



Finance, Audit, Insurance, and Real Property Committee

Quarterly Financial Review September 30, 2023 (Cash Basis)

Item 6b

November 14, 2023

Item # 6b Overview of the Quarterly Financial Review

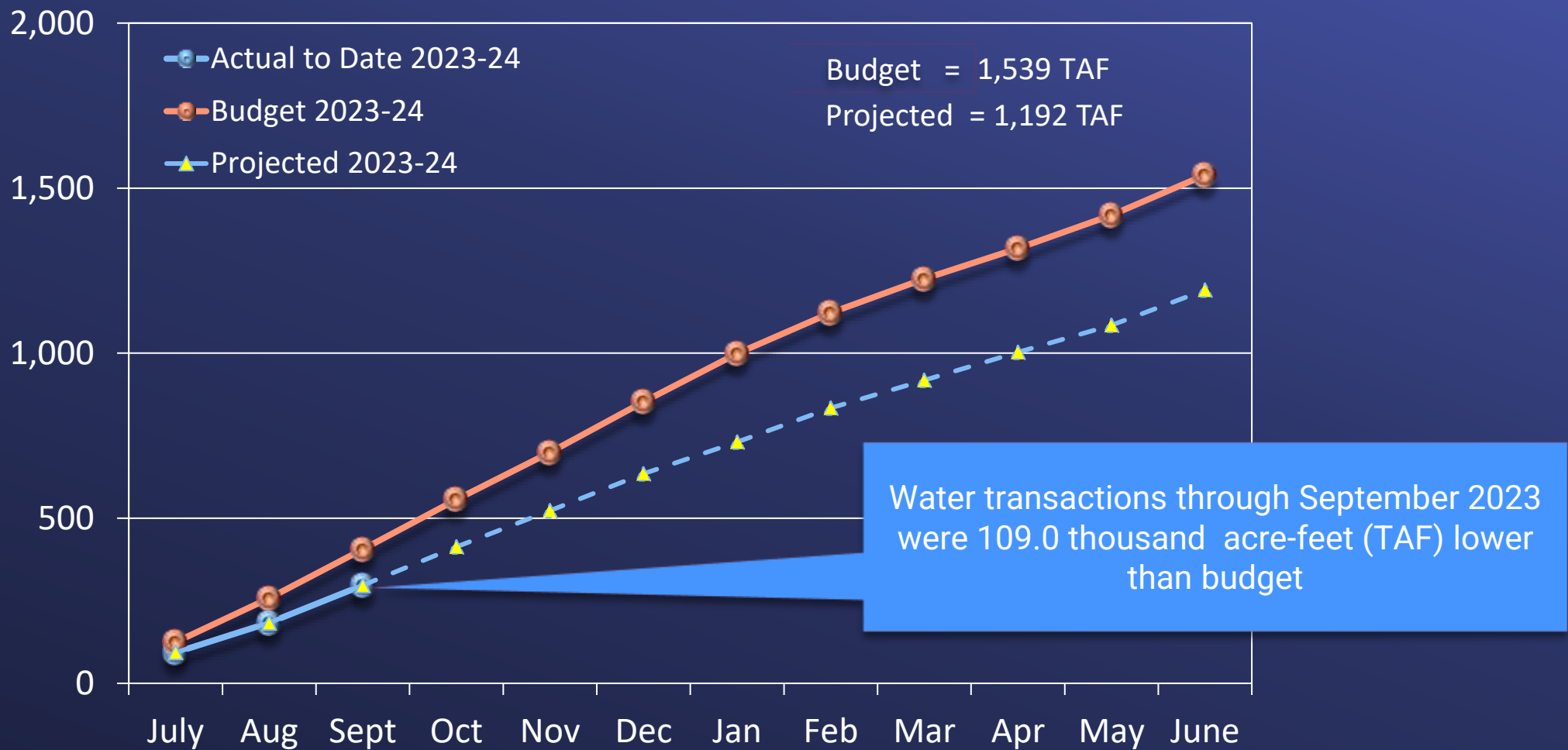
Subject

- The District's Financial Report for the quarter ended September 30, 2023 and projections through June 30, 2024

