



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Board Report

Finance and Administration Group

- **Finance and Administration Activities Report**

Summary

This report provides a summary of the Finance and Administration group activities for January 2026 and February 2026.

Purpose

Informational

Attachments

Attachment 1– Finance and Administration group activities for January 2026 and February 2026

Finance and Administration Group Activities Report for January 2026 and February 2026

GM Business Plan – Goals, Outcomes, Target Measures

Develop a Biennial Budget that Meets Metropolitan’s Needs	
Provide transparency and broad engagement to support informed policy making; Budget for enhanced mission-critical capabilities.	In February, staff presented the Proposed Biennial Budget, which included the Capital Investment Plan and revenue requirements for fiscal years 2026/27 and 2027/28; proposed water rates and charges for calendar years 2027 and 2028 to meet revenue requirements for fiscal years 2026/27 and 2027/28; a ten-year financial forecast; and a Cost of Service Report. Budget Workshops #1 and #2, which discussed the above and addressed numerous board member questions and requests, were held at the Finance and Asset Management Committee on February 10, 2026, and at a Board of Directors Workshop on February 24, 2026.

Maintain Strong Financial Position

Provide timely and discerning financial analyses, planning, and management to ensure that forecasted revenues are sufficient to meet planned expenses and provide a prudent level of reserves consistent with board policy.

In February, the Proposed Biennial Budget was provided to the Board, which includes the Capital Investment Plan and revenue requirements for fiscal years 2026/27 and 2027/28; proposed water rates and charges for calendar years 2027 and 2028 to meet revenue requirements for fiscal years 2026/27 and 2027/28; ten-year financial forecast; and Cost of Service Report. Budget Workshop #1 and #2 discussed the Proposed Biennial Budget in detail and addressed board member questions and requests at the Finance, Affordability, Asset Management, and Efficiency Committee on February 10 and the Board of Directors Workshop on Finance, Affordability, Asset Management and Efficiency on February 24.

At the Finance, Affordability, Asset Management, and Efficiency Committee on February 10, the board set a public hearing regarding the proposed water rates and charges for calendar years 2027 and 2028, necessary to meet the revenue requirements for fiscal years 2026/27 and 2027/28.

Manage risk to protect Metropolitan’s assets against exposure to loss.

The Risk Management Unit completed 66 incident reports, communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits, and spills.

Risk Management completed 46 risk assessments on contracts, including professional service agreements, construction contracts, entry permits, special events, and film permits.

Business Continuity

Facilitate district-wide planning and training to prepare employees and managers to effectively carry out critical roles and recover mission essential functions, thus ensuring continuity of operations and resiliency in the event of a disaster.

Manage the Business Continuity Management Program in accordance with Operating Policy A06.

- Continued working with the Information Technology Group and Engineering Services Group on Business Continuity Plan updates.
- Collaborated with the Office of Enterprise Cybersecurity on planning efforts for a comprehensive Tabletop exercise focused on a cyberattack scenario.
- In collaboration with the Information Technology Group, conducted a Disaster Recovery/Business Continuity exercise to validate select applications running in the backup data center.
- Updated the Fusion Risk Management software to the latest version, which includes several enhancements to improve the user interface and experience of maintaining Business Continuity Plans.

Financial Management

Manage Metropolitan's finances in an ethical and transparent manner and provide consistent, clear, and timely financial reporting. Update Metropolitan's capital financing plans and work with rating agencies and investors to communicate Metropolitan's financial needs, strategies, and capabilities, thus ensuring that Metropolitan has cost-effective access to capital markets and the ability to finance ongoing future needs. In addition, actively manage Metropolitan's short-term investment portfolio to meet ongoing liquidity needs and changing economic environments.

Record and report the financial activities of Metropolitan in a timely, accurate, and transparent manner to the Board, executive management, member agencies, and the financial community.

