



THE METROPOLITAN WATER DISTRICT  
OF SOUTHERN CALIFORNIA

# Board Report

## Finance Group and Administrative Services Section

- **Finance Activities Report**

### Summary

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This report provides a summary of the Finance group activities for June 2024 and July 2024.

### Purpose

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Informational

### Attachments

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Attachment 1–Finance group activities for June 2024 and July 2024.

# Finance Group Activities Report for June 2024 and July 2024

## 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.**

Metropolitan is continuing its Member Agency Manager Treated Water Cost Recovery Workshops.

**Manage risk to protect Metropolitan's assets against exposure to loss.**

The Risk Management Unit completed 44 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits, and spills.

Risk Management completed 53 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 A-06.**

- In conjunction with Information Technology, continued planning for employee videos focused on creating awareness about alternate ways of accessing systems.
- Continued working across the district on Business Continuity Plan updates and approvals.
- Conducted training on the MetAlert emergency notification system for the security special agents
- In conjunction with the core planning team, continued working on the district-wide Local Hazard Mitigation Plan.
- Drafted an overview of the MetAlert emergency notification system for distribution to the board and new hires.
- Conducted the quarterly business continuity steering committee meeting.

## 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.

### *FY24-25 Cash Water Transactions and Revenues Budget vs Actual (Preliminary, subject to change)*

Month		Acre-Foot (AF)		Variance		Revenue (\$)¹		Variance	
Delivered/ Billed In	To be Collected in	Budget	Actual	AF	%	Budget	Actual	AF	%
May	July	111,381	94,150	(17,231)	-15%	115,229,950	109,515,650	(5,714,300)	-5%
June	August	119,830	96,682	(23,148)	-19%	125,784,531	103,032,854	(22,751,677)	-18%
July	September	133,150	113,842	(19,308)	-15%	141,593,107	121,855,439	(19,737,668)	-14%
August	October	136,454			0%	145,228,729			0%
September	November	127,137			0%	133,654,533			0%
October	December	123,989			0%	128,484,039			0%
November	January	124,881			0%	125,600,359			0%
December	February	104,337			0%	103,142,117			0%
January	March	88,988			0%	94,892,283			0%
February	April	77,291			0%	81,729,932			0%
March	May	82,757			0%	87,971,710			0%
April	June	107,565			0%	116,249,283			0%
<b>FY Total</b>		<b>1,337,760</b>	<b>304,674</b>	<b>(1,033,086)</b>	<b>-77%</b>	<b>1,399,560,573</b>	<b>334,403,943</b>	<b>(1,065,156,630)</b>	<b>-76%</b>

¹ Reflects amount billed, not collected.

**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.**

On June 13, 2024, Metropolitan sold three series of revenue refunding bonds: (1) the \$80,390,000, Variable Rate Subordinate Water Revenue Refunding Bonds, Ser. 2024 B-1 supported by a Standby Bond Purchase Agreement with Bank of America, NA, and remarketed, in a weekly mode, by Loop Capital Markets; (2) the \$89,445,000, 2024 Ser. B-2, Water Revenue Refunding Bonds, Term Rate Mode, with a Mandatory Purchase Date of July 1, 2029; and (3) the \$86,940,000, 2024 Ser. B-3, Water Revenue Refunding Bonds, Term Rate Mode, with a Mandatory Purchase Date of July 1, 2031. Proceeds of all three series will be used to refund certain Short Term Revolving Notes, issued by Bank of America, NA.

On June 28, 2024, Metropolitan issued three series of Short-Term revolving notes, issued by Bank of America, NA. They are the \$18.0 million, Ser. 2024 A-6 notes, to fund a portion of FY24 conservation costs; the \$30.0 million 2024 Ser. A-7 notes, to fund a portion of costs related to the AVEK project; and, \$280.0 million Ser. 2024 A-8 notes, to fund a portion of costs related to the FY2024, FY 2025 and FY 2026 Capital Investment Program.

