



Finance, Affordability, Asset Management, and
Efficiency Committee

Quarterly Financial Report

Item 6a

May 12, 2026

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Item 6a
Quarterly
Financial
Report

Subject

- Fiscal Year 2025/26 3rd Quarter Financial Review and Forecast

Purpose

- Review Metropolitan's 3rd Quarter financial projections for Fiscal Year 2025/26

Agenda

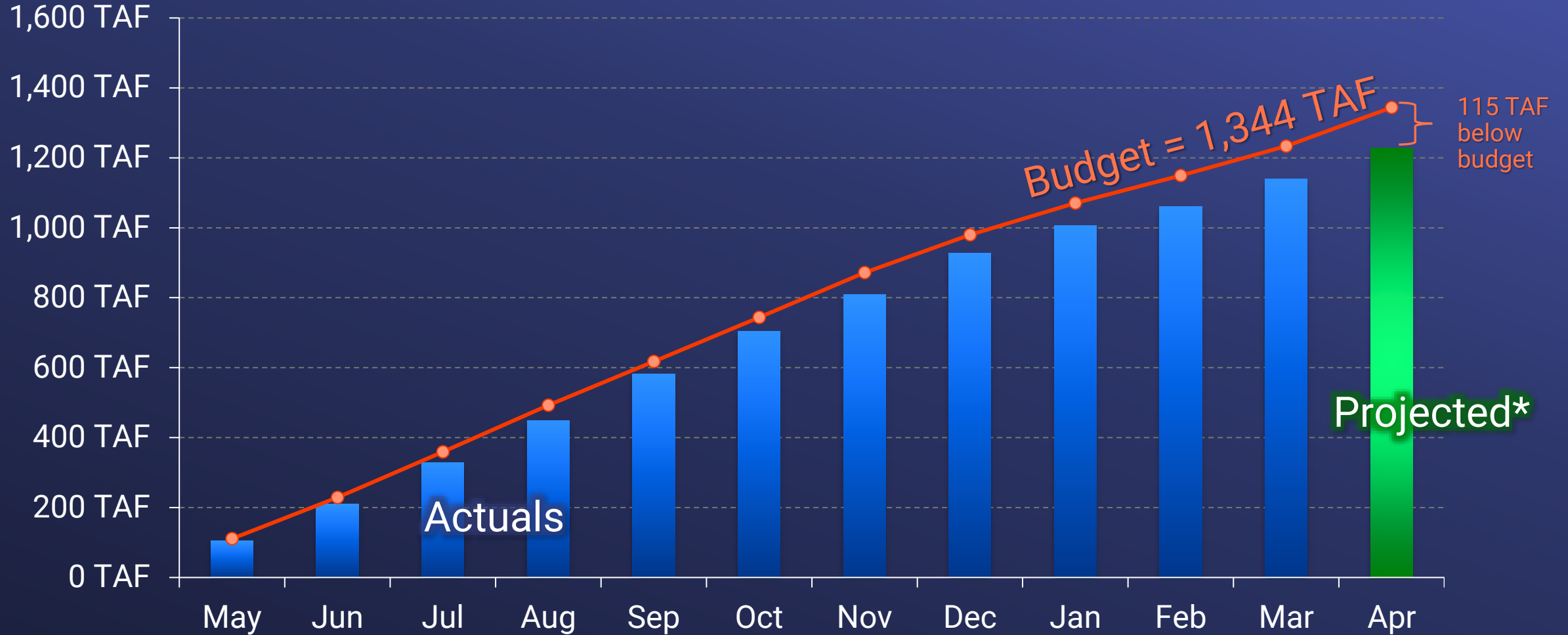
- 3rd Quarter Financial Results and Forecast
- Update on FY 2025/26 revenue generation

3rd Quarter Financial Results and Forecast

Cumulative Water Transactions ⁽¹⁾

Cash Year 2025/26

*Assumed 40 TAF Reverse Cyclic Program (RCP) Water Delivery (Prepaid) for the fiscal year

