



THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

Board Report

Finance Group

- **Finance Activities Report**

Summary

This report provides a summary of the finance group's activities for December 2023 and January 2024.

Purpose

Informational

Attachments

Attachment 1 – Finance group's activities for December 2023 and January 2024.

Finance Group

Activities Report for December 2023 and January 2024

Maintain a 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 prudent reserves consistent with board policy.

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

The Risk Management Unit completed 36 incident reports communicating instances of Metropolitan property damage, liability, workplace injuries, regulatory visits, and spills.

Risk Management completed 45 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.

- Presented an update on the Business Continuity Program to the FAIRP committee.
- Facilitated the quarterly Business Continuity Steering Committee meeting, resulting in good discussion and collaboration to move the program forward.
- Participated in a planning session about the Emergency Management Program with the Office of Safety, Security, and Protection.
- Continued working with the District on Business Continuity Plan updates and approvals.
- In conjunction with the core planning team, continued working on the district-wide Local Hazard Mitigation Plan.

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.

- Water Transactions for December 2023 (for water delivered in October 2023) totaled 114.0 thousand acre-feet (TAF), which was 39.6 TAF lower than the budget of 153.6 TAF and translates to \$112.6 million in receipts for December 2023, which was \$37.5 million lower than the budget of \$150.1 million.
- Year-to-date water transactions through December 2023 (for water delivered in May 2023 through October 2023) were 634.5 TAF, which was 218.3 TAF lower than the budget of 852.8 TAF. Year-to-date water receipts through December 2023 were \$640.9 million, which was \$225.3 million lower than the budget of \$866.2 million.
- In November 2023, Accounts Payable processed approximately 3,700 vendor invoices for payment.

Manage investor relations to ensure clear communications, accuracy of information, and integrity.

Metropolitan's investor relations portal has been updated with a host of key finance documents including but not limited to the quarterly Basic Financial Statement for September 2023, Annual Comprehensive Financial Report 2022–2023, Monthly Treasurer reports through December 2023, quarterly swap reports, and quarterly CIP Appendix updates.

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 December 2023, Staff undertook a \$120.0 million draw on our Wells Fargo Revolving Credit Facility to fund a portion of Metropolitan's Capital Investment Program. In addition, Metropolitan began working in December on the preparation of documentation for several bond issues planned for 2024. A team of bond firms, municipal advisors, and bond counsel was selected to work on these bond sales. The Board will be provided more detail on these financings in the coming months.

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

As of December 31, 2023, Metropolitan's investment portfolio balance was \$1.2 billion; the total December earnings were \$3.8 million, and the effective rate of return was 4.31 percent.

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

In December 2023, Metropolitan's portfolio manager executed 43 trades. Treasury staff completed the following transactions:

- 30 Dreyfus Cash Management Fund transactions
- 20 CAMP Investment Pool transactions
- \$3.3 million in Metropolitan's bond and SWAP payments
- 875 disbursements by check, 19 by Automated Clearing House (ACH), and 134 by wire transfer
- 73 receipts by check, 34 by ACH, and 54 by incoming wires and bank transfers
- Stopped four unauthorized ACH transactions

In addition, Treasury staff processed eight professional services invoice payment requests totaling approximately \$134,000. The Treasury staff also processed for DCA 6 checks and 15 wires totaling approximately \$2.9 million.

Furthermore, 9,104 P-One Card transactions, totaling \$1.3 million, recorded in the December bank statement were monitored by the P-One Card Administrator.