FY25-26 Cash Water Transactions and Revenues Budget vs Actual (Preliminary, subject to change)

Month		Acre-Feet (AF) ¹		Variance		Revenue (\$) ²		Variance	
Delivered/Billed In	Collected in	Budget	Actual	AF	%	Budget	Actual	\$	%
May	July	110,834	104,802	(6,032)	-5%	122,873,672	134,899,988	12,026,316	10%
June	August	117,893	105,957	(11,936)	-10%	150,194,358	117,905,817	(32,288,541)	-21%
July	September	130,799	117,324	(13,475)	-10%	149,512,493	134,297,129	(15,215,364)	-10%
August	October	133,060	121,437	(11,623)	-9%	152,486,828	153,574,498	1,087,670	1%
September	November	125,227	131,836	6,609	5%	141,365,920	150,893,965	9,528,045	7%
October	December	126,161	123,200	(2,961)	-2%	139,251,899	132,150,366	(7,101,533)	-5%
November	January	128,056	103,951	(24,105)	-19%	136,399,566	109,283,424	(27,116,142)	-20%
December	February ³	107,621	119,244	11,623	11%	112,940,009	136,943,652	24,003,643	21%
January	March ³	90,739	79,717	(11,022)	-12%	105,775,733	100,240,583	(5,535,150)	-5%
YTD Total		1,070,390	1,007,468	(62,922)	-6%	1,210,800,480	1,170,189,422	(40,611,058)	-3%
February	April	78,856	-	-	0%	91,212,001	-	-	0%
March	May	84,484	-	-	0%	98,206,004	-	-	0%
April	June	110,200	-	-	0%	129,990,583	-	-	0%
FY Total		1,343,930	1,007,468	N/A	N/A	1,530,209,068	1,170,189,422	N/A	N/A

¹ AF reflected does not include non-member agency transactions.

² Includes Water Sales, Exchanges, and Wheeling for member agency and non-member agency.

³ Information is presented on an accrual basis; corresponding cash data is not yet available.

Update capital financing plans and work with rating agencies and investors to communicate financial needs and capabilities, ensure cost-effective access to capital markets, and maintain long-term bond ratings of AA or better.

In January 2026, the debt team focused on updating the debt footnotes for our Quarterly Financial Statements, developing our Quarterly Swap Report as of December 31, 2025, and the relevant projections for our internal quarterly financial report.

Prudently manage the investment of Metropolitan's funds in accordance with policy guidelines and liquidity considerations.

As of January 31, 2026, Metropolitan's investment portfolio balance was \$1.7 billion; in the same month, total earnings were \$5.55 million, and the effective rate of return was 4.06 percent.

In January 2026, Metropolitan's portfolio manager executed nineteen buy and nine sell trades.

Treasury staff managed daily cash flow to cover Metropolitan's operational expenditures and invest excess funds.

Treasury staff completed the following transactions:

- 28 Dreyfus Cash Management Fund transactions
- 23 CAMP Investment Pool transactions
- \$39.07 million in Metropolitan's bond payments and Swap payments
- 834 disbursements by check, 25 by Automated Clearing House (ACH), and 165 by wire transfer
- 56 receipts by check, 47 by ACH, and 51 by incoming wires and bank transfers
- Two exception confirmations and zero unauthorized ACH
- Stop payments: 7 for the Demand Account; zero for the Payroll Account
- One GOP Alert received from Bank of America

The Treasury staff also processed the following transactions for the Delta Conveyance Design and Construction Authority:

- Received and deposited fifteen checks totaling \$4.53 million
- Issued seven checks and 23 wires totaling approximately \$1.92 million

In addition, Treasury staff processed nineteen professional services invoice payment requests totaling approximately \$0.47 million.

Furthermore, 9,429 P-One Card transactions totaling \$1.09 million, as recorded in the January bank statement, were monitored by the P-One Card Administrator.

Administrative Services

In February, the Contracting Services Unit presented several amendments to the Administrative Code to the Board for consideration. The changes were approved by the Board, which will provide clarification and improve efficiency helping to prevent operational delays.