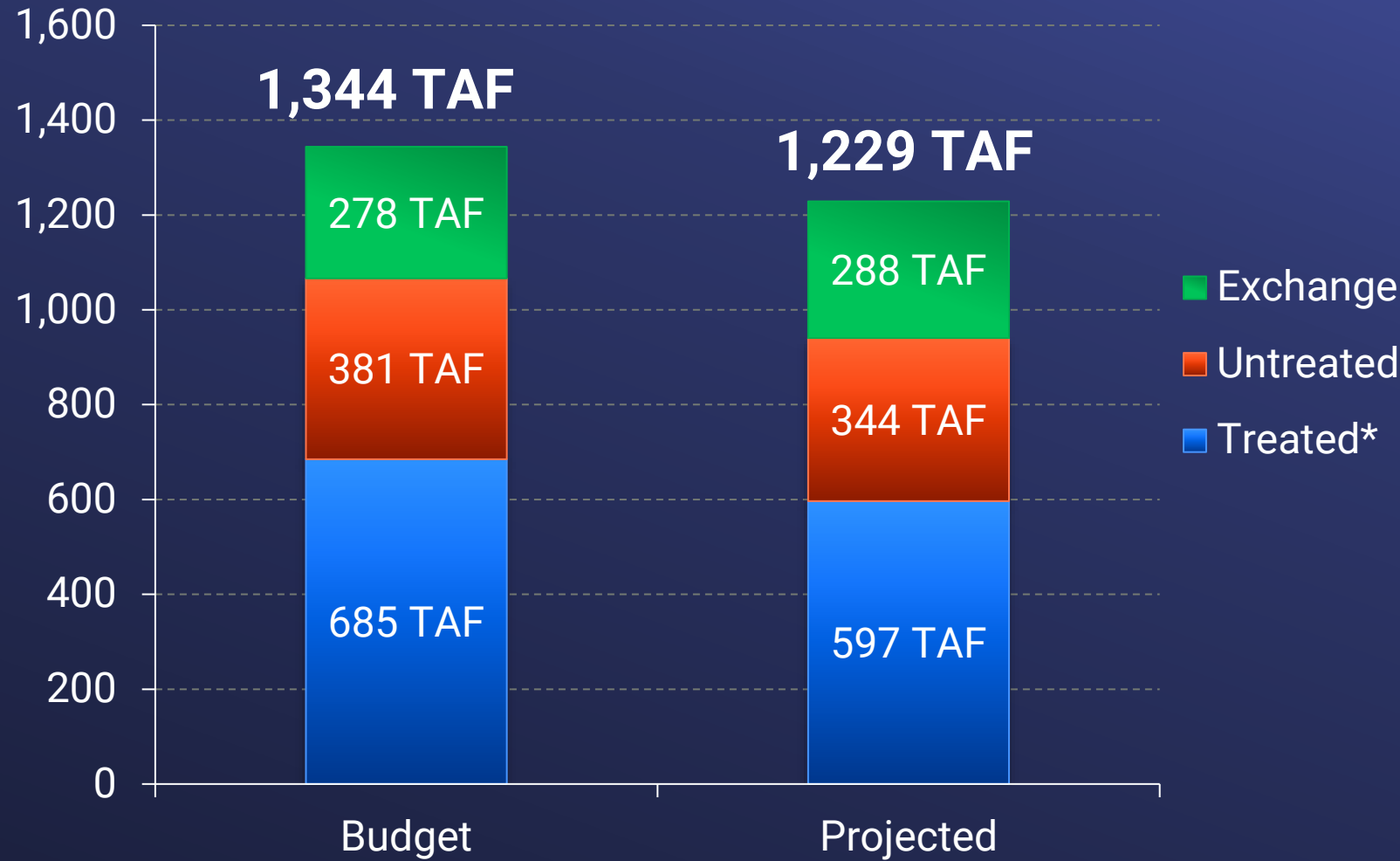


⁽¹⁾ Includes Water Sales, Exchanges, and Wheeling from member agencies. Non-member agency transactions are excluded.