Purpose

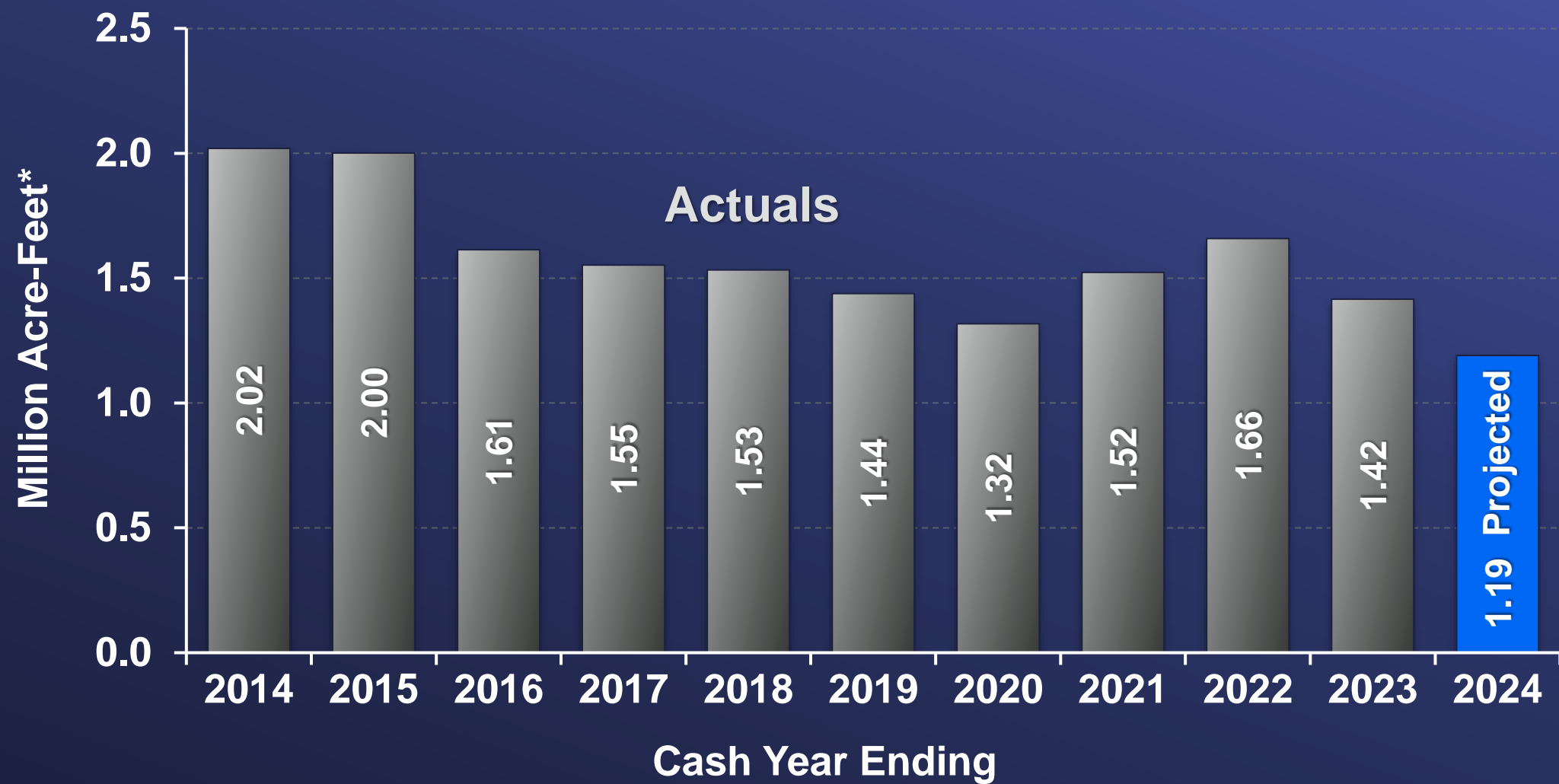
- Present the financial performance for the first quarter (cash basis, actuals)
- Present the cumulative water transactions and its components
- Assess revenues, expenses, and insights into cash flow
- Compare full-year Fiscal Year 23/24 projections with the budget
- Present projected Fiscal Year 23/24 unrestricted reserve ending balance

Cumulative Water Transactions⁽¹⁾ (AF in thousands)



