



Finance, Affordability Asset Management and Efficiency
Committee

Quarterly Financial Report

Item 6a
August 19, 2025

Item 6a

Quarterly Financial Report

Subject

- Quarterly Financial Report

Purpose

- Review Metropolitan's Financial Results for Fiscal Year 2024/25 and review the mid-cycle biennial budget status

Agenda

- Fiscal Year 2024/2025 financial results and mid-cycle biennial budget status
- Update on FY 2025/26 revenue generation
- Unaudited Basic Financial Statements

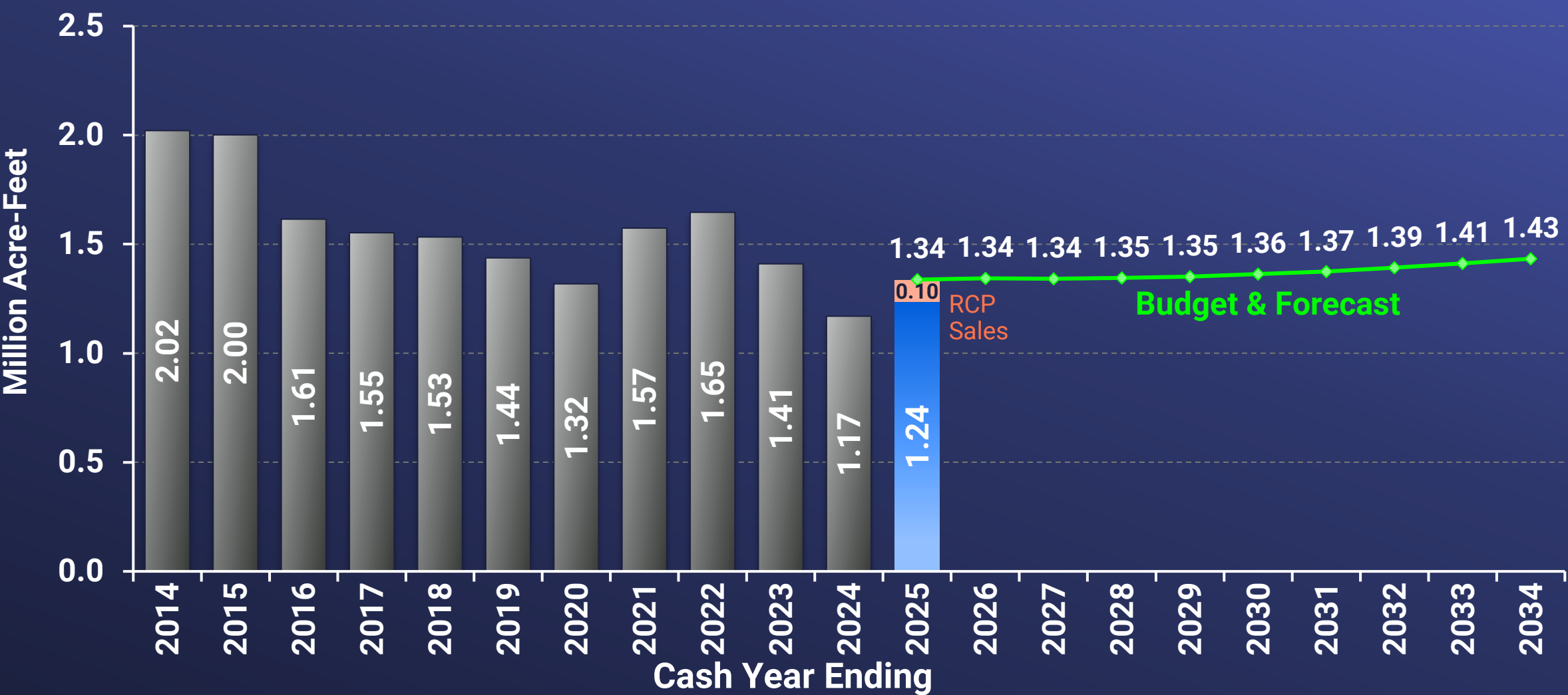
Fiscal Year 2024/25 Financial Results and Mid-Cycle Biennial Budget Status