Water Transactions ⁽¹⁾

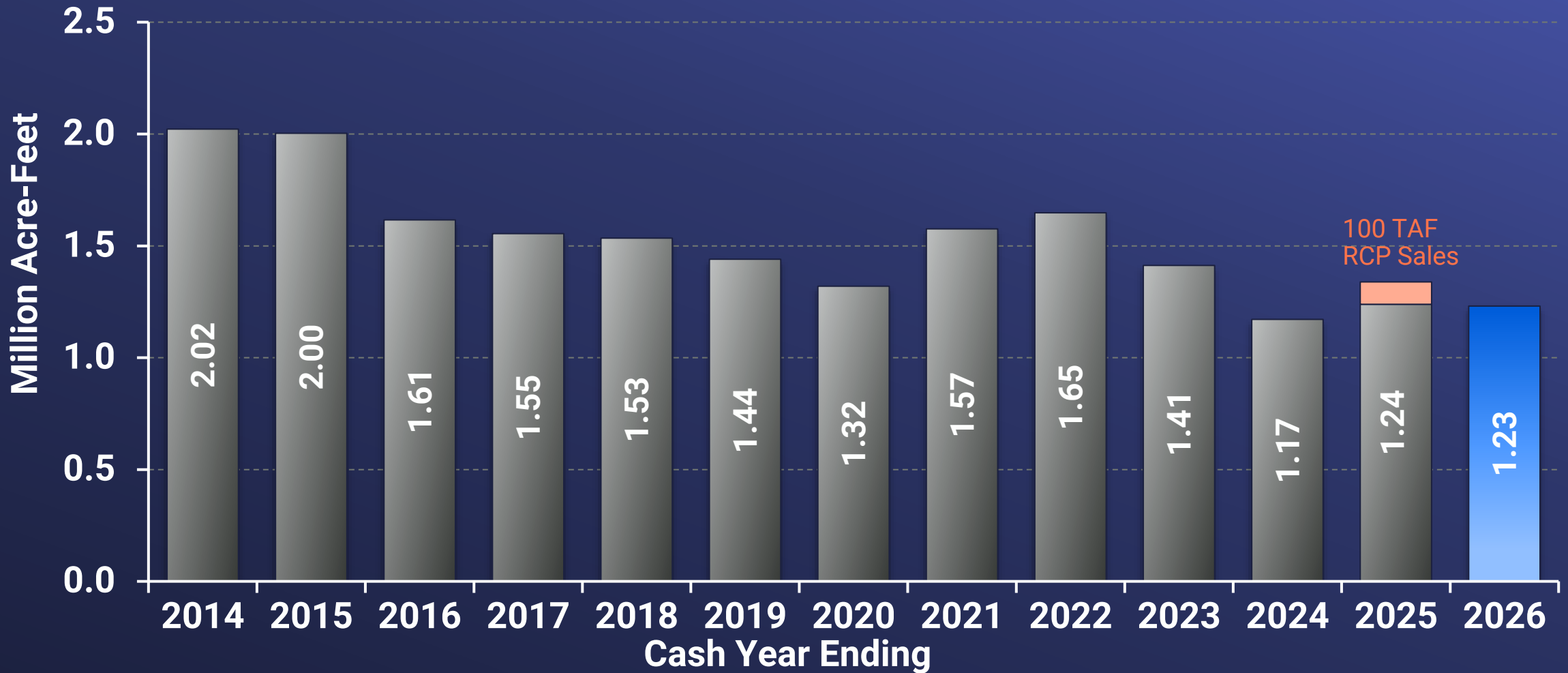
Cash Year 2025/26

*Assumed 40 TAF Reverse Cyclic Program (RCP) Treated Water Delivery (Prepaid / Non-revenue) for the fiscal year