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

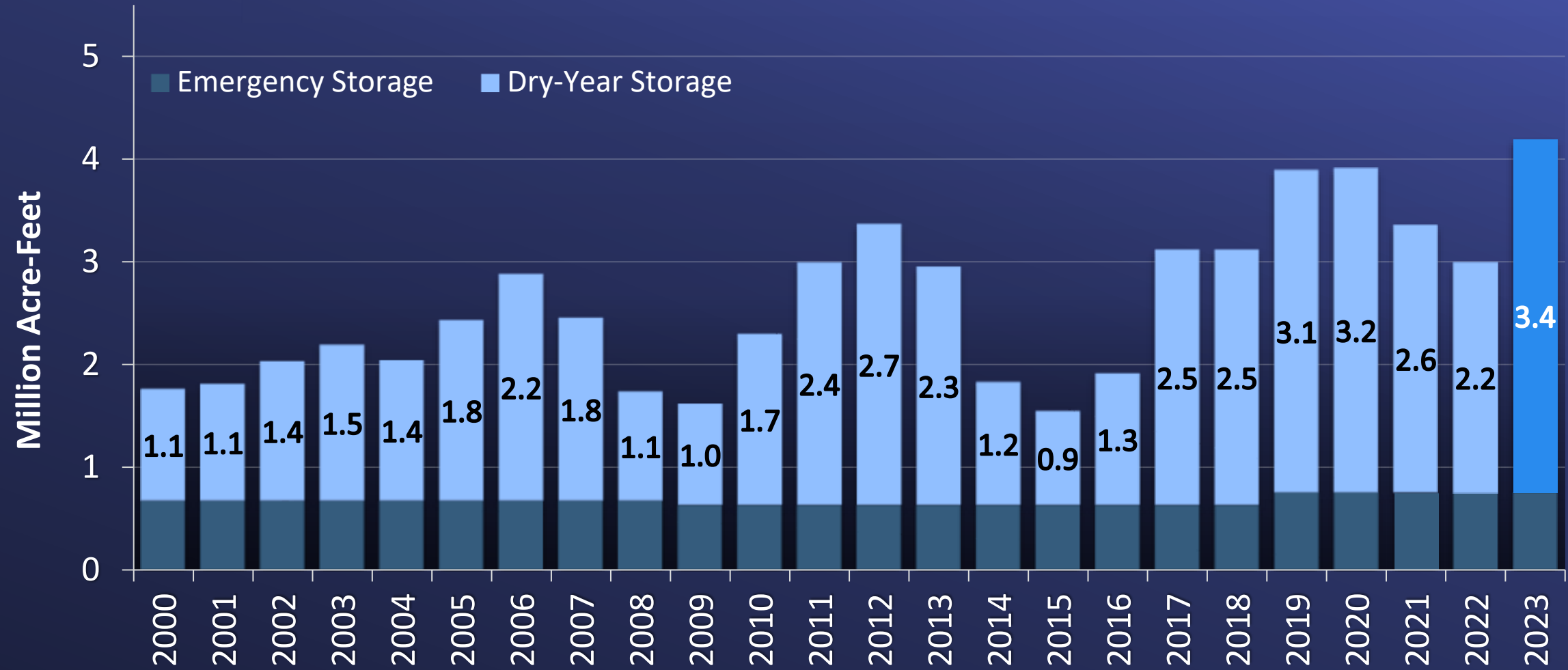
Metropolitan's Water Transactions⁽¹⁾



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

Record-High Storage Projection for Metropolitan

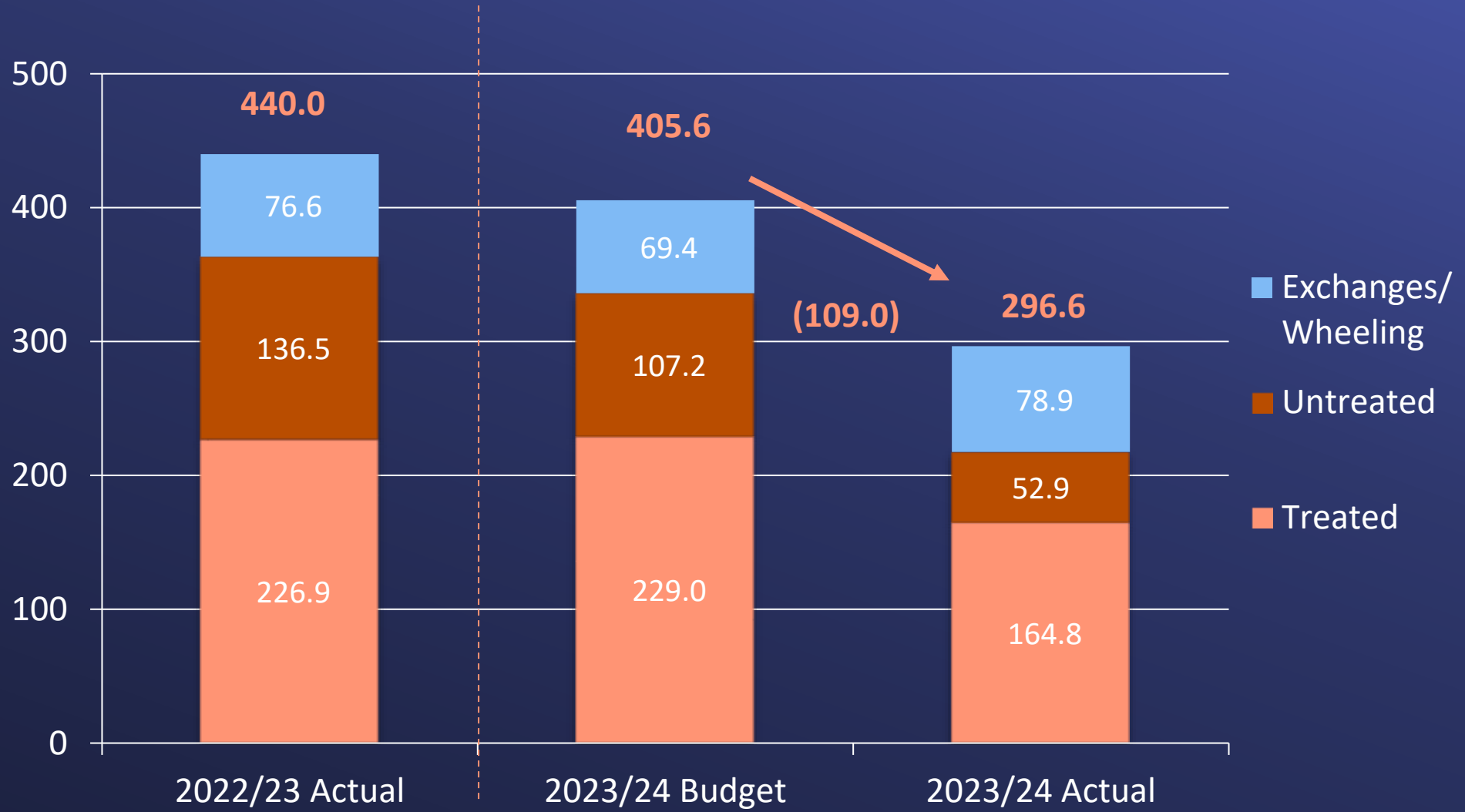
