



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Board Report

Finance and Administration Group

- **Finance and Administration Group Activities Report**

Summary

This report provides a summary of the Finance and Administration group activities for August 2024 and September 2024.

Purpose

Informational

Attachments

Attachment 1–Finance and Administration group activities for August 2024 and September 2024.

Finance Group Activities Report for August 2024 and September 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.

In August an information report was provided to the Finance and Asset Management Committee on the District's financial condition for the fiscal year ended June 30, 2024.

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

The Risk Management Unit completed 45 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits, and spills.

Risk Management completed 49 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.

- Participated in an 8-hour Emergency Operations Center management training in accordance with California Office of Emergency Services (Cal EOS) credentialing requirements.
- Kicked off Business Continuity Plan (BCP) updates for the Office of Safety, Security and Protection. (OSSP).
- Finalized BCP updates for Fleet Services.
- Updated the Fusion software with the latest functionality and updated employee information.
- Participated in the kickoff meeting to update the America's Water Infrastructure Act (AWIA) documentation in accordance with regulatory requirements.
- In collaboration with Emergency Management and Safety sent four MetAlert emergency notifications to employees regarding air quality, wildfires, and heat-related safety precautions.

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-Feet (AF) ²		Variance		Revenue (\$) ¹		Variance	
Delivered/ Billed In	To be Collected in	Budget	Actual	AF	%	Budget	Actual	\$	%
May	July	111,381	93,988	(17,393)	-16%	115,411,844	111,844,425	(3,567,419)	-3%
June	August	119,830	101,259	(18,570)	-15%	142,766,424	100,440,378	(42,326,046)	-30%
July	September	133,150	113,842	(19,308)	-15%	141,775,001	121,855,439	(19,919,562)	-14%
August	October	136,454	118,724	(17,730)	-13%	145,410,622	136,227,231	(9,183,391)	-6%
YTD Total		500,814	427,813	(73,001)	-15%	545,363,891	470,367,473	(74,996,417)	-14%
September	November	127,137	-	-	0%	133,836,426	-	-	0%
October	December	123,989	-	-	0%	128,665,932	-	-	0%
November	January	124,881	-	-	0%	125,782,252	-	-	0%
December	February	104,337	-	-	0%	103,324,010	-	-	0%
January	March	88,988	-	-	0%	95,074,177	-	-	0%
February	April	77,291	-	-	0%	81,911,825	-	-	0%
March	May	82,757	-	-	0%	88,153,603	-	-	0%
April	June	107,565	-	-	0%	116,431,176	-	-	0%
FY Total		1,337,760	-	-	0%	1,418,543,293	-	-	0%

¹ Includes Water Sales, Exchanges, and Wheeling for member agency and non-member agency.

² AF reflected does not include non-member agency transactions.

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 August 2024, Metropolitan staff prepared the analysis, reports and resolutions related to Metropolitan's property tax program (ad valorem) for board approval. The setting of the ad valorem tax rate for administrative processing on the County tax rolls is critical to obtaining an important revenue stream for the District. This increase in property taxes provided an important acknowledgment from the credit rating agencies in spite of a year where our financial metrics were challenged by low water sales. In addition, Treasury staff working with Legal and external consultants, developed key documentation (Appendix A, et. al.) for two bond sales expected to be issued in September 2024; the Water Revenue Refunding Bonds, 2024 Series C, and the Variable Rate Subordinate Water Revenue Bonds, 2024 Series D.

In September 2024, Metropolitan priced the \$214,335,000, Water Revenue Refunding Bonds, 2024 Series C. The 2024 Series C bonds were priced at a True Interest Cost of 3.71% (to maturity) and 1.76% (to call date of 4/1/34), and received a strong reception from investors, who placed over \$1.3 billion in orders. On September 18, 2024, Metropolitan priced the \$150,000,000, Variable Rate Subordinate Water Revenue Bonds, 2024 Series D, with an initial weekly variable rate of 2.60%. Barclays was the senior underwriter for both the 2024 C bonds and the variable rate subordinate 2024D bonds. The 2024C bonds and the variable rate subordinate 2024D bonds closed on September 19, 2024.

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

As of August 31, 2024, Metropolitan's investment portfolio balance was \$1.01 billion; the total August earnings were \$3.51 million, and the effective rate of return was 4.23 percent.

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

In August 2024, Metropolitan's portfolio manager executed sixteen buy trades and one sale trade.

Treasury staff completed the following transactions:

- 46 Dreyfus Cash Management Fund transactions
- 21 CAMP Investment Pool transactions

- \$4.31 million in Metropolitan's bond and SWAP payments
- 1,015 disbursements by check, 23 by Automated Clearing House (ACH), and 135 by wire transfer
- 41 receipts by check, 34 by ACH, and 61 by incoming wires and bank transfers
- Prevented five unauthorized ACH transactions.

The Treasury staff also processed for DCA the following transactions:

- Received and deposited 10 checks totaling \$3.07 million
- Issued 10 checks and 9 wires totaling approximately \$0.94 million

In addition, Treasury staff processed fourteen professional services invoice payment requests totaling approximately \$0.44 million.

Furthermore, 8,985 P-One Card transactions, totaling \$1.27 million, recorded in the August bank statement were monitored by the P-One Card Administrator.