Key Goals and Underlying Assumptions

Biennial Budget FY 2024/25 & 2025/26

- Balance between funding Metropolitan's current strategic priorities, addressing current financial challenges, maintaining financial robustness, and moderating rate impacts
- Financial targets:
 - Revenue bond coverage = 2.0x (budget est. 1.7x FY25 and 1.9x FY26)
 - Fixed charge coverage = 1.2x (budget est. 1.7x FY23 and 1.9x FY26)
 - Senior Lien Ratings: AAA/AA+/Aa1
- Biennial budgeted water transactions assumed at 1.34 MAF
- SWP allocation and CRA diversion
 - SWP allocation: 50% (2025) and 49% (2026)
 - CRA Diversions: 750 TAF (FY 2024/25) and 760 TAF (FY 2025/26)

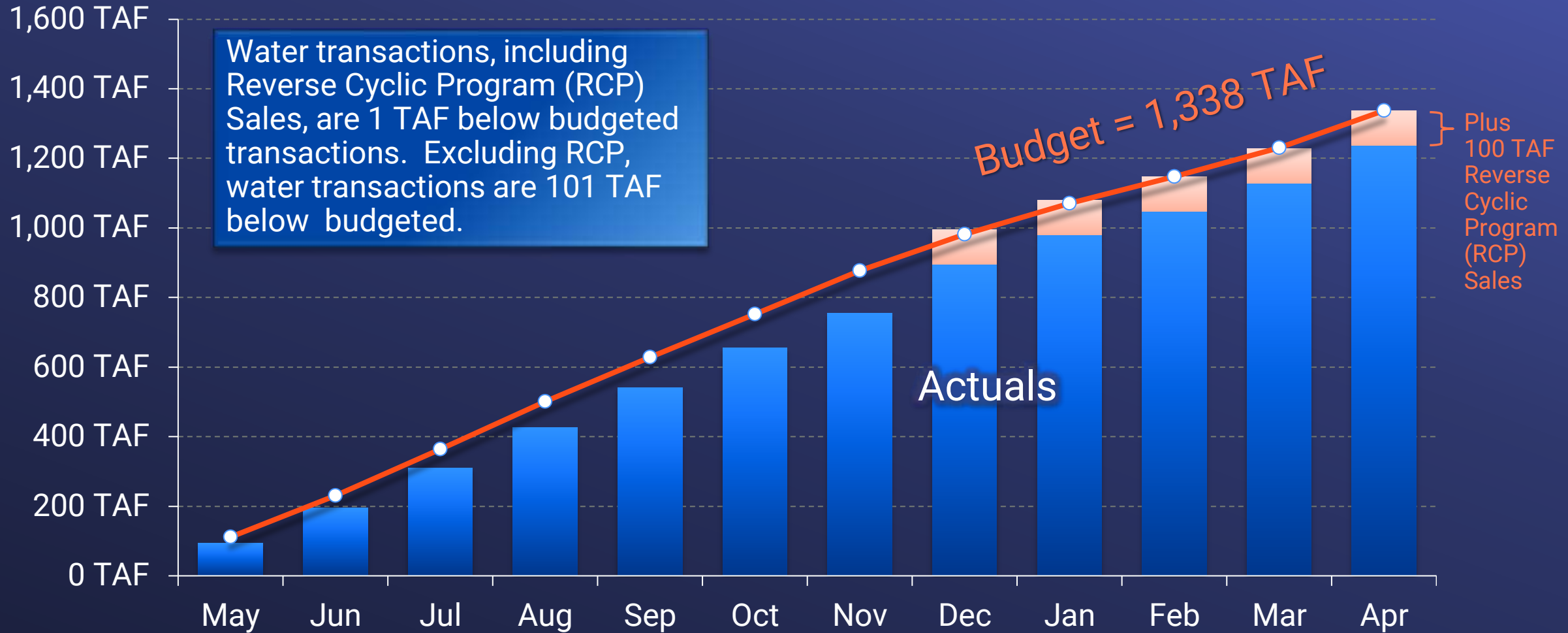
Historic Water Transactions⁽¹⁾



⁽¹⁾ Includes Water Sales, Exchanges, and Wheeling from member agencies. Non-member agency transactions are excluded.

Cumulative Water Transactions ⁽¹⁾

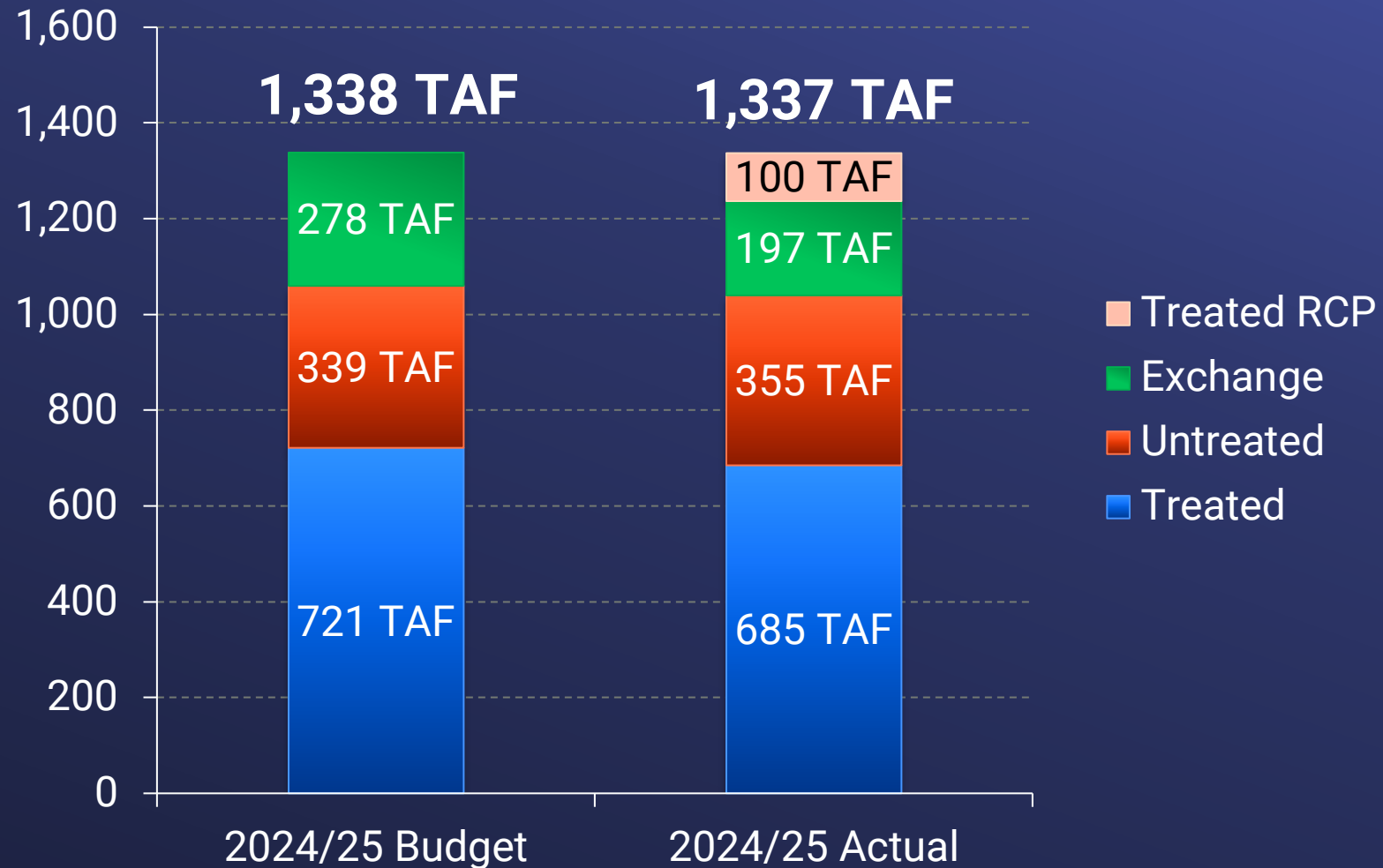
Cash Year 2024/25



⁽¹⁾ Includes Water Sales, Exchanges, and Wheeling from member agencies. Non-member agency transactions are excluded.

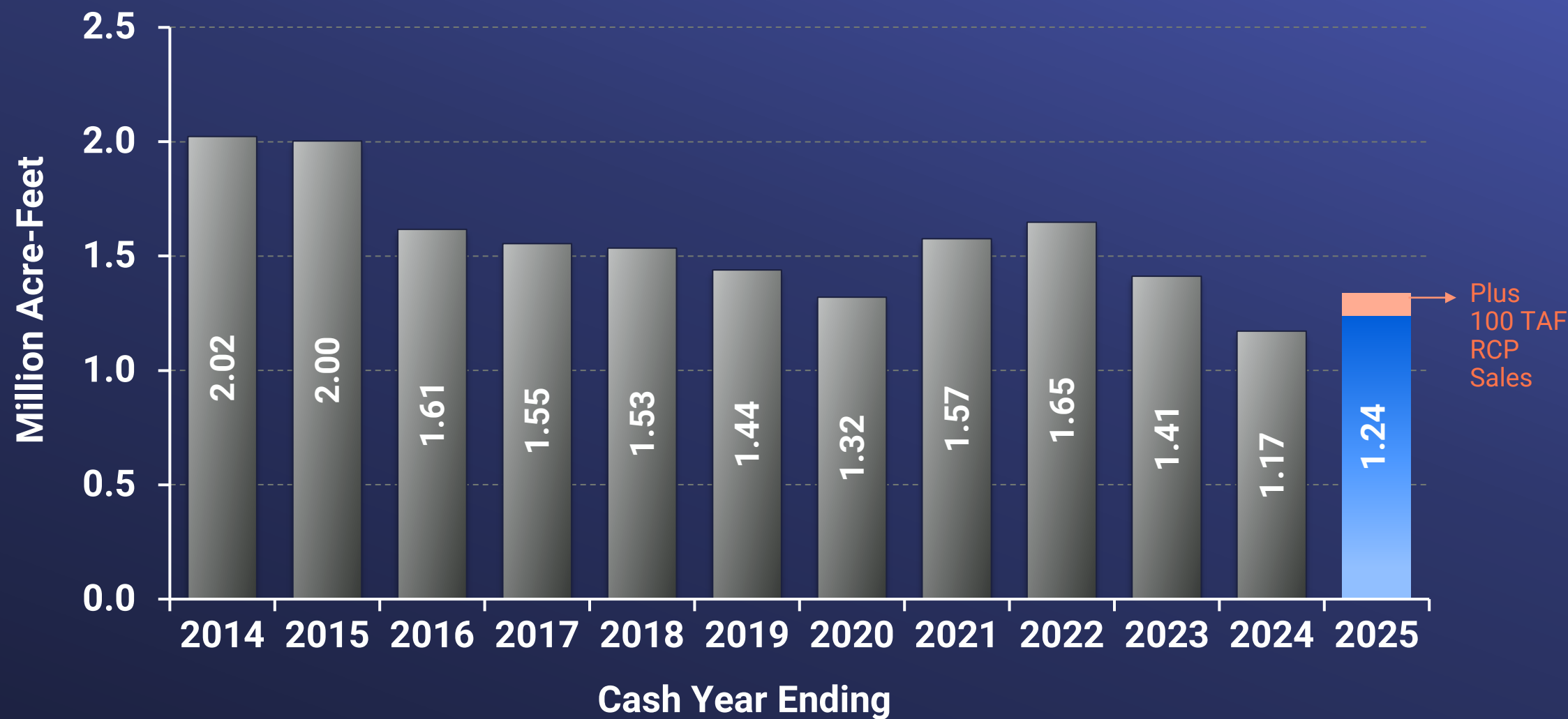
Water Transactions ⁽¹⁾

Cash Year 2024/25



⁽¹⁾ Includes Water Sales and Exchange from member agencies. Non-member agency transactions are excluded.

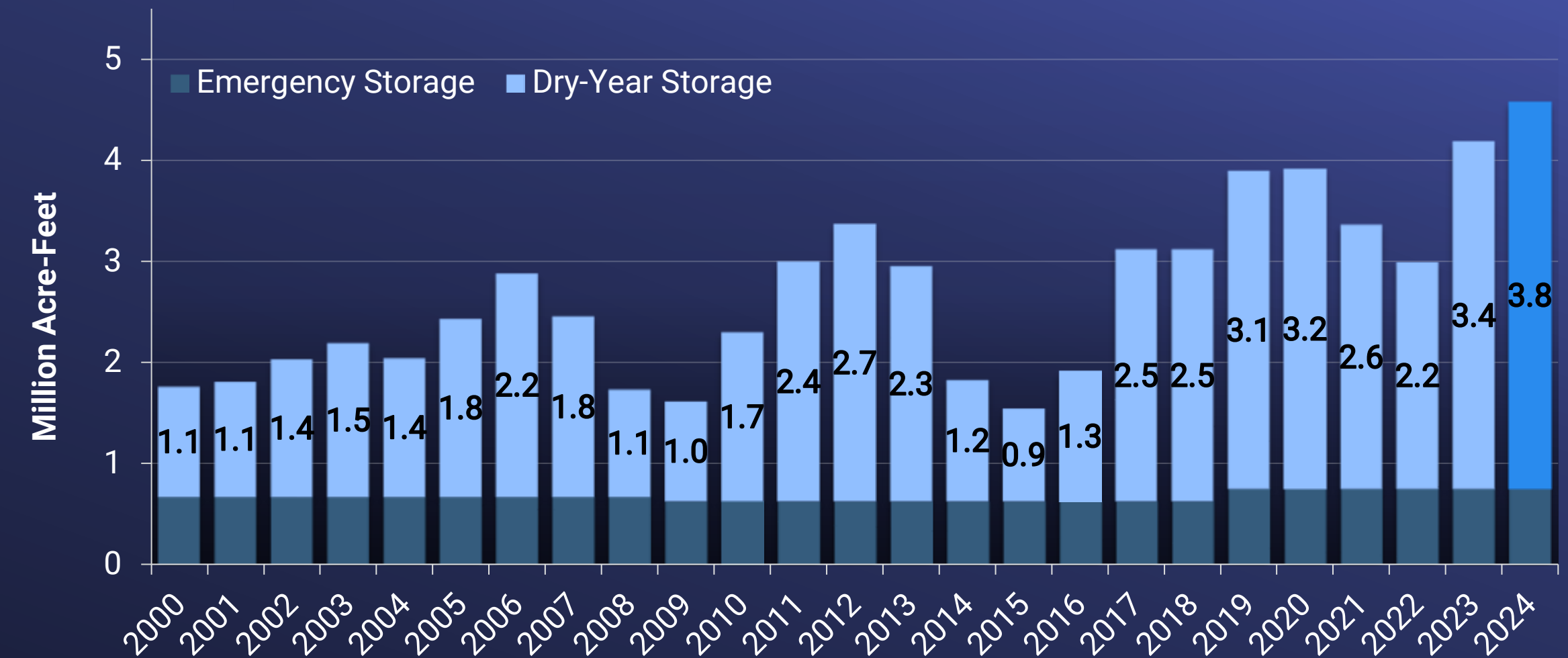
Historic Water Transactions ⁽¹⁾



⁽¹⁾ Includes Water Sales, Exchanges, and Wheeling from member agencies. Non-member agency transactions are excluded.

Record-High Storage Projection for Metropolitan

End-of-Year Balances



Note:
2024 end-of-year balance is preliminary and subject to USBR final accounting.

FY 2024/25 Q4 Financial Results

in millions	Budget	Actuals	Change
Water Transactions	1,418.5	1,353.5	(65.0)
Reverse Cyclic Sales Revenues	-	125.6	125.6
RTS Charge & Capacity Charge	213.8	212.6	(1.2)
Taxes	316.5	390.7	74.2
Interest Income	50.3	34.2	(16.1)
IRA Bucket 1 Funding	47.3	94.1	46.7
Other	112.7	48.3	(64.4)
Total Revenues	2,159.2	2,258.9	99.7
State Water Contract	689.0	576.7	(112.3)
Delta Conveyance	11.6	11.6	-
Departmental O&M & Operating Eq ⁽¹⁾	652.7 ⁽²⁾	650.7	(2.1)
CRA Power	84.5	68.7	(15.8)
Supply Programs	179.5	94.7	(84.8)
Demand Management	87.6	40.9	(46.8)
Debt Service	340.4	344.4	4.1
PAYGO	175.0	175.0	-
Total Expenditures	2,220.3	1,962.7	(257.6)
Increase in Required Reserves	27.4	29.2	1.8
Transfers to Treatment SSF	-	18.2	18.2
Net transfers to General Fund	-	(1.3)	(1.3)
AVEK & Conservation Debt Funded	(114.6)	(24.6)	90.0
USBR Grants to Fund 7102	-	21.1	21.1
Total Fund Deposits (Withdraws)	(87.2)	42.6	129.8
Change in Unrestricted Reserves⁽³⁾	26.0	253.6	227.6

A

B

C

= A-B-C

- 100 TAF Treated RCP Sales
→ \$126 M Revenues
- \$254 M deposit to
unrestricted reserves
 - \$128 M without counting
Reverse Cyclic Sales

Footnotes:

- (1) Net of PWSC expenses funded from SWRCB \$80M State Fund
- (2) Includes full \$18M expenditure reduction
- (3) Revenue Remainder and Water Rate Stabilization Funds

Revenues and expenditures are net of reimbursements.

Unrestricted Reserves*

End-of-Year Balances



* Revenue Remainder and Water Rate Stabilization Funds

June 30, 2025, Unrestricted Reserves are \$577M (\$451M + \$126M from RCP Sales)

- \$348M above min reserve
- \$68M below target reserve

Revenue Generation

The FY 2024/25 and FY 2025/26 Biennial Budget was adopted with an unidentified \$60 million per year in new revenues (\$120M over the biennium)

Type	Item Descriptions	Actual FY 2024/25	Est. for FY 2025/26	Status / Details
New Revenue	Agreement with IID, SDCWA, and MWD for SDCWA to purchase Full-Service water from MWD, rather than exchange IID conserved water with MWD	\$17M		Board Approved in Aug 2024 50TAF included in Q2 FY 2025 Actual
New Revenue / Cash Mgmt	Water sales agreement with Coachella Valley Water District		\$80M	Approved in May 2025. Discussing payment schedule.
New Revenue	SWP water sales outside of the service area		\$47.5M	Approved in May 2025
Cash Mgmt	Reverse Cyclic Program	\$126M		100 TAF in Dec 2024 with signed agreements
Total		\$143M+	\$127M+	

Outlook and Challenges for FY 2025/26

- FY 2025/26 continues to experience low water sales
 - FY 2025/26 Budget is based on 1.34 MAF
 - Initial forecast for FY 2025/26 transaction at 1.29 MAF
 - Lower water sales will result in lower water revenues
 - 100 TAF of delivery obligations in the next 5 years for the RCP sales
 - Actual FY 2024/25 transaction at 1.24 MAF (plus 100 TAF RCP)
- Increasing costs to maintain critical & aging infrastructure essential for operational integrity
- Financial pressure related to organization-wide resource and staffing needs

Outlook and Challenges for FY 2025/26

- Continue monitoring water sales & expenditures, and seek opportunities to reduce costs and obtain grants
- Tentative Board updates:
 - September FAAME – Update Board on Staffing Needs Analysis
 - October FAAME – Update Board on Multi-Year Forecast / Budget Drivers
- More information will come at 1st Quarter report in November

Unaudited Basic Financial Statements

Quarterly Financial Statements

The latest Quarterly Financial Statements are located on our website at:

<https://www.mwdh2o.com/budget-finance/financial-reports-documents/>



- The unaudited Quarterly Financial Statements for the Third Quarter ending March 31, 2025, is available and posted to the MWD website
- The Annual Comprehensive Financial Report for FY 2025 will be available in November – December 2025