Metropolitan staff and it’s financing team initiated the preparation of plan of finance development and documentation for an upcoming bond sale, the Water Revenue Refunding Bonds, 2024 Ser. C, and the Variable Rate Subordinate Water Revenue Refunding Bonds, 2024 Ser. D. The bonds are expected to be priced and delivered in early-to mid-September. The amounts of the bond issues are still under review.

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

As of June 30, 2024, Metropolitan's investment portfolio balance was \$1.4 billion; the total April earnings were \$3.8 million, and the effective rate of return was 4.44 percent.

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

In June 2024, Metropolitan's portfolio manager executed nineteen trades. Treasury staff completed the following transactions:

- 25 Dreyfus Cash Management Fund transactions
- 22 CAMP Investment Pool transactions
- \$4.71 million in Metropolitan's bond, refunding, and SWAP payments
- 1,061 disbursements by check, 18 by Automated Clearing House (ACH) and 118 by wire transfer
- 66 receipts by check, 44 by ACH, and 55 by incoming wires and bank transfers
- Prevented five unauthorized ACH transactions

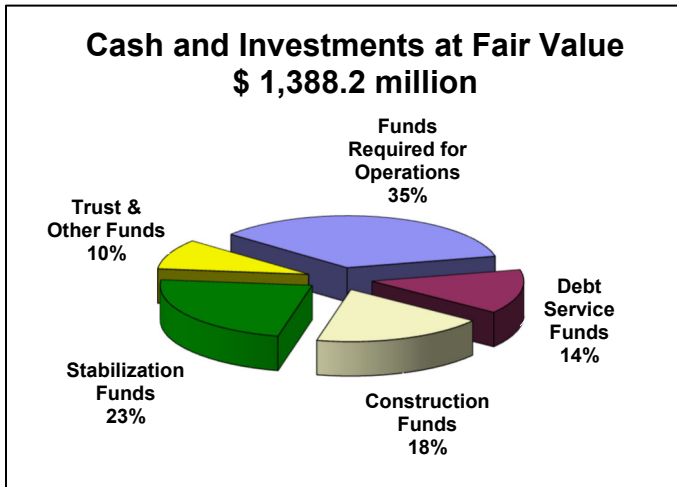
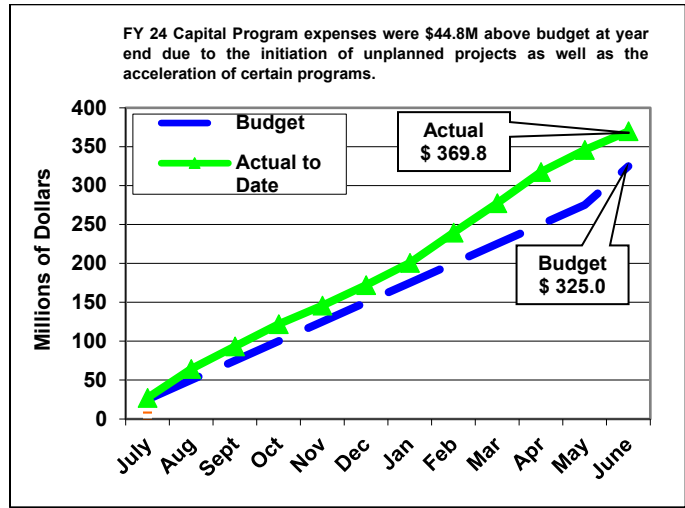
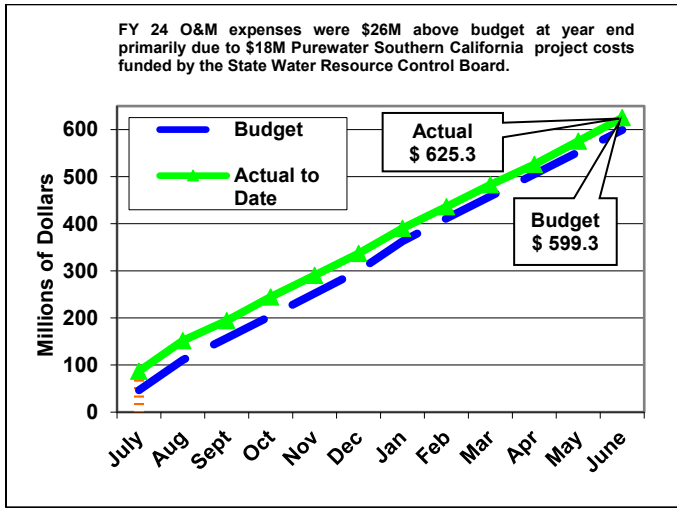
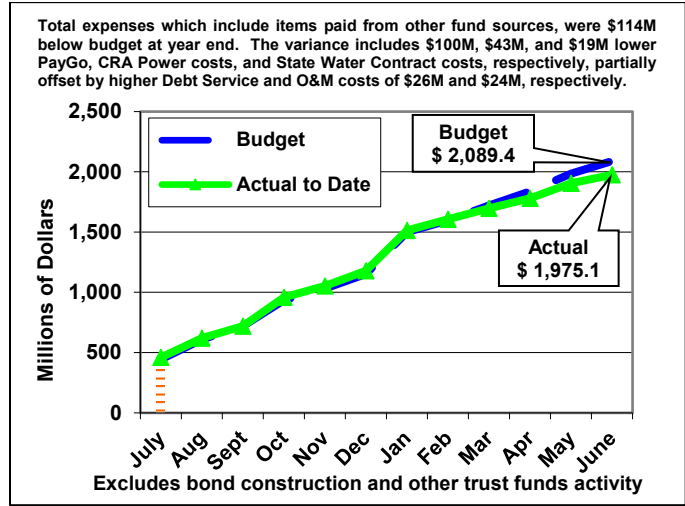
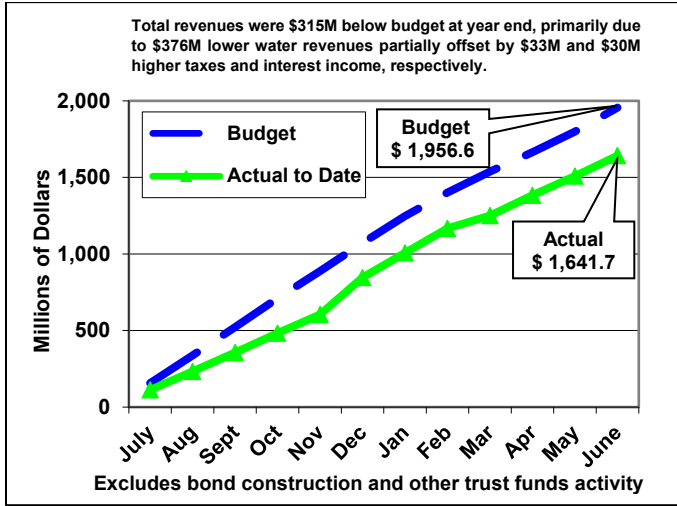
The Treasury staff also processed for DCA the following transactions:

- Received and deposited 5 checks totaling \$0.24 million
- Issued 5 checks and 8 wires totaling approximately \$0.20 million

In addition, Treasury staff processed 27 professional services invoice payment requests totaling approximately \$0.58 million.

Furthermore, 8,722 P-One Card transactions, totaling \$1.1 million, recorded in the June bank statement were monitored by the P-One Card Administrator.

**Fiscal Year 2023-2024 Preliminary Financial Results**



### Summary Financial Statistics

	Target	Year-End Actual
Fixed Charge Coverage	≥ 1.20 x	1.14
Revenue Bond Coverage (Aggregate)	> 2.00 x	1.14
Revenue Bond Debt / Equity Ratio	< 100.0%	52.1%

#### Senior Lien Revenue Bond Credit Ratings

	Target	Current
- Moody's Investors Service	Aa2	Aa1
- Fitch Ratings	AA	AA+
- Standard & Poor's	AA	AAA