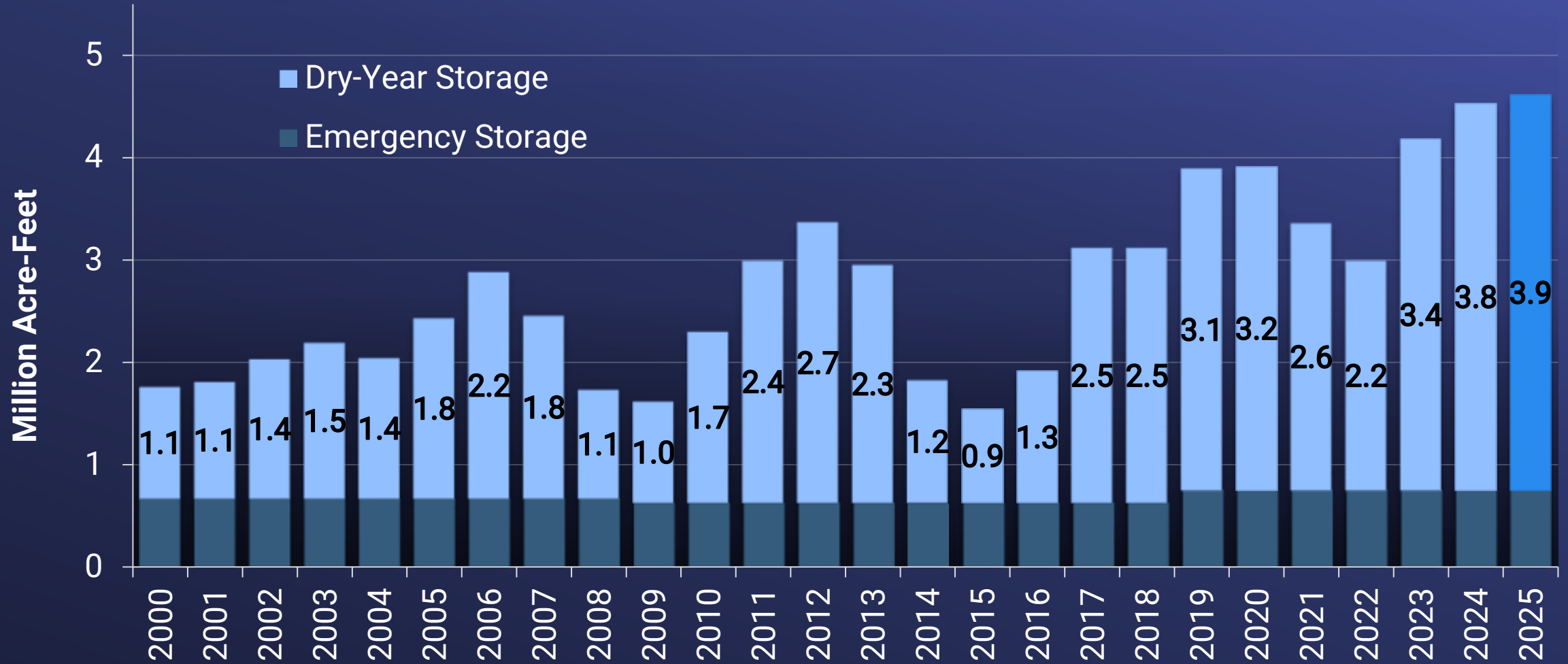
⁽¹⁾ Includes Water Sales and Exchange from member agencies. Non-member agency transactions are excluded.

Historical Water Transactions ⁽¹⁾



(1) Includes Water Sales, Exchanges, and Wheeling from member agencies. Non-member agency transactions are excluded.
For FY 2026, water transactions are adjusted for 40TAF assumed treated water delivery under RCP, which were prepaid in Dec 2024

Storage Projection for Metropolitan End-of-Year Balances



Note:

2025 end-of-year balance is preliminary as it is subject to USBR final accounting

FY 2025/26 Q3 Financial Results

in millions	Rev. Budget	Projected	Change	
Water Transactions	1,530.2	1,402.5	(127.7)	
RTS Charge & Capacity Charge	229.4	229.4	0.0	
Taxes	333.8	395.6	61.8	
Interest Income	45.4	49.6	4.1	
IRA Bucket 1 Funding	47.3	46.5	(0.9)	
Other	99.9	71.2	(28.7)	
Total Revenues	2,286.0	2,194.7	(91.3)	A
State Water Contract ⁽¹⁾	703.9	569.8	(134.1)	
Delta Conveyance ⁽¹⁾	25.7	25.7	0.0	
Departmental O&M & Operating Eq ⁽²⁾⁽³⁾	682.8	689.5	6.7	
CRA Power	83.5	52.5	(31.1)	
Supply Programs	135.0	80.6	(54.3)	
Demand Management	80.3	58.0	(22.2)	
Debt Service	353.5	344.3	(9.2)	
PAYGO	205.0	205.0	0.0	
Total Expenditures	2,269.6	2,025.4	(244.2)	B
Increase in Required Reserves	31.8	54.2	22.4	
AVEK Debt Funded	(44.1)	(12.4)	31.7	
Conservation Debt Funded	(19.2)	(19.2)	0.0	
PWSC Partner Contribution Reimb.		16.5	16.5	
Total Fund Deposits (Withdraws)	(31.5)	39.1	70.6	C
Change in Unrestricted Reserves*	47.8	130.2	82.4	= A-B-C

- \$130.2 M deposit to unrestricted reserves
 - Includes \$15.9M Water sales agreement with Coachella Valley Water District
 - Includes \$56.3M SWP water sales outside of the service area
 - Assumed 40TAF RCP treated water delivery (prepaid in Dec 2024)

Footnotes:

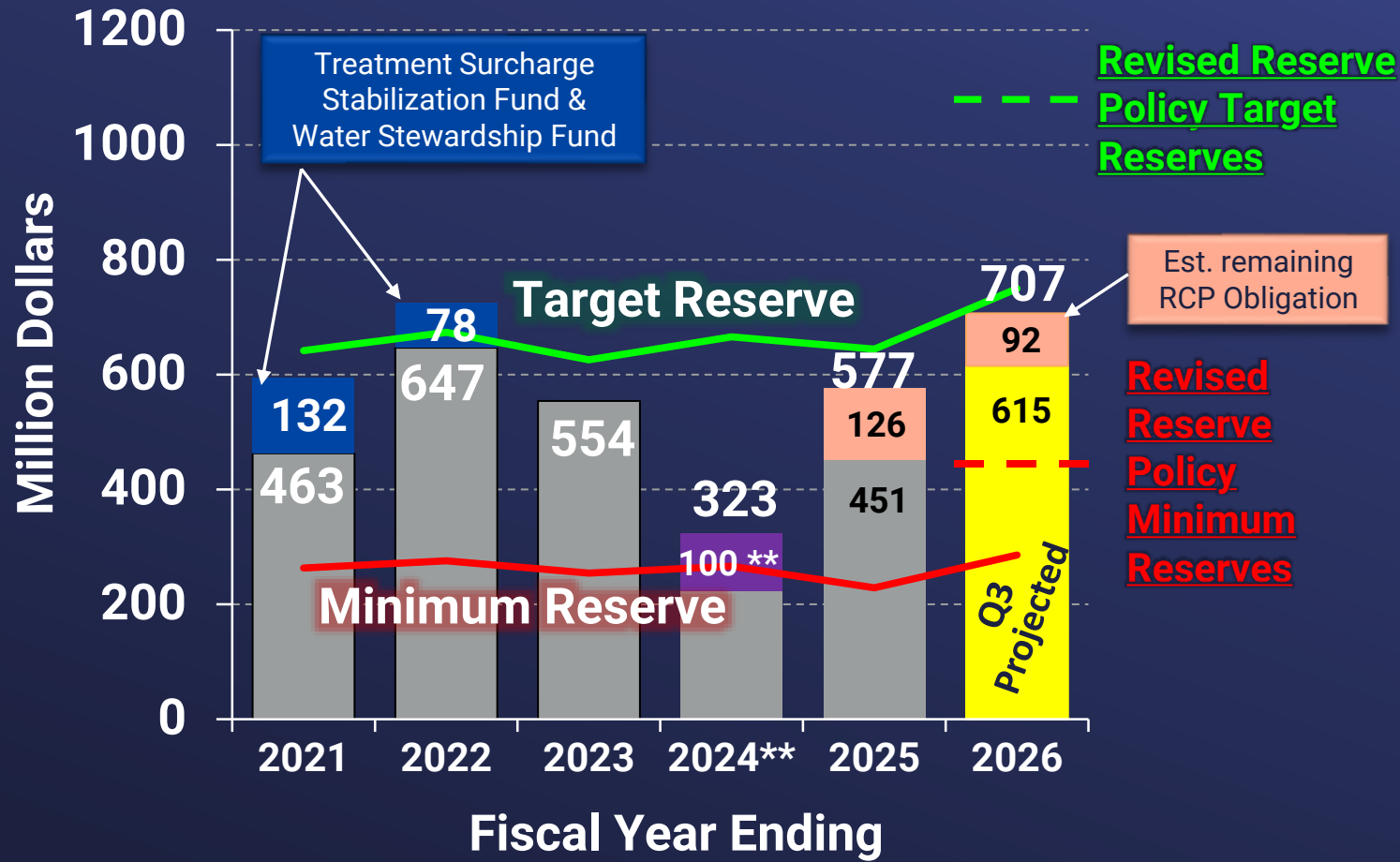
- 1) DCP Planning Cost \$141.6M approved in Dec 2024. \$75M credits received in Nov 2025
- 2) Includes full \$18M expenditure reduction in adopted budget and adds \$1M approved expenses for additional position and equipment for revised budget
- 3) Net of PWSC expenses funded from SWRCB \$80M State Fund

*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

** \$100M PAYGO reduction by using bond financing to preserve cash

June 30, 2026, Unrestricted Reserves are \$707M

- Current Reserve Policy
 - \$421M above current min reserve
 - \$43M below current target reserve
- **Revised Reserve Policy effective July 1, 2026**
 - \$283M above new min reserve
 - \$374M below new target reserve

Note: Projected Unrestricted Reserves for FY ending 2026 assumed 40TAF prepaid Reverse Cyclic delivery; remaining 60TAF RCP obligations to be delivered in future years

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	SWP water sales outside of the service area		\$56.3M	Approved in May 2025 Payments are received in Oct 2025 and Mar 2026
Subtotal New Revenue		\$17M	\$56.3M	
Cash Mgmt	Water sales agreement with Coachella Valley Water District		\$15.9M	Approved in May 2025. Invoiced in Aug / Sep 2025. Discussing payment schedule for remaining amount.
Cash Mgmt	Reverse Cyclic Program	\$126M		100 TAF in Dec 2024 with signed agreements
Total New Revenue and Cash Management		\$143M	\$72.2M	

Quarterly Financial Statements

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

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

Financial Reports and Documents.

ACFR & Quarterly Reports

FY 2026

Quarterly Basic Financial Statements - Sept. 2025 (unaudited)

FY 2025

FY 2024

FY 2023

- The unaudited Quarterly Financial Statements for the Third Quarter ending March 31, 2026, will be available and posted to the MWD website by the end of May
- The Annual Comprehensive Financial Report for FY 2025 is available and posted to the MWD website

