
Amber Water	Water produced from deep groundwater wells that require treatment for color and odor before being entered to the distribution system.
Amortization	The periodic expense attributed to the decline in usefulness on an intangible asset or the allocation of bond premium or discount over the life of the bond.
Appropriation	An amount of money in the budget authorized by the Board of Directors, for expenditures or obligations within organizational units for specific purposes.
Assets	Resources owned or held by the enterprise as a result of past events and from which future economic benefits are expected to flow to the enterprise.
Association of California Water Agencies (ACWA)	Association representing nearly 450 public water agencies consisting of municipal, irrigation, county and California water districts, and a number of special purpose agencies. ACWA also represents non-profit and non-public mutual water companies. Members provide the link between local, state and federal water projects, and ultimate water consumers.
Basin Pumping Percentage (BPP)	The amount of clear ground water that can be pumped as a percentage of total potable water. This percentage is set each year by Orange County Water District.
Budget	The District's fiscal plan detailing proposed revenues and expenditures for a period of time.
California Department of Water Resources (CA DWR)	California agency responsible for managing California's water resources.
Capacity Charge	Fee imposed when a customer requests a new service connection. Capacity charges are used by the District to pay for infrastructure built to accommodate future development or to plan, design and construct new facilities to support the additional demand placed on the water system by the new connections.
Capital	Purchases or projects that exceed Mesa Water's capitalization threshold, which is $10,000 for non-water infrastructure and $100 (the installation cost of a 5/8" meter) for water infrastructure.
Cash on Hand	Amount of unrestricted cash held by Mesa Water at a given time.
CCF	Abbreviation for unit of water sold in hundred cubic feet. Mesa Water sells water in this unit of measure.

Fiscal Year 2027 Budget

Glossary of Terms

Certificates Of Participation (COP)	Form of lease-purchase financing used to construct or acquire capital facilities or equipment.
Change in Net Position	The final figure on the Statement of Revenues, Expenses and Change in Net Position report where revenues are netted against expenses.
Clear Well Water	Water produced from groundwater wells that require minimal treatment to be released into the distribution system.
Coverage Ratio	Ratio of Net Revenues to total annual financial obligations. This is a margin of safety for payment of debt service, reflecting the number of times by which earnings for a period of time exceed debt service payable in such a period.
Days Cash Ratio	A ratio of the Cash on Hand divided by the average Operating Expenses less Pass-through water sales to government agencies.
Debt Service	Cash required in a given period for payment on interest and principal on outstanding financial obligations.
Depreciation	The method of allocating historical costs of capital assets (excluding land) to periods in which the assets are used.
Designated Funds	Segregation of assets for special purposes such as asset replacement.
Enterprise Fund	A fund established to account for the financing of self-supporting enterprises, such as a utility fund, which render services primarily to the public.
Expenses	The amount of assets consumed or services used in the process of earning revenue.
Fiscal Year (FY)	The annual accounting period. Mesa Water uses July 1 through June 30.
Full Time Equivalent (FTE)	An FTE equals one full-time employee working 2,080 hours per year.
GAAP	Generally Accepted Accounting Principles (GAAP) are uniform standards and guidelines that both private and public sectors use to report and record financial information. GAAP establishes a standard manner to measure and categorize accounting transactions to report financial results. Following GAAP provides a reasonable basis to compare financial results of other water or similar agencies.
Geographic Information System (GIS)	A system combining computer hardware, software and geographic data for collecting, storing, analyzing and displaying geographically referenced information.
In-Lieu Water	Water purchased at the same price as well water when the groundwater basin does not allow for full pumping.
Infrastructure	The accumulated pipelines, treatment plants and storage facilities of Mesa Water, including all meters, valves, pumps, hydrants and other appurtenances, whether constructed by Mesa Water or dedicated by private entities.

Fiscal Year 2027 Budget

Glossary of Terms

Imported Water	Water purchased from Municipal Water District of Orange County (MWDOC). It is transported by an aqueduct system from the Colorado River or the State Water Project.
LAFCO	Local Agency Formation Commission. This Commission facilitates constructive changes in governmental structure and boundaries and fosters orderly development and governance within its jurisdiction.
Liability	Obligations of the enterprise arising from past events.
Local Agency Investment Fund (LAIF)	A pooled investment vehicle for local agencies in California sponsored by the State of California and administered by the State Treasurer.
Meet and Confer	Labor relations and labor negotiations with different employee groups.
Memorandum of Understanding	A document describing agreement or accord reached between two or more parties including each party's rights and responsibilities.
Mesa Water Reliability Facility (MWRF)	The facility that is used to treat the amber water pumped by wells from deeper in the groundwater aquifer.
Metropolitan Water District (MWD)	A consortium of cities and water districts that provide water usage to water customers in parts of Los Angeles, Orange, San Diego, Riverside, San Bernardino and Ventura counties.
Municipal Water District of Orange County (MWDOC)	Regional water wholesaler of imported water that serves retail agencies in Orange County.
Non-water Expenses	Expenses associated with operations as a water utility but not directly attributable to the production and distribution of water.
Orange County Water District (OCWD)	The agency responsible for managing the Orange County Groundwater Basin in northern and central Orange County that serves cities and water districts.
Other Expense	An expense that cannot be associated definitely with operations.
Other Income	Revenue from sources other than Mesa Water's principal activities as a water utility.
Potable Water	Water that is suitable for drinking.
Public Employees Retirement System (PERS)	An agency, multiple-employer, public retirement system to which Mesa Water contributes that acts as a common investment and administrative agent for participating public entities within the State of California.
Recycled Water	Non-potable water that is used for irrigation purposes.
Replenishment Assessment (RA)	Amount charged on an acre-foot basis for water pumped from the Orange County Groundwater Basin charged by OCWD.

Fiscal Year 2027 Budget

Glossary of Terms

Restricted Reserves	An account used to indicate that a portion of Net Position is legally restricted for a specific purpose or not available for appropriation and subsequent spending.
Reservoir	A pond, lake, tank, or basin (natural or engineered) where water is collected and stored.
Revenue	The sale of goods or services produced by an entity which usually result in the creation of assets, most often cash or receivables.
Statement of Revenues, Expenses and Changes in Net Position	Reports the results of revenues and expenses over a period of time.
Supervisory Control and Data Acquisition (SCADA)	The Supervisory Control and Data Acquisition system collects operational data from remote units to monitor and control water systems and facilities throughout the District's service area.
Water Production Costs	The costs associated directly with the production and distribution of water into the system.
Working Capital	The difference between current assets and current liabilities. Represents the amount available for operations and other expenditures.