End-of-Year Balances



Note:
2023 end-of-year balance is preliminary as they are subject to DWR adjustments and USBR final accounting.

Water Transactions through September 2023⁽¹⁾

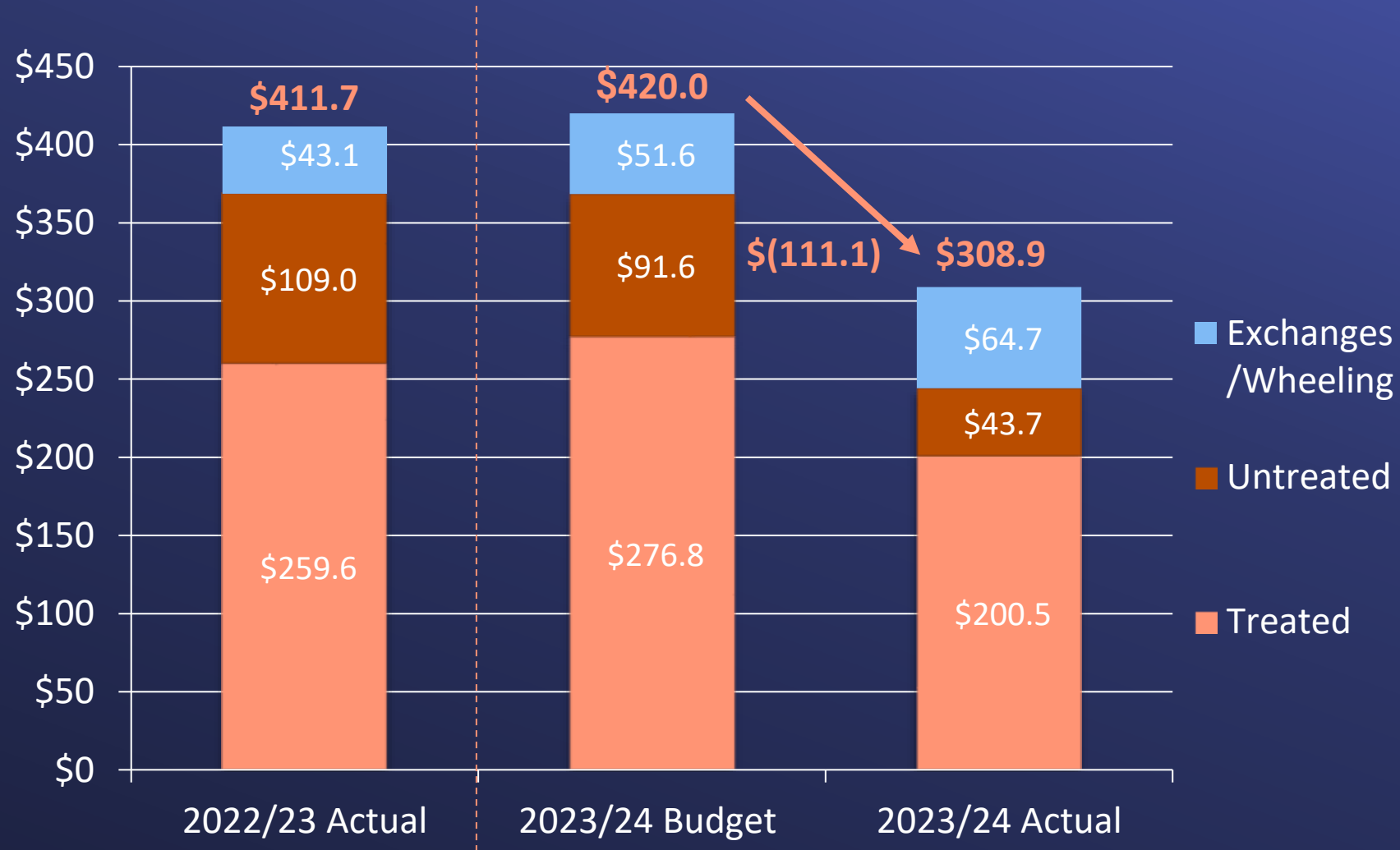
(AF in thousands)



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

Water Revenues through September 2023⁽¹⁾

(\$ in millions)



⁽¹⁾ Includes Water Sales, Exchanges, and Wheeling from member and non-member agencies.

(\$ in millions)

FY 23/24 Revenues (Cash Basis)

September 30, 2023

	2023/24 Q1 Actuals	2023/24 Projected	2023/24 Budget	Variance
Water	\$ 308.9	\$ 1,189.9	\$ 1,538.3	\$ (348.4)
RTS	12.8	160.5	160.5	-
Capacity Charge	3.9	36.0	35.2	0.8
Power	6.9	18.6	14.2	4.4
Taxes, net	5.9	187.9	168.3	19.6
Interest	13.4	29.5	9.6	19.9
Other	5.5	28.5	30.5	(2.0)
Total Revenues	\$ 357.3	\$ 1,650.9	\$ 1,956.6	\$ (305.7)

(\$ in millions)

FY 23/24 Expenses (Cash Basis)

September 30, 2023

	2023/24 Q1 Actuals	2023/24 Projected	2023/24 Budget	Variance
State Water Contract	\$ 261.1	\$ 784.0	\$ 726.7	\$ 57.3
Supply Programs	49.6	111.8	110.1	1.7
CRA Power Costs	10.0	64.5	85.7	(21.2)
Debt Service	169.1	280.7	301.0	(20.3)
Demand Management	14.9	64.6	67.1	(2.5)
Departmental O&M	195.8	599.3	599.3	-
PayGo	9.6	35.0*	135.0	(100.0)
Delta Conveyance	11.5	64.5	64.5	-
Total Expenses	\$ 721.6	\$ 2,004.4	\$ 2,089.4	\$ (85.0)

** Assumes \$100 million of pay-as-you-go CIP expenditures will be bond financed*

(\$ in millions)

FY 23/24 Net Cash Flow

Estimate June 30, 2024

	FY 2023/24 Projected
Total Revenues	\$ 1,650.9
Total Expenses	<u>2,004.4</u>
Net Expenses	<u>\$ (353.5)</u>

The FY 2023/24 operating deficit requires the use of approximately \$258 million from the Water Rate Stabilization Fund

(\$ in millions)

FY 23/24 Cash Basis Unrestricted Reserves

Estimate June 30, 2024

	FY 2023/24 Projected
Beginning Unrestricted Reserves Balance	\$ 554.2
Net Cash Flow	(353.5)
Increase in Required Reserves	(21.5)
Funding from SWRCB for Pure Water SoCal	23.0
Other Funding Sources (e.g., Debt and CWF Refund)	<u>93.9</u>
Ending Unrestricted Reserves Balance	<u>\$ 296.1</u>

Conclusions

- We are monitoring the financial conditions in the current fiscal year closely
- Additional cost-control actions may be necessary in the current fiscal year to maintain unrestricted reserves above the minimum policy level
 - More refined projections will be developed at the second quarter
- Importantly, the current financial challenge also impacts our development of the biennial budget, which faces similar headwinds (declining sales and increasing fixed operating costs)

