



Finance, Affordability, Asset Management, and Efficiency Committee

11/18/2025 Committee Meeting

6a

Subject

Quarterly Financial Report

Executive Summary

The Quarterly Financial Report presents Metropolitan's unaudited, cash-basis financial performance for the first quarter of fiscal year 2025/26 (July through September) and provides a projection of the year-end position, comparing key metrics against budgeted values.

Fiscal Impact

There are no fiscal impacts associated with this item.

Applicable Policy

Metropolitan Water District Act Section 5107: Biennial Budget Process

Related Board Action(s)/Future Action(s)

The Quarterly Financial Report will be provided in February 2026 for the second quarter of Fiscal Year 2025/26 (July through December)

Details and Background

Background

The quarterly financial report presents Metropolitan's unaudited, cash-basis financial performance for the first quarter of fiscal year 2025/26 (July through September) and provides a projection of the year-end position, comparing key metrics against budgeted values. The report covers the following key areas:

- **Water Transactions:** Reports Metropolitan's water sales, exchanges, and wheeling activities with member agencies (in thousand-acre feet) that are invoiced through September 2025 and the projected quantity for the remaining of the fiscal year. Water transactions fluctuate based on demand, weather conditions, and local supply availability. Revenues from water transactions represent the primary source of Metropolitan's operating revenues.
- **First Quarter Financial Results:** The financial results summarize year-end projections with the budget across major revenues and expenditure categories in the current fiscal year. The financial projections combine cash-basis actuals for billings collected and expenditures paid from July through September with forecasted revenues and expenditures for the balance of the fiscal year. Major revenue categories include revenues from water sales and exchanges, Readiness-to-Serve and Capacity Charges, property tax revenues, investment income and other revenues. Major expenditure categories encompass State Water Contract and Delta Conveyance costs, departmental operations and maintenance, the Colorado River Aqueduct power costs, supply and demand management programs costs, debt service, and PAYGO funding. In addition, 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). The quarter updates summarize what

have been identified as possible revenue-generating items for the biennium, with actual for FY 2024/25 and estimated for FY 2025/26. The potential that these items may not materialize further underscores the importance of preserving Metropolitan's financial flexibility and unrestricted reserves.

- **Unrestricted Reserves:** Reserves provide flexibility to manage cash flows, support operations, and maintain compliance with Board financial policy requirements. The fiscal year began with an unrestricted reserves balance of approximately \$577 million (including \$126 million from Reverse Cyclic Program sales). The Quarterly Financial Report presents updated projections of year-end balances for the current fiscal year 2025/26, informed by first-quarter financial performance.

The Quarterly Financial Statements - Unaudited for the prior quarter, third quarter of fiscal year 2024/25 are available on Metropolitan's website at <https://www.mwdh2o.com/budget-finance/financial-reports-documents/>

The Second Quarter Financial Review and Forecast for FY 2025/26 will be provided to the Finance, Affordability, Asset Management, and Efficiency Committee in February 2026 (covering July through December). The Annual Comprehensive Financial Report for fiscal year 2025 will be available in